

CITY OF LA VERNE, CALIFORNIA

Comprehensive Annual Financial Report

Year ended June 30, 2013

Prepared By
Finance Division

Ronald L. Clark
Finance Officer



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

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CITY OF LA VERNE, CALIFORNIA
Comprehensive Annual Financial Report
Year ended June 30, 2013

TABLE OF CONTENTS

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Transmittal Letter	i
List of Principal Officials	vi
Organization Chart	vii
Certificate of Award for Outstanding Financial Reporting (CSMFO)	viii
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	22
Statement of Revenues, Expenditures, and Changes in Fund Balances	23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Proprietary Funds:	
Statement of Fund Net Position	26
Statement of Revenues, Expenses, and Changes in Fund Net Position	28
Statement of Cash Flows	30
Fiduciary Funds:	
Statement of Fiduciary Net Position	34
Statement of Changes in Fiduciary Net Position	35

CITY OF LA VERNE, CALIFORNIA
Comprehensive Annual Financial Report
Year ended June 30, 2013

TABLE OF CONTENTS (continued)

	<u>Page</u>
Notes to the Basic Financial Statements	36
Required Supplementary Information:	
Notes to Required Supplementary Information	74
General Fund:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	75
Housing Authority Fund:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	76
Schedule of Funding Progress – Other Postemployment Benefits Plan	77
Supplementary Schedules:	
General Fund:	
Schedule of Revenues – Budget and Actual	78
Schedule of Expenditures – Budget and Actual	80
Nonmajor Governmental Funds:	
Combining Balance Sheet	81
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	82
Special Revenue Funds:	83
Combining Balance Sheet	85
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	89
State and County Gasoline Tax Fund:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	93

CITY OF LA VERNE, CALIFORNIA
Comprehensive Annual Financial Report
Year ended June 30, 2013

TABLE OF CONTENTS (continued)

	<u>Page</u>
Traffic and Bicycle Safety Fund: Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	94
Mobile Home Park Fund: Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	95
Community Development Fund: Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	96
SLESF and LLEBG Fund: Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	97
Police Narcotics Confiscation Fund: Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	98
Local Transit Assistance Fund: Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	99
Mobile Source Air Pollution Fund: Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	100
Public Safety Fund: Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	101
Community Facilities District 90-1 Fund: Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	102
Downtown Business Improvement District Fund: Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	103

CITY OF LA VERNE, CALIFORNIA
Comprehensive Annual Financial Report
Year ended June 30, 2013

TABLE OF CONTENTS (continued)

	<u>Page</u>
Maintenance Assessment District Fund:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	104
Affordable Housing Fund:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	105
Measure R Fund:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	106
Debt Service Fund:	107
Combining Balance Sheet	108
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	109
Capital Projects Funds:	110
Combining Balance Sheet	111
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	113
General Capital Improvement Fund:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	115
ROW Management Fund:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	116
I/S Technology Fund:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	117

CITY OF LA VERNE, CALIFORNIA
Comprehensive Annual Financial Report
Year ended June 30, 2013

TABLE OF CONTENTS (continued)

	<u>Page</u>
Underground Utilities Fund: Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	118
Park Development Fund: Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	119
Storm Drainage District Fund: Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	120
Agency Funds:	121
Combining Balance Sheet	122
Combining Statement of Changes in Assets and Liabilities	123
<u>STATISTICAL SECTION</u>	
Net Position by Component	125
Changes in Net Position	127
Governmental activities Tax Revenues by Source	131
Fund Balances of Governmental Funds	132
Changes in Fund Balances of Governmental Funds	134
General Governmental Tax Revenues by Source	136
Assessed Value of Taxable Property	137
Direct and Overlapping Property Tax Rates	138
Principal Property Taxpayers	139
Property Tax Levies and Collections	140

CITY OF LA VERNE, CALIFORNIA
Comprehensive Annual Financial Report
Year ended June 30, 2013

TABLE OF CONTENTS (continued)

	<u>Page</u>
Ratios of Outstanding Debt by Type	142
Ratios of General Bonded Debt Outstanding	144
Direct and Overlapping Debt	145
Legal Debt Margin Information	146
Pledged-Revenue Coverage	148
Demographic and Economic Statistics	149
Principal Employers	150
Full-time City Employees by Function	151
Operating Indicators by Function	153
Capital Asset Statistics by Function	155

Introductory Section

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CITY OF LA VERNE CITY HALL

3660 "D" Street, La Verne, California 91750-3599

www.ci.la-verne.ca.us

January 21, 2014

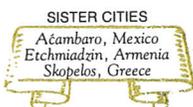
To the Mayor, Members of the City Council and Citizens of the City of La Verne:

It is the policy of the City of La Verne to annually produce a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial statements of the City of La Verne for the fiscal year ended June 30, 2013.

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

The City's financial statements have been audited by ROGERS, ANDERSON, MALODY & SCOTT, LLP, a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2013, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2013, were fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited City's internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.



GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of La Verne is a general law city of the State of California and incorporated on August 20, 1906. It is located in the northeastern section of Los Angeles County and is approximately 28 miles east of the City of Los Angeles. The City currently occupies a land area of 9.1 square miles and serves a population of 32,041. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, when deemed appropriate by the City Council.

The City operates under the council-manager form of government. Policymaking and legislative authority are vested in a City Council consisting of the mayor and four other council members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the City Manager, Police Chief and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the various departments. The council is elected on a non-partisan basis. Council members serve four-year staggered terms, with two council members elected every two years. The mayor is elected to serve a two-year term.

The City provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets and other infrastructure; and recreational activities and cultural events. The City is financially accountable for a redevelopment agency and financing authority, both of which are reported separately within the City's financial statements. Additional information regarding all three of these legally separate entities can be found in the notes to the financial statements.

The annual budget serves as the foundation for the City's financial planning and control. Departments of the City are required to submit requests for appropriation to the City Manager by April of each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the council for review in June. The council holds public hearings on the proposed budget and generally adopts a final budget by June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). The City Manager may make transfers of appropriations within and between departments. City Council approval is required for budget revisions that increase total City appropriations. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund and major special revenue funds, this comparison is presented as part of the required supplementary information in the accompanying financial statements. For governmental funds that have appropriated annual budgets, other than the general fund and major special revenue funds, this comparison is presented in the supplementary section of the accompanying financial statements.

Factors Affecting Financial Condition

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

Local economy. The City currently enjoys a favorable economic environment and local indicators point to continued stability. The City is situated in the rapidly developing east San Gabriel Valley area that contains the cities of Pomona, Glendora, Claremont and San Dimas. La Verne's population is well educated, affluent and articulate. The concepts of neighborhood and town are alive and well in the City. A large number of quality private and public schools are located in the City including the prestigious University of La Verne. It is a town of extensive parks and recreational, programs, a popular community center, library, churches and retirement centers.

The region. La Verne's location has been an asset since it's founding nearly 100 years ago along the busy Santa Fe Railroad Line. Less than 30 minutes from Los Angeles and Orange Counties' civic centers, La Verne is served by the 10, 210 and 57 freeways. Major trucking centers and a commercial airport in Ontario are less than 20 minutes away. Brackett Airport, located in La Verne, provides private charter, corporate and recreational air service. The 210 freeway coupled with Foothill Boulevard (California Route 66) are the main east/west thoroughfares. Thousands of commuters travel daily through the City, providing extensive exposure for continued or expanded retail sales and other property development.

The City's Foothill Boulevard commercial corridor is expected to maintain its current 94 percent occupancy with a variety of stores, specialty shops and other retail businesses. Meanwhile, there continues to be a discernible trend toward stabilization in residential property values.

Long-term financial planning. In April of 1987, the City Council discussed the concept of developing long-range financial and management plans and strategies. This discussion occurred as a result of a number of financial crises that impacted the City in the mid-eighties. The City Council was interested in a proactive rather than a reactive solution or approach to management issues that the City had to address. After agreeing upon a formal process, the City Council and Department Heads met in December of 1988 to develop the City's first Strategic Plan. Since then, approximately every two years the Council and Management team have met to review, evaluate and revise the Strategic Plan document. The plan includes analysis of the City's strengths, weaknesses, opportunities and threats (SWOT) that could effect our future operating environment. In addition, the plan utilizes the City's mission statement, strategic values and established priorities to prioritize various departmental goals and objectives.

Cash management policies and practices. Cash temporarily idle during the year was invested in accordance with the City's approved Investment Policy. The policy affords a broad spectrum of investment opportunities, as long as the investment is deemed prudent and permissible under currently effective legislation of the State of California and other imposed restrictions. Criteria for selecting investments and the order of priority are: safety, liquidity and yield. The cash management system of the City is designed to accurately monitor and forecast expenditures and revenues, thus insuring the investment of monies to fullest extent possible. Attempts are made to obtain the highest yields available as long as investments meet the criteria required for safety and liquidity. The maturities of the investments range from 1 day to over 3 years, with an average maturity of approximately 36 months. The average yield on maturing investments at year end was just over 1.0 percent.

