

CITY OF FILLMORE

FINANCIAL STATEMENTS

JUNE 30, 2014



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

**CITY OF FILLMORE, CALIFORNIA
FINANCIAL STATEMENTS
Fiscal year ended June 30, 2014**

Table of Contents

	<u>PAGE</u>
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements	
Governmental Funds	
Balance Sheet	17
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balances	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Proprietary Funds	
Statement of Net Position	21
Statement of Revenues, Expenses, and Changes in Net Position	23
Statement of Cash Flows	24
Fiduciary Funds	
Statement of Fiduciary Net Position	26
Statement of Changes in Fiduciary Net Position	27
Notes to the Basic Financial Statements	28

**CITY OF FILLMORE, CALIFORNIA
FINANCIAL STATEMENTS
Fiscal year ended June 30, 2014**

Table of Contents

	PAGE
Required Supplementary Information	
Budgetary Comparison Schedule - General Fund	63
Budgetary Comparison Schedule - Major Fund - Successor Housing Special Revenue Fund	64
Other Postemployment Benefits Plan - Schedule of Funding Progress	65
Notes to Required Supplementary Information	66
Combining Nonmajor Governmental Funds	
Nonmajor Governmental Funds - Fund Descriptions	67
Combining Balance Sheet	70
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances	79
Nonmajor Governmental Funds	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
Debt Service Fund:	
Fillmore Public Financing Authority	89
Special Revenue Funds:	
Gas Tax	90
Local Transportation	91
Lighting/Landscaping Assessment District	92
Storm Drain Assessment District	93
Community Development Block Grant	94
Public Transit	95
Bike Path Maintenance	96
Solid Waste Source Reduction	97
Swimming Pool Maintenance	98
Recreation	99
DIF Public Facility	100
DIF Transportation Improvement	101

CITY OF FILLMORE, CALIFORNIA
FINANCIAL STATEMENTS
Fiscal year ended June 30, 2014

Table of Contents

	<u>PAGE</u>
Combining Nonmajor Governmental Funds (continued)	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (continued):	
Special Revenue Funds (continued):	
DIF Parkland	102
DIF Sewer Improvement	103
DIF Water Improvement	104
DIF Storm Drain Improvement	105
Storm Water NPDES	106
Capital Projects Funds:	
Street Projects	107
Corporate Yard	108
Parking Lot	109
Combining Proprietary Funds - Sewer	
Combining Statement of Net Position - Sewer Funds	110
Combining Statement of Revenues, Expenses, and Changes in Net Position - Sewer Funds	112
Agency Funds	
Combining Statement of Fiduciary Assets and Liabilities	114



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

735 E. Carnegie Dr. Suite 100
San Bernardino, CA 92408
909 889 0871 T
909 889 5361 F
ramscpa.net

Honorable Mayor and City Council
City of Fillmore
Fillmore, California

PARTNERS

Brenda L. Odle, CPA, MST
Terry P. Shea, CPA
Kirk A. Franks, CPA
Scott W. Manno, CPA, CGMA
Leena Shanbhag, CPA, MST, CGMA
Jay H. Zercher, CPA (Partner Emeritus)
Phillip H. Waller, CPA (Partner Emeritus)

DIRECTORS

Bradferd A. Welebir, CPA, MBA

MANAGERS / STAFF

Jenny Liu, CPA, MST
Seong-Hyea Lee, CPA, MBA
Charles De Simoni, CPA
Yiann Fang, CPA
Nathan Statham, CPA, MBA
Brigitta Bartha, CPA
Gardenya Duran, CPA
Juan Romero, CPA
Ivan Gonzales, CPA, MSA
Brianna Pascoe, CPA

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

California Society of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Fillmore (City), California, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fillmore as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Implementation of new pronouncement

As discussed in Note 1 of the financial statements, the City adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedule of funding progress as listed in the table of contents to 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 supplemental schedules 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 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

San Bernardino, California

A handwritten signature in black ink that reads "Rogers Anderson Malody & Scott, LLP". The signature is written in a cursive, flowing style.

San Bernardino, California
March 23, 2015

This page left blank intentionally.

City of Fillmore
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014

This management's discussion and analysis provides an overview of financial activities of the City of Fillmore (City) for the fiscal year ended June 30, 2014. Please read this discussion and analysis in conjunction with the basic financial statements and the accompanying notes to the basic financial statements.

The financial statements presented herein include all financial activities of the City and its component units in accordance with Governmental Accounting Standards Board Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" (GASB 34).

The Government-Wide Financial Statements present the financial position of the City using the economic resources measurement focus and the accrual basis of accounting. These statements present governmental activities and business-type activities separately. Also, these statements include all assets of the City, as well as all liabilities, including long-term debt. Additionally, in accordance with GASB 34, certain eliminations have been made related to inter-fund activity, payables, and receivables.

The Fund Financial Statements include governmental, proprietary, and fiduciary funds. The governmental funds are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The proprietary funds are prepared using the economic resources measurement focus and the accrual basis of accounting. The fiduciary funds consist of agency funds, which report a balance sheet and do not have a measurement focus and a private purpose trust fund which reports the activities of the successor agency to the former Fillmore Redevelopment Agency using the economic resources measurement focus and accrual basis of accounting. A reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach under GASB 34.

On June 29, 2011, the Governor of the State of California signed Assembly Bills X1 26 and 27 as part of the State's budget package. Assembly Bill X1 26 required each California redevelopment agency to suspend (effective July 1, 2011) nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill X1 27 provide a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program. The California Redevelopment Association, in conjunction with the League of California Cities, filed suit contending the bills were unconstitutional. On December 29, 2011, the Supreme Court upheld AB X1 26 to abolish redevelopment agencies and ABX1 27 to be unconstitutional. With this determination, effective February 1, 2012, all redevelopment agencies within the state were eliminated.

Assembly Bill X1 26 directed the State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by Assembly Bill X 1 26. The City of Fillmore assumed the position of Successor Agency for the Redevelopment Agency as of February 1, 2012. The City also elected to assume control of the Low/Mod housing functions of the former redevelopment agency. An oversight board was appointed to oversee the expeditious wind down of the affairs of the former redevelopment agency by the Successor Agency.

REPORTING THE CITY AS A WHOLE

The Statement of Net Position and the Statement of Activities

The Statement of Net Position and the Statement of Activities report information about the City as a whole and its activities. These statements include all assets and liabilities of the City using the accrual basis of accounting, which is similar to the accounting used by most private-sector entities. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses recorded when incurred.

These statements report the City's net position and changes in them. Net position is the differences between assets, deferred outflows, liabilities and deferred inflows, which is one way to measure the City's financial health, or financial position.

City of Fillmore
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014

Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the City's property tax base and economic trends, such as expansion and development, as well as economic strength or weakness.

In the Statement of Net Position and the Statement of Activities, the City's activities are categorized as follows:

Governmental Activities

Most of the City's basic services are reported in this category including the general government activities, such as Administrative Services, Fire Services, Police Services, Public Works, Development Services, Parks and Community Services, and General Services. Property and sales taxes, user fees, investment income, franchise fees, and other revenues finance these activities.

Business-Type Activities

The City charges a fee to customers to pay for the cost of certain services provided. The City's water system and wastewater system are reported in this category.

Fund Financial Statements

The Fund Financial Statements provide detailed information about the City's major funds - not the City as a whole. Some funds are required to be established by State law, grantors or by bond covenants. However, the City establishes other funds to help control and manage money for a particular purpose or to show that the City is meeting legal responsibilities for using certain taxes, grants, and other funds.

Governmental Funds

Most of the City's basic services are reported in governmental funds. These funds focus on reporting the flow of money into and out of those funds and the balances left at fiscal year-end that are available for spending. These funds are reported using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become measurable and available). "Measurable" means that the amount of the transaction can be determined and "available" means that it is collectible within the current period or soon enough thereafter to be used. The governmental fund financial statements provide a detailed short-term view of the City's general government operations and the basic services provided. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences between the Governmental Fund Financial Statements and the Government-Wide Financial Statements are explained in a reconciliation following the Governmental Fund Financial Statements.

Proprietary Funds

When the City charges customers for services - whether to outside customers or to programs of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way in that all activities are reported in the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position. The City's enterprise funds are the same as the business-type activities reported in the Government-Wide Financial Statements, but provide more detail and additional information, such as cash flows for each enterprise fund.

Fiduciary Funds

The City is the trustee for certain funds established to account for assets held by the City in a trustee capacity, or as an agent for individuals, private organizations, and other governmental units. The City's fiduciary activities are reported separately in the Statement of Fiduciary Net Position. These activities are excluded from the City's Government-Wide Financial Statements because the City cannot use these assets to finance its operations and is responsible for ensuring that the assets reported in these funds are used for their specified purposes.

**City of Fillmore
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Government-Wide Financial Statements provide long-term and short-term information about the City's overall financial condition. This analysis addresses the financial statements of the City as a whole.

The largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, improvements other than buildings, equipment, infrastructure, and construction in progress); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Governmental Activities

The following schedule summarizes the financial position of the City's governmental activities as of June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Assets:		
Current assets	\$ 13,698,337	\$ 8,195,318
Notes receivable	7,079,987	7,166,105
Capital assets not being depreciated	11,249,115	11,436,938
Capital assets being depreciated, net	<u>31,184,524</u>	<u>28,920,696</u>
Total assets	<u>63,211,963</u>	<u>55,719,057</u>
Liabilities:		
Current liabilities	6,683,219	4,511,787
Noncurrent liabilities:		
Due within one year	410,768	248,889
Due in more than one year	<u>1,872,921</u>	<u>1,152,087</u>
Total liabilities	<u>8,966,908</u>	<u>5,912,763</u>
Net position:		
Net investment in capital assets	41,761,056	39,913,828
Restricted	11,057,710	10,480,391
Unrestricted	<u>1,426,289</u>	<u>(587,925)</u>
Total net position	<u>\$ 54,245,055</u>	<u>\$ 49,806,294</u>

At the end of fiscal year 2014, the current assets are 21.67% of the total assets with the remaining 78.33% representing capital assets not being depreciated and capital assets, net of accumulated depreciation, restricted assets and notes receivable. The current liabilities are approximately 74.53 % of the total liabilities. Of the total net position, 20.38% was restricted and the remaining 79.62% represented invested in capital assets net of related debt and unrestricted net position. These amounts have been reduced due to the removal of the former Redevelopment Agency assets which are included in the Successor Agency, a private purpose trust fund.

City of Fillmore
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014

The cost of all governmental activities during fiscal year 2014 was \$8,977,523. The amount that the City's taxpayers ultimately financed, however, was \$2,294,305. Some of the cost of governmental activities was paid by those who directly benefited from the programs (\$1,254,708) or by other government agencies and organizations that subsidized certain programs with grants and contributions (\$2,226,445).

Overall, the City generated program revenues from governmental activities amounting to \$3,693,994. The remaining cost of governmental activities of \$6,683,219 was covered by the City's sources of general revenue (taxes and other general revenues) of \$7,667,664 and transfers in of \$123,498.

The City's governmental activities include General Government, Public Safety (Police and Fire services), Public Works, Community Development, Economic Development, Transit, Parks and Recreation, and Interest on Long-term Debt.

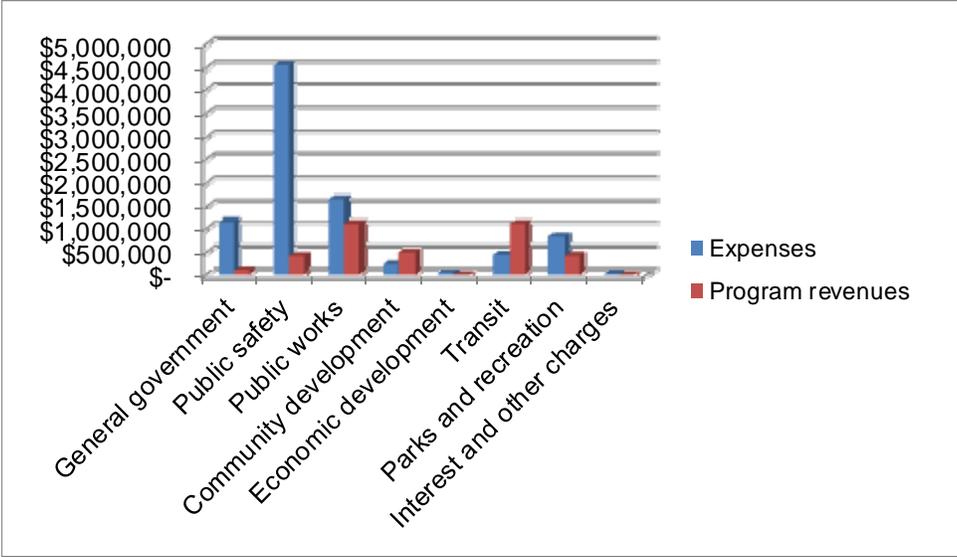
The following table represents the changes in net position for governmental activities for the fiscal years ended June 30, 2014 and 2013:

	2014	2013
General revenues:		
Taxes	\$ 7,470,404	\$ 4,077,727
Investment income	33,419	61,496
Other	163,841	8,848
Program revenues:		
Charges for services	1,467,549	1,512,766
Operating contributions and grants	1,539,876	1,555,200
Capital contributions and grants	686,569	1,250,286
Total revenues	11,361,658	8,466,323
Expenses:		
General government	1,149,142	1,543,232
Public safety	4,558,073	3,925,636
Public works	1,674,384	1,349,809
Community development	244,623	209,804
Economic development	48,604	160,784
Transit	450,865	455,358
Parks and recreation	831,858	736,543
Interest and other charges	19,974	17,243
Total expenses	8,977,523	8,398,409
Increase (decrease) in net position before transfers	2,384,135	67,914
Transfers in	123,498	345,488
Change in net position	2,507,633	413,402
Net position, beginning of year, as restated	51,737,422	49,392,862
Net position, end of year	\$ 54,245,055	\$ 49,806,264

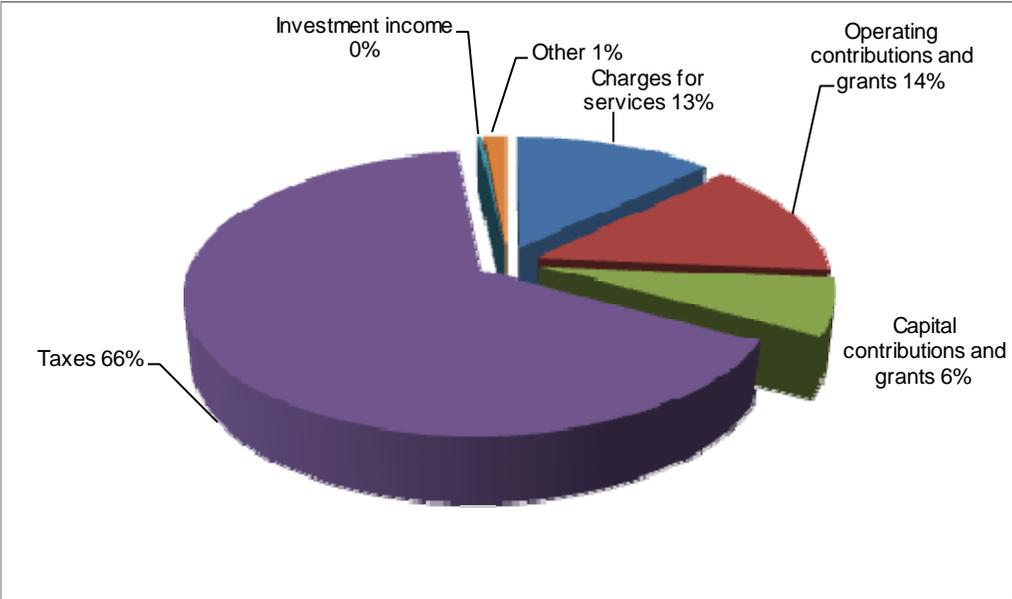
**City of Fillmore
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014**

Governmental Activities

Governmental activities expenses and programs revenues for the year ended June 30, 2014:



Governmental activities revenues by source for the year ended June 30, 2014:



**City of Fillmore
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014**

Business-Type Activities

The following schedule summarizes the financial position of the City's business-type activities at June 30, 2014 and 2013:

	2014	2013
Assets:		
Current assets	\$ 10,055,035	\$ 8,238,648
Deferred charges, net	-	3,478,580
Cash and investments with fiscal agents	4,016,126	4,015,555
Capital assets not being depreciated	3,186,153	3,186,153
Capital assets being depreciated, net	73,566,419	75,408,429
Total assets	90,823,733	94,327,365
Deferred outflows of resources:		
Deferred loss on refunding	272,494	-
Liabilities:		
Current liabilities	1,557,918	1,415,611
Noncurrent liabilities:		
Due within one year	1,035,353	1,002,493
Due in more than one year	62,425,356	63,420,781
Total liabilities	65,018,627	65,838,885
Net position:		
Net investment in capital assets	13,640,747	15,210,264
Restricted	4,011,281	3,501,562
Unrestricted	8,425,572	9,776,654
Total net position	\$ 26,077,600	\$ 28,488,480

Net position for business-type activities totaled \$26,077,600. Of the total net position, \$13,640,747 was invested in capital assets, \$4,011,281 was restricted for debt service, and \$8,425,572 was unrestricted.

Total expenses for business-type activities for the fiscal year ended June 30, 2014 were \$8,321,228. Program revenues are primarily comprised of charges for services in the amount of \$9,386,180. Transfers to governmental activities amounted to \$123,498.

The City's business-type activities include: water and sewer. The Town Theater became an asset of the Successor Agency as of February 1, 2012 and is included in the Successor Agency, a private-purpose trust fund.

**City of Fillmore
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014**

The following table presents the changes in net position for the business-type activities for the fiscal years ended June 30, 2014 and 2013:

	2014	2013
General revenues:		
Investment income	\$ 22,423	\$ 31,155
Program revenues:		
Charges for services	9,386,180	9,021,967
Total revenues	9,408,603	9,053,122
Expenses:		
Sewer	6,422,985	6,164,219
Water	1,898,243	1,753,574
Total expenses	8,321,228	7,917,793
Increase in net position before transfers	1,087,375	1,135,329
Transfers out	(123,498)	(345,488)
Change in net position	963,877	789,841
Net position, beginning of year, as restated	25,113,723	27,698,639
Net position, end of year	\$ 26,077,600	\$ 28,488,480

FINANCIAL ANALYSIS OF CITY'S MAJOR FUNDS

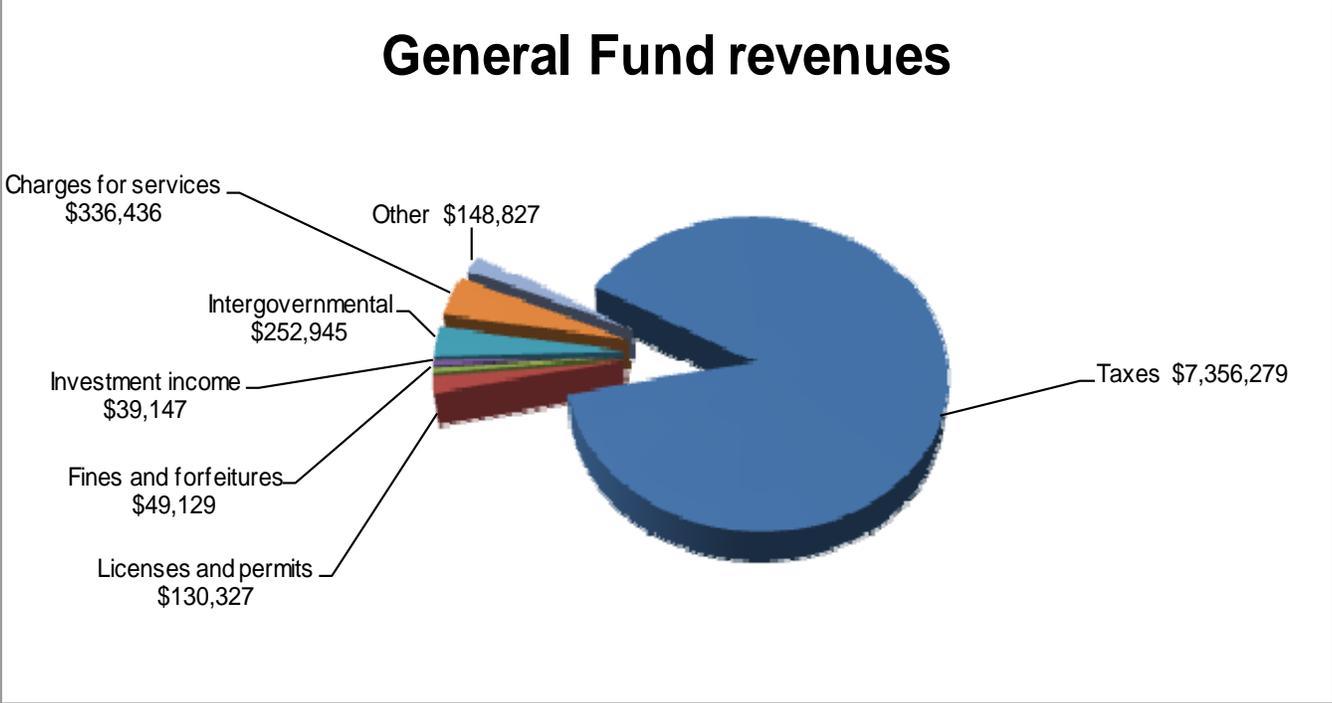
General Fund

The General Fund accounts for all financial resources traditionally associated with government activities that are not required legally to be accounted for in another fund.