Risk management. The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, error and omissions; injuries to employees and natural disasters. The City participates in the California Joint Powers Insurance Authority (CJPIA). The purpose of this organization is to provide a form of liability insurance whereby the risk of general liability loss is pooled among the member cities. The City pays an annual deposit calculated based on prior claims experience. Losses of up to \$10 million per claim are recovered from deposits paid by member cities. Individual claims in excess of \$10 million up to a maximum of \$50 million are covered by private insurance carriers. Additional information on the City's risk management activity can be found in the notes to the financial statements.

Pension and other post-employment benefits. The City contributes to the California Public Employees Retirement System, an agent multiple-employer public employee defined benefit pension plan for its employees. Each year, an independent actuary engaged by the pension plan calculates the amount of the annual contribution that the City must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the City fully funds each year's annual required contribution to the pension plan as determined by this funding policy. The unfunded actuarial liability associated with employee services rendered to date is being systematically funded over a set number of years for safety and miscellaneous employees as part of the annual required contribution calculated by the actuary.

The City also provides postretirement health care benefits for certain retired employees. As of the end of the current fiscal year, there were approximately 40 retired employees receiving these benefits, which are financed from an actuarially calculated annual contribution by the City into an irrevocable trust. The trust is dedicated solely to providing benefits to retirees and their beneficiaries in accordance with the terms of the plan. Additional information regarding the City's pension arrangements and post-employment benefits can be found in the notes to the financial statements.

Awards and Acknowledgements

The California Society of Municipal Finance Officers (CSMFO) presented the City of La Verne with a Certificate of Award for Outstanding Financial Reporting for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2012. This was the eighteenth year that the City has received such a prestigious award.

In order to receive a Certificate of Award, the City must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. Such reports must satisfy both GAAP and applicable legal requirements. A Certificate of Award is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Award Program's requirements and are submitting it to CSMFO to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Division. I would like to express our appreciation to those individuals who assisted and contributed to the preparation of this report. In particular I wish to thank Richard Martinez, Accounting Manager for all of his efforts and professional judgment. In addition, a special thank you to Jeannette Vagnozzi, City Clerk for her efforts in updating the City's infrastructure records. Credit also must be given to City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

A handwritten signature in blue ink that reads "Ronald L. Clark". The signature is written in a cursive, flowing style.

Ronald L. Clark
Finance Officer/Assistant to the City Manager

CITY OF LA VERNE, CALIFORNIA

List of Principal Officials

June 30, 2013

CITY COUNCIL

Don Kendrick
Mayor

Charles Rosales
Mayor Pro Tem

Ron Ingels
Council Member

Donna Redman
Council Member

Robin Carder
Council Member

ADMINISTRATION AND DEPARTMENT DIRECTORS

City Manager

Robert Russi

City Attorney

Robert L. Kress

City Clerk/ Assistant to the City Manager

Jeannette Vagnozzi

City Engineer

Dominic C. Milano

Community Development Director

Hal G. Fredericksen

Finance Officer/Assistant to the City Manager

Ronald L. Clark

Fire Chief

Pete Jankowski

Information Systems Manager

William Elftman Jr.

City Treasurer

Jeannette A. Vagnozzi

Community Services Director

William Aguirre

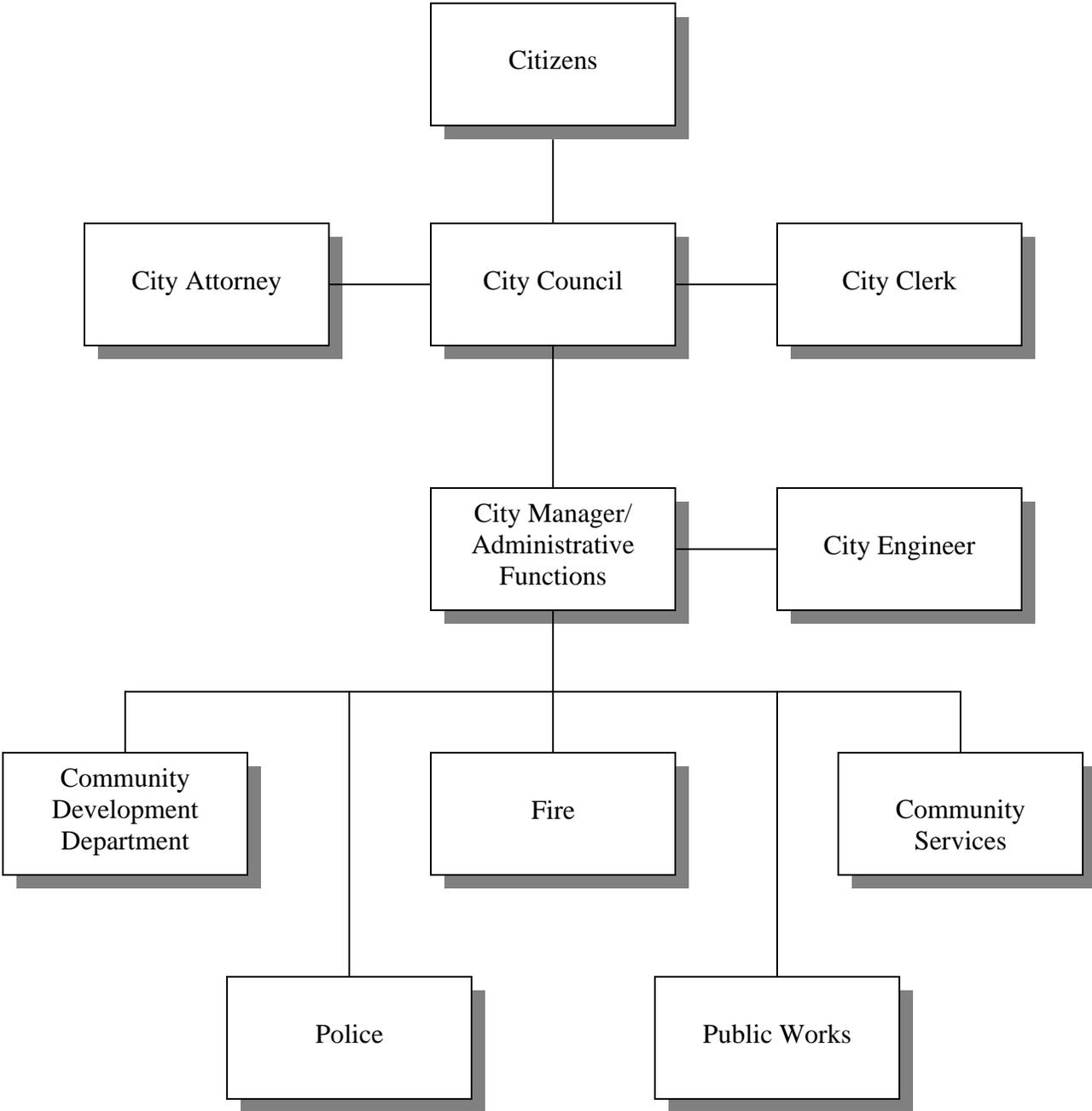
Police Chief

Scott Pickwith

Public Works Director

Daniel W. Keeseey

**City of La Verne
Organization Chart**



*California Society of
Municipal Finance Officers*

Certificate of Award

***Outstanding Financial Reporting Award
Fiscal Year Ending June 30, 2012***

Presented to the

City of La Verne

For meeting the criteria established to achieve the Outstanding Financial Reporting Award.

February 6, 2013

Laura M Nomura

***Laura Nomura
CSMFO President***

Scott Catlett

***Scott Catlett, Chair
Professional Standards and
Recognition Committee***



Dedicated Excellence in Municipal Financial Reporting

Financial Section

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

INDEPENDENT AUDITOR'S REPORT

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

To the Honorable Mayor and Members of City Council
City of La Verne, California

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 La Verne, California (City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

PARTNERS

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

MANAGERS / STAFF

Bradferd A. Welebir, CPA, MBA
Jenny Liu, CPA, MST
Papa Matar Thiaw, CPA, MBA
Maya S. Ivanova, CPA, MBA
Seong-Hyea Lee, CPA, MBA
Charles De Simoni, CPA
Yiann Fang, CPA
Daniel T. Turner, CPA, MSA
Derek J. Brown, CPA, MST
David D. Henwood, CPA
Nathan Statham, CPA, MBA

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.

MEMBERS

American Institute of
Certified Public Accountants

*PCPS The AICPA Alliance
for CPA Firms*

*Governmental Audit
Quality Center*

California Society of
Certified Public Accountants

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 La Verne, California, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Prior-Year Comparative Information

We have previously audited the City's 2012 financial statements, and we expressed unmodified audit opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated January 14, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 21, 2014, on our consideration of the City of La Verne, California's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of La Verne, California's internal control over financial reporting and compliance.

Rogers Anderson Maloney & Scott, LLP

San Bernardino, CA
January 21, 2014

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of La Verne ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2013. Please read it in conjunction with the accompanying transmittal letter at the front of this report, and the basic financial statements, which follow this section.

Fiscal year 2012-13 represents the eleventh year in which the City implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, this discussion and analysis provides numerous comparisons with the previous fiscal year.

Financial Highlights

- The assets of the City exceeded its liabilities at June 30, 2013 by \$133.1 million (*net position*). Of this amount, \$28.1 million (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$1.2 million during the past year. The reduction in long term liabilities for this fiscal year compared to the prior year along with increases in sales taxes were the main reasons for this positive change.
- As of the close of the 2012-13 fiscal year, the City's governmental funds reported combined ending fund balances of \$34.5 million, a net increase of \$2.7 million in comparison with the prior fiscal year. Approximately 36% of this amount (\$12.5 million) is available for spending at the government's discretion (*committed and assigned fund balances*).
- As of June 30, 2013, the total fund balance of the City's General Fund was \$11.9 million. This amount includes about \$4.3 million set aside and committed by the City Council for contingencies based upon 15% of next year's operating budget.
- The City's total long-term liabilities decreased by \$1.4 million during the fiscal year ending June 30, 2013, to a level of \$15.8 million. There was no change to the City's issuer credit ratings of A from Standard and Poor's and AAA when the bonded debt is insured.

Overview of the Financial Statements

This discussion and analysis is an introduction to the City's basic financial statements, which consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also consists of supplementary information in addition to the basic financial statements.

The government-wide financial statements are components, required by GASB Statement No. 34.

Government-wide financial statements. These statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private sector business. There are two government-wide financial statements: the Statement of Net Position and the Statement of Activities. They present information for the government as a whole and present a longer-term view of the City's finances. These two statements help to answer the question: "Is the City as a whole better off or worse off as a result of this year's activities?"

The *Statement of Net Position* presents information on all of the City's assets and liabilities, the difference between the two are reported as *net position*. In time, increases or decreases in net position may serve as a useful indicator of whether the financial standing of the City is improving or deteriorating.

The *Statement of Activities* presents information on how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected taxes and earned but unused employee leaves).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include police services, fire services, public works, most general government activities, parks and community services and community development. The business-type activities of the City include water and sewer services.

The government-wide financial statements include not only the City of La Verne itself (known as the *primary government*), but also three other legally separate entities: the City's Successor (formerly Redevelopment) Agency (the "Agency"), whose purpose was to prepare and carry out plans to revitalize, rehabilitate and redevelop blighted areas within the territorial limits of the City of La Verne, the La Verne Housing Authority (the "Housing Authority"), established to enhance the ability of the City and Agency to use low and moderate income housing funds for housing projects, and the La Verne Financing Authority (the "Financing Authority"), a joint powers authority formed by the City and the Housing Authority to act as a conduit for debt financing. The City is financially accountable for these legally separate entities, which are referred to as *component units*. The Agency and Authorities function for all practical purposes as departments of the City, and therefore, these component units have been included in these financial statements as an integral part of the primary government.

The government-wide financial statements can be found on pages 17 - 19 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 25 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Housing Authority which are considered to be the City's two major funds. Data from the other 23 governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in the report.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City has one internal service fund to account for operating and replacement costs associated with City vehicles. Because these vehicle services primarily benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 26 - 33 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has one private-purpose trust fund and three agency funds, which are each a type of fiduciary fund, that account for assets held by the City as an agent for Community Facilities District No. 88-1 (San Polo Business Park), L.A. Impact, and other special Deposits.

The basic fiduciary fund financial statements can be found on pages 34 - 35 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on page 36 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary comparisons for the general fund. Required supplementary information can be found on pages 74 - 77 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 81 - 124 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by approximately \$133 million as of June 30, 2013. This reflects an increase of \$23 million compared to the balance of net position nine years ago.

The largest portion of the City's net position, \$84.9 million (64%), are reflected in its investment in capital assets (e.g., land, street infrastructure, buildings, machinery and equipment) 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 will be provided from future revenues and the remaining (36%) of the City's net position, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1
City of La Verne
Net Position
June 30, 2013 and 2012
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other non-current assets	\$ 44.3	\$ 42.7	\$ 29.0	\$ 28.4	\$ 73.3	\$ 71.1
Capital assets	55.6	57.6	24.7	25.4	80.3	83.0
Total assets	99.9	100.3	53.7	53.8	153.6	154.1
Long-term liabilities outstanding	14.7	15.3	1.2	1.9	15.9	17.2
Other liabilities	3.1	3.8	1.5	1.2	4.6	5.0
Total liabilities	17.8	19.1	2.7	3.1	20.5	22.2
Net position:						
Net investment in capital assets	49.0	50.8	35.9	35.8	84.9	86.6
Restricted	20.1	19.2	-	-	20.1	19.2
Unrestricted	13.0	11.2	15.1	14.9	28.1	26.1
Total net position	\$ 82.1	\$ 81.2	\$ 51.0	\$ 50.7	\$ 133.1	\$ 131.9

An additional portion of the City's net position, \$20.1 million (15%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$28.1 million (21%), may be used to meet the government's ongoing obligations to citizens and creditors.

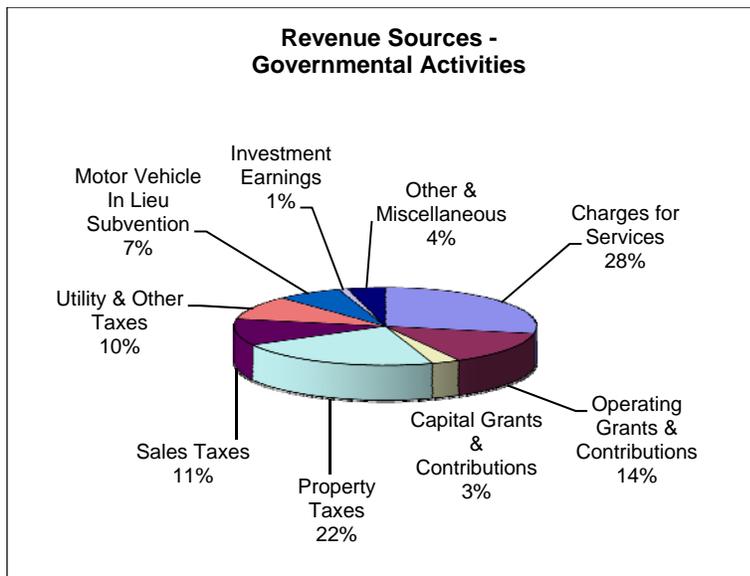
At the end of the current fiscal year, the City was able to report positive balances in all three categories of net position for the government as a whole, as well as for just its governmental activities. For its business-type activities, the balances were also positive, except that there was no restricted net position.

State legislation resulted in the Redevelopment Agency being dissolved on February 1, 2012. Prior to that date, the activities of the former agency continued to be reported in the governmental funds of the City. After the date of dissolution, the assets, liabilities, and activities of the dissolved agency are reported in a private-purpose trust fund, a type of fiduciary fund, in the financial statements of the City. The City's total net position increased by \$1.2 million during the current fiscal year. The net position of governmental activities increased by \$0.9 million while business-type activities had an increase of \$0.3 million.

Table 2
City of La Verne
Changes in Net Position
For the Year Ended June 30, 2013 and 2012
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues:						
Charges for services	\$ 10.1	\$ 9.4	\$ 11.9	\$ 10.4	\$ 22.0	\$ 19.8
Operating grants and contributions	5.0	5.2	-	-	5.0	5.2
Capital grants and contributions	1.2	2.0	0.3	-	1.5	2.0
General revenues						
Taxes:						
Property taxes	7.9	5.2	-	-	7.9	5.2
Sales taxes	3.9	3.8	-	-	3.9	3.8
Utility & other taxes	3.7	3.6	-	-	3.7	3.6
State subvention - motor vehicle in lieu	2.5	2.5	-	-	2.5	2.5
Investment earnings	0.4	0.4	0.1	0.2	0.5	0.6
Other	1.3	1.4	-	-	1.3	1.4
Total revenues	36.0	33.5	12.3	10.6	48.3	44.1
Expenses						
General government	1.6	2.0	-	-	1.6	2.0
Public safety	18.9	18.5	-	-	18.9	18.5
Community development	3.0	3.1	-	-	3.0	3.1
Public works	9.0	8.1	-	-	9.0	8.1
Community services	3.0	2.8	-	-	3.0	2.8
Water	-	-	9.7	9.0	9.7	9.0
Sewer	-	-	1.1	1.2	1.1	1.2
Interest on long-term debt	0.8	0.7	-	-	0.8	0.7
Total expenses	36.3	35.2	10.8	10.2	47.1	45.4
Excess (deficiency) before extraordinary item and transfers	(0.3)	(1.7)	1.5	0.4	1.2	(1.3)
Extraordinary item	-	2.9	-	-	-	2.9
Transfers	1.2	1.1	(1.2)	(1.1)	-	-
Change in net position	0.9	2.3	0.3	(0.7)	1.2	1.6
Net position - beginning of year	81.2	78.9	50.7	51.4	131.9	130.3
Net position - end of year	\$ 82.1	\$ 81.2	\$ 51.0	\$ 50.7	\$ 133.1	\$ 131.9

The City's total revenues were \$48.3 million, while the total cost of all programs and services was \$47.1 million. Charges for services was the City's largest resource at \$22.0 million (28% of governmental revenues, 97% of business-type revenues and 45% of total revenues). Property tax revenue was the second largest revenue source at \$7.9 million (16% of total revenues and 22% of governmental revenues). Sales tax revenue was the third largest revenue source at \$3.9 million (8% of total revenues and 11% of governmental revenues). The City's voter approved 6% utility users tax (that was increased from 4% to 6% effective July 1, 2005) totaled \$3.7 million was the fourth largest revenue source followed by the motor vehicle in-lieu subvention from the State of California at \$2.5 million.