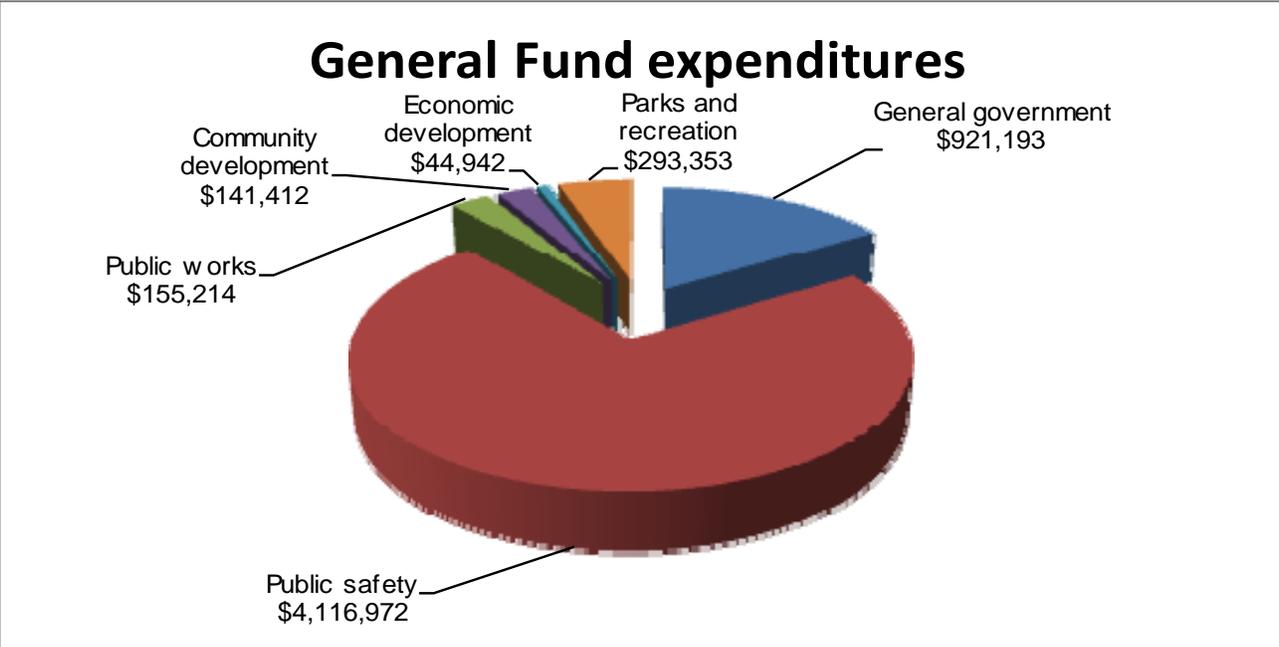
The General Fund ended the fiscal year with a fund balance of \$2,803,767 which is an increase of \$2,888,086 as compared to the prior fiscal year. This increase is primarily due to increases in revenues and decreases in transfers out.

**City of Fillmore
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014**

General fund revenues for the year ended June 30, 2014:



General fund expenditures for the year ended June 30, 2014:



**City of Fillmore
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014**

OTHER MAJOR FUNDS

Successor Housing Special Revenue Fund

The City assumed the Housing function from the Redevelopment Agency as of February 1, 2012. The assets and liabilities of the Former Redevelopment Agency's Low-Mod Housing Special Revenue Fund were transferred to the City, except for unrestricted cash which remained an asset of the Successor Agency.

Enterprise Funds:

The two major enterprise funds for the City of Fillmore are Water and Sewer. The Town Theater was owned by the Redevelopment Agency and became an asset of the Successor Agency. The assets and liabilities of the Town Theater were transferred to the Successor Agency, a private-purpose trust fund, as of February 1, 2012. The enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises, wherein the cost of goods and services to the general public are financed or recovered primarily through user charges.

CAPITAL ASSETS

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2014, amounts to \$119,186,211 (net of accumulated depreciation). Of that, \$42,433,639 is in governmental activities and \$76,752,572 is business-type capital assets. The City's capital assets include land, land improvements, buildings, improvements other than buildings, machinery and equipment, and construction in progress.

DEBT ADMINISTRATION

The City used a variety of tax increment, revenue, and lease indebtedness to finance various capital acquisitions. At June 30, 2014, the City's long-term debt outstanding was \$65,744,398. Of this total, \$2,283,689 was in governmental activities and \$63,460,709 was in business-type activities.

The following table provides a breakdown of the City's outstanding indebtedness as of June 30, 2014 and 2013:

	Governmental activities		Business-type activities		Totals	
	2014	2013	2014	2013	2014	2013
Revenue bonds	\$ -	\$ -	\$ 54,975,000	\$ 55,645,000	\$ 54,975,000	\$ 55,645,000
Capital leases	583,299	265,274	-	-	583,299	265,274
State water loan payable	89,284	178,532	4,662	9,359	93,946	187,891
Notes/bond and loans	-	-	6,650,000	6,900,000	6,650,000	6,900,000
JPIA - General & WC liabilities	522,255	-	-	-	522,255	-
OPEB Obligation	841,511	800,228	-	-	841,511	800,228
Compensated absences	247,340	156,942	76,390	60,774	323,730	217,716
Premium on debt	-	-	1,754,657	1,808,141	1,754,657	1,808,141
Total debt	\$ 2,283,689	\$ 1,400,976	\$ 63,460,709	\$ 64,423,274	\$ 65,744,398	\$ 65,824,250

The 2007 Sewer revenue bond was issued for the sewer and treatment plant expansion. Debt service on this issue is paid from the revenues of the Sewer fund.

The 2010 Water System Refunding Bonds were issued to refund the 2002 Certificates of Participation. Debt service on this issue is paid from the revenues of the Water fund.

The General fund paid for the Capital Lease payable to fund the City's newest fire engine. The State of California mandates a limit on general obligation debt of 15 percent of true cash value of all taxable property within the City boundaries.

**City of Fillmore
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2014**

BUDGETING

The City's annual budget is the legally adopted expenditure control document of the City. Budgetary comparison statements are required for the General Fund and all major special revenue funds and may be found immediately following the notes to the basic financial statements in this Financial Section. These statements compare the original adopted budget, the budget as amended throughout the fiscal year, and the actual expenditures for each fund, prepared on a budgetary basis. Budgets are prepared on the modified accrual basis of accounting consistent with GAAP, except that encumbrances are included in budgeted expenditures.

Appropriations lapse at year-end. The City Council generally reauthorizes appropriations for continuing projects and activities. The City Council has the legal authority to amend the budget of any fund at any time during the fiscal year. The budgetary legal level of control (the level on which expenditures may not legally exceed appropriations) is generally at the fund level. For budgeting purposes, the General Fund, Water Fund and Sewer Fund are composed of several departments while all other budgeted funds (special revenue funds included) are considered a single department. Budgeted expenditures may be reallocated within a division and between divisions within a department without City Council approval.

General Fund Budgetary Highlights

The General Fund actual expenditures were lower than final budget appropriations, excluding transfers out, by \$325,086, while the actual revenues were higher than final budget estimated revenues, excluding transfers in, by \$2,646,128.

The General Fund budgetary comparison schedule can be found later in the Required Supplementary Information of this report.

This management's discussion and analysis is designed to provide the City's residents, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about this document, separate reports of the City's component units, or wish any additional financial information, contact the Finance Director at 250 Central Avenue, Fillmore, California 93015 or by telephone at (805) 524-3701.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

This page left blank intentionally.

CITY OF FILLMORE
Statement of Net Position
June 30, 2014

	Governmental activities	Business-type activities	Total
Assets			
Cash and investments	\$ 11,734,796	\$ 8,677,156	\$ 20,411,952
Cash and investments with fiscal agent	-	4,016,126	4,016,126
Receivables, net:			
Intergovernmental	954,863	-	954,863
Accounts	578,455	1,323,396	1,901,851
Interest	1,471	980	2,451
Notes and loans	7,079,987	-	7,079,987
Other	8,070	53,503	61,573
Prepaid items	7,250	-	7,250
Due from Successor Agency	413,432	-	413,432
Capital assets not being depreciated	11,249,115	3,186,153	14,435,268
Capital assets, net of accumulated depreciation	<u>31,184,524</u>	<u>73,566,419</u>	<u>104,750,943</u>
 Total assets	 <u>63,211,963</u>	 <u>90,823,733</u>	 <u>154,035,696</u>
Deferred outflows of resources			
Deferred loss on refunding	<u>-</u>	<u>272,494</u>	<u>272,494</u>
Liabilities			
Accounts payable	940,101	733,769	1,673,870
Accrued liabilities	3,864,344	-	3,864,344
Accrued interest payable	-	508,547	508,547
Due to Successor Agency	750,000	-	750,000
Unearned revenue	927,190	53,503	980,693
Deposits payable	201,584	262,099	463,683
Noncurrent liabilities			
Due within one year	410,768	1,035,353	1,446,121
Due in more than one year	<u>1,872,921</u>	<u>62,425,356</u>	<u>64,298,277</u>
 Total liabilities	 <u>8,966,908</u>	 <u>65,018,627</u>	 <u>73,985,535</u>
Net position			
Net investment in capital assets	41,761,056	13,640,747	55,401,803
Restricted for:			
Community development	7,297,843	-	7,297,843
Debt service	-	4,011,281	4,011,281
Parks and recreation	152,667	-	152,667
Public works	3,474,180	-	3,474,180
Public safety	133,020	-	133,020
Unrestricted	<u>1,426,289</u>	<u>8,425,572</u>	<u>9,851,861</u>
 Total net position	 <u>\$ 54,245,055</u>	 <u>\$ 26,077,600</u>	 <u>\$ 80,322,655</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FILLMORE
Statement of Activities
For the fiscal year ended June 30, 2014

<u>Functions/programs</u>	<u>Expenses</u>	<u>Program revenues</u>		
		<u>Charges for services</u>	<u>Operating contributions and grants</u>	<u>Capital contributions and grants</u>
Governmental activities:				
General government	\$ 1,149,142	\$ 106,263	\$ -	\$ -
Public safety	4,558,073	118,954	252,214	55,948
Public works	1,674,384	637,548	4,296	463,949
Community development	244,623	339,473	114,260	52,672
Economic development	48,604	-	-	-
Transit	450,865	-	1,114,346	-
Parks and recreation	831,858	265,311	54,760	114,000
Interest and other charges	19,974	-	-	-
Total governmental activities	<u>8,977,523</u>	<u>1,467,549</u>	<u>1,539,876</u>	<u>686,569</u>
Business-type activities:				
Sewer	6,422,985	5,844,611	-	-
Water	<u>1,898,243</u>	<u>3,541,569</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>8,321,228</u>	<u>9,386,180</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 17,298,751</u>	<u>\$ 10,853,729</u>	<u>\$ 1,539,876</u>	<u>\$ 686,569</u>

General revenues:

Taxes:

Property taxes

Sales taxes

Transient occupancy tax

Franchise taxes

Business licenses

Other taxes

Other

Investment income

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year, as restated (see Note 17)

Net position, end of year

The accompanying notes are an integral part of these financial statements.

Net (expense) revenue and changes in net position		
Governmental activities	Business-type activities	Total
\$ (1,042,879)	\$ -	\$ (1,042,879)
(4,130,957)	-	(4,130,957)
(568,591)	-	(568,591)
261,782	-	261,782
(48,604)	-	(48,604)
663,481	-	663,481
(397,787)	-	(397,787)
(19,974)	-	(19,974)
<u>(5,283,529)</u>	<u>-</u>	<u>(5,283,529)</u>
-	(578,374)	(578,374)
-	1,643,326	1,643,326
-	1,064,952	1,064,952
<u>(5,283,529)</u>	<u>1,064,952</u>	<u>(4,218,577)</u>
1,718,512	-	1,718,512
5,162,138	-	5,162,138
121,381	-	121,381
321,001	-	321,001
100,760	-	100,760
46,612	-	46,612
163,841	-	163,841
33,419	22,423	55,842
123,498	(123,498)	-
<u>7,791,162</u>	<u>(101,075)</u>	<u>7,690,087</u>
2,507,633	963,877	3,471,510
<u>51,737,422</u>	<u>25,113,723</u>	<u>76,851,145</u>
<u>\$ 54,245,055</u>	<u>\$ 26,077,600</u>	<u>\$ 80,322,655</u>

This page left blank intentionally.

FUND FINANCIAL STATEMENTS

CITY OF FILLMORE
Balance Sheet
Governmental Funds
June 30, 2014

	General	Special Revenue Fund Housing Successor	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and investments	\$ 5,243,060	\$ -	\$ 6,491,736	\$ 11,734,796
Receivables:				
Intergovernmental	905,355	-	49,508	954,863
Accounts	300,010	-	278,445	578,455
Interest	889	-	582	1,471
Notes and loans	63,000	7,016,987	-	7,079,987
Other	3,820	-	4,250	8,070
Due from other funds	369,485	-	-	369,485
Due from Successor Agency	413,432	-	-	413,432
Prepaid items	7,250	-	-	7,250
	<u>7,306,301</u>	<u>7,016,987</u>	<u>6,824,521</u>	<u>21,147,809</u>
Total assets	<u>\$ 7,306,301</u>	<u>\$ 7,016,987</u>	<u>\$ 6,824,521</u>	<u>\$ 21,147,809</u>
Liabilities, deferred inflows of resources and fund balance				
Liabilities:				
Accounts payable	\$ 529,186	\$ 233	\$ 410,682	\$ 940,101
Accrued liabilities	3,853,344	-	11,000	3,864,344
Due to other funds	-	40,843	328,642	369,485
Due to Successor Agency	-	-	750,000	750,000
Unearned revenue	100,118	-	827,072	927,190
Deposits payable	19,886	-	181,698	201,584
	<u>4,502,534</u>	<u>41,076</u>	<u>2,509,094</u>	<u>7,052,704</u>
Total liabilities	<u>4,502,534</u>	<u>41,076</u>	<u>2,509,094</u>	<u>7,052,704</u>
Deferred inflows of resources:				
Unavailable revenue	-	-	212,842	212,842
Deferred loans	-	7,016,987	-	7,016,987
	<u>-</u>	<u>7,016,987</u>	<u>212,842</u>	<u>7,229,829</u>
Total deferred inflows of resources	<u>-</u>	<u>7,016,987</u>	<u>212,842</u>	<u>7,229,829</u>
Fund balance (deficit):				
Nonspendable:				
Prepaid items	7,250	-	-	7,250
Restricted for:				
Community development	-	-	211,985	211,985
Public safety	-	-	11,829	11,829
Public works	-	-	3,595,371	3,595,371
Parks and recreation	-	-	222,384	222,384
Assigned	-	-	961,522	961,522
Unassigned	2,796,517	(41,076)	(900,506)	1,854,935
	<u>2,803,767</u>	<u>(41,076)</u>	<u>4,102,585</u>	<u>6,865,276</u>
Total fund balance (deficit)	<u>2,803,767</u>	<u>(41,076)</u>	<u>4,102,585</u>	<u>6,865,276</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 7,306,301</u>	<u>\$ 7,016,987</u>	<u>\$ 6,824,521</u>	<u>\$ 21,147,809</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FILLMORE
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2014

Fund balances of governmental funds	\$	6,865,276
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets net of depreciation have not been included in the governmental fund activity:</p>		
Capital assets		55,565,331
Accumulated depreciation		(13,131,692)
<p>Long-term debt has not been included in the governmental fund activity:</p>		
JPIA cumulative payments		(522,255)
Loans payable		(89,284)
Capital leases payable		(583,299)
Compensated absences		(247,340)
OPEB Obligation		(841,511)
<p>Certain accounts, interest, advances, and intergovernmental receivables are not available to pay for current period expenditures and, therefore, are offset by deferred amounts in the governmental funds.</p>		7,229,829
Net position of governmental activities	\$	54,245,055

The accompanying notes are an integral part of these financial statements.

This page left blank intentionally.

CITY OF FILLMORE
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the fiscal year ended June 30, 2014

	General	Special Revenue Fund Housing Successor	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes	\$ 7,356,279	\$ -	\$ 568,945	\$ 7,925,224
Licenses and permits	130,327	-	-	130,327
Fines and forfeitures	49,129	-	-	49,129
Investment income	39,147	16,499	16,534	72,180
Intergovernmental	252,945	-	1,382,272	1,635,217
Charges for services	336,436	-	903,026	1,239,462
Other	148,827	-	25,568	174,395
Total revenues	8,313,090	16,499	2,896,345	11,225,934
Expenditures				
Current:				
General government	921,193	-	2,701	923,894
Public safety	4,116,972	-	456,903	4,573,875
Public works	155,214	-	1,001,962	1,157,176
Community development	141,412	39,897	82,907	264,216
Economic development	44,942	-	-	44,942
Transit	-	-	416,893	416,893
Parks and recreation	293,353	-	350,679	644,032
Capital outlay	-	-	480,753	480,753
Debt service:				
Principal	-	-	178,341	178,341
Interest and fiscal charges	-	-	12,468	12,468
Total expenditures	5,673,086	39,897	2,983,607	8,696,590
Excess (deficiency) of revenues over (under) expenditures	2,640,004	(23,398)	(87,262)	2,529,344
Other financing sources (uses)				
Acquisition under capital lease	-	-	456,903	456,903
Transfers in	344,946	-	499,544	844,490
Transfers out	(96,864)	(1,200)	(622,928)	(720,992)
Total other financing sources (uses)	248,082	(1,200)	333,519	580,401
Net change in fund balances	2,888,086	(24,598)	246,257	3,109,745
Fund balances (deficit), beginning of year	(84,319)	(16,478)	3,856,328	3,755,531
Fund balances (deficit), end of year	<u>\$ 2,803,767</u>	<u>\$ (41,076)</u>	<u>\$ 4,102,585</u>	<u>\$ 6,865,276</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FILLMORE
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the year ended June 30, 2014

Net change in fund balances - total governmental funds \$ 3,109,745

Amounts reported for governmental activities in the statement of activities differ from the amounts reported in the statement of revenues, expenditures, and changes in fund balances because:

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

Capital outlay, net of disposals	1,100,129
Depreciation, net of disposals	(955,252)

The issuance of long-term debt provides current financial resources to governmental funds while the repayment of debt service principal and capital lease liabilities are expenditures in the governmental funds. The repayment reduces long-term liabilities in the statement of net position.

Principal repayments	228,126
Capital lease financing	(456,903)
JPIA cumulative deposits	(522,255)

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.	(90,398)
---	----------

OPEB obligation 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.	(41,283)
--	----------

Some of the revenue will be collected after year-end, but is not available soon enough to pay for the current period's expenditures, and therefore is not reported in the governmental funds.	<u>135,724</u>
---	----------------

Change in net position of governmental activities	<u><u>\$ 2,507,633</u></u>
---	----------------------------

CITY OF FILLMORE
Statement of Net Position
Proprietary Funds
June 30, 2014

	Enterprise Funds		Total
	Sewer	Water	
Assets			
Current assets:			
Cash and investments	\$ 4,128,895	\$ 4,548,261	\$ 8,677,156
Cash and investments with fiscal agent	4,016,122	4	4,016,126
Receivables, net:			
Accounts	816,176	507,220	1,323,396
Interest	445	535	980
Other	53,503	-	53,503
	<u>9,015,141</u>	<u>5,056,020</u>	<u>14,071,161</u>
Total current assets			
Noncurrent assets:			
Capital assets:			
Land and construction in progress	2,688,630	497,523	3,186,153
Land improvements	68,237,262	267,809	68,505,071
Transmissions and mains	5,778,991	7,499,469	13,278,460
Wells and reservoirs	-	518,381	518,381
Machinery and equipment	-	1,321,099	1,321,099
Less - accumulated depreciation	<u>(6,699,350)</u>	<u>(3,357,242)</u>	<u>(10,056,592)</u>
	<u>70,005,533</u>	<u>6,747,039</u>	<u>76,752,572</u>
Total non-current assets			
Total assets	<u>79,020,674</u>	<u>11,803,059</u>	<u>90,823,733</u>
Deferred outflows of resources			
Deferred loss on refunding	<u>-</u>	<u>272,494</u>	<u>272,494</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FILLMORE
Statement of Net Position
Proprietary Funds
June 30, 2014

	Enterprise Funds		Total
	Sewer	Water	
Liabilities			
Current liabilities:			
Accounts payable	\$ 559,718	\$ 174,051	\$ 733,769
Accrued interest payable	456,826	51,721	508,547
Deposits payable	173,276	88,823	262,099
Unearned revenue	53,503	-	53,503
Current portion of long-term obligations	<u>761,738</u>	<u>273,615</u>	<u>1,035,353</u>
Total current liabilities	<u>2,005,061</u>	<u>588,210</u>	<u>2,593,271</u>
Noncurrent liabilities:			
Compensated absences	6,425	52,761	59,186
Bonds payable	54,275,000	6,390,000	60,665,000
Premium on bonds payable	<u>1,689,424</u>	<u>11,746</u>	<u>1,701,170</u>
Total non-current liabilities	<u>55,970,849</u>	<u>6,454,507</u>	<u>62,425,356</u>
Total liabilities	<u>57,975,910</u>	<u>7,042,717</u>	<u>65,018,627</u>
Net position			
Net investment in capital assets	13,288,313	352,434	13,640,747
Restricted for debt service	3,440,956	570,325	4,011,281
Unrestricted	<u>4,315,495</u>	<u>4,110,077</u>	<u>8,425,572</u>
Total net position	<u>\$ 21,044,764</u>	<u>\$ 5,032,836</u>	<u>\$ 26,077,600</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FILLMORE
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the fiscal year ended June 30, 2014

	Enterprise Funds		Total
	Sewer	Water	
Operating revenues			
Sales and service charges	\$ 5,698,199	\$ 3,430,468	\$ 9,128,667
Other	146,412	111,101	257,513
Total operating revenues	5,844,611	3,541,569	9,386,180
Operating expenses			
Administration costs	451,464	269,699	721,163
Bad debt (recovery)	(68,924)	(30,146)	(99,070)
Pumping	-	619,562	619,562
Transmission and distribution	-	268,784	268,784
Customer accounts	-	267,742	267,742
Treatment and disposal plant	1,796,963	-	1,796,963
Depreciation	1,090,669	140,019	1,230,688
Total operating expenses	3,270,172	1,535,660	4,805,832
Operating income	2,574,439	2,005,909	4,580,348
Non-operating revenues (expenses)			
Investment income	11,171	11,252	22,423
Amortization	-	(15,139)	(15,139)
Interest expense	(2,711,695)	(319,062)	(3,030,757)
Loss on assets disposal	(438,928)	(28,382)	(467,310)
Bond trustee charges	(2,190)	-	(2,190)
Total non-operating revenues (expenses)	(3,141,642)	(351,331)	(3,492,973)
Income (loss) before transfers	(567,203)	1,654,578	1,087,375
Transfers in	166,000	-	166,000
Transfers out	(167,148)	(122,350)	(289,498)
Change in net position	(568,351)	1,532,228	963,877
Net position, beginning of year, as restated (see Note 17)	21,613,115	3,500,608	25,113,723
Net position, end of year	\$ 21,044,764	\$ 5,032,836	\$ 26,077,600

The accompanying notes are an integral part of these financial statements.

CITY OF FILLMORE
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended June 30, 2014

	Enterprise Funds		Total
	Sewer	Water	
Cash flows from operating activities			
Receipts from customers	\$ 6,322,030	\$ 3,949,463	\$ 10,271,493
Payments to employees	(196,157)	(536,169)	(732,326)
Payments to suppliers	(1,901,327)	(907,718)	(2,809,045)
Net cash provided by operating activities	<u>4,224,546</u>	<u>2,505,576</u>	<u>6,730,122</u>
Cash flows from noncapital financing activities			
Transfer to/from other funds	<u>(1,143)</u>	<u>(122,350)</u>	<u>(123,493)</u>
Net cash (used) by noncapital financing activities	<u>(1,143)</u>	<u>(122,350)</u>	<u>(123,493)</u>
Cash flows from capital and related financing activities			
Principal payments on long-term debt	(674,697)	(250,000)	(924,697)
Payments for capital assets	-	(39,802)	(39,802)
Interest paid on long-term debt	(2,771,148)	(321,004)	(3,092,152)
Net cash (used) by capital and related financing activities	<u>(3,445,845)</u>	<u>(610,806)</u>	<u>(4,056,651)</u>
Cash flows from investing activities			
Interest on investments	<u>11,367</u>	<u>11,259</u>	<u>22,626</u>
Net cash provided by investing activities	<u>11,367</u>	<u>11,259</u>	<u>22,626</u>
Net increase in cash and cash equivalents	788,925	1,783,679	2,572,604
Cash and cash equivalents, beginning of year	<u>7,356,092</u>	<u>2,764,586</u>	<u>10,120,678</u>
Cash and cash equivalents, end of year	<u>\$ 8,145,017</u>	<u>\$ 4,548,265</u>	<u>\$ 12,693,282</u>

The accompanying notes are an integral part of these financial statements.

CITY OF FILLMORE
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended June 30, 2014

	Enterprise Funds		Total
	Sewer	Water	
Non-cash activities			
Amortization of deferred charges	\$ -	\$ 15,139	\$ 15,139
Increase (decrease) in allowance for doubtful accounts	\$ (68,924)	\$ (30,146)	\$ (99,070)
	\$ 8,145,017	\$ 4,548,265	\$ 12,693,282
Reconciliation of cash and cash equivalents to amounts reported on the statement of net position			
Reported on the statement of net position:			
Cash and investments	\$ 4,128,895	\$ 4,548,261	\$ 8,677,156
Cash and investments with fiscal agent	4,016,122	4	4,016,126
	\$ 8,145,017	\$ 4,548,265	\$ 12,693,282
Reconciliation of operating income to net cash provided by operations:			
Operating income	\$ 2,574,439	\$ 2,005,909	\$ 4,580,348
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,090,669	140,019	1,230,688
Bad debt expense (recovery)	(68,924)	(30,146)	(99,070)
(Increase) decrease in assets:			
Receivables, net	455,552	398,412	853,964
Prepaid expenses	556	-	556
Increase (decrease) in liabilities:			
Accounts payable	151,461	(34,786)	116,675
Deposits payable	48,569	10,397	58,966
Unearned revenue	(26,702)	(915)	(27,617)
Compensated absences	(1,069)	16,686	15,617
	1,650,112	499,667	2,149,779
Net cash provided by operating activities	\$ 4,224,551	\$ 2,505,576	\$ 6,730,127

The accompanying notes are an integral part of these financial statements.

CITY OF FILLMORE
Statement of Fiduciary Net Position
June 30, 2014

	Private-purpose trust fund	Agency fund
Assets		
Cash and investments	\$ 2,213,088	\$ 2,029,147
Cash and investments with fiscal agent	3,975,102	547,802
Receivables:		
Accounts	18,370	-
Interest	553	764
Notes and loans	75,500	-
Due from City of Fillmore	750,000	-
Capital assets:		
Land	3,627,062	-
Depreciable infrastructure, net	47,732	-
Depreciable buildings and improvements, net	1,987,924	-
Depreciable machinery and equipment, net	8,646	-
	<u>12,703,977</u>	<u>\$ 2,577,713</u>
Total assets		
	<u>12,703,977</u>	<u>\$ 2,577,713</u>
Liabilities		
Accounts payable	5,228	\$ 61,701
Interest payable	362,059	-
Accrued liabilities	658	-
Deposits payable	375	726,012
Unearned revenue	75,500	-
Due to bondholders	-	1,790,000
Due to City of Fillmore	413,432	-
Long-term liabilities:		
Due within one year	1,195,000	-
Due in more than one year	44,935,000	-
	<u>46,987,252</u>	<u>\$ 2,577,713</u>
Total liabilities		
	<u>46,987,252</u>	<u>\$ 2,577,713</u>
Net position (deficit)		
Held in trust for the Successor Agency	<u>\$ (34,283,275)</u>	

The accompanying notes are an integral part of these financial statements.

CITY OF FILLMORE
Statement of Changes in Fiduciary Net Position
For the fiscal year ended June 30, 2014

	Private-purpose trust fund
Additions:	
Property taxes	\$ 3,839,471
Investment earnings	79,917
Other	26
Total additions	3,919,414
Deductions:	
Administrative expenses	208,028
Interest and fiscal charges	2,507,095
Depreciation	69,465
Total deductions	2,784,588
Change in net position	1,134,826
Net position (deficit), beginning of year, as restated (see Note 17)	(35,418,101)
Net position (deficit), end of year	\$ (34,283,275)

The accompanying notes are an integral part of these financial statements.

This page left blank intentionally.

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF FILLMORE
Notes to the Basic Financial Statements
June 30, 2014

Note 1: Summary of significant accounting policies

The financial statements of the City of Fillmore (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

a. Description of the reporting entity

The City of Fillmore was incorporated July 10, 1914 under the general laws of the State of California. The City operates under the Council-Manager form of government. The City of Fillmore is a reporting entity which includes the following component unit: Fillmore Public Financing Authority.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and the City is either able to impose its will on that organization, or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable if an organization is fiscally dependent upon the City (i.e., it is unable to adopt its budget, levy taxes, set rates or charges or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete.

All of the City's component units are considered to be blended component units because, in all cases, the City Council serves as the governing board for each component unit. Blended component units, although legally separate entities, are, in substance, part of the City's operations, therefore data from these units are reported with the interfund data of the primary government.

Successor Agency to the Former - Fillmore Redevelopment Agency

The Redevelopment Agency was established on August 28, 1979, pursuant to the State of California Health and Safety Code Section 33000. Its purpose is to prepare and carry out plans for the improvement, rehabilitation, and development of blighted areas within the territorial limits of the City of Fillmore.

As of February 1, 2012, the Redevelopment Agency ceased all operations in accordance with AB X1 26. All assets and activity of the former redevelopment agency (except for low and moderate income housing assets), as of February 1, 2012, were transferred to the Successor Agency to the Redevelopment Agency of the City of Fillmore (Successor Agency) (a private-purpose trust fund). Since the Successor Agency is a private-purpose trust fund, it cannot be considered a component unit of the City. As of February 1, 2012 the City of Fillmore elected to be the Housing Successor and chose to retain the housing assets and functions previously held and performed by the former redevelopment agency.

CITY OF FILLMORE
Notes to the Basic Financial Statements
June 30, 2014

Note 1: Summary of significant accounting policies (continued)

a. Description of the reporting entity (continued)

Fillmore Public Financing Authority

The Fillmore Public Financing Authority was formed on September 25, 1990, by a joint powers agreement between the City of Fillmore and the Fillmore Redevelopment Agency. It was created to acquire and finance the acquisition of public capital improvements necessary or convenient for the operation of the City or Agency.

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 non-fiduciary 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, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meet 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.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

c. Measurement focus, basis of accounting, and financial statements presentation

The Government-Wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the fiscal 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. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

CITY OF FILLMORE
Notes to the Basic Financial Statements
June 30, 2014

Note 1: Summary of significant accounting policies (continued)

c. Measurement focus, basis of accounting, and financial statement presentation, (continued)

The City reports the following major governmental funds:

General Fund - This fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds.

Housing Successor Special Revenue Fund - This fund accounts for the City's low and moderate income housing activities. The fund was established as the Housing Successor for the former Agency's Low and Moderate Income Housing fund which was eliminated as of February 1, 2012.

The City also reports the following major proprietary funds:

Water Enterprise Fund - This fund accounts for the operation and maintenance of the City's water distribution system.

Sewer Enterprise Fund - This fund accounts for the operation and maintenance of the wastewater system within the City's boundaries.

Additionally, the City reports the following fiduciary fund types:

Agency Funds - These funds are used to report resources held by the City in a purely custodial capacity, which involves only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Private Purpose Trust Fund - This fund accounts for the activities of the Successor Agency to the Fillmore Redevelopment Agency. The fund's primary purpose is to expedite the dissolution of the former Agency's net position in accordance with the provisions of AB X1 26 and AB 1484.

As a general rule, the effect of interfund activity has been eliminated from the Government-Wide Financial Statements. Exceptions to this general rule are charges between the government's proprietary funds function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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, including special assessments.

Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for the Enterprises Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF FILLMORE
Notes to the Basic Financial Statements
June 30, 2014

Note 1: Summary of significant accounting policies (continued)

c. Measurement focus, basis of accounting, and financial statement presentation, (continued)

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

d. Assets, liabilities, and net position

Cash and cash equivalents

For purposes of the statement of cash flows, the City considers cash and cash equivalents as short term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. The City follows the practice of pooling cash and investments of all funds except for funds required to be held by outside fiscal agents under the provisions of bond indentures. Cash equivalents have an original maturity date of three months or less from the date of purchase.

Cash and investments

Investments are reported in the accompanying statement of net position at fair value, except for nonparticipating certificates of deposit and investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates.

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investment.

The City pools cash and investments of all funds, except assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund receivables/interfund payables (i.e., the current portion of interfund loans) or advances to/from other funds (the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as interfund receivables or interfund payables. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and tax receivables are shown net of an allowance for uncollectible accounts if applicable, and estimated refunds due.

CITY OF FILLMORE
Notes to the Basic Financial Statements
June 30, 2014

Note 1: Summary of significant accounting policies (continued)

d. Assets, liabilities, and net position (continued)

Property taxes

Property taxes in the State of California are administered for all local agencies at the county level, and consist of secured, unsecured, and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

Property valuations - Are established by the Assessor of the County of Ventura for the secured and unsecured property tax rolls; the utility property tax rolls are valued by the State Board of Equalization. Under the provisions of Article XIII A of the State Constitution (Proposition 13 adopted by the voters on June 6, 1978) properties are assessed at 100% of full value. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increases to full value are allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations, and is subject to annual reappraisal.

Tax levies - Levies are limited to 1% of full value which results in a tax rate of \$1.00 per \$100 assessed valuation, under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.

Tax levy dates - Levies are attached annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

Tax levy apportionments - Due to the nature of the City-wide maximum levy, it is not possible to identify general purpose tax rates for specific entities. Under state legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by the county auditor-controller based primarily on the ratio that each agency represented of the total City-wide levy for the three years prior to fiscal year 1979.

Property tax administration fees - The State of California FY 1990-91 Budget Act authorized counties to collect an administrative fee for collection and distribution of property taxes. Property taxes are recorded as net of administrative fees withheld during the fiscal year.

Prepaid items

Payments made to vendors for services that will benefit periods beyond June 30, 2014 are recorded as prepaid items and are offset equally by a fund balance account which indicates that they do not constitute expendable available resources and therefore are not available for appropriation.

Cash and investments with fiscal agent

Certain proceeds of the City's long-term debt, as well as certain resources set aside for their repayment are maintained in separate bank accounts and their use is limited by applicable bond covenants.

In the absence of specific statutory provisions governing the issuance of bonds, certificates, or leases, these monies may be invested in accordance with the ordinance, resolutions, and indentures specifying the types of investments its trustees or fiscal agents may make. These ordinances, resolutions, and indentures are generally more restrictive than the City's general investment policy. In no instance have additional types of investments been authorized that are not permitted by the City's general investment policy.

CITY OF FILLMORE
Notes to the Basic Financial Statements
June 30, 2014

Note 1: Summary of significant accounting policies (continued)

d. Assets, liabilities, and net position (continued)

Capital assets

Capital assets, which include property, plant, equipment, fine art, and infrastructure assets (e.g., roads, bridges, sidewalks, traffic lights and signals, street lights, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of \$5,000 (\$50,000 for buildings and infrastructure) or more and an estimated useful life in excess of one year. Such capital 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. The cost of normal maintenance and repairs that do not add to the value of the capital asset or materially extend capital asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the fiscal year ended June 30, 2014.

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	25 to 50
Improvements other than buildings	30
Infrastructure	20 to 40
Utility systems	50 to 200
Vehicles	8 to 20
Equipment and furnishings	5 to 20
Storm drains	200

Periodic restoration and maintenance costs on particular items are charged to expense as incurred.

Claims and judgments

The City records a liability for litigation, judgments, and claims when it is probable that an asset has been impaired or a liability has been incurred prior to fiscal year end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated. At June 30, 2014, the City has determined that there are no outstanding claims or judgments which would be material to the financial statements.

CITY OF FILLMORE
Notes to the Basic Financial Statements
June 30, 2014

Note 1: Summary of significant accounting policies (continued)

d. Assets, liabilities, and net position (continued)

Compensated absences

In accordance with GASB Statement No. 16, an employee benefits payable liability is recorded for unused vacation and similar compensatory leave balances since the employees' entitlement to these balances are attributable to services already rendered and it is probable that virtually all of these balances will be liquidated by either paid time off or payments upon termination or retirement.

Under GASB Statement No. 16, a liability is recorded for unused sick leave balances only to the extent that it is probable that the unused balances will result in termination payments. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness) which is outside the control of the City and the employee.

The short-term portion is determined to be the amount due to employees for future absences which is attributed to services already rendered and which is expected to be paid during the next fiscal year. The total amount of liability for compensated absences is segregated between short-term and long-term as indicated above.

Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. Normally, an employee cannot accrue more than his/her regular annual entitlement plus ten (10) days.

Sick leave is payable when an employee is unable to work because of illness. Any unused sick leave is forfeited upon termination of employment, except by reason of layoff. Accumulated sick leave is only payable after an employee reaches 62 years of age.

Long-term obligations

In the Government-Wide Financial Statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Initial-issue bond premiums are deferred and amortized over the life of the bonds using the straight-line method. The difference between the reacquisition refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the lives of the refunding debt or remaining life of the refunded debt. Bond issuance costs, including deferred refunding amounts and underwriters' discount, are reported as deferred bond issuance costs. Amortization of bond premiums or discounts, and deferred amounts on refunding is included in interest expense.

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

CITY OF FILLMORE
Notes to the Basic Financial Statements
June 30, 2014

Note 1: Summary of significant accounting policies (continued)

d. Assets, liabilities, and net position (continued)

Net position

Net position is divided into three captions under GASB Statement No. 34. These captions apply only to Net Position as determined at the Government-wide level, and are described below:

- *Net investment in capital assets* describes the portion of net position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets, if any.
- *Restricted* describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and redevelopment funds restricted to low and moderate income housing purposes.
- *Unrestricted* describes the portion of net position, which is not restricted as to use.

Fund balances

Beginning with the fiscal year ended June 30, 2011, the City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *Nonspendable* – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- *Restricted* – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions or by enabling legislation.
- *Committed* – amounts constrained to specific purposes by a government itself, using the highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- *Assigned* – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- *Unassigned* – amounts that are for any purpose; positive amounts are reported only in a general fund.

The City Council establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. The City Council has not designated any level of authority for assigning fund balance; therefore, the City Council can assign fund balance.

When both restricted and unrestricted resources are available for use when expenditure is incurred, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. It is the City's policy to consider committed amounts as being reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

CITY OF FILLMORE
Notes to the Basic Financial Statements
June 30, 2014

Note 1: Summary of significant accounting policies (continued)

e. Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

f. Implementation of new pronouncements

Effective July 1, 2013, the City adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. Deferred amounts resulting from the refunding of debt are reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. Accordingly, the City's deferred amount on refunding of debt has been classified as a deferred outflow of resources in the Statement of Net Position of Proprietary Funds in conformity with GASB 65. GASB 65 amended prior guidance with respect to the treatment of debt issuance costs. Under GASB 65, debt issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred rather than reported as an asset on the statement of net position and recognized as an expense in a systematic and rational manner over the duration of the related debt. Accordingly, as noted in Note 17 of the financial statements, the City has restated beginning net position for any unamortized debt issuance costs previously reported on the Statement of Net Position of Proprietary and Fiduciary Funds in conformity with GASB 65.

Note 2: Stewardship, compliance, and accountability

General budget policies

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

All appropriations lapse at the end of the fiscal year to the extent that they have not been expended. Lease contracts entered into by the City are subject to annual review by the City Council; hence, they legally are one year contracts with an option for renewal for another fiscal year.

Budgeted revenue and expenditure amounts represent the City's originally-adopted legal budget adjusted for unanticipated revenues and appropriations during the course of the fiscal year. Budget amounts, as adjusted, reported for the governmental funds of the City are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

CITY OF FILLMORE
Notes to the Basic Financial Statements
June 30, 2014

Note 2: Stewardship, compliance, and accountability (continued)

General budget policies (continued)

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the governmental fund types. Encumbrances outstanding at fiscal yearend do not constitute expenditures or liabilities because the commitments will be honored during the subsequent fiscal year.