Governmental activities. The governmental activities increase in net position of \$0.9 million accounted for most of the positive change in net position for the City this past year. The cost of governmental activities exceeded related program revenues by \$20.1 million, meaning 55% of the cost to provide services had to be financed from taxes and other general revenues of the City, and it was the growth of these general revenues that accounted for the increase in the City's net position from governmental activities.

Public safety expenses of \$18.9 million comprised the largest component of government activities in terms of cost (52%) this past year. Charges for services and operating and capital grants and contributions covered 27% (\$5.0 million) of the cost of these activities.

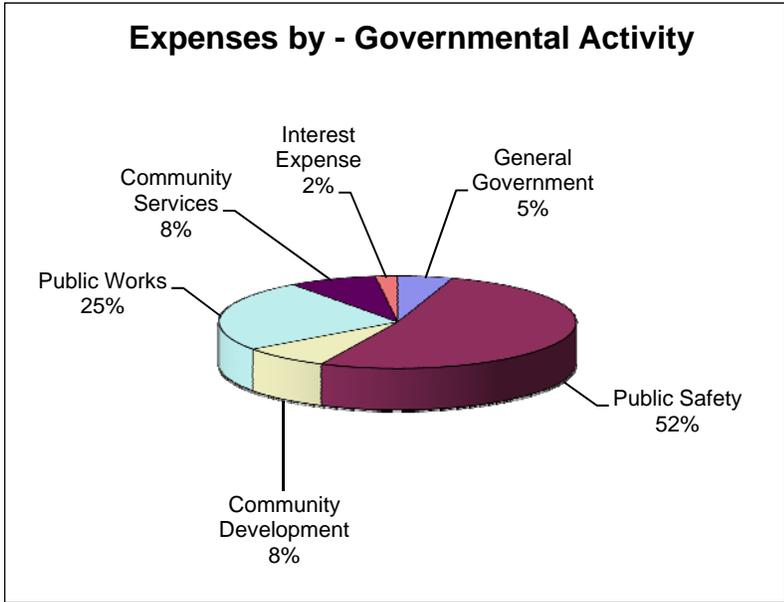
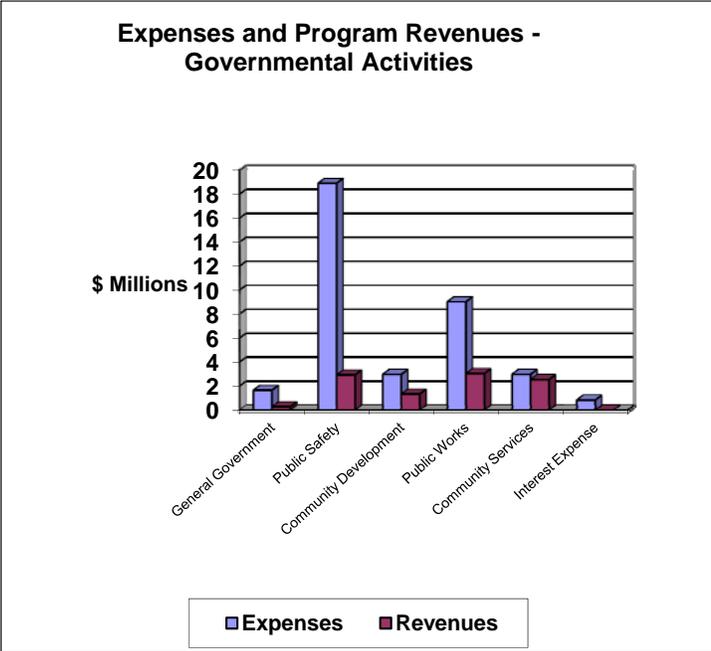
Public works expenses of \$9.0 million was the second largest governmental activity (25% of the total cost of governmental activities). Charges for services and operating and capital grants and contributions offset 57% (\$5.2 million) of the cost of providing these services.

General government expenses of \$1.6 million (includes City Council, City Manager, City Attorney, City Clerk, Finance, Information Systems and Non-Departmental) reflecting 5% was the smallest of the total cost of governmental activities. Charges for services and operating grants and contributions helped to offset 16% of the cost of these activities.

Community services cost \$3.0 million this past year (8% of the total), with 97% of their costs being financed from program revenues.

Community development, cost \$3.0 million, 8% of the total cost of governmental activities, with 95% being paid from program revenues.

Interest on long-term debt, at \$0.8 million, comprised 2% of the total cost of governmental activities.



Business-type activities. Net position for Business-type activities of the City rose by \$0.3 million for the current year end, compared with a decline of \$0.7 million during the prior fiscal year. The combined cost of the City’s business-type activities (water and sewer funds) was primarily financed from program revenues.

The larger of the two business-type activities of the City was for water services, comprising 89% of the total cost of business-type activities during the past year. All of the water services activities for these past years were financed from charges for services. Sewer services accounted for the remaining 11% of the total cost of business-type activities. All of its costs were also provided by program revenues.

Financial Analysis of the City's Funds

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

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City of La Verne's financing requirements. In particular, assigned fund balances may serve as a useful measure of a government's resources available for spending at the end of a fiscal year.

As of June 30, 2013, governmental funds reported combined ending fund balances of \$34.5 million, a net increase of \$2.7 million in comparison with the prior year. Approximately 24% of this total amount (\$8.3 million) constitutes *assigned fund balances*, which is available for spending at the government's discretion. The other fund balance categories reflect the nature and extent of outside constraints placed upon the City as well as those imposed by the City Council. These other fund balance classifications and percentage amounts listed in order of their relative strength of spending constraints are: 1) Nonspendable 5% (\$1.9 million), 2) Restricted 58% (\$20.1 million), 3) Committed 13% (\$4.3 million), and no amounts Unassigned.

The General Fund is the chief operating fund of the City. As of June 30, 2013, the assigned fund balance of the General Fund was \$5.8 million, while the total fund balance was \$11.9 million. As a measure of the General Fund's liquidity, it may be useful to compare both assigned fund balance and total fund balance to total fund operating expenditures. Assigned fund balance represented 21% of total General Fund operating expenditures, while total fund balance represented 44% of that same amount. As noted earlier, the General Fund is the chief operating fund of the City. Unexpected emergencies, adverse state budget impacts, economic and natural disasters can occur with little warning. Accordingly, the City Council has adopted an emergency contingency plan for purposes of dealing with a portion of these unknowns. The City's policy is to maintain a minimum of 15% of the General Fund operating budget within the committed fund balance.

The total fund balance of the City's General Fund increased by \$1.7 million during the year ending June 30, 2013. Key factors and components that led to this change are as follows:

- General Fund expenditures were under revenues by \$0.9 million this year compared to a shortfall of \$0.6 million in the prior fiscal year.
- Total General Fund revenues increased by 9% (\$2.4 million) with property taxes and sales tax revenues reflecting nearly all of this positive change.
- General Fund expenditures rose by 3.6% (\$0.9 million) with public safety increasing its operating costs by 3.5% (\$0.6 million) with reductions in general government activity by 8.0% (\$0.1 million) due primarily to reductions in personnel services.
- Also impacting the General Fund's operations was the re-allocation of community development personnel previously funded by the former Redevelopment Agency.

The City has one other major fund - the Housing Authority Fund. The Housing Authority Fund ended the year with a total fund balance of \$3.1 million. During fiscal year 2012-13 the Housing Authority fulfilled its contractual obligation under an agreement with Hutton Development Company to purchase affordability covenants at a cost of just under \$1.2 million. Hutton Development Company is building the City's first mixed-use development, with 172 residential units and 15,000 square feet of commercial retail space. The project will provide high-quality residences with 26 of the units being deed restricted for affordable housing.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the combined proprietary funds (Water and Sewer Enterprise Funds) at the end of fiscal year 2012-13 was \$15.1 million. The total change in net position for these proprietary funds for the year resulted in an increase by \$0.3 million. Other factors concerning the finances of the two individual proprietary funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The differences between the original budget and the final amended budget was a \$0.1 million decrease in appropriations, due primarily to a contract change with L.A. Impact for financial services and partially offset from increases in labor costs from mid-year employee bargaining agreements; and contractual obligations carried over from the previous year budget.

Actual revenues ended the year by \$2.8 million above budget. Other Property tax revenues exceeded budget by over \$ 2.4 million. The local economy remained fairly strong compared with other regional parts within the State of California. Positive variances occurred for sales taxes (\$0.1 million) and refuse service fees (\$0.2 million). Negative variances occurred in building permit revenues (\$0.6 million), and miscellaneous other revenues (\$0.1 million).

Actual expenditures were approximately \$1.2 million under this year's budget. This positive variance for budgeted expenditures was primarily due to the postponement or deferment on certain public works activities coupled with reduced activity for fire personnel on assignment with the US Forest Service. Lower than expected building construction activity also accounted for reduced costs in building inspection services.

Capital Assets and Debt Administration

Capital Assets. At the end of fiscal year 2012-13, the City had invested \$80.3 million in a broad range of capital assets (see the table below).

City of La Verne
Capital Assets
As of June 30, 2013 and 2012
(net of accumulated depreciation)
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 11.8	\$ 11.8	\$ 2.0	\$ 2.0	\$ 13.8	\$ 13.8
Rights of way	9.6	9.6	-	-	9.6	9.6
Buildings and improvements	12.5	12.9	0.1	0.1	12.6	13.0
Automotive equipment	2.8	2.8	-	0.1	2.8	2.9
Machinery & equipment	2.2	2.3	0.1	0.2	2.3	2.5
Office furniture & equipment	0.2	0.3	-	-	0.2	0.3
Infrastructure - streets, bridges and signals	16.5	17.9	-	-	16.5	17.9
Property, plant & equipment	-	-	22.5	23.0	22.5	23.0
Total	\$ 55.6	\$ 57.6	\$ 24.7	\$ 25.4	\$ 80.3	\$ 83.0

The most significant impact in accounting for capital assets during the fiscal year ending June 30, 2013 continues to be the inclusion of infrastructure assets and the value of rights of way.

Long-Term Liabilities. As of June 30, 2013, the City had total long-term liabilities outstanding of \$15.9 million. There was no debt backed by the full faith and credit of the City (i.e., there was no general obligation debt). The outstanding debt was in the form of revenue bonds, pension bonds, compensated absences, and a capital lease for the rights to obtain water from a treatment plant in a neighboring city.

City of La Verne
Long-Term Liabilities
As of June 30, 2013 and 2012
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenue and pension bonds	\$ 12.2	\$ 13.0	\$ -	\$ -	\$ 12.2	\$ 13.0
Compensated absences	2.5	2.3	0.4	0.3	2.9	2.6
Capital lease - water rights	-	-	0.8	1.6	0.8	1.6
Total	\$ 14.7	\$ 15.3	\$ 1.2	\$ 1.9	\$ 15.9	\$ 17.2

The City's total long-term liabilities decreased by \$1.3 million during the fiscal year ending June 30, 2013. The City did not issue any new bonds or obligate itself further under various other debt financings during the 2012-13 fiscal year.

Outstanding principal for revenue and pension bonds was reduced by \$0.8 million, capital lease balances declined by \$0.8 million. Notes payable and the 2009 lease agreement of the former Redevelopment Agency were transferred to a private-purpose trust fund in February 2012. Compensated absences increased by \$0.3 million.

The City maintained its credit ratings during fiscal year 2012-13. The City's issuer credit rating from Standard and Poor's is A and AAA when the bonded debt is insured.

The State Constitution limits the amount of general obligation debt a city may incur to 3.75% of its total assessed valuation, which for the City of La Verne, was \$126.3 million at June 30, 2013. As indicated earlier, the City has no general obligation debt outstanding.

Additional information on the City's long-term liabilities can be found in the Notes to the Basic Financial Statements on pages 57 - 59 of this report along with Successor Agency Trust liabilities on pages 70 - 72.

Economic Factors and Next Year's Budget, Tax Rates and Fee Levels

La Verne's local economy was fairly healthy in fiscal year 2012-13 given the overall business climate for the State. As noted earlier, total General Fund revenues rose by 9% with property taxes and sales taxes accounting for nearly all of the increase over prior year levels. Portions of tax increment revenues from the Redevelopment Agency now flow through to the City's General Fund as a result of State legislation that dissolved the former Redevelopment Agency on February 1, 2012.

The unemployment rate for the City was 6.3% based on the annual average for calendar year 2012, which compared very favorably to the State unemployment rate of 8.5% and the national rate of 7.6%.

As evidence of an improving local real estate market, the median sales price for housing values in the City of La Verne went up by about 14% this past year, from \$400,000 to \$455,000. Total assessed valuation of property within the City as determined by the County Assessor increased by \$77 million (2.3%) over 2011-12 levels.

With the previous passage of a statewide ballot measure, Proposition 22, the property tax shifts that occurred in prior fiscal years have ceased. The financial benefits to the City's General Fund under Proposition 22 have provided a more reliable and stable property tax base. However, the decision by the California Supreme Court in December 2011 that affirmed the dissolution of all Redevelopment Agencies within the State has had significant impacts to our local community. The former agency is prohibited from entering into new projects, obligations or commitments. In future fiscal years, the Successor Agency will only be allocated revenue in an amount that is necessary to pay the estimated annual payments on enforceable obligations as approved by the State Department of Finance.

The City's 2013-14 operating budget included General Fund appropriations that were up by about \$0.6 million from the final 2012-13 levels. This increase was primarily from maintaining public safety service levels and to match available resources and projected increases in building permit revenues. Based upon the adopted budget, the General Fund reserve balance is anticipated to decline by \$0.6 million, but still end the year within City Council policy guidelines for minimum reserve balances. The City's revenue base remains well diversified between property tax, sales tax and other tax revenues as well as charges that are user fee related.

Requests for Information

This financial report is designed to provide a general overview of the City of La Verne's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Officer, City of La Verne, 3660 D Street, La Verne, California 91750, (909) 596-8716.

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Government-Wide Financial Statements

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City of La Verne
Statement of Net Position
June 30, 2013
(with comparative data for June 30, 2012)

	Governmental	Business-type	Totals	
	Activities	Activities	2013	2012
Assets:				
Cash and investments	\$ 27,162,565	\$ 13,605,370	\$ 40,767,935	\$ 38,750,371
Cash and investments with fiscal agents	3,289,907	-	3,289,907	3,295,286
Interest receivable	38,050	17,629	55,679	50,242
Accounts receivable	1,368,026	2,525,328	3,893,354	3,414,419
Special assessment receivable	1,331	-	1,331	1,331
Loans receivable	29,794	-	29,794	21,288
Due from other governments	1,067,063	1,829	1,068,892	1,719,352
Due from Successor Agency	2,410,000	551,365	2,961,365	2,961,365
Inventory of materials and supplies, at cost	172,771	-	172,771	199,309
Prepaid pension contribution	6,235,383	-	6,235,383	6,506,487
Other prepaid items	1,844,267	1,100	1,845,367	1,298,886
Notes receivable	-	276,500	276,500	316,000
Investment in water rights	-	11,976,728	11,976,728	11,976,728
Land held for resale	679,343	-	679,343	679,343
Capital assets:				
Capital assets not being depreciated	21,388,496	2,032,457	23,420,953	23,460,496
Capital assets being depreciated, net of accumulated depreciation	34,190,883	22,714,184	56,905,067	59,528,103
Total assets	99,877,879	53,702,490	153,580,369	154,179,006
Liabilities:				
Accounts payable	1,823,473	1,288,724	3,112,197	2,378,400
Accrued expenses	871,565	92,929	964,494	939,762
Accrued interest payable	185,344	5,335	190,679	204,012
Due to other governments	-	-	-	1,262,696
Unearned revenue	202,496	-	202,496	68,000
Deposits payable	-	138,829	138,829	159,089
Long-term liabilities:				
Due within one year	1,576,803	929,222	2,506,025	2,662,761
Due beyond one year	13,119,106	220,479	13,339,585	14,555,949
Total liabilities	17,778,787	2,675,518	20,454,305	22,230,669
Net position:				
Net investment in capital assets	49,029,379	35,923,190	84,952,569	86,568,759
Restricted for:				
Public safety	2,781,571	-	2,781,571	2,704,609
Community development	4,107,992	-	4,107,992	4,311,810
Public works	6,966,190	-	6,966,190	5,688,491
Low and moderate income housing	3,089,343	-	3,089,343	4,589,343
Community services	2,053,530	-	2,053,530	1,882,381
Debt service	1,082,037	-	1,082,037	18,216
Unrestricted	12,989,050	15,103,782	28,092,832	26,184,728
Total net position	\$ 82,099,092	\$ 51,026,972	\$ 133,126,064	\$ 131,948,337

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

City of La Verne
Statement of Activities
For the Year Ended June 30, 2013
(with comparative data for June 30, 2012)