Deficit fund balances/Net Position

The following funds have deficits of fund balances as of June 30, 2014:

	Amount
Major governmental fund:	
Successor Housing Special Revenue Fund	\$ (41,076)
Nonmajor governmental funds:	
Special revenue funds:	
Swimming Pool Maintenance	(225,208)
Recreation	(83,033)
DIF Water Improvement	(432,302)
Storm Water NPDES	(4,751)
Street Projects	(155,212)

CITY OF FILLMORE
Notes to the Basic Financial Statements
June 30, 2014

Note 3: Cash and investments

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

Statement of net position:	
Cash and investments	\$ 20,411,952
Cash and investments with fiscal agent	4,016,126
Statement of fiduciary assets and liabilities:	
Cash and investments	4,242,235
Cash and investments with fiscal agent	<u>4,522,904</u>
 Total cash and investments	 <u><u>\$ 33,193,217</u></u>

Cash and investments as of June 30, 2014 consist of the following:

Cash on hand	\$ 1,300
Deposits with financial institutions	18,965,624
Investments	<u>14,226,293</u>
 Total cash and investments	 <u><u>\$ 33,193,217</u></u>

Investments authorized by the California Government Code and the City's investment policy

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized investment type	Maximum maturity	Maximum percentage of portfolio *	Maximum investment in one issuer
U.S. Treasury Obligation	2 years	75%	None
U.S. Agency Securities	2 years	75%	None
Certificates of Deposit	2 years	30%	None
Savings Accounts	N/A	85%	None
Money Market Mutual Funds (U.S. Treasury)	2 years	None	10%
Ventura County Pooled Investment Funds	N/A	30%	None
Local Agency Investment Fund (LAIF)	N/A	100%	\$ 50,000,000

* Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.

CITY OF FILLMORE
Notes to the Basic Financial Statements
June 30, 2014

Note 3: Cash and investments (continued)

Investments authorized by debt agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized investment type	Maximum maturity	Maximum percentage of portfolio	Maximum investment in one issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Certificates of Deposit	None	None	None
Money Market Mutual Funds	N/A	None	10%
Investment Contracts	31 years	None	None
Local Agency Investment Fund	None	None	\$ 50,000,000

Disclosures relating to interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity.

Investment type	Totals	Remaining maturity			
		12 months or less	13 to 24 months	25 to 60 months	More than 60 months
State Investment Pool	\$ 5,687,267	\$ 5,687,267	\$ -	\$ -	\$ -
Held by bond trustee:					
Money Market Mutual Funds (US Treasury)	8,539,026	8,539,026	-	-	-
Total investments	\$ 14,226,293	\$ 14,226,293	\$ -	\$ -	\$ -

Investments with fair value highly sensitive to interest rate fluctuations

The City has no investments (including investments held by bond trustees) that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

CITY OF FILLMORE
Notes to the Basic Financial Statements
June 30, 2014

Note 3: Cash and investments (continued)

Disclosures relating to a 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. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

Investment type	Amount	Minimum legal rating	Ratings at fiscal year end	
			Aaa	Not rated
State Investment Pool	\$ 5,687,267	N/A	\$ -	\$ 5,687,267
Held by bond trustee:				
Money Market Mutual Funds (US Treasury)	<u>8,539,026</u>	N/A	<u>8,539,026</u>	<u>-</u>
Total investments	<u>\$ 14,226,293</u>		<u>\$ 8,539,026</u>	<u>\$ 5,687,267</u>

Concentration of credit risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. The City has no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments.

Custodial credit risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the City's deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2014, \$17,407,000 of the City's and \$935,000 of the Successor Agency's deposits with financial institutions in excess of federal depository insurance limits were held in collateralized accounts as required by the California Government Code as stated above.

CITY OF FILLMORE
Notes to the Basic Financial Statements
June 30, 2014

Note 3: Cash and investments (continued)

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The LAIF available balance as of June 30, 2014 was \$4,684,405 and \$1,002,862 for the City of Fillmore and Successor Agency respectively.

Note 4: Accounts Receivable

The following is a list of accounts receivable at June 30, 2014:

	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Governmental activities:			
Intergovernmental	\$ 954,863	\$ -	\$ 954,863
Accounts	<u>578,455</u>	<u>-</u>	<u>578,455</u>
Total	<u>\$ 1,533,318</u>	<u>\$ -</u>	<u>\$ 1,533,318</u>
Business-type activities:			
Accounts	\$ 1,361,718	\$ (38,322)	\$ 1,323,396
Other	<u>53,503</u>	<u>-</u>	<u>53,503</u>
Total	<u>\$ 1,415,221</u>	<u>\$ (38,322)</u>	<u>\$ 1,376,899</u>
Fiduciary funds:			
Accounts	<u>\$ 18,370</u>	<u>\$ -</u>	<u>\$ 18,370</u>
Total	<u>\$ 18,370</u>	<u>\$ -</u>	<u>\$ 18,370</u>

Based on historical estimates, the City has established an allowance for uncollectible accounts for the sewer and water enterprise funds.

CITY OF FILLMORE
Notes to the Basic Financial Statements
June 30, 2014

Note 5: Notes and loans receivable

	Beginning Balance	Additions	Deletions	Ending Balance
Loans receivable				
Home rehabilitation loans	\$ 67,687	\$ -	\$ -	\$ 67,687
First time home-buyers loans	1,088,707	-	-	1,088,707
Stewart loans	282,090	-	(17,247)	264,843
Total loans receivable	1,438,484	-	(17,247)	1,421,237
Notes receivable				
Fillmore Parkview Seniors LP	5,727,621	-	(68,871)	5,658,750
Total loans and notes receivable	\$ 7,166,105	\$ -	\$ (86,118)	\$ 7,079,987

Notes and loans receivable, including accrued interest consists of the following:

	Balance at June 30, 2014
a) The Former Redevelopment Agency entered into loan agreements with various residents within the redevelopment project area. The loans are either fully amortized or deferred until the corresponding property is sold. Interest rates are 5.0%. These loans are home rehabilitation loans. These loans were transferred to the City as of January 31, 2012 and are maintained in the City's Housing Successor Fund.	\$ 67,687
b) The Former Redevelopment Agency has a First Time Homebuyers program whereby qualified residents can receive assistance in purchasing a home within the City. The assistance is in the form of deferred loans of up to \$40,000. These loans are secured by a second trust deed and are due upon sale of the property. These loans were transferred to the City as of January 31, 2012 and are maintained in the City's Housing Successor Fund.	1,088,707
c) The Former Redevelopment Agency entered into 2 loan agreements with Ronald and Doris Stewart. The first loan is \$225,000 at 4% and is fully amortized over 20 years beginning January 1, 2011. The second loan is \$85,000 at 4% and is fully amortized over 20 years beginning January 1, 2004. These loans were transferred to the City as of January 31, 2012 and are maintained in the City's Housing Successor Fund. A third loan for \$90,000 at 4% and is fully amortized over 20 years beginning January 1, 2011 was entered by the City. The third loan is secured by a Deed of Trust.	264,843

CITY OF FILLMORE
Notes to the Basic Financial Statements
June 30, 2014

Note 5: Notes and loans receivable (continued)

<p>d) The Former Redevelopment Agency has entered into a residual receipts agreement with Fillmore Parkview Seniors LP. The original amount of the note was \$4,666,593 and was used by the maker to build senior housing within the Agency project area. The note is to be repaid from 50% of the residual receipts of the housing project. The interest rate is 3% (simple) and the entire note is due and payable by September 1, 2055. The note is secured by the project and is subject to the term of the DDA between the Agency and the maker. Accrued interest included as of June 30, 2014 is \$139,998. These loans were transferred to the City as of January 31, 2012 and are maintained in the City's Housing Successor Fund.</p>	<u>5,658,750</u>
Total notes and loans receivable	<u><u>\$ 7,079,987</u></u>

Note 6: Interfund activity

The following represents the interfund activity of the City for the fiscal year ended June 30, 2014:

a. Transfers

With council approval, resources may be transferred from one City fund to another. Transfers in and out for the year ended June 30, 2014 were as follows:

Fund receiving transfers	Funds making transfers	Amounts
General Fund	Housing Successor Fund a Sewer Fund a Water Fund a Nonmajor Governmental Funds a	\$ 1,200 162,456 122,350 58,940 <hr/> 344,946
Nonmajor Governmental Funds	General Fund b Sewer Fund c Nonmajor Governmental Funds a	96,864 4,692 397,988 <hr/> 499,544
Sewer Fund	Nonmajor Governmental Funds a	<hr/> 166,000
	Total transfers	<hr/> <u><u>\$ 1,010,490</u></u>

- a - Transfers made to support operations
- b - Transfer made for lease payments
- c - Transfer made for loan payments

CITY OF FILLMORE
Notes to the Basic Financial Statements
June 30, 2014

Note 6: Interfund activity (continued)

b. Advances

Advances are long-term in nature and will be repaid when the funds become available. As of June 30, 2014, there were no outstanding advances between funds.

c. Due to/from other funds

Current interfund balances arise in the normal course of business and are to assist funds with negative cash balance at the fiscal year end. They are expected to be repaid shortly after the end of the fiscal year.

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amounts</u>
General Fund	Housing Successor Major Special Revenue Fund	\$ 40,843
	Nonmajor Governmental Funds	<u>328,642</u>
	Total	<u><u>\$ 369,485</u></u>

CITY OF FILLMORE
Notes to the Basic Financial Statements
June 30, 2014

Note 7: Capital assets

a. Governmental activities

Capital assets governmental activity for the fiscal year ended June 30, 2014 was as follows:

Governmental activities:	Beginning balance (restated)	Additions	Deletions	Ending balance
Capital assets, not being depreciated:				
Land	\$ 10,865,924	\$ -	\$ -	\$ 10,865,924
Construction in progress	388,131	383,192	(388,132)	383,191
Total capital assets, not being depreciated	11,254,055	383,192	(388,132)	11,249,115
Capital assets, being depreciated:				
Buildings and improvements:				
Buildings	18,388,352	21,800	-	18,410,152
Land improvements	5,002,274	498,286	-	5,500,560
Machinery and equipment	2,110,258	128,080	-	2,238,338
Autos and trucks	1,258,656	456,903	-	1,715,559
Infrastructure	16,451,607	-	-	16,451,607
Total capital assets, being depreciated	43,211,147	1,105,069	-	44,316,216
Less accumulated depreciation for:				
Buildings and improvements:				
Buildings	(2,533,668)	(306,870)	-	(2,840,538)
Land improvements	(1,863,306)	(261,937)	-	(2,125,243)
Machinery and equipment	(1,470,521)	(125,730)	-	(1,596,251)
Autos and trucks	(1,190,404)	(18,999)	-	(1,209,403)
Infrastructure	(5,118,541)	(241,716)	-	(5,360,257)
Total accumulated depreciation	(12,176,440)	(955,252)	-	(13,131,692)
Total capital assets, being depreciated, net	31,034,707	149,817	-	31,184,524
Total governmental activities capital assets, net	\$ 42,288,762	\$ 533,009	\$ (388,132)	\$ 42,433,639

Depreciation expense was charged to functions/programs of the City's governmental activities as follows:

General government	\$ 149,962
Public safety	90,190
Public works	453,432
Community development	16,168
Parks and recreation	245,500
Total	\$ 955,252

CITY OF FILLMORE
Notes to the Basic Financial Statements
June 30, 2014

Note 7: Capital assets (continued)

b. Business-type activities

Capital asset business-type activities for the fiscal year ended June 30, 2014 was as follows:

	Beginning balance (restated)	Additions	Deletions	Ending balance
Business-type activities:				
Sewer activity				
Capital assets, not being depreciated:				
Land	\$ 2,688,630	\$ -	\$ -	\$ 2,688,630
Total capital assets, not being depreciated	<u>2,688,630</u>	<u>-</u>	<u>-</u>	<u>2,688,630</u>
Capital assets, being depreciated:				
Buildings and improvements	71,376,399	-	(3,139,137)	68,237,262
Transmissions and mains	5,778,991	-	-	5,778,991
Less - accumulated depreciation	<u>(8,308,890)</u>	<u>(1,090,669)</u>	<u>2,700,209</u>	<u>(6,699,350)</u>
Total capital assets, being depreciated	<u>68,846,500</u>	<u>(1,090,669)</u>	<u>(438,928)</u>	<u>67,316,903</u>
Total sewer capital assets, net	<u>\$ 71,535,130</u>	<u>\$ (1,090,669)</u>	<u>\$ (438,928)</u>	<u>\$ 70,005,533</u>
Water activity				
Capital assets, not being depreciated:				
Land	\$ 497,523	\$ -	\$ -	\$ 497,523
Total capital assets, not being depreciated	<u>497,523</u>	<u>-</u>	<u>-</u>	<u>497,523</u>
Capital assets, being depreciated:				
Land improvements	257,988	9,821	-	267,809
Machinery and equipment	1,373,118	29,981	(82,000)	1,321,099
Wells and reservoirs	638,381	-	(120,000)	518,381
Transmission and mains	7,499,469	-	-	7,499,469
Less - accumulated depreciation	<u>(3,390,841)</u>	<u>(140,019)</u>	<u>173,618</u>	<u>(3,357,242)</u>
Total capital assets, being depreciated	<u>6,378,115</u>	<u>(100,217)</u>	<u>(28,382)</u>	<u>6,249,516</u>
Total water capital assets, net	<u>\$ 6,875,638</u>	<u>\$ (100,217)</u>	<u>\$ (28,382)</u>	<u>\$ 6,747,039</u>

CITY OF FILLMORE
Notes to the Basic Financial Statements
June 30, 2014

Note 7: Capital assets (continued)

b. Business-type activities (continued)

	Beginning balance (restated)	Additions	Deletions	Ending balance
Total business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 3,186,153	\$ -	\$ -	\$ 3,186,153
Total capital assets, not being depreciated	3,186,153	-	-	3,186,153
Capital assets, being depreciated:				
Buildings and improvements	71,376,399	-	(3,139,137)	68,237,262
Transmissions and mains	13,278,460	-	-	13,278,460
Land improvements	257,988	9,821	-	267,809
Machinery and equipment	1,373,118	29,981	(82,000)	1,321,099
Wells and reservoirs	638,381	-	(120,000)	518,381
Less - accumulated depreciation	(11,699,731)	(1,230,688)	2,873,827	(10,056,592)
Total capital assets, being depreciated	75,224,615	(1,190,886)	(467,310)	73,566,419
Total business-type activities capital assets, net	\$ 78,410,768	\$ (1,190,886)	\$ (467,310)	\$ 76,752,572

Depreciation expense was charged to functions/programs of the City's business-type activities as follows:

Sewer	\$ 1,090,669
Water	140,019
Total	<u>\$ 1,230,688</u>

CITY OF FILLMORE
Notes to the Basic Financial Statements
June 30, 2014

Note 8: Long-term liabilities

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

	Beginning balance	Additions	Deletions	Ending balance	Due within one year
Governmental activities:					
Capital leases payable	\$ 265,274	\$ 456,903	\$ (138,878)	\$ 583,299	\$ 146,769
State water loan payable	178,532	-	(89,248)	89,284	89,284
OPEB obligation (see Note 10)	800,228	41,283	-	841,511	-
JPIA - General liability	-	363,758	-	363,758	75,779
JPIA - Workers compensation	-	158,497	-	158,497	-
Compensated absences	156,942	143,435	(53,037)	247,340	98,936
	<u>1,400,976</u>	<u>1,163,876</u>	<u>(281,163)</u>	<u>2,283,689</u>	<u>410,768</u>
Governmental activities long-term liabilities	<u>\$ 1,400,976</u>	<u>\$ 1,163,876</u>	<u>\$ (281,163)</u>	<u>\$ 2,283,689</u>	<u>\$ 410,768</u>
Business-type activities:					
<i>Water</i>					
Compensated absences	\$ 49,000	\$ 38,091	\$ (21,406)	\$ 65,685	\$ 12,925
2010 refunding bonds	6,900,000	-	(250,000)	6,650,000	260,000
Premium on bonds	13,127	-	(690)	12,437	690
	<u>6,962,127</u>	<u>38,091</u>	<u>(272,096)</u>	<u>6,728,122</u>	<u>273,615</u>
Sub-total water	<u>6,962,127</u>	<u>38,091</u>	<u>(272,096)</u>	<u>6,728,122</u>	<u>273,615</u>
<i>Sewer</i>					
Compensated absences	11,774	6,207	(7,276)	10,705	4,282
State water loan payable	9,359	-	(4,697)	4,662	4,662
Series 2007 revenue bonds	55,645,000	-	(670,000)	54,975,000	700,000
Premium on bonds	1,795,014	-	(52,794)	1,742,220	52,794
	<u>57,461,147</u>	<u>6,207</u>	<u>(734,767)</u>	<u>56,732,587</u>	<u>761,738</u>
Sub-total sewer	<u>57,461,147</u>	<u>6,207</u>	<u>(734,767)</u>	<u>56,732,587</u>	<u>761,738</u>
Business-type activities long-term liabilities	<u>\$ 64,423,274</u>	<u>\$ 44,298</u>	<u>\$ (1,006,863)</u>	<u>\$ 63,460,709</u>	<u>\$ 1,035,353</u>

a. Capital lease obligations

The City is obligated under leases which are accounted for as capital leases. In 2008, the City entered into a capital lease agreement with Oshkosh Capital for a 2006 fire engine. The balance of the 2006 capital lease at June 30, 2014 is \$183,687. Minimum annual payments are \$89,478 for the lease, which includes interest between 4% and 5%. In 2014, the City entered into a capital lease agreement with Oshkosh Capital for a 2014 fire engine. The balance of the 2014 capital lease at June 30, 2014 is \$399,612. Minimum annual payments are \$57,291 for the lease, which includes interest between 4% and 5%.

CITY OF FILLMORE
Notes to the Basic Financial Statements
June 30, 2014

Note 8: Long-term liabilities

a. Capital lease obligations (continued)

The schedules of annual requirements to amortize all capital leases long-term debt outstanding as of June 30, 2014 are as follows:

Fiscal year ending June 30,	Capital leases payable
2015	\$ 146,769
2016	151,500
2017	57,291
2018	57,291
2019	57,291
2020-2022	<u>171,873</u>
Totals	<u>642,015</u>
Less amount representing interest	<u>(58,716)</u>
Present value of minimum payments	<u>\$ 583,299</u>
Leased equipment	\$ 1,157,450
Less: accumulated depreciation	<u>597,615</u>
Total	<u>\$ 559,835</u>

b. Loan payable – State Water Resources Control Board

On May 15, 1993, the City entered into a loan contract with the State Water Resources Control Board. Under provision of the Federal Clean Water Act and State law, the State Water Board agreed to loan the City a maximum sum of \$1,877,385 for the wastewater treatment plant expansion project. The loan carries an interest rate of 2.9 percent per annum. In fiscal year 1995-96, this loan was restructured into a zero interest State Revolving Fund Loan. In order to accomplish this, the City paid \$99,106 accrued interest through October 31, 1995 and the State match share of \$312,904. The balance of governmental activities long-term debt is \$89,284 as of June 30, 2014. An additional amount of \$4,662 is recorded in the Sewer Enterprise Fund, for a total outstanding balance of \$93,946. Minimum annual payments on the loan amount to \$89,284 and \$4,662 for the governmental activities long-term debt and Sewer Enterprise long-term debt, respectively. Future payment of the debt is as follows:

Fiscal year ending June 30,	Loan payable - State Water Resource Control Board Principal
2015	<u>\$ 93,946</u>

CITY OF FILLMORE
Notes to the Basic Financial Statements
June 30, 2014

Note 8: Long-term liabilities (continued)

c. California JPIA – General Liability and Workers Compensation

Liability coverage for the City of Fillmore is provided through the California Joint Powers Insurance Authority (California JPIA). In addition to liability coverage, the California JPIA offers other coverage programs. Liability and workers' compensation coverage are pooled self-insurance programs administered by the California JPIA on behalf of the member. Pollution legal liability insurance (formerly called environmental liability insurance), all risk property insurance, and crime insurance are purchased from commercial insurance companies on behalf of the member. Claims administration for the liability program is provided by Carl Warren & Company. Claims administration for the workers' compensation program is provided by York Risk Services Group. As of June 30, 2014 the City owes to the JPIA \$363,758 and \$158,497 for General Liability and Workers Compensation Cumulative Deposits respectively.