	Expenses	Program Revenues		
		Charges for Service	Operating Contributions and Grants	Capital Contributions and Grants
Governmental activities:				
General government	\$ 1,643,954	\$ 266,552	\$ 2,586	\$ -
Public safety	18,896,525	2,916,503	2,119,387	94,375
Community development	2,963,793	1,327,965	1,493,210	-
Public works	9,019,496	3,045,804	992,850	1,117,101
Community services	2,974,167	2,525,545	343,242	14,535
Interest and fiscal charges	823,208	-	-	-
Total governmental activities	36,321,143	10,082,369	4,951,275	1,226,011
Business-type activities:				
Water	9,684,637	10,517,927	-	-
Sewer	1,174,152	1,429,643	-	292,410
Total business-type activities	10,858,789	11,947,570	-	292,410
Total	\$ 47,179,932	\$ 22,029,939	\$ 4,951,275	\$ 1,518,421

General revenues:

Taxes:

Property taxes

Sales taxes

Utility and other taxes

Motor vehicle in-lieu, unrestricted

Investment income

Other

Extraordinary item

Transfers

Total general revenues, transfers and extraordinary items

Change in net position

Net position, beginning of year

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	Totals	
		2013	2012
\$ (1,374,816)	\$ -	\$ (1,374,816)	\$ (1,729,719)
(13,766,260)	-	(13,766,260)	(13,345,240)
(142,618)	-	(142,618)	(281,400)
(3,863,741)	-	(3,863,741)	(2,618,711)
(90,845)	-	(90,845)	76,209
(823,208)	-	(823,208)	(651,653)
<u>(20,061,488)</u>	<u>-</u>	<u>(20,061,488)</u>	<u>(18,550,514)</u>
-	833,290	833,290	120,424
-	547,901	547,901	81,069
<u>-</u>	<u>1,381,191</u>	<u>1,381,191</u>	<u>201,493</u>
<u>(20,061,488)</u>	<u>1,381,191</u>	<u>(18,680,297)</u>	<u>(18,349,021)</u>
7,912,524	-	7,912,524	5,246,028
3,885,736	-	3,885,736	3,803,845
3,706,997	-	3,706,997	3,626,624
2,543,269	-	2,543,269	2,484,960
438,461	74,744	513,205	596,251
1,255,925	40,368	1,296,293	1,370,310
-	-	-	2,889,275
<u>1,145,100</u>	<u>(1,145,100)</u>	<u>-</u>	<u>-</u>
<u>20,888,012</u>	<u>(1,029,988)</u>	<u>19,858,024</u>	<u>20,017,293</u>
826,524	351,203	1,177,727	1,668,272
<u>81,272,568</u>	<u>50,675,769</u>	<u>131,948,337</u>	<u>130,280,065</u>
<u>\$ 82,099,092</u>	<u>\$ 51,026,972</u>	<u>\$ 133,126,064</u>	<u>\$ 131,948,337</u>

City of La Verne
Balance Sheet
Governmental Funds
June 30, 2013
(with comparative data for June 30, 2012)

	General	Special Revenue Fund Housing Authority	Nonmajor Governmental Funds
Assets			
Cash and investments	\$ 9,678,033	\$ -	\$ 16,949,329
Cash and investments with fiscal agents	-	-	3,289,907
Interest receivable	17,130	-	20,247
Accounts receivable	1,153,572	-	199,229
Special assessment receivable	1,331	-	-
Loans receivable	29,794	-	-
Due from other funds	7,590	-	-
Due from other governments	854,509	-	212,554
Due from Successor Agency	-	2,410,000	-
Prepaid items	1,835,929	-	-
Inventory of materials and supplies, at cost	-	-	39,695
Land held for resale	-	679,343	-
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 13,577,888</u>	<u>\$ 3,089,343</u>	<u>\$ 20,710,961</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 927,453	\$ -	\$ 870,616
Accrued expenses	763,211	-	88,022
Due to other funds	-	-	7,590
Due to other governments	-	-	-
Unearned revenue	10,000	-	192,496
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>1,700,664</u>	<u>-</u>	<u>1,158,724</u>
Fund balances:			
Nonspendable	1,835,929	-	39,695
Restricted	-	3,089,343	16,991,320
Committed	4,291,000	-	-
Assigned	5,750,295	-	2,521,222
	<hr/>	<hr/>	<hr/>
Total fund balances	<u>11,877,224</u>	<u>3,089,343</u>	<u>19,552,237</u>
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 13,577,888</u>	<u>\$ 3,089,343</u>	<u>\$ 20,710,961</u>

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

		Totals	
2013		2012	
\$	26,627,362	\$	24,614,665
	3,289,907		3,295,286
	37,377		31,044
	1,352,801		1,294,498
	1,331		1,331
	29,794		21,288
	7,590		1,446
	1,067,063		1,717,224
	2,410,000		2,410,000
	1,835,929		1,293,565
	39,695		34,322
	679,343		679,343
<u>\$ 37,378,192</u>		<u>\$ 35,394,012</u>	
\$	1,798,069	\$	1,361,705
	851,233		831,808
	7,590		1,446
	-		1,262,696
	202,496		68,000
<u>2,859,388</u>		<u>3,525,655</u>	
	1,875,624		1,327,887
	20,080,663		19,358,671
	4,291,000		4,221,000
	8,271,517		6,960,799
<u>34,518,804</u>		<u>31,868,357</u>	
\$	37,378,192	\$	35,394,012
<u>\$ 37,378,192</u>		<u>\$ 35,394,012</u>	

City of La Verne
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Position
 June 30, 2013

Fund balances of governmental funds	\$	34,518,804
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.</p>		
Capital assets, net of depreciation		55,579,379
<p>Long-term liabilities are not due and payable in the current period and, accordingly, are not reported as liabilities in the funds. All liabilities (both current and long-term) are reported in the statement of net position.</p>		
Revenue bonds payable		(6,550,000)
Pension bonds payable		(5,690,000)
Compensated absences		(2,455,909)
<p>Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds.</p>		
		(185,344)
<p>The City reports a prepaid pension contribution asset on the statement of net position to the extent that contributions to the City's retirement plan exceeds the annual required contribution and results from the City's prepayment of pension contributions prior to the applicable period.</p>		
		6,235,383
<p>Internal service funds are used by management to charge the costs of certain activities, such as equipment management, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.</p>		
		646,779
Net position of governmental activities	\$	82,099,092

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

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City of La Verne
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013
(with comparative data for June 30, 2012)

	General	Special Revenue Fund Housing Authority	Nonmajor Governmental Funds
Revenues:			
Property taxes	\$ 7,912,524	\$ -	\$ -
Other taxes	7,592,732	-	1,301,751
Licenses and permits	1,770,133	-	15,392
Intergovernmental	2,954,742	-	1,417,611
Charges for services	6,768,587	-	1,424,045
Fines and forfeitures	17,873	-	1,425,210
Special assessment	-	-	343,242
Investment income	41,952	-	394,357
Rents	184,353	-	1,690,554
Miscellaneous	426,994	-	318,363
Total revenues	<u>27,669,890</u>	<u>-</u>	<u>8,330,525</u>
Expenditures:			
Current:			
General government	1,615,484	-	1,320
Public safety	16,625,207	-	1,733,946
Community development	1,356,613	-	1,413,587
Public works	5,914,061	-	6,000
Community services	1,262,242	-	1,055,947
Capital projects	-	-	1,258,648
Debt service:			
Principal retirement	-	-	270,000
Interest	-	350,000	482,013
Pass through obligations/SERAF	-	-	-
AB 1484 demand payment	-	-	-
Developer fees	-	1,150,000	-
Total expenditures	<u>26,773,607</u>	<u>1,500,000</u>	<u>6,221,461</u>
Excess (deficiency) of revenues over (under) expenditures	<u>896,283</u>	<u>(1,500,000)</u>	<u>2,109,064</u>
Other Financing Sources (Uses):			
Transfers in	2,939,273	-	2,156,115
Transfers out	(2,156,115)	-	(1,794,173)
Proceeds on sale of capital assets	-	-	-
Total other financing sources (uses)	<u>783,158</u>	<u>-</u>	<u>361,942</u>
Extraordinary item:			
Gain (loss) on dissolution of redevelopment agency	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,679,441	(1,500,000)	2,471,006
Fund balances, beginning of year	<u>10,197,783</u>	<u>4,589,343</u>	<u>17,081,231</u>
Fund balances, end of year	<u>\$ 11,877,224</u>	<u>\$ 3,089,343</u>	<u>\$ 19,552,237</u>

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

Totals	
2013	2012
\$ 7,912,524	\$ 10,606,419
8,894,483	8,690,987
1,785,525	1,590,421
4,372,353	5,346,891
8,192,632	7,593,133
1,443,083	1,719,687
343,242	341,324
436,309	434,077
1,874,907	1,854,032
745,357	755,099
<u>36,000,415</u>	<u>38,932,070</u>
1,616,804	1,912,520
18,359,153	17,915,253
2,770,200	3,256,434
5,920,061	5,962,047
2,318,189	2,401,722
1,258,648	1,155,260
270,000	540,001
832,013	677,465
-	4,097,695
-	1,262,696
<u>1,150,000</u>	<u>-</u>
<u>34,495,068</u>	<u>39,181,093</u>
<u>1,505,347</u>	<u>(249,023)</u>
5,095,388	3,889,699
(3,950,288)	(2,833,854)
-	800
<u>1,145,100</u>	<u>1,056,645</u>
-	(1,881,404)
2,650,447	(1,073,782)
<u>31,868,357</u>	<u>32,942,139</u>
<u>\$ 34,518,804</u>	<u>\$ 31,868,357</u>

City of La Verne
 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, 2013

Change in fund balances of governmental funds \$ 2,650,447

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense and transfers of capital assets exceeded capital outlay in the current year. This activity is reconciled as follows:

Cost of assets capitalized, less disposals	
at net book value (net of Internal Service Fund)	913,100
Depreciation expense (net of Internal Service Fund)	(3,002,736)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has an effect on net position.

Principal payments on long-term debt	805,000
--------------------------------------	---------

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

Increase in compensated absences payable	(174,720)
Decrease in accrued interest payable on long-term debt	8,805

Prepaid pension cost are recorded as an expenditure in the governmental funds, whereas these costs are amortized over the period of benefit in the statement of activities.

(271,104)

Internal service funds are used by management to charge the costs of certain activities, such as equipment management, to individual funds. The net revenues (expenses) of the internal service funds are reported with governmental activities.

<u>(102,268)</u>

Change in net position of governmental activities \$ 826,524

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

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City of La Verne
Statement of Fund Net Position
Proprietary Funds
June 30, 2013
(with comparative data for June 30, 2012)

	Business Type Activities - Enterprise Funds		
	Water	Sewer	Total
Assets:			
Current assets:			
Cash and investments	\$ 8,725,678	\$ 4,879,692	\$ 13,605,370
Interest receivable	11,250	6,379	17,629
Accounts receivable	2,269,265	256,063	2,525,328
Due from other governments	-	1,829	1,829
Prepaid items	1,100	-	1,100
Inventory of material and supplies, at cost	-	-	-
Notes receivable	276,500	-	276,500
Due from Successor Agency	551,365	-	551,365
Total current assets	11,835,158	5,143,963	16,979,121
Noncurrent assets:			
Capital assets:			
Capital assets not being depreciated	1,963,477	68,980	2,032,457
Capital assets being depreciated, net of accumulated depreciation	17,104,114	5,610,070	22,714,184
Investment in water rights	11,976,728	-	11,976,728
Total noncurrent assets	31,044,319	5,679,050	36,723,369
Total assets	42,879,477	10,823,013	53,702,490
Liabilities:			
Current liabilities:			
Accounts payable	1,282,227	6,497	1,288,724
Accrued expenses	65,097	27,832	92,929
Accrued interest payable	5,335	-	5,335
Compensated absences - current	84,394	44,649	129,043
Capital lease payable - current	800,179	-	800,179
Total current liabilities	2,237,232	78,978	2,316,210
Long-term liabilities:			
Deposit payable	138,829	-	138,829
Compensated absences - noncurrent	144,193	76,286	220,479
Capital lease payable - noncurrent	-	-	-
Total long-term liabilities	283,022	76,286	359,308
Total liabilities	2,520,254	155,264	2,675,518
Net position:			
Net investment in capital assets	30,244,140	5,679,050	35,923,190
Unrestricted	10,115,083	4,988,699	15,103,782
Total net position	\$ 40,359,223	\$ 10,667,749	\$ 51,026,972

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

Governmental Activities Internal Service Fund	Totals	
	2013	2012
\$ 535,203	\$ 14,140,573	\$ 14,135,706
673	18,302	19,198
15,225	2,540,553	2,119,921
-	1,829	2,128
8,338	9,438	5,321
133,076	133,076	164,987
-	276,500	316,000
-	551,365	551,365
<u>692,515</u>	<u>17,671,636</u>	<u>17,314,626</u>
-	2,032,457	2,032,457
1,502,831	24,217,015	24,789,958
-	11,976,728	11,976,728
<u>1,502,831</u>	<u>38,226,200</u>	<u>38,799,143</u>
<u>2,195,346</u>	<u>55,897,836</u>	<u>56,113,769</u>
25,404	1,314,128	1,016,695
20,332	113,261	107,954
-	5,335	9,863
-	129,043	129,043
-	800,179	776,390
<u>45,736</u>	<u>2,361,946</u>	<u>2,039,945</u>
-	138,829	159,089
56,428	276,907	243,338
-	-	800,178
<u>56,428</u>	<u>415,736</u>	<u>1,202,605</u>
<u>102,164</u>	<u>2,777,682</u>	<u>3,242,550</u>
1,502,831	37,426,021	37,222,575
590,351	15,694,133	15,648,644
<u>\$ 2,093,182</u>	<u>\$ 53,120,154</u>	<u>\$ 52,871,219</u>

City of La Verne
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2013
(with comparative data for June 30, 2012)

	Business Type Activities - Enterprise Funds		
	Water	Sewer	Total
Operating revenues:			
Charges for services	\$ 10,517,927	\$ 1,429,643	\$ 11,947,570
Total operating revenues	<u>10,517,927</u>	<u>1,429,643</u>	<u>11,947,570</u>
Operating expenses:			
Administration	675,467	572,142	1,247,609
Maintenance	381,379	371,635	753,014
Production	6,474,394	-	6,474,394
Transmission and distribution	579,156	-	579,156
Customer service	645,430	-	645,430
Depreciation	887,662	230,291	1,117,953
Total operating expenses	<u>9,643,488</u>	<u>1,174,068</u>	<u>10,817,556</u>
Operating income (loss)	<u>874,439</u>	<u>255,575</u>	<u>1,130,014</u>
Nonoperating revenues (expenses):			
Investment income	52,204	22,540	74,744
Interest expense	(41,065)	-	(41,065)
Gain (loss) on sale of capital assets	(84)	(84)	(168)
Miscellaneous	40,368	-	40,368
Total nonoperating revenues (expenses)	<u>51,423</u>	<u>22,456</u>	<u>73,879</u>
Income (loss) before contributions and transfers	925,862	278,031	1,203,893
Capital contributions	-	292,410	292,410
Transfers in	-	10,000	10,000
Transfers out	(1,014,900)	(140,200)	(1,155,100)
Change in net position	(89,038)	440,241	351,203
Net position, beginning of year	<u>40,448,261</u>	<u>10,227,508</u>	<u>50,675,769</u>
Net position, end of year	<u>\$ 40,359,223</u>	<u>\$ 10,667,749</u>	<u>\$ 51,026,972</u>

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

Governmental Activities - Internal Service Funds	Totals	
	2013	2012
\$ 1,328,160	\$ 13,275,730	\$ 11,632,498
<u>1,328,160</u>	<u>13,275,730</u>	<u>11,632,498</u>
320,761	1,568,370	1,631,032
908,839	1,661,853	1,456,192
-	6,474,394	5,818,061
-	579,156	587,741
-	645,430	718,864
<u>205,828</u>	<u>1,323,781</u>	<u>1,351,683</u>
<u>1,435,428</u>	<u>12,252,984</u>	<u>11,563,573</u>
<u>(107,268)</u>	<u>1,022,746</u>	<u>68,925</u>
2,152	76,896	162,174
-	(41,065)	(67,936)
2,848	2,680	-
-	40,368	-
<u>5,000</u>	<u>78,879</u>	<u>94,238</u>
(102,268)	1,101,625	163,163
-	292,410	-
-	10,000	29,255
-	(1,155,100)	(1,085,100)
<u>(102,268)</u>	<u>248,935</u>	<u>(892,682)</u>
<u>2,195,450</u>	<u>52,871,219</u>	<u>53,763,901</u>
<u>\$ 2,093,182</u>	<u>\$ 53,120,154</u>	<u>\$ 52,871,219</u>

City of La Verne
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013
(with comparative data for June 30, 2012)