The schedules of annual requirements to amortize the Cumulative Deposits long-term debt outstanding as of June 30, 2014 are as follows:

Fiscal year ending June 30,	California JPIA Cumulative Deposits Payable Principal
2015	\$ 75,779
2016	234,276
2017	75,779
2018	75,779
2019	60,642
Total	\$ 522,255

d. Series 2007 Revenue Bonds

On June 7, 2007, the Fillmore Public Financing Authority issued \$57,490,000 of Series 2007 Revenue Bonds. The proceeds were to be loaned to the City's wastewater enterprise utility to assist in the construction of a new wastewater treatment facility. The bonds are secured by an installment agreement between the Authority and the City and through which the new revenues of the wastewater system are pledged. Proceeds from the issue have also been used to fund a reserve account, fund capitalized interest on the bonds through May 1, 2009, and pay costs of issuance. With the City's election to remove the PFA from the annual financial report during the year ended June 30, 2011, the outstanding bonds are only reported as long-term debt of business-type activities. Interest on the bonds consists of serial and term bonds and are payable semi-annually each May 1 and November 1. The first 2 years of interest will be paid through the bond proceeds. The principal will be paid annually on May 1 beginning in 2011 and ending in the year 2047. Interest rates vary between 4% and 5%. The outstanding principal balance of the bonds as of June 30, 2014 was \$54,975,000.

CITY OF FILLMORE
Notes to the Basic Financial Statements
June 30, 2014

Note 8: Long-term liabilities (continued)

d. Series 2007 Revenue Bonds (continued)

The schedules of annual requirements to amortize the Series 2007 Revenue Bonds long-term debt outstanding as of June 30, 2014 are as follows:

Fiscal year ending June 30,	2007 Revenue Bonds		
	Principal	Interest	Total
2015	\$ 700,000	\$ 2,740,956	\$ 3,440,956
2016	735,000	2,705,956	3,440,956
2017	770,000	2,669,206	3,439,206
2018	810,000	2,630,706	3,440,706
2019	840,000	2,596,281	3,436,281
2020-2024	4,800,000	12,400,581	17,200,581
2025-2029	6,130,000	11,063,600	17,193,600
2030-2034	7,890,000	9,300,813	17,190,813
2035-2039	10,075,000	7,116,250	17,191,250
2040-2044	12,860,000	4,333,250	17,193,250
2045-2047	9,365,000	951,750	10,316,750
Totals	<u>\$ 54,975,000</u>	<u>\$ 58,509,349</u>	<u>\$ 113,484,349</u>

e. 2010 Water System Refunding Bonds

On November 30, 2010, the Fillmore Public Financing Authority issued \$7,480,000 in Water System Refunding Bonds. The proceeds were to be loaned to the City's water enterprise utility for the purpose of refinancing improvements to the water system. The issuance of these bonds defeased \$7,200,000 of outstanding 2002 Certificates of Participation. The water system will be sold by the Fillmore Public Financing Authority to the City of Fillmore pursuant to an Installment Sale Agreement. The City and the Authority have entered into an Installment Sales Agreement to make payments solely from the net revenues of the water system. The installment payments are scheduled to be made in amounts sufficient to pay, when due, the annual principal and interest with respect to the certificates. As a result of the refunding, the City reduced its total debt service requirements by \$951,313, which at that time resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$397,962. The outstanding principal balance of the bonds as of June 30, 2014 was \$6,650,000.

CITY OF FILLMORE
Notes to the Basic Financial Statements
June 30, 2014

Note 8: Long-term liabilities (continued)

e. 2010 Water System Refunding Bonds (continued)

The schedules of annual requirements to amortize the 2010 Water System Refunding Bonds long-term debt outstanding as of June 30, 2014 are as follows:

Fiscal year ending June 30,	2010 Water Revenue Refunding Bonds Series 2010		
	Principal	Interest	Total
2015	\$ 260,000	\$ 310,325	\$ 570,325
2016	265,000	303,175	568,175
2017	275,000	295,888	570,888
2018	285,000	287,088	572,088
2019	290,000	277,113	567,113
2020-2024	1,655,000	1,194,200	2,849,200
2025-2029	2,085,000	758,888	2,843,888
2030-2032	1,535,000	171,875	1,706,875
Totals	<u>\$ 6,650,000</u>	<u>\$ 3,598,552</u>	<u>\$ 10,248,552</u>

f. Employees Compensated Absences

The City's total long-term liability at June 30, 2014 for compensated absences is \$323,730, with the General, Water, and Sewer Funds primarily expected to liquidate their corresponding portion of the liability.

Note 9: Defined benefit pension plan

Plan description

The City of Fillmore contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Copies of PERS' annual financial report may be obtained from its executive office at 400 "P" Street, Sacramento, California 95814.

Funding policy

Participants are required to contribute 5% for miscellaneous employees, 9% for safety employees, and 6.5% for employees hired after January 1, 2013 under PEPRA, of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. For the fiscal year ended June 30, 2014, the amount contributed by the City on behalf of the employees was \$83,055. The City is required to contribute at an actuarially determined rate calculated as a percentage of covered payroll. The employer contribution rate for the fiscal year ended June 30, 2014 was 47.093% for safety employees and 17.308% for miscellaneous employees, and 6.25% for employees under PEPRA. Separately funded plans have been established for each employee group. Benefit provisions and all other requirements are established by state statute and City contract with employee bargaining groups, and the employer contribution rate is established and may be amended by PERS. The City's contribution to PERS for the fiscal year ending June 30, 2014, 2013, and 2012 were \$163,653, \$124,624, and \$120,199, respectively for safety employees; \$134,039, \$194,841, and \$217,504, respectively for miscellaneous employees, and \$13,461 in 2014 for PEPRA employees; and equal 100% of the required contribution for each fiscal year.

CITY OF FILLMORE
Notes to the Basic Financial Statements
June 30, 2014

Note 10: Other post employment benefits

Plan description

The City provides a medical plan coverage for retirees. This coverage is available for employees who satisfy the requirements for retirement under the California Public Employees Retirement System (PERS), which is age 55 or older with at least ten years of State or public agency service. The healthcare coverage provided by the City meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45 and the medical plan benefits are provided through PERS.

Funding policy

The contribution requirements of the City are established and may be amended by the City Council. The required contribution is based on pay-as-you-go financing requirements. For fiscal year 2013-14, the City contributed \$6,717 to the plan.

Annual OPEB cost and net OPEB obligation

The City's annual other OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

	June 30, 2014
Annual required contribution	\$ 37,540
Interest on net OPEB obligation	31,958
Adjustment to annual required contribution	(21,498)
Annual OPEB cost (expense)	48,000
Contributions made	(6,717)
Increase in net OPEB obligation	41,283
Net OPEB obligation – beginning of year	800,228
Net OPEB obligation – end of year	\$ 841,511

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

Fiscal year ended	Annual OPEB cost	Percentage of annual OPEB cost contributed	Net OPEB obligation
June 30, 2012	\$ 233,874	8.66%	\$ 773,847
June 30, 2013	33,378	20.96%	800,228
June 30, 2014	48,000	13.99%	841,511

CITY OF FILLMORE
Notes to the Basic Financial Statements
June 30, 2014

Note 10: Other post employment benefits (continued)

Funded status and progress

The funded status of the plan as of July 1, 2012 (the most recent valuation) was as follows:

Actuarial accrued liability (AAL)	\$ 474,893
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	\$ 474,893
Funded ratio (actuarial value of plan assets/AAL)	-
Covered payroll (active plan members)	\$1,154,854
UAAL as a percentage of covered payroll	41.12%

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 employer 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, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for the benefits.

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

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. The actuarial assumptions included 5.0% investment rate of return, which is the assumed rate of the expected long-term investment returns on plan assets calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 10.5% initially, reduced by increments of .50% per year to an ultimate rate of 5.0% after the ninth year.

Note 11: Risk management

Description of self-insurance pool pursuant to joint powers agreement

The City of Fillmore is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 123 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The California JPIA began covering claims of its 2 members in 1978. Each member government has an elected official as its representative on the Board of Directors. The Board operates through a nine-member Executive Committee.

CITY OF FILLMORE
Notes to the Basic Financial Statements
June 30, 2014

Note 11: Risk management (continued)

Each member pays an annual contribution (formerly called the primary deposit) to cover estimated losses for the coverage period. This initial funding is paid at the beginning of the coverage period. After the close of the coverage period, outstanding claims are valued. A retrospective deposit computation is then conducted annually thereafter until all claims incurred during the coverage period are closed on a pool-wide basis. This subsequent cost re-allocation among members based on actual claim development can result in adjustments of either refunds or additional deposits required. The total funding requirement for self-insurance programs is estimated using actuarial models and pre-funded through the annual contribution. Costs are allocated to individual agencies based on exposure (payroll) and experience (claims) relative to other members of the risk-sharing pool.

Additional information regarding the cost allocation methodology is provided below.

Liability

In the liability program claims are pooled separately between police and non-police exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$30,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$30,000 to \$750,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$750,000 up to the reinsurance attachment point of \$5 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$5 million to \$10 million are paid under a reinsurance contract subject to a \$2.5 million annual aggregate deductible. Costs of covered claims from \$10 million to \$15 million are paid under two reinsurance contracts subject to a combined \$3 million annual aggregate deductible. On a cumulative basis for all 2011-12 reinsurance contracts the annual aggregate deductible is \$5.5 million. (6) Costs of covered claims from \$15 million up to \$50 million are covered through excess insurance policies. The overall coverage limit for each member including all layers of coverage is \$50 million per occurrence. Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$35 million per occurrence. This \$35 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$10 million in reinsurance and (c) \$20 million in excess insurance. The excess insurance layer has a \$20 million annual aggregate.

Workers' compensation

In the workers' compensation program claims are pooled separately between public safety (police and fire) and non-public safety exposures. (1) The payroll of each member is evaluated relative to the payroll of other members. A variable credibility factor is determined for each member, which establishes the weight applied to payroll and the weight applied to losses within the formula. (2) The first layer of losses includes incurred costs up to \$50,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the first layer. (3) The second layer of losses includes incurred costs from \$50,000 to \$100,000 for each occurrence and is evaluated as a percentage of the pool's total incurred costs within the second layer. (4) Incurred costs in excess of \$100,000 up to the reinsurance attachment point of \$2 million are distributed based on the outcome of cost allocation within the first and second loss layers. (5) Costs of covered claims from \$2 million up to statutory limits are paid under a reinsurance policy. Protection is provided per statutory liability under California Workers' Compensation Law. Employer's Liability losses are pooled among members to \$2 million. Coverage from \$2 million to \$5 million is purchased as part of a reinsurance policy, and Employer's Liability losses from \$5 million to \$10 million are pooled among members.

CITY OF FILLMORE
Notes to the Basic Financial Statements
June 30, 2014

Note 11: Risk management (continued)

Pollution legal liability

The City of Fillmore participates in the pollution legal liability insurance program (formerly called environmental insurance) which is available through the Authority. The policy covers sudden and gradual pollution of scheduled property, streets, and storm drains owned by the City of Fillmore. Coverage is on a claims-made basis. There is a \$50,000 deductible. The Authority has a limit of \$50 million for the 3-year period from July 1, 2011 through July 1, 2014. Each member of the Authority has a \$10 million sub-limit during the 3-year term of the policy.

Property

The City of Fillmore participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City of Fillmore property is currently insured according to a schedule of covered property submitted by the City of Fillmore to the Authority. City of Fillmore property currently has all-risk property insurance protection in the amount of \$43,886,729. There is a \$5,000 deductible per occurrence except for non-emergency vehicle insurance which has a \$1,000 deductible. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Crime

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

Adequacy of protection

During the past three fiscal (claims) years, none of the above programs of protection experienced settlements or judgments that exceeded pooled or insured coverage. There were also no significant reductions in pooled or insured liability coverage from coverage in the prior year.

Information regarding claims incurred, but not reported, is not available and management believes that the total amount would not be material.

Note 12: Deferred compensation plan and trust

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the employees. Accordingly, the plan/trust assets have been excluded from the City's reported assets.

CITY OF FILLMORE
Notes to the Basic Financial Statements
June 30, 2014

Note 13: Contingencies and commitments

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

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

Proposition 218, which was approved by the voters in November 1996, will regulate the City's ability to impose, increase, and extend taxes, assessments, and fees. Any new, increased, or extended taxes, assessments, and fees subject to the provisions of Proposition 218 require voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes, assessments, and fees are subject to the voter initiative process and may be rescinded in the future by the voters. Therefore, the City's ability to finance the services for which the taxes, assessments, and fees were imposed may be significantly impaired. At this time, it is uncertain how Proposition 218 will affect the City's ability to maintain or increase the revenue it receives from taxes, assessments, and fees.

Note 14: Special assessment district debt with no City commitment

Special Assessment Districts in various parts of the City have issued debt to finance infrastructure improvements and facilities within their boundaries. The City is the collecting and paying agent for the debt issued by these Districts, but has no direct or contingent liability or moral obligation for the payment of this debt. Therefore, this debt is not included as debt of the City. The outstanding balance of each of these issues as of June 30, 2014 is as follows:

Description	Issue year	Fiscal year	
		Maturity year	June 30, 2014
North Fillmore Industrial Park CFD # 1	2006	2028	\$ 1,930,000
Baldwin Towne Plaza Improvements CFD # 2	2005	2021	480,000
River Oaks CFD # 3	2006	2036	2,635,000
Total special assessment district debt			<u>\$ 5,045,000</u>

Note 15: Bonded Debt Rating

The rating for the City's outstanding Series 2007 Revenue Bonds was reviewed by Standard & Poor's Financial Services, LLC and Moody's Investors Service, Inc. On March 30, 2012, Standard and Poor's downgraded the bonds from A with a stable outlook to A- with a negative outlook. On August 12, 2012, Moody's downgraded the bonds from A2 with a stable outlook to A3 with a negative outlook.

With respect to this downgrading of the Sewer Fund's bond rating in 2012, a violation of the 2007 Sewer Revenue Bonds debt covenant, the City was able to satisfy its rate coverage percentage in 2013 and 2014 fiscal years, in accordance with its bond covenants. Additionally, the City has also begun to see improving property values and the State's Board of Equalization is no longer withholding sales tax revenue from the City. Furthermore, in 2014, the City's General Fund presents a positive fund balance of \$2,803,767, and management expects this improvement trend to continue in future years.

CITY OF FILLMORE
Notes to the Basic Financial Statements
June 30, 2014

Note 16: Successor Agency – Private-Purpose Trust Fund

Legislation dissolving California redevelopment agencies

In accordance with the provisions of the State of California AB X1 26 (Bill) and the California Supreme Court's decision to uphold the Bill, the assets and liabilities of the former redevelopment agency are being reported in a Fiduciary Private-Purpose Trust Fund. The Bill provides that upon dissolution of a redevelopment agency, either the City or another unit of local government will agree to serve as the "Successor Agency" to hold the assets until they are distributed to other units of state and local government. In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012. On January 9, 2012 the City Council met and created a Successor Agency in accordance with the Bill as part of the City's resolution number 3408. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments). The obligations of the former redevelopment agency became vested with funds established for the Successor Agency upon the date of dissolution, February 1, 2012. Former tax increment revenues pledged to fund the debts of the former redevelopment agency will be distributed to the Successor Agency subject to the reapportionment of such revenues as provided by the Bill. In future fiscal years, successor agencies will only be allocated tax revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full.

Successor Agency capital assets

Capital assets activity of the Successor Agency for the fiscal year ended June 30, 2014 was as follows:

	Beginning balance (restated)	Additions	Deletions	Ending balance
Capital assets, not being depreciated:				
Land	\$ 3,627,062	\$ -	\$ -	\$ 3,627,062
Total capital assets, not being depreciated	<u>3,627,062</u>	<u>-</u>	<u>-</u>	<u>3,627,062</u>
Capital assets, being depreciated:				
Buildings and improvements:				
Buildings	3,227,565	-	-	3,227,565
Machinery and equipment	90,717	-	-	90,717
Infrastructure:				
Roadways and bikepaths	52,774	-	-	52,774
Total capital assets, being depreciated	<u>3,371,056</u>	<u>-</u>	<u>-</u>	<u>3,371,056</u>
Less accumulated depreciation for:				
Buildings and improvements:				
Buildings	(1,174,531)	(65,110)	-	(1,239,641)
Machinery and equipment	(78,529)	(3,542)	-	(82,071)
Infrastructure:				
Roadways and bikepaths	(4,229)	(813)	-	(5,042)
Total accumulated depreciation	<u>(1,257,289)</u>	<u>(69,465)</u>	<u>-</u>	<u>(1,326,754)</u>
Total capital assets, being depreciated, net	<u>2,113,767</u>	<u>(69,465)</u>	<u>-</u>	<u>2,044,302</u>
Total Successor Agency capital assets, net	<u>\$ 5,740,829</u>	<u>\$ (69,465)</u>	<u>\$ -</u>	<u>\$ 5,671,364</u>

CITY OF FILLMORE
Notes to the Basic Financial Statements
June 30, 2014

Note 16: Successor Agency – Private-Purpose Trust Fund (continued)

Successor Agency long-term debt

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

	Beginning balance	Additions	Deletions	Ending balance	Due within one year
2005 Revenue Bonds Series A	\$ 10,710,000	\$ -	\$ (375,000)	\$ 10,335,000	\$ 395,000
2006 Series A TABs	36,475,000	-	(680,000)	35,795,000	800,000
Total long-term liabilities	<u>\$ 47,185,000</u>	<u>\$ -</u>	<u>\$ (1,055,000)</u>	<u>\$ 46,130,000</u>	<u>\$ 1,195,000</u>

2005 Revenue Bonds Series A

As of February 1, 2012, the bonds were transferred to the Successor Agency to the Fillmore Redevelopment Agency due to AB X1 26, which dissolved redevelopment agencies in the State of California as of February 1, 2012. The Successor Agency, a separate legal entity, is responsible for the repayment of the principal and interest of the outstanding bonds. Additions to the Successor Agency, in the form of property taxes, have been pledged for the repayment of enforceable obligations (which include the bonds). Since the Redevelopment Agency no longer exists, the bonds have been removed from the City's government-wide financial statements.

The schedules of annual requirements to amortize the *2005 Revenue Bonds Series A* long-term debt outstanding as of June 30, 2014, including interest are as follows:

Fiscal year ending June 30,	2005 Revenue Bonds Series A		
	Principal	Interest	Total
2015	\$ 395,000	\$ 554,663	\$ 949,663
2016	410,000	535,703	945,703
2017	430,000	515,613	945,613
2018	455,000	494,113	949,113
2019	475,000	470,908	945,908
2020-2024	2,790,000	1,944,208	4,734,208
2025-2029	3,630,000	1,101,650	4,731,650
2030-2031	1,750,000	139,750	1,889,750
Totals	<u>\$ 10,335,000</u>	<u>\$ 5,756,608</u>	<u>\$ 16,091,608</u>

2006 Series A Tax Allocation Bonds

As of February 1, 2012, the bonds were transferred to the Successor Agency to the Fillmore Redevelopment Agency due to AB X1 26, which dissolved redevelopment agencies in the State of California as of February 1, 2012. The Successor Agency, a separate legal entity, is responsible for the repayment of the principal and interest of the outstanding bonds. Additions to the Successor Agency, in the form of property taxes, have been pledged for the repayment of enforceable obligations (which include the bonds). Since the Redevelopment Agency no longer exists, the bonds have been removed from the City's government-wide financial statements.

CITY OF FILLMORE
Notes to the Basic Financial Statements
June 30, 2014

Note 16: Successor Agency – Private-Purpose Trust Fund (continued)

Successor Agency long-term debt (continued)

2006 Series A Tax Allocation Bonds (continued)

The schedules of annual requirements to amortize the *2006 Series A Tax Allocation Bonds* long-term debt outstanding as of June 30, 2014, including interest are as follows:

Fiscal year ending June 30,	2006 Series A Tax Allocation Bonds		
	Principal	Interest	Total
2015	\$ 800,000	\$ 1,895,025	\$ 2,695,025
2016	935,000	1,855,025	2,790,025
2017	1,080,000	1,808,275	2,888,275
2018	1,200,000	1,754,275	2,954,275
2019	1,335,000	1,694,275	3,029,275
2020-2024	8,995,000	7,283,443	16,278,443
2025-2029	14,035,000	4,382,775	18,417,775
2030-2031	7,415,000	605,494	8,020,494
Totals	<u>\$ 35,795,000</u>	<u>\$ 21,278,587</u>	<u>\$ 57,073,587</u>

Successor Agency deductions (expenses)

Deductions (expenses) incurred by the Successor Agency for the year ended June 30, 2013 (and subsequent years in which the Successor Agency is in operation) are subject to review by various State agencies and the County in which the Successor Agency resides. If any expenses incurred by the Successor Agency are disallowed by the State agencies or County, the City, acting as the Successor Agency could be liable for the repayment of the disallowed costs from either its own funds or by the State withholding remittances normally paid to the City. The amount, if any, of expenses that may be disallowed by the State agencies or County cannot be determined at this time, although management of the Successor Agency expects such amounts, if any, to be immaterial.

CITY OF FILLMORE
Notes to the Basic Financial Statements
June 30, 2014

Note 17: Restatements of net position

a. Change in accounting principle

As discussed in Note 1, the City implemented GASB Statement No. 65 effective July 1, 2013. GASB 65, among other provisions, amended prior guidance with respect to the treatment of debt issuance costs. Under GASB 65, debt issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred rather than reported as an asset on the statement of net position and recognized as an expense in a systematic and rational manner over the duration of the related debt. The City's Water Fund unamortized balance of debt issuance costs, at the beginning of the year was \$360,723; and the City's Private-Purpose Trust Fund unamortized balance of debt issuance costs, at the beginning of the year was \$1,968,737. GASB 65 requires that accounting changes adopted to conform to the provisions of the Statement be applied retroactively by restating financial statements. Accordingly, beginning net position on the Statement of Revenues, Expenses and Changes in Net Position – Water Fund and Statement of Changes in Fiduciary Net Position – Private-Purpose Trust Fund have been restated for any unamortized debt issuance costs previously reported on the statement of net position.

b. Correction of errors

The beginning net position balance reported in the Statement of Activities – Governmental Activities, Statement of Revenues, Expenses and Changes in Net Position – Water Fund, and Statement of Changes in Fiduciary Net Position – Private-Purpose Trust Fund were restated as a result of the correction of errors related to capital assets improperly recorded and/or omitted in prior years. The amounts of the restatements were \$1,931,128, \$183,810, and \$525,809, for the Statement of Activities – Governmental Activities, Statement of Revenues, Expenses and Changes in Net Position – Water Fund, and Statement of Changes in Fiduciary Net Position – Private-Purpose Trust Fund, respectively.

As a result of the above mentioned items a and b, beginning net position of the Statement of Activities – Governmental Activities, Statement of Revenues, Expenses and Changes in Net Position – Water Fund, and Statement of Changes in Fiduciary Net Position – Private-Purpose Trust Fund were restated as follows:

CITY OF FILLMORE
Notes to the Basic Financial Statements
June 30, 2014

Note 17: Restatements of net position (continued)

Government-Wide Statements

Statement of Activities - Governmental Activities

Net position, beginning of year, prior to restatement	\$ 49,806,294
Capital assets adjustment	<u>1,931,128</u>
Net position, beginning of year, as restated	<u>\$ 51,737,422</u>

Proprietary Funds Statements

Statement of Revenues, Expenses and Changes in Net Position - Water Fund

Net position, beginning of year, prior to restatement	\$ 4,045,141
Bonds Cost of Issuance adjustment - GASB 65	(360,723)
Capital assets adjustment	<u>(183,810)</u>
Net position, beginning of year, as restated	<u>\$ 3,500,608</u>

Fiduciary Funds Statements

Statement of Changes in Fiduciary Net Position - Private-Purpose Trust Fund

Net position, beginning of year, prior to restatement	\$ (33,975,173)
Bonds Cost of Issuance adjustment - GASB 65	(1,968,737)
Capital assets adjustment	<u>525,809</u>
Net position, beginning of year, as restated	<u>\$ (35,418,101)</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FILLMORE
Required Supplementary Information
Budgetary Comparison Schedule - General Fund
For the fiscal year ended June 30, 2014

	Budgeted amounts		Actual	Variance with final budget
	Original	Final		
Revenues				
Taxes	\$ 4,864,478	\$ 4,864,478	\$ 7,356,279	\$ 2,491,801
Licenses and permits	114,000	114,000	130,327	16,327
Fines and forfeitures	57,195	57,195	49,129	(8,066)
Investment income	20,460	20,460	39,147	18,687
Intergovernmental	190,000	190,000	252,945	62,945
Charges for services	346,057	346,057	336,436	(9,621)
Other	74,772	74,772	148,827	74,055
Total revenues	<u>5,666,962</u>	<u>5,666,962</u>	<u>8,313,090</u>	<u>2,646,128</u>
Expenditures				
Current:				
General government:				
City council	15,380	15,380	11,591	3,789
City clerk	36,371	36,371	42,781	(6,410)
City attorney	250,000	250,000	172,454	77,546
City manager	160,509	160,509	133,099	27,410
Central support	367,964	367,964	301,986	65,978
Risk management	159,123	159,123	166,337	(7,214)
Facilities management	102,108	102,108	92,817	9,291
Human resources	-	-	128	(128)
Total general government	<u>1,091,455</u>	<u>1,091,455</u>	<u>921,193</u>	<u>170,262</u>
Public safety:				
Sheriff	3,044,989	3,044,989	2,996,718	48,271
Fire	995,152	995,152	942,274	52,878
Animal regulation	67,200	67,200	53,098	14,102
Building and safety	121,380	121,380	124,882	(3,502)
Total public safety	<u>4,228,721</u>	<u>4,228,721</u>	<u>4,116,972</u>	<u>111,749</u>
Parks and recreation:				
Total parks and recreation	<u>278,166</u>	<u>278,166</u>	<u>293,353</u>	<u>(15,187)</u>
Public works:				
Central garage	124,750	124,750	122,520	2,230
City engineering	37,327	37,327	32,694	4,633
Total public works	<u>162,077</u>	<u>162,077</u>	<u>155,214</u>	<u>6,863</u>
Community development:				
Community promotion	12,687	12,687	8,799	3,888
Planning	153,422	153,422	132,613	20,809
Total community development	<u>166,109</u>	<u>166,109</u>	<u>141,412</u>	<u>24,697</u>
Economic development:				
Total economic development	<u>71,644</u>	<u>71,644</u>	<u>44,942</u>	<u>26,702</u>
Total expenditures	<u>5,998,172</u>	<u>5,998,172</u>	<u>5,673,086</u>	<u>325,086</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(331,210)</u>	<u>(331,210)</u>	<u>2,640,004</u>	<u>2,971,214</u>
Other financing sources (uses)				
Transfers in	347,077	347,077	344,946	(2,131)
Transfers out	(96,864)	(96,864)	(96,864)	-
Total other financing sources (uses)	<u>250,213</u>	<u>250,213</u>	<u>248,082</u>	<u>(2,131)</u>
Net change in fund balance	<u>(80,997)</u>	<u>(80,997)</u>	<u>2,888,086</u>	<u>2,969,083</u>
Fund balance (deficit), beginning of year	<u>(84,319)</u>	<u>(84,319)</u>	<u>(84,319)</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (165,316)</u>	<u>\$ (165,316)</u>	<u>\$ 2,803,767</u>	<u>\$ 2,969,083</u>

CITY OF FILLMORE
Required Supplementary Information
Budgetary Comparison Schedule - Major Fund
Housing Successor Special Revenue Fund
For the fiscal year ended June 30, 2014

	Budgeted amounts		Actual	Variance with final budget
	Original	Final		
Revenues				
Investment income	\$ 8,500	\$ 8,500	\$ 16,499	\$ 7,999
Other	6,000	6,000	-	(6,000)
Total revenues	14,500	14,500	16,499	1,999
Expenditures				
Current:				
Community development	47,300	47,300	39,897	7,403
Total expenditures	47,300	47,300	39,897	7,403
Excess (deficiency) of revenues over (under) expenditures	(32,800)	(32,800)	(23,398)	9,402
Other financing sources (uses)				
Transfers out	-	-	(1,200)	(1,200)
Total other financing sources (uses)	-	-	(1,200)	(1,200)
Net change in fund balance	(32,800)	(32,800)	(24,598)	8,202
Fund balance (deficit), beginning of year	(16,478)	(16,478)	(16,478)	-
Fund balance (deficit), end of year	<u>\$ (49,278)</u>	<u>\$ (49,278)</u>	<u>\$ (41,076)</u>	<u>\$ 8,202</u>

CITY OF FILLMORE
Required Supplementary Information
Other Postemployment Benefits Plan
Schedule of Funding Progress

Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll [(b-a)/c]
7/1/2008	\$ -	\$ 1,699,465	\$ 1,699,465	0.00%	\$ 2,477,896	68.59%
7/1/2010	-	1,846,479	1,846,479	0.00%	2,881,979	64.07%
7/1/2012	-	474,893	474,893	0.00%	1,154,854	41.12%

CITY OF FILLMORE
Notes to Required Supplementary Information
For the fiscal year ended June 30, 2014

Note 1: Budgets and budgetary data

General Budget Policies

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

All appropriations lapse at the end of the fiscal year to the extent that they have not been expended. Lease contracts entered into by the City are subject to annual review by the City Council; hence, they legally are one year contracts with an option for renewal for another fiscal year.

Budgeted revenue and expenditure amounts represent the City's originally-adopted legal budget adjusted for unanticipated revenues and appropriations during the course of the fiscal year. Budget amounts, as adjusted, reported for the governmental funds of the City are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Overall budgetary control is exercised at the fund level, except for the City's General Fund, where control is exercised at the cost center level. The City Council has the legal authority to amend the budget at any time during the fiscal year. The City Manager is also authorized to make administrative amendments to the budget, provided the amendments do not have a significant policy impact or affect budgeted year-end fund balances.

This page left blank intentionally.

COMBINING NONMAJOR FUNDS

This page left blank intentionally.

CITY OF FILLMORE
Nonmajor Governmental Funds
Fund Descriptions

Debt Service Funds are used to account for debt service payments on long-term debt issues.

Fillmore Public Financing Authority Debt Service Fund - to account for debt service payment on various long-term debt issues. This fund is being removed from the annual financial report.

Special Revenue Funds are used to account for specific revenues (other than those for major capital projects) that are restricted legally to expenditures for particular purposes.

Public Education and Government Fund - to account for the PEG fee portion of the cable television taxes received from Time Warner Cable – based on TWC revenue. The City does not present a Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for this fund because no budget is legally adopted for it.

Gas Tax Fund - to account for the construction and maintenance of the road network system of the City. Financing is provided by the City's share of state gasoline taxes, which are required by state law to be used to maintain streets.

Local Transportation Fund - to account for Article 3 and Article 8 funds received pursuant to the State of California, Transportation Development Act. These funds are restricted for the improvement and maintenance of street systems, and State allocations for street and mass transit improvements.

Lighting/Landscape Assessment District Fund - to account for street lighting and landscaping services which is financed primarily through property tax assessments levied specifically for this purpose.

Storm Drain Assessment District Fund - to account for storm drain repairs and maintenance which is financed primarily through property tax assessments levied specifically for this purpose.

Community Development Block Grant (CDBG) Fund - to account for the receipt and expenditure of CDBG funds allocated to the City by the U.S. Department of Housing and Urban Development.

Public Transit Fund - to account for the portion of the local transportation funds allocated for public transit. The City contracts out its public transit.

Bike Path Maintenance Fund - to account for grants received and used to maintain the City's bike paths.

Solid Waste Source Reduction Fund - to account for Source Reduction Fees collected per water meter and used to reduce the waste stream per AB 939.

Swimming Pool Maintenance Fund - to account for assessments/taxes collected to be used for maintenance of the local Swimming Pool.

Recreation Fund - to account for rental fees and recreation program fees and related expenditures.

DIF Public Facility Fund - to account for Developer Impact Fees to be used for future public facility expenditures.

DIF Transportation Improvement Fund - to account for Developer Impact Fees to be used for future transportation improvements.

DIF Parkland Fund - to account for Developer Impact Fees to be used for future acquisition and maintenance of the City's park.

DIF Sewer Improvement Fund - to account for Developer Impact fees to be used for future sewer utility improvements.

CITY OF FILLMORE
Nonmajor Governmental Funds
Fund Descriptions

Special Revenues Funds (continued)

DIF Water Improvement Fund - to account for Developer Impact Fees to be used for future improvements to the City's Water Operating System.

DIF Storm Drain Improvement Fund - to account for Developer Impact Fees to be used for future improvements to the City's storm drains.

Storm Water NPDES Fund - to account for property tax assessments levied for the purpose of controlling storm water pollution.

Levees Fund - to account for reserve funds for the storm drain district's levee. The City does not present a Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for this fund because no budget is legally adopted for it.

Capital Projects Funds are used to account for resources used for the acquisition and construction of capital facilities by the City, except those financed by proprietary funds.

Sespe Creek Bike Path Fund - to account for grant funds used in the extension of the paved Sespe Creek Bikepath, as well as, landscaping and construction of a wood fence. The City does not present a Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for this fund because no budget is legally adopted for it.

Signals Fund - the purpose of this fund is to use grants and other funds to construct and maintain the City's traffic signals. The City does not present a Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for this fund.

Miscellaneous Capital Projects Fund - to account for funds used for various capital projects within the City. The City does not present a Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for this fund because no budget is legally adopted for it.

Street Projects Fund - to account for maintenance expenditures on the City's streets funded by TDA and RDA funds.

Corporate Yard/Fire Station Project Fund - to account for the purchase of land and construction of the new City public yard and fire station. bond proceeds are funding the construction.

Well #9 Fund - to account for the development including drilling of domestic water well #9. The City does not present a Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for this fund because no budget is legally adopted for it.

Parking Lot Fund - to account for the construction of a city owned parking lot.

Storm Drain Weir River Fund - to account for the related costs for a storm drain connection to the Weir River. The City does not present a Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for this fund because no budget is legally adopted for it.

Pole Creek Fund - to account for the cost of improvements to the Pole Creek Bike Path. The City does not present a Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for this fund because no budget is legally adopted for it.

BTA Bike Path Fund - to account for bike path construction. The City does not present a Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for this fund because no budget is legally adopted for it.

CITY OF FILLMORE
Nonmajor Governmental Funds
Fund Descriptions

Capital Projects Funds (continued)

Business Park Infrastructure Fund - to account for costs related to the development and construction of business park infrastructure assets. The City does not present a Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for this fund because no budget is legally adopted for it.

Sidewalk Repair Fund - to account for repair of sidewalks. The City does not present a Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual for this fund because no budget is legally adopted for it.

CITY OF FILLMORE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	<u>DEBT SERVICE FUND</u>		<u>SPECIAL REVENUE FUNDS</u>	
	Public Financing Authority	Public Education & Government	Gas Tax	
Assets				
Cash and investments	\$ -	\$ 30,296	\$ 339,563	
Receivables:				
Intergovernmental	-	-	49,508	
Accounts	-	3,271	-	
Interest	-	-	36	
Other	-	-	-	
	<u>-</u>	<u>-</u>	<u>-</u>	
Total assets	<u>\$ -</u>	<u>\$ 33,567</u>	<u>\$ 389,107</u>	
Liabilities, deferred inflows of resources and fund balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 25,220	
Accrued liabilities	-	-	607	
Due to other funds	-	-	-	
Due to other governments	-	-	-	
Unearned revenue	-	-	-	
Deposits payable	-	-	-	
	<u>-</u>	<u>-</u>	<u>-</u>	
Total liabilities	<u>-</u>	<u>-</u>	<u>25,827</u>	
Deferred inflows of resources:				
Unavailable revenue	-	-	-	
	<u>-</u>	<u>-</u>	<u>-</u>	
Fund balance (deficit):				
Restricted for:				
Community development	-	-	-	
Public safety	-	-	-	
Public works	-	33,567	363,280	
Parks and recreation	-	-	-	
Assigned	-	-	-	
Unassigned	-	-	-	
	<u>-</u>	<u>-</u>	<u>-</u>	
Total fund balance (deficit)	<u>-</u>	<u>33,567</u>	<u>363,280</u>	
Total liabilities, deferred inflows of resources and fund balance	<u>\$ -</u>	<u>\$ 33,567</u>	<u>\$ 389,107</u>	

SPECIAL REVENUE FUNDS

Local Transportation	Lighting/ Landscape Assessment District	Storm Drain Assessment District	Community Development Block Grant	Public Transit
\$ 287,612	\$ 563,465	300,296	\$ 4,988	\$ 6,447
-	-	-	-	-
-	-	-	-	-
30	70	37	-	-
-	-	-	4,250	-
<u>\$ 287,642</u>	<u>\$ 563,535</u>	<u>\$ 300,333</u>	<u>\$ 9,238</u>	<u>\$ 6,447</u>
\$ -	\$ 40,923	\$ 600	\$ -	\$ -
-	289	187	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	130,249	-	-
-	41,212	131,036	-	-
-	-	-	-	-
-	-	-	9,238	-
-	-	-	-	-
287,642	522,323	169,297	-	6,447
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>287,642</u>	<u>522,323</u>	<u>169,297</u>	<u>9,238</u>	<u>6,447</u>
<u>\$ 287,642</u>	<u>\$ 563,535</u>	<u>\$ 300,333</u>	<u>\$ 9,238</u>	<u>\$ 6,447</u>

CITY OF FILLMORE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	SPECIAL REVENUE FUNDS		
	Bike Path Maintenance	Solid Waste Source Reduction	Swimming Pool Maintenance
Assets			
Cash and investments	\$ 42,007	\$ 102,318	\$ -
Receivables:			
Intergovernmental	-	-	-
Accounts	-	19,385	-
Interest	5	13	-
Other	-	-	-
	-	-	-
Total assets	\$ 42,012	\$ 121,716	\$ -
Liabilities, deferred inflows of resources and fund balances			
Liabilities:			
Accounts payable	\$ 83	\$ 243	\$ 8,277
Accrued liabilities	-	282	961
Due to other funds	-	-	215,670
Due to other governments	-	-	-
Unearned revenue	30,100	-	-
Deposits payable	-	-	300
	-	-	300
Total liabilities	30,183	525	225,208
Deferred inflows of resources:			
Unavailable revenue	-	-	-
	-	-	-
Fund balance (deficit):			
Restricted for:			
Community development	-	-	-
Public safety	11,829	-	-
Public works	-	121,191	-
Parks and recreation	-	-	-
Assigned	-	-	-
Unassigned	-	-	(225,208)
	-	-	(225,208)
Total fund balance (deficit)	11,829	121,191	(225,208)
Total liabilities, deferred inflows of resources and fund balance	\$ 42,012	\$ 121,716	\$ -

SPECIAL REVENUE FUNDS

Recreation	DIF Public Facility	DIF Transportation Improvement	DIF Parkland	DIF Sewer Improvement
\$ -	\$ 202,724	\$ 199,942	\$ 264,743	\$ 977,762
-	-	-	-	-
35,409	-	-	-	-
-	23	24	28	124
-	-	-	-	-
<u>\$ 35,409</u>	<u>\$ 202,747</u>	<u>\$ 199,966</u>	<u>\$ 264,771</u>	<u>\$ 977,886</u>
\$ 10,980	\$ -	\$ -	\$ -	\$ -
459	-	-	-	-
103,153	-	-	-	-
-	-	-	-	-
-	-	-	-	796,972
3,850	-	47,299	-	-
<u>118,442</u>	<u>-</u>	<u>47,299</u>	<u>-</u>	<u>796,972</u>
-	-	-	-	-
-	202,747	-	-	-
-	-	-	-	-
-	-	-	264,771	180,914
-	-	152,667	-	-
-	-	-	-	-
<u>(83,033)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(83,033)</u>	<u>202,747</u>	<u>152,667</u>	<u>264,771</u>	<u>180,914</u>
<u>\$ 35,409</u>	<u>\$ 202,747</u>	<u>\$ 199,966</u>	<u>\$ 264,771</u>	<u>\$ 977,886</u>

CITY OF FILLMORE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	SPECIAL REVENUE FUNDS		
	DIF Water Improvement	DIF Storm Drain Improvement	Storm Water NPDES
Assets			
Cash and investments	\$ 317,663	\$ 334,359	\$ -
Receivables:			
Intergovernmental	-	-	-
Accounts	-	-	7,538
Interest	35	38	-
Other	-	-	-
	<u>\$ 317,698</u>	<u>\$ 334,397</u>	<u>\$ 7,538</u>
Total assets	<u>\$ 317,698</u>	<u>\$ 334,397</u>	<u>\$ 7,538</u>
Liabilities, deferred inflows of resources and fund balances			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 2,414
Accrued liabilities	-	-	56
Due to other funds	-	-	9,819
Due to other governments	750,000	-	-
Unearned revenue	-	-	-
Deposits payable	-	-	-
	<u>750,000</u>	<u>-</u>	<u>12,289</u>
Total liabilities	<u>750,000</u>	<u>-</u>	<u>12,289</u>
Deferred inflows of resources:			
Unavailable revenue	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit):			
Restricted for:			
Community development	-	-	-
Public safety	-	-	-
Public works	-	334,397	-
Parks and recreation	-	-	-
Assigned	-	-	-
Unassigned	(432,302)	-	(4,751)
	<u>(432,302)</u>	<u>-</u>	<u>(4,751)</u>
Total fund balance (deficit)	<u>(432,302)</u>	<u>334,397</u>	<u>(4,751)</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 317,698</u>	<u>\$ 334,397</u>	<u>\$ 7,538</u>

SPECIAL REVENUE FUND	CAPITAL PROJECTS FUNDS			
Levees	Sespe Creek Bikepath	Signals	Miscellaneous Capital Projects	Street Projects
\$ 1,000,228	\$ 45,127	\$ 10,000	\$ 264,227	\$ 166,730
-	-	-	-	-
-	-	-	-	212,842
119	-	-	-	-
-	-	-	-	-
<u>\$ 1,000,347</u>	<u>\$ 45,127</u>	<u>\$ 10,000</u>	<u>\$ 264,227</u>	<u>\$ 379,572</u>
-	-	-	-	321,942
-	-	-	8,159	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	8,159	321,942
-	-	-	-	-
-	-	-	-	212,842
-	-	-	-	-
-	-	-	-	-
1,000,347	45,127	10,000	256,068	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	(155,212)
<u>1,000,347</u>	<u>45,127</u>	<u>10,000</u>	<u>256,068</u>	<u>(155,212)</u>
<u>\$ 1,000,347</u>	<u>\$ 45,127</u>	<u>\$ 10,000</u>	<u>\$ 264,227</u>	<u>\$ 379,572</u>

CITY OF FILLMORE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	CAPITAL PROJECTS FUNDS		
	Corporate Yard/ Fire Station Project	Well #9	Parking Lot
Assets			
Cash and investments	\$ 408,459	\$ 115,962	\$ 50,706
Receivables:			
Intergovernmental	-	-	-
Accounts	-	-	-
Interest	-	-	-
Other	-	-	-
	<u>\$ 408,459</u>	<u>\$ 115,962</u>	<u>\$ 50,706</u>
Total assets	<u>\$ 408,459</u>	<u>\$ 115,962</u>	<u>\$ 50,706</u>
Liabilities, deferred inflows of resources and fund balances			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Due to other funds	-	-	-
Due to other governments	-	-	-
Unearned revenue	-	-	-
Deposits payable	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:			
Unavailable revenue	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit):			
Restricted for:			
Community development	-	-	-
Public safety	-	-	-
Public works	-	-	-
Parks and recreation	-	-	-
Assigned	408,459	115,962	50,706
Unassigned	-	-	-
	<u>408,459</u>	<u>115,962</u>	<u>50,706</u>
Total fund balance (deficit)	<u>408,459</u>	<u>115,962</u>	<u>50,706</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 408,459</u>	<u>\$ 115,962</u>	<u>\$ 50,706</u>

CAPITAL PROJECTS FUNDS

<u>Storm Drain - Weir River</u>	<u>Pole Creek</u>	<u>BTA Bike Path</u>
\$ 206,000	\$ 7,500	\$ 25,369
-	-	-
-	-	-
-	-	-
-	-	-
<u>\$ 206,000</u>	<u>\$ 7,500</u>	<u>\$ 25,369</u>
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
-	-	-
-	-	-
-	-	-
-	-	-
206,000	7,500	25,369
-	-	-
<u>206,000</u>	<u>7,500</u>	<u>25,369</u>
<u>\$ 206,000</u>	<u>\$ 7,500</u>	<u>\$ 25,369</u>

This page left blank intentionally.

CITY OF FILLMORE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014

	<u>CAPITAL PROJECTS FUNDS</u>		Total Nonmajor Governmental Funds
	<u>Business Park Infrastructure</u>	<u>Sidewalk Repair</u>	
Assets			
Cash and investments	\$ 69,717	\$ 147,526	\$ 6,491,736
Receivables:			
Intergovernmental	-	-	49,508
Accounts	-	-	278,445
Interest	-	-	582
Other	-	-	4,250
	<u>69,717</u>	<u>147,526</u>	<u>4,250</u>
Total assets	<u>\$ 69,717</u>	<u>\$ 147,526</u>	<u>\$ 6,824,521</u>
Liabilities, deferred inflows of resources and fund balances			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 410,682
Accrued liabilities	-	-	11,000
Due to other funds	-	-	328,642
Due to other governments	-	-	750,000
Unearned revenue	-	-	827,072
Deposits payable	-	-	181,698
	<u>-</u>	<u>-</u>	<u>181,698</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>2,509,094</u>
Deferred inflows of resources:			
Unavailable revenue	-	-	212,842
	<u>-</u>	<u>-</u>	<u>212,842</u>
Fund balance (deficit):			
Restricted for:			
Community development	-	-	211,985
Public safety	-	-	11,829
Public works	-	-	3,595,371
Parks and recreation	69,717	-	222,384
Assigned	-	147,526	961,522
Unassigned	-	-	(900,506)
	<u>69,717</u>	<u>147,526</u>	<u>4,102,585</u>
Total fund balance (deficit)	<u>69,717</u>	<u>147,526</u>	<u>4,102,585</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 69,717</u>	<u>\$ 147,526</u>	<u>\$ 6,824,521</u>

CITY OF FILLMORE
Combining Statements of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the fiscal year ended June 30, 2014

	DEBT SERVICE FUND	SPECIAL REVENUE FUNDS	
	Public Financing Authority	Public Education & Government	Gas Tax
Revenues			
Taxes	\$ -	\$ 13,365	\$ -
Intergovernmental	-	-	500,940
Charges for services	-	-	-
Investment income	-	-	567
Other	-	-	-
	<hr/>	<hr/>	<hr/>
Total revenues	-	13,365	501,507
	<hr/>	<hr/>	<hr/>
Expenditures			
Current:			
General government	-	2,701	-
Public safety	-	-	-
Public works	-	-	296,945
Community development	-	-	-
Transit	-	-	-
Parks and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	178,341	-	-
Interest and fiscal charges	12,468	-	-
	<hr/>	<hr/>	<hr/>
Total expenditures	190,809	2,701	296,945
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(190,809)	10,664	204,562
	<hr/>	<hr/>	<hr/>
Other financing sources (uses)			
Acquisition under capital lease	-	-	-
Transfers in	190,809	-	-
Transfers out	-	-	(23,351)
	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	190,809	-	(23,351)
	<hr/>	<hr/>	<hr/>
Net change in fund balances	-	10,664	181,211
	<hr/>	<hr/>	<hr/>
Fund balance (deficit), beginning of year	-	22,903	182,069
	<hr/>	<hr/>	<hr/>
Fund balance (deficit), end of year	\$ -	\$ 33,567	\$ 363,280
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

SPECIAL REVENUE FUNDS

Local Transportation	Lighting/ Landscape Assessment District	Storm Drain Assessment District	Community Development Block Grant	Public Transit
\$ -	\$ 268,188	\$ 220,728	\$ -	\$ -
190,066	96,496	-	88,450	423,340
-	-	-	-	-
387	1,509	1,077	-	-
-	-	-	-	-
<u>190,453</u>	<u>366,193</u>	<u>221,805</u>	<u>88,450</u>	<u>423,340</u>
-	-	-	-	-
-	-	-	456,903	-
-	378,533	61,239	-	-
-	-	-	82,907	-
-	-	-	-	416,893
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>378,533</u>	<u>61,239</u>	<u>539,810</u>	<u>416,893</u>
<u>190,453</u>	<u>(12,340)</u>	<u>160,566</u>	<u>(451,360)</u>	<u>6,447</u>
-	-	-	456,903	-
-	-	186	-	-
-	(14,792)	(324,337)	-	-
<u>-</u>	<u>(14,792)</u>	<u>(324,151)</u>	<u>456,903</u>	<u>-</u>
190,453	(27,132)	(163,585)	5,543	6,447
<u>97,189</u>	<u>549,455</u>	<u>332,882</u>	<u>3,695</u>	<u>-</u>
<u>\$ 287,642</u>	<u>\$ 522,323</u>	<u>\$ 169,297</u>	<u>\$ 9,238</u>	<u>\$ 6,447</u>

CITY OF FILLMORE
Combining Statements of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the fiscal year ended June 30, 2014

	SPECIAL REVENUE FUNDS		
	Bike Path Maintenance	Solid Waste Source Reduction	Swimming Pool Maintenance
Revenues			
Taxes	\$ -	\$ -	\$ 66,664
Intergovernmental	4,296	21,992	-
Charges for services	-	70,441	36,149
Investment income	49	255	-
Other	-	-	-
	<u>4,345</u>	<u>92,688</u>	<u>102,813</u>
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	7,007	79,261	-
Community development	-	-	-
Transit	-	-	-
Parks and recreation	-	-	144,347
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
	<u>7,007</u>	<u>79,261</u>	<u>144,347</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,662)</u>	<u>13,427</u>	<u>(41,534)</u>
Other financing sources (uses)			
Acquisition under capital lease	-	-	-
Transfers in	-	-	-
Transfers out	-	(4,000)	-
	<u>-</u>	<u>(4,000)</u>	<u>-</u>
Net change in fund balances	<u>(2,662)</u>	<u>9,427</u>	<u>(41,534)</u>
Fund balance (deficit), beginning of year	<u>14,491</u>	<u>111,764</u>	<u>(183,674)</u>
Fund balance (deficit), end of year	<u>\$ 11,829</u>	<u>\$ 121,191</u>	<u>\$ (225,208)</u>

SPECIAL REVENUE FUNDS

Recreation	DIF Public Facility	DIF Transportation Improvement	DIF Parkland	DIF Sewer Improvement
\$ -	\$ -	\$ -	\$ -	\$ -
21,692	-	-	-	-
140,238	54,074	52,672	114,000	235,089
-	465	1,602	481	5,510
25,568	-	-	-	-
<u>187,498</u>	<u>54,539</u>	<u>54,274</u>	<u>114,481</u>	<u>240,599</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
206,332	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>206,332</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(18,834)	54,539	54,274	114,481	240,599
-	-	-	-	-
-	-	-	-	-
-	-	(300)	-	(255,748)
-	-	(300)	-	(255,748)
(18,834)	54,539	53,974	114,481	(15,149)
(64,199)	148,208	98,693	150,290	196,063
<u>\$ (83,033)</u>	<u>\$ 202,747</u>	<u>\$ 152,667</u>	<u>\$ 264,771</u>	<u>\$ 180,914</u>

CITY OF FILLMORE
Combining Statements of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the fiscal year ended June 30, 2014

	SPECIAL REVENUE FUNDS		
	DIF Water Improvement	DIF Storm Drain Improvement	Storm Water NPDES
Revenues			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	-
Charges for services	104,241	75,157	16,336
Investment income	1,245	1,508	-
Other	-	-	-
	<u>105,486</u>	<u>76,665</u>	<u>16,336</u>
Total revenues			
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	43,165
Community development	-	-	-
Transit	-	-	-
Parks and recreation	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures			
	<u>-</u>	<u>-</u>	<u>43,165</u>
Excess (deficiency) of revenues over (under) expenditures	<u>105,486</u>	<u>76,665</u>	<u>(26,829)</u>
Other financing sources (uses)			
Acquisition under capital lease	-	-	-
Transfers in	-	-	20,000
Transfers out	(200)	(200)	-
	<u>(200)</u>	<u>(200)</u>	<u>-</u>
Total other financing sources (uses)			
	<u>(200)</u>	<u>(200)</u>	<u>20,000</u>
Net change in fund balances	<u>105,286</u>	<u>76,465</u>	<u>(6,829)</u>
Fund balance (deficit), beginning of year	<u>(537,588)</u>	<u>257,932</u>	<u>2,078</u>
Fund balance (deficit), end of year	<u>\$ (432,302)</u>	<u>\$ 334,397</u>	<u>\$ (4,751)</u>

SPECIAL REVENUE FUND	CAPITAL PROJECTS FUNDS			
Levees	Sespe Creek Bike Path	Signals	Miscellaneous Capital Projects	Street Projects
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
1,879	-	-	-	-
-	-	-	-	-
<u>1,879</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	412	352,260
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>412</u>	<u>352,260</u>
<u>1,879</u>	<u>-</u>	<u>-</u>	<u>(412)</u>	<u>(352,260)</u>
-	-	-	-	-
288,549	-	-	-	-
-	-	-	-	-
<u>288,549</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
290,428	-	-	(412)	(352,260)
<u>709,919</u>	<u>45,127</u>	<u>10,000</u>	<u>256,480</u>	<u>197,048</u>
<u>\$ 1,000,347</u>	<u>\$ 45,127</u>	<u>\$ 10,000</u>	<u>\$ 256,068</u>	<u>\$ (155,212)</u>

CITY OF FILLMORE
Combining Statements of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the fiscal year ended June 30, 2014

	CAPITAL PROJECTS FUNDS		
	Corporate Yard/ Fire Station Project	Well #9	Parking Lot
Revenues			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	35,000	-	-
Charges for services	-	-	4,629
Investment income	-	-	-
Other	-	-	-
	35,000	-	4,629
Total revenues	35,000	-	4,629
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Public works	-	-	135,812
Community development	-	-	-
Transit	-	-	-
Parks and recreation	-	-	-
Capital outlay	128,081	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
	-	-	-
Total expenditures	128,081	-	135,812
Excess (deficiency) of revenues over (under) expenditures	(93,081)	-	(131,183)
Other financing sources (uses)			
Acquisition under capital lease	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	(93,081)	-	(131,183)
Fund balance (deficit), beginning of year	501,540	115,962	181,889
Fund balance (deficit), end of year	\$ 408,459	\$ 115,962	\$ 50,706

CITY OF FILLMORE
Combining Statements of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
For the fiscal year ended June 30, 2014

	<u>CAPITAL PROJECTS FUNDS</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Business Park Infrastructure</u>	<u>Sidewalk Repair</u>	
Revenues			
Taxes	\$ -	\$ -	\$ 568,945
Intergovernmental	-	-	1,382,272
Charges for services	-	-	903,026
Investment income	-	-	16,534
Other	-	-	25,568
	<u>-</u>	<u>-</u>	<u>2,896,345</u>
Total revenues	<u>-</u>	<u>-</u>	<u>2,896,345</u>
Expenditures			
Current:			
General government	-	-	2,701
Public safety	-	-	456,903
Public works	-	-	1,001,962
Community development	-	-	82,907
Transit	-	-	416,893
Parks and recreation	-	-	350,679
Capital outlay	-	-	480,753
Debt service:			
Principal	-	-	178,341
Interest and fiscal charges	-	-	12,468
	<u>-</u>	<u>-</u>	<u>2,983,607</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>2,983,607</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(87,262)</u>
Other financing sources (uses)			
Acquisition under capital lease	-	-	456,903
Transfers in	-	-	499,544
Transfers out	-	-	(622,928)
	<u>-</u>	<u>-</u>	<u>333,519</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>333,519</u>
Net change in fund balances	-	-	246,257
Fund balance (deficit), beginning of year	<u>69,717</u>	<u>147,526</u>	<u>3,856,328</u>
Fund balance (deficit), end of year	<u>\$ 69,717</u>	<u>\$ 147,526</u>	<u>\$ 4,102,585</u>

CITY OF FILLMORE
Nonmajor Governmental Funds
For the year ended June 30, 2014

Budgetary comparison statements are presented as required supplementary information for the General Fund and all Major Special Revenue Funds as provided for by GASB Statement No. 34. The budgetary comparison schedules for the remaining funds are presented below to aid in additional analysis and are not a required part of the basic financial statements.

CITY OF FILLMORE
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
Fillmore Public Financing Authority Debt Service Fund
For the fiscal year ended June 30, 2014

	Final budget	Actual	Variance with final budget
Expenditures			
Debt Service:			
Principal	\$ 178,341	\$ 178,341	\$ -
Interest and fiscal charges	12,468	12,468	-
	<u>190,809</u>	<u>190,809</u>	<u>-</u>
Total expenditures	<u>190,809</u>	<u>190,809</u>	<u>-</u>
Other financing sources			
Transfers in	101,562	190,809	89,247
Total other financing sources	<u>101,562</u>	<u>190,809</u>	<u>89,247</u>
Net change in fund balance	(89,247)	-	89,247
Fund balance, beginning of year	-	-	-
Fund balance, end of year	<u>\$ (89,247)</u>	<u>\$ -</u>	<u>\$ 89,247</u>

CITY OF FILLMORE
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
Gas Tax Special Revenue Fund
For the fiscal year ended June 30, 2014

	Final budget	Actual	Variance with final budget
Revenues			
Intergovernmental	\$ 464,690	\$ 500,940	\$ 36,250
Investment income	-	567	567
	<u>464,690</u>	<u>501,507</u>	<u>36,817</u>
Total revenues	<u>464,690</u>	<u>501,507</u>	<u>36,817</u>
Expenditures			
Current:			
Public works	448,500	296,945	151,555
	<u>448,500</u>	<u>296,945</u>	<u>151,555</u>
Total expenditures	<u>448,500</u>	<u>296,945</u>	<u>151,555</u>
Excess of revenues over expenditures	<u>16,190</u>	<u>204,562</u>	<u>188,372</u>
Other financing (uses)			
Transfers out	(23,351)	(23,351)	-
	<u>(23,351)</u>	<u>(23,351)</u>	<u>-</u>
Total other financing (uses)	<u>(23,351)</u>	<u>(23,351)</u>	<u>-</u>
Net change in fund balance	(7,161)	181,211	188,372
Fund balance, beginning of year	<u>182,069</u>	<u>182,069</u>	<u>-</u>
Fund balance, end of year	<u>\$ 174,908</u>	<u>\$ 363,280</u>	<u>\$ 188,372</u>

CITY OF FILLMORE
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
Local Transportation Special Revenue Fund
For the fiscal year ended June 30, 2014

	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget</u>
Revenues			
Intergovernmental	\$ 190,066	\$ 190,066	\$ -
Investment income	-	387	387
	<u>190,066</u>	<u>190,453</u>	<u>387</u>
Total revenues	<u>190,066</u>	<u>190,453</u>	<u>387</u>
Expenditures			
	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	190,066	190,453	387
Fund balance, beginning of year	<u>97,189</u>	<u>97,189</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 287,255</u></u>	<u><u>\$ 287,642</u></u>	<u><u>\$ 387</u></u>

CITY OF FILLMORE
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
Lighting/Landscape Assessment District Special Revenue Fund
For the fiscal year ended June 30, 2014

	Final budget	Actual	Variance with final budget
Revenues			
Taxes	\$ 276,624	\$ 268,188	\$ (8,436)
Intergovernmental	-	96,496	96,496
Investment income	-	1,509	1,509
	<u>276,624</u>	<u>366,193</u>	<u>89,569</u>
Total revenues	<u>276,624</u>	<u>366,193</u>	<u>89,569</u>
Expenditures			
Current:			
Public works	297,917	378,533	(80,616)
	<u>297,917</u>	<u>378,533</u>	<u>(80,616)</u>
Total expenditures	<u>297,917</u>	<u>378,533</u>	<u>(80,616)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(21,293)</u>	<u>(12,340)</u>	<u>8,953</u>
Other financing sources (uses)			
Transfers out	(14,790)	(14,792)	(2)
	<u>(14,790)</u>	<u>(14,792)</u>	<u>(2)</u>
Total other financing sources (uses)	<u>(14,790)</u>	<u>(14,792)</u>	<u>(2)</u>
Net change in fund balance	(36,083)	(27,132)	8,951
Fund balance, beginning of year	549,455	549,455	-
Fund balance, end of year	<u>\$ 513,372</u>	<u>\$ 522,323</u>	<u>\$ 8,951</u>

CITY OF FILLMORE
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
Storm Drain Assessment District Special Revenue Fund
For the fiscal year ended June 30, 2014

	Final budget	Actual	Variance with final budget
Revenues			
Taxes	\$ 259,087	\$ 220,728	\$ (38,359)
Investment income	-	1,077	1,077
Total revenues	<u>259,087</u>	<u>221,805</u>	<u>(37,282)</u>
Expenditures			
Current:			
Public works	-	61,239	(61,239)
Total expenditures	<u>-</u>	<u>61,239</u>	<u>(61,239)</u>
Excess of revenues over expenditures	<u>259,087</u>	<u>160,566</u>	<u>(98,521)</u>
Other financing (uses)			
Transfers in	-	186	186
Transfers out	<u>(35,600)</u>	<u>(324,337)</u>	<u>(288,737)</u>
Total other financing (uses)	<u>(35,600)</u>	<u>(324,151)</u>	<u>(288,551)</u>
Net change in fund balance	223,487	(163,585)	(387,072)
Fund balance, beginning of the year	<u>332,882</u>	<u>332,882</u>	<u>-</u>
Fund balance, end of year	<u>\$ 556,369</u>	<u>\$ 169,297</u>	<u>\$ (387,072)</u>

CITY OF FILLMORE
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
Community Development Block Grant Special Revenue Fund
For the fiscal year ended June 30, 2014

	Final budget	Actual	Variance with final budget
Revenues			
Intergovernmental	\$ 100,067	\$ 88,450	\$ (11,617)
Total revenues	<u>100,067</u>	<u>88,450</u>	<u>(11,617)</u>
Expenditures			
Current:			
Community development	92,291	82,907	9,384
Public Safety	<u>-</u>	<u>456,903</u>	<u>(456,903)</u>
Total expenditures	<u>92,291</u>	<u>539,810</u>	<u>(447,519)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,776</u>	<u>(451,360)</u>	<u>(459,136)</u>
Other financing sources (uses)			
Capital lease	<u>-</u>	<u>456,903</u>	<u>456,903</u>
Total other financing sources (uses)	<u>-</u>	<u>456,903</u>	<u>456,903</u>
Net change in fund balance	7,776	5,543	(2,233)
Fund balance, beginning of year	<u>3,695</u>	<u>3,695</u>	<u>-</u>
Fund balance, end of year	<u>\$ 11,471</u>	<u>\$ 9,238</u>	<u>\$ (2,233)</u>

CITY OF FILLMORE
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
Public Transit Special Revenue Fund
For the fiscal year ended June 30, 2014

	Final budget	Actual	Variance with final budget
Revenues			
Intergovernmental	\$ 416,893	\$ 423,340	\$ 6,447
Total revenues	416,893	423,340	6,447
Expenditures			
Current:			
Transit	416,893	416,893	-
Total expenditures	416,893	416,893	-
Net change in fund balance	-	6,447	6,447
Fund balance, beginning of year	-	-	-
Fund balance, end of year	\$ -	\$ 6,447	\$ 6,447

CITY OF FILLMORE
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
Bike Path Maintenance Special Revenue Fund
For the fiscal year ended June 30, 2014

	Final budget	Actual	Variance with final budget
Revenues			
Intergovernmental	\$ 4,850	\$ 4,296	\$ (554)
Investment income	25	49	24
	<u>4,875</u>	<u>4,345</u>	<u>(530)</u>
Expenditures			
Current:			
Public works	7,631	7,007	624
	<u>7,631</u>	<u>7,007</u>	<u>624</u>
Net change in fund balance	<u>(2,756)</u>	<u>(2,662)</u>	<u>94</u>
Fund balance, beginning of year	<u>14,491</u>	<u>14,491</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 11,735</u></u>	<u><u>\$ 11,829</u></u>	<u><u>\$ 94</u></u>

CITY OF FILLMORE
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
Solid Waste Source Reduction Special Revenue Fund
For the fiscal year ended June 30, 2014

	Final budget	Actual	Variance with final budget
Revenues			
Intergovernmental	\$ 29,564	\$ 21,992	\$ (7,572)
Charges for services	75,000	70,441	(4,559)
Investment Income	200	255	55
	<u>104,764</u>	<u>92,688</u>	<u>(12,076)</u>
Total revenues			
Expenditures			
Current:			
Public works	120,123	79,261	40,862
	<u>120,123</u>	<u>79,261</u>	<u>40,862</u>
Total expenditures			
Excess (Deficiency) of revenues over expenditures	<u>(15,359)</u>	<u>13,427</u>	<u>28,786</u>
Other financing (uses)			
Transfers out	<u>(4,000)</u>	<u>(4,000)</u>	<u>-</u>
Total other financing (uses)	<u>(4,000)</u>	<u>(4,000)</u>	<u>-</u>
Net change in fund balance	(19,359)	9,427	28,786
Fund balance, beginning of year	<u>111,764</u>	<u>111,764</u>	<u>-</u>
Fund balance, end of year	<u>\$ 92,405</u>	<u>\$ 121,191</u>	<u>\$ 28,786</u>

CITY OF FILLMORE
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
Swimming Pool Maintenance Special Revenue Fund
For the fiscal year ended June 30, 2014

	Final budget	Actual	Variance with final budget
Revenues			
Taxes	\$ 67,330	\$ 66,664	\$ (666)
Charges for services	37,020	36,149	(871)
Investment income	55	-	(55)
Other	25,500	-	(25,500)
	<u>129,905</u>	<u>102,813</u>	<u>(27,092)</u>
Total revenues			
Expenditures			
Current:			
Parks and recreation	197,379	144,347	53,032
	<u>197,379</u>	<u>144,347</u>	<u>53,032</u>
Total expenditures			
	<u>197,379</u>	<u>144,347</u>	<u>53,032</u>
Net change in fund balance	(67,474)	(41,534)	25,940
Fund balance (deficit), beginning of year	<u>(183,674)</u>	<u>(183,674)</u>	<u>-</u>
Fund balance (deficit), end of year	<u><u>\$ (251,148)</u></u>	<u><u>\$ (225,208)</u></u>	<u><u>\$ 25,940</u></u>

CITY OF FILLMORE
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
Recreation Special Revenue Fund
For the fiscal year ended June 30, 2014

	Final budget	Actual	Variance with final budget
Revenues			
Intergovernmental	\$ 27,647	\$ 21,692	\$ (5,955)
Charges for services	136,100	140,238	4,138
Other	4,000	25,568	21,568
	<u>167,747</u>	<u>187,498</u>	<u>19,751</u>
Expenditures			
Current:			
Parks and recreation	190,844	206,332	(15,488)
	<u>190,844</u>	<u>206,332</u>	<u>(15,488)</u>
Net change in fund balance	(23,097)	(18,834)	4,263
Fund balance (deficit), beginning of year	(64,199)	(64,199)	-
Fund balance (deficit), end of year	<u>\$ (87,296)</u>	<u>\$ (83,033)</u>	<u>\$ 4,263</u>

CITY OF FILLMORE
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
DIF Public Facility Special Revenue Fund
For the fiscal year ended June 30, 2014

	Final budget	Actual	Variance with final budget
Revenues			
Charges for services	\$ 63,180	\$ 54,074	\$ (9,106)
Investment income	-	465	465
	<u>63,180</u>	<u>54,539</u>	<u>(8,641)</u>
Total revenues	<u>63,180</u>	<u>54,539</u>	<u>(8,641)</u>
Expenditures			
Current:			
Public works	1,000	-	1,000
	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total expenditures	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Net change in fund balance	62,180	54,539	(7,641)
Fund balance, beginning of year	<u>148,208</u>	<u>148,208</u>	<u>-</u>
Fund balance, end of year	<u>\$ 210,388</u>	<u>\$ 202,747</u>	<u>\$ (7,641)</u>

CITY OF FILLMORE
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
DIF Transportation Improvement Special Revenue Fund
For the fiscal year ended June 30, 2014

	Final budget	Actual	Variance with final budget
Revenues			
Charges for services	\$ 56,655	\$ 52,672	\$ (3,983)
Investment income	1,117	1,602	485
	<u>57,772</u>	<u>54,274</u>	<u>(3,498)</u>
Expenditures			
Current:			
Public works	1,000	-	1,000
	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Excess of revenues over expenditures	<u>56,772</u>	<u>54,274</u>	<u>(2,498)</u>
Other financing (uses)			
Transfers out	<u>(300)</u>	<u>(300)</u>	<u>-</u>
Total other financing (uses)	<u>(300)</u>	<u>(300)</u>	<u>-</u>
Net change in fund balance	56,472	53,974	(2,498)
Fund balance, beginning of year	<u>98,693</u>	<u>98,693</u>	<u>-</u>
Fund balance, end of year	<u>\$ 155,165</u>	<u>\$ 152,667</u>	<u>\$ (2,498)</u>

CITY OF FILLMORE
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
DIF Parkland Special Revenue Fund
For the fiscal year ended June 30, 2014

	Final budget	Actual	Variance with final budget
Revenues			
Charges for services	\$ 14,637	\$ 114,000	\$ 99,363
Investment income	-	481	481
	<u>14,637</u>	<u>114,481</u>	<u>99,844</u>
Total revenues	<u>14,637</u>	<u>114,481</u>	<u>99,844</u>
Expenditures			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	14,637	114,481	99,844
Fund balance, beginning of year	<u>150,290</u>	<u>150,290</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 164,927</u></u>	<u><u>\$ 264,771</u></u>	<u><u>\$ 99,844</u></u>

CITY OF FILLMORE
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
DIF Sewer Improvement Special Revenue Fund
For the fiscal year ended June 30, 2014

	Final budget	Actual	Variance with final budget
Revenues			
Charges for services	\$ 235,049	\$ 235,089	\$ 40
Investment income	2,592	5,510	2,918
Total revenues	<u>237,641</u>	<u>240,599</u>	<u>2,958</u>
Expenditures			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>237,641</u>	<u>240,599</u>	<u>2,958</u>
Other financing (uses)			
Transfers out	<u>(255,748)</u>	<u>(255,748)</u>	<u>-</u>
Total other financing (uses)	<u>(255,748)</u>	<u>(255,748)</u>	<u>-</u>
Net change in fund balance	(18,107)	(15,149)	2,958
Fund balance, beginning of year	<u>196,063</u>	<u>196,063</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 177,956</u></u>	<u><u>\$ 180,914</u></u>	<u><u>\$ 2,958</u></u>

CITY OF FILLMORE
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
DIF Water Improvement Special Revenue Fund
For the fiscal year ended June 30, 2014

	Final budget	Actual	Variance with final budget
Revenues			
Charges for services	\$ 104,232	\$ 104,241	\$ 9
Investment income	572	1,245	673
	<u>104,804</u>	<u>105,486</u>	<u>682</u>
Total revenues			
Expenditures			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>104,804</u>	<u>105,486</u>	<u>682</u>
Other financing (uses)			
Transfers out	<u>(200)</u>	<u>(200)</u>	<u>-</u>
Total other financing (uses)	<u>(200)</u>	<u>(200)</u>	<u>-</u>
Net change in fund balance	104,604	105,286	682
Fund balance (deficit), beginning of year	<u>(537,588)</u>	<u>(537,588)</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (432,984)</u>	<u>\$ (432,302)</u>	<u>\$ 682</u>

CITY OF FILLMORE
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
DIF Storm Drain Improvement Special Revenue Fund
For the fiscal year ended June 30, 2014

	Final budget	Actual	Variance with final budget
Revenues			
Charges for services	\$ 70,953	\$ 75,157	\$ 4,204
Investment income	-	1,508	1,508
	<u>70,953</u>	<u>76,665</u>	<u>5,712</u>
Total revenues	<u>70,953</u>	<u>76,665</u>	<u>5,712</u>
Expenditures			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>70,953</u>	<u>76,665</u>	<u>5,712</u>
Other financing (uses)			
Transfers out	<u>(200)</u>	<u>(200)</u>	<u>-</u>
Total other financing (uses)	<u>(200)</u>	<u>(200)</u>	<u>-</u>
Net change in fund balance	70,753	76,465	5,712
Fund balance, beginning of year	<u>257,932</u>	<u>257,932</u>	<u>-</u>
Fund balance, end of year	<u>\$ 328,685</u>	<u>\$ 334,397</u>	<u>\$ 5,712</u>

CITY OF FILLMORE
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
Storm Water NPDES Special Revenue Fund
For the fiscal year ended June 30, 2014

	Final budget	Actual	Variance with final budget
Revenues			
Charges for services	\$ 22,900	\$ 16,336	\$ (6,564)
Investment income	35	-	(35)
	<u>22,935</u>	<u>16,336</u>	<u>(6,599)</u>
Total revenues	<u>22,935</u>	<u>16,336</u>	<u>(6,599)</u>
Expenditures			
Current:			
Public works	44,735	43,165	1,570
	<u>44,735</u>	<u>43,165</u>	<u>1,570</u>
Total expenditures	<u>44,735</u>	<u>43,165</u>	<u>1,570</u>
Deficiency of revenues under expenditures	<u>(21,800)</u>	<u>(26,829)</u>	<u>(5,029)</u>
Other financing sources			
Transfers in	20,000	20,000	-
	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Total other financing sources	<u>20,000</u>	<u>20,000</u>	<u>-</u>
Net change in fund balance	(1,800)	(6,829)	(5,029)
Fund balance, beginning of year	<u>2,078</u>	<u>2,078</u>	<u>-</u>
Fund balance, end of year	<u>\$ 278</u>	<u>\$ (4,751)</u>	<u>\$ (5,029)</u>

CITY OF FILLMORE
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
Street Projects Capital Projects Fund
For the fiscal year ended June 30, 2014

	Final budget	Actual	Variance with final budget
Revenues			
Intergovernmental	\$ 267,410	\$ -	\$ (267,410)
Total revenues	267,410	-	(267,410)
Expenditures			
Capital outlay	387,410	352,260	35,150
Total expenditures	387,410	352,260	35,150
Net change in fund balance	(120,000)	(352,260)	(232,260)
Fund balance, beginning of year	197,048	197,048	-
Fund balance (deficit), end of year	\$ 77,048	\$ (155,212)	\$ (232,260)

CITY OF FILLMORE
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
Corporate Yard Capital Projects Fund
For the fiscal year ended June 30, 2014

	Final budget	Actual	Variance with final budget
Revenues			
Intergovernmental	\$ 35,000	\$ 35,000	\$ -
Total revenues	<u>35,000</u>	<u>35,000</u>	<u>-</u>
Expenditures			
Capital outlay	<u>130,247</u>	<u>128,081</u>	<u>2,166</u>
Total expenditures	<u>130,247</u>	<u>128,081</u>	<u>2,166</u>
Net change in fund balance	(95,247)	(93,081)	2,166
Fund balance, beginning of year	<u>501,540</u>	<u>501,540</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 406,293</u></u>	<u><u>\$ 408,459</u></u>	<u><u>\$ 2,166</u></u>

CITY OF FILLMORE
Schedule of Revenues, Expenditures,
and Changes in Fund Balance - Budget and Actual
Parking Lot Capital Projects Fund
For the fiscal year ended June 30, 2014

	Final budget	Actual	Variance with final budget
Revenues			
Charges for services	\$ -	\$ 4,629	\$ 4,629
Total revenues	-	4,629	4,629
Expenditures			
Current:			
Public works	142,700	135,812	6,888
Total expenditures	142,700	135,812	6,888
Net change in fund balance	(142,700)	(131,183)	11,517
Fund balance, beginning of year	181,889	181,889	-
Fund balance, end of year	\$ 39,189	\$ 50,706	\$ 11,517

CITY OF FILLMORE
Combining Statement of Net Position
Proprietary Funds – Sewer Funds
June 30, 2014

	Sewer Operating Fund	Sewer Replacement Fund	Rate Stabilization Fund	Totals
Assets				
Current assets:				
Cash and investments	\$ 2,602,949	\$ 6,183	\$ 1,519,763	\$ 4,128,895
Cash and investments with fiscal agent	4,016,122	-	-	4,016,122
Receivables, net:				
Accounts	816,176	-	-	816,176
Interest	263	-	182	445
Other	53,503	-	-	53,503
Total current assets	7,489,013	6,183	1,519,945	9,015,141
Noncurrent assets:				
Capital assets:				
Land and construction in progress	2,688,630	-	-	2,688,630
Land improvements	68,237,262	-	-	68,237,262
Transmissions and mains	5,778,991	-	-	5,778,991
Less - accumulated depreciation	(6,699,350)	-	-	(6,699,350)
Total non-current assets	70,005,533	-	-	70,005,533
Total assets	77,494,546	6,183	1,519,945	79,020,674

CITY OF FILLMORE
Combining Statement of Net Position
Proprietary Funds – Sewer Funds
June 30, 2014

	Sewer Operating Fund	Sewer Replacement Fund	Rate Stabilization Fund	Totals
Liabilities				
Current liabilities:				
Accounts payable	\$ 559,718	\$ -	\$ -	\$ 559,718
Accrued interest payable	456,826	-	-	456,826
Deposits payable	173,276	-	-	173,276
Unearned revenue	53,503	-	-	53,503
Current portion of long-term obligations	761,738	-	-	761,738
Total current liabilities	2,005,061	-	-	2,005,061
Noncurrent liabilities:				
Compensated absences	6,425	-	-	6,425
Bonds payable	54,275,000	-	-	54,275,000
Premium on bonds payable	1,689,424	-	-	1,689,424
Total non-current liabilities	55,970,849	-	-	55,970,849
Total liabilities	57,975,910	-	-	57,975,910
Net position				
Net investment in capital assets	13,288,313	-	-	13,288,313
Restricted for debt service	3,440,956	-	-	3,440,956
Unrestricted	2,789,367	6,183	1,519,945	4,315,495
Total net position	\$ 19,518,636	\$ 6,183	\$ 1,519,945	\$ 21,044,764

CITY OF FILLMORE
Combining Statement of Revenues, Expenses, and
Changes in Net Position
Proprietary Funds – Sewer Funds
For the fiscal year ended June 30, 2014

	Sewer Operating Fund	Sewer Replacement Fund	Rate Stabilization Fund	Inter-fund Eliminations	Totals
Operating revenues					
Sales and service charges	\$ 5,698,199	\$ -	\$ -	\$ -	\$ 5,698,199
Other	146,412	-	-	-	146,412
Total operating revenues	<u>5,844,611</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,844,611</u>
Operating expenses					
Administration costs	451,464	-	-	-	451,464
Bad debt (recovery)	(68,924)	-	-	-	(68,924)
Treatment and disposal plant	1,796,963	-	-	-	1,796,963
Depreciation	1,090,669	-	-	-	1,090,669
Total operating expenses	<u>3,270,172</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,270,172</u>
Operating income	<u>2,574,439</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,574,439</u>
Non-operating revenues					
(expenses)					
Investment income	5,814	-	5,357	-	11,171
Interest expense	(2,711,695)	-	-	-	(2,711,695)
Loss on assets disposal	(438,928)	-	-	-	(438,928)
Bond trustee charges	(2,190)	-	-	-	(2,190)
Total non-operating revenues (expenses)	<u>(3,146,999)</u>	<u>-</u>	<u>5,357</u>	<u>-</u>	<u>(3,141,642)</u>
Income (loss) before transfers	(572,560)	-	5,357	-	(567,203)
Transfers in	666,000	-	-	(500,000)	166,000
Transfers out	(167,148)	-	(500,000)	500,000	(167,148)
Change in net position	(73,708)	-	(494,643)	-	(568,351)
Net position, beginning of year, as restated (see Note 19)	<u>19,592,344</u>	<u>6,183</u>	<u>2,014,588</u>	<u>-</u>	<u>21,613,115</u>
Net position, end of year	<u>\$ 19,518,636</u>	<u>\$ 6,183</u>	<u>\$ 1,519,945</u>	<u>\$ -</u>	<u>\$ 21,044,764</u>

This page left blank intentionally.

AGENCY FUNDS

This page left blank intentionally.

CITY OF FILLMORE
Agency Funds

Agency Funds are used to account for assets held by the City as trustee or agent for individuals, private organizations, or other governmental units or funds.

Special Deposits Fund - to account for refundable deposits being held by the City.

Health Reimbursement Account - to account for funds set aside by the City for employees who participate in the Health Reimbursement Plan for qualified medical out of pocket expenses.

Community Facilities District No. 1 Fund - to account for funds set aside by the City, on behalf of the CFD No. 1 bondholders, for debt service payments and reserves.

Community Facilities District No. 2 Fund - to account for funds set aside by the City, on behalf of the CFD No. 2 bondholders, for debt service payments and reserves.

Community Facilities District No. 3 Fund - to account for funds set aside by the City, on behalf of the CFD No. 3 bondholders, for debt service payments and reserves.

Community Facilities District No. 5 Fund - to account for funds set aside by the City, on behalf of the CFD No. 5 bondholders, for debt service payments and reserves.

Community Facilities District No. 6 Fund - to account for funds set aside by the City, on behalf of the CFD No. 6 bondholders, for debt service payments and reserves.

CITY OF FILLMORE
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2014

	<u>Special Deposits</u>	<u>Health Reimbursement Account</u>	<u>Community Facilities District No. 1</u>
Assets			
Cash and investments	\$ 783,300	\$ 3,470	\$ 347,976
Cash and investments with fiscal agent	-	-	192,058
Receivables:			
Interest	633	-	19
	<u>633</u>	<u>-</u>	<u>19</u>
Total assets	<u>\$ 783,933</u>	<u>\$ 3,470</u>	<u>\$ 540,053</u>
Liabilities			
Accounts payable	\$ 61,391	\$ -	\$ 62
Deposits payable	722,542	3,470	-
Due to bondholders	-	-	539,991
	<u>-</u>	<u>-</u>	<u>539,991</u>
Total liabilities	<u>\$ 783,933</u>	<u>\$ 3,470</u>	<u>\$ 540,053</u>

Continued

Community Facilities District No. 2	Community Facilities District No. 3	Community Facilities District No. 5	Community Facilities District No. 6	Totals
\$ 67,212	\$ 302,667	\$ 460,960	\$ 63,562	\$ 2,029,147
40,500	315,244	-	-	547,802
<u>8</u>	<u>36</u>	<u>56</u>	<u>12</u>	<u>764</u>
<u>\$ 107,720</u>	<u>\$ 617,947</u>	<u>\$ 461,016</u>	<u>\$ 63,574</u>	<u>\$ 2,577,713</u>
\$ 62	\$ 62	\$ 62	\$ 62	\$ 61,701
-	-	-	-	726,012
<u>107,658</u>	<u>617,885</u>	<u>460,954</u>	<u>63,512</u>	<u>1,790,000</u>
<u>\$ 107,720</u>	<u>\$ 617,947</u>	<u>\$ 461,016</u>	<u>\$ 63,574</u>	<u>\$ 2,577,713</u>

This page left blank intentionally.