	Business Type Activites - Enterprise Funds		
	Water	Sewer	Total
Cash flows from operating activities:			
Cash received from users	\$ 10,167,224	\$ 1,397,726	\$ 11,564,950
Cash payments to suppliers for goods and services	(6,787,646)	(251,502)	(7,039,148)
Cash payments to employees for services	(1,614,202)	(710,759)	(2,324,961)
Net cash provided by operating activities	<u>1,765,376</u>	<u>435,465</u>	<u>2,200,841</u>
Cash flows from noncapital financing activities:			
Cash received from other funds	-	10,000	10,000
Cash paid to other funds	(1,014,900)	(140,200)	(1,155,100)
Net cash used for noncapital financing activities	<u>(1,014,900)</u>	<u>(130,200)</u>	<u>(1,145,100)</u>
Cash flows from capital and related financing activities:			
Principal paid on capital-related debt	(776,389)	-	(776,389)
Interest paid on capital-related debt	(45,593)	-	(45,593)
Cash paid to purchase capital assets	(224,845)	-	(224,845)
Proceeds from sale of capital assets	-	-	-
Net cash used for capital and related financing activities	<u>(1,046,827)</u>	<u>-</u>	<u>(1,046,827)</u>
Cash flows from investing activities:			
Notes receivable	39,500	-	39,500
Interest on investments	53,168	22,255	75,423
Net cash provided by investing activities	<u>92,668</u>	<u>22,255</u>	<u>114,923</u>
Net increase (decrease) in cash and investments	(203,683)	327,520	123,837
Cash and investments, beginning of year	<u>8,929,361</u>	<u>4,552,172</u>	<u>13,481,533</u>
Cash and investments, end of year	<u>\$ 8,725,678</u>	<u>\$ 4,879,692</u>	<u>\$ 13,605,370</u>

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

Governmental Activities - Internal Service Fund	Totals	
	2013	2012
\$ 1,312,935	\$ 12,877,885	\$ 11,500,644
(702,140)	(7,741,288)	(7,412,507)
(498,851)	(2,823,812)	(2,882,507)
<u>111,944</u>	<u>2,312,785</u>	<u>1,205,630</u>
-	10,000	126,449
-	(1,155,100)	(1,085,100)
<u>-</u>	<u>(1,145,100)</u>	<u>(958,651)</u>
-	(776,389)	(750,438)
-	(45,593)	(72,314)
(256,007)	(480,852)	(339,412)
22,724	22,724	-
<u>(233,283)</u>	<u>(1,280,110)</u>	<u>(1,162,164)</u>
-	39,500	39,500
2,369	77,792	191,913
<u>2,369</u>	<u>117,292</u>	<u>231,413</u>
(118,970)	4,867	(683,772)
<u>654,173</u>	<u>14,135,706</u>	<u>14,819,478</u>
<u>\$ 535,203</u>	<u>\$ 14,140,573</u>	<u>\$ 14,135,706</u>

City of La Verne
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2013
(with comparative data for June 30, 2012)

	Business Type Activities - Enterprise Funds		
	Water	Sewer	Total
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	<u>\$ 874,439</u>	<u>\$ 255,575</u>	<u>\$ 1,130,014</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	887,662	230,291	1,117,953
Miscellaneous revenues	40,368	-	40,368
(Increase) decrease in:			
Accounts receivable	(370,811)	(32,216)	(403,027)
Due from other governments	-	299	299
Prepaid items	-	-	-
Inventory of materials and supplies, at cost	-	-	-
Increase (decrease) in:			
Accounts payable	335,622	(27,993)	307,629
Accrued expenses	3,400	425	3,825
Deposits payable	(20,260)	-	(20,260)
Compensated absences	<u>14,956</u>	<u>9,084</u>	<u>24,040</u>
 Total adjustments	<u>890,937</u>	<u>179,890</u>	<u>1,070,827</u>
 Net cash provided by operating activities	<u>\$ 1,765,376</u>	<u>\$ 435,465</u>	<u>\$ 2,200,841</u>

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

Governmental Activities - Internal Service Fund	Totals	
	2013	2012
\$ (107,268)	\$ 1,022,746	\$ 68,925
205,828	1,323,781	1,351,683
	40,368	-
(15,225)	(418,252)	(127,801)
-	299	5,016
(4,117)	(4,117)	1,000
31,911	31,911	(14,538)
(10,196)	297,433	(50,541)
1,482	5,307	(3,949)
-	(20,260)	(9,069)
9,529	33,569	(15,096)
219,212	1,290,039	1,136,705
\$ 111,944	\$ 2,312,785	\$ 1,205,630

City of La Verne
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013
(with comparative data for June 30, 2012)

	Successor Agency to the Redevelopment Agency of the City of La Verne			
	Private-purpose Trust Fund		Agency Funds	
	2013	2012	2013	2012
Assets:				
Cash and investments	\$ 1,013,246	\$ 2,842,920	\$ 4,916,236	\$ 7,912,031
Cash and investments with fiscal agents	-	-	765,379	720,004
Interest receivable	-	-	727	4,329
Account receivable	-	-	11,994	366
Notes receivable	135,000	150,000	-	-
Due from other governments	-	-	1,585,731	1,432,276
Prepaid items	653	-	-	81,410
Land held for resale	1,547,598	1,547,598	-	-
Capital assets:				
Capital assets not being depreciated	79,736	79,736	-	-
Capital assets being depreciated, net of accumulated depreciation	7,608	8,428	-	-
Total assets	<u>2,783,841</u>	<u>4,628,682</u>	<u>\$ 7,280,067</u>	<u>\$ 10,150,416</u>
Liabilities:				
Accounts payable	2,549	10,672	\$ 1,173,073	\$ 1,952,554
Accrued expenses	10,539	28,941	-	-
Due to other governments	34,025	1,938,935	-	-
Due to City of La Verne	2,961,365	2,961,365	-	-
Deposits payable	-	-	5,036,719	7,048,113
Held for bondholders	-	-	1,070,275	1,149,749
Long-term liabilities:				
Due within one year	298,537	284,023	-	-
Due beyond one year	1,737,026	4,574,850	-	-
Total liabilities	<u>5,044,041</u>	<u>9,798,786</u>	<u>\$ 7,280,067</u>	<u>\$ 10,150,416</u>
Net position:				
Net position held for dissolution of redevelopment agency	<u>(2,260,200)</u>	<u>(5,170,104)</u>		
Total net position (deficit)	<u>\$ (2,260,200)</u>	<u>\$ (5,170,104)</u>		

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

City of La Verne
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2013

	Successor Agency to the Redevelopment Agency of the City of La Verne Private-purpose Trust Fund	
	2013	2012
Additions:		
Property taxes	\$ 1,168,631	\$ 172,000
Total additions	1,168,631	172,000
Deductions:		
Administrative expenses	288,755	349,435
Program expenses	86,488	45,607
Depreciation expenses	820	30
AB 1484 demand payment	122,014	1,904,910
Interest expense	299,937	152,847
Total deductions	798,014	2,452,829
Special item - discharge of indebtedness	2,539,287	-
Extraordinary loss on dissolution of redevelopment agency	-	(2,889,275)
Change in net position	2,909,904	(5,170,104)
Net position (deficit), beginning of year	(5,170,104)	-
Net position (deficit), end of year	\$ (2,260,200)	\$ (5,170,104)

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

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Notes to the Basic Financial Statements

City of La Verne
Notes to the Basic Financial Statements
June 30, 2013

(1) Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies of the City of La Verne, California (City):

(a) Description of Reporting Entity

As required by generally accepted accounting principles, these financial statements present the City of La Verne 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 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 for an organization if that 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.

The City of La Verne was incorporated in 1906 under the general laws of the State of California and enjoys all the rights and privileges pertaining to such "General Law" cities.

The La Verne Housing Authority was established to maximize the ability of the City and Redevelopment Agency to use low and moderate income housing funds for housing purposes. Separate financial statements for the Housing Authority are not currently prepared.

The La Verne Financing Authority was established under a joint exercise of powers agreement between the City and the Housing Authority. The Financing Authority was established as a conduit for debt financing. Accordingly, separate financial statements for the Financing Authority are not prepared.

(b) Fund Accounting

The basic accounting and reporting entity is a "fund." A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts, recording resources, related liabilities, obligations, reserves and equities segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

City of La Verne
Notes to the Basic Financial Statements
June 30, 2013

(1) Summary of Significant Accounting Policies (continued)

(b) Fund Accounting

The accounting records of the City are organized on the basis of funds classified for reporting purposes as follows:

Governmental Fund Types:

General Fund

The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. Expenditures of this fund include the general operating expenses and capital improvement costs which are not paid through other funds.

Special Revenue Funds

The Special Revenue Funds are used to account for revenues derived from specific sources which are usually required by law or administrative regulation to be accounted for in a separate fund.

Debt Service Funds

The Debt Service Funds are used to account for resources that are accumulated for the payment of principal and interest of general long-term debt.

Capital Projects Funds

The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

The City reports the following major governmental funds:

General Fund - To account for all financial resources associated with the governments that are not legally required to be accounted for in another fund.

Housing Authority - To account for low and moderate income housing fund resources and activities.

City of La Verne
Notes to the Basic Financial Statements
June 30, 2013

(1) Summary of Significant Accounting Policies (continued)

(b) Fund Accounting (continued)

Proprietary Fund Types:

Enterprise Funds

The Enterprise Funds are used to account for the costs of providing water and sewer services to the general public and to account for the user charges by which these costs are recovered.

The City reports the following major enterprise funds:

Water Fund - To account for the operations of the City's water utility.

Sewer Fund - To account for the operations of the City's sewer utility.

Internal Service Fund

The City has one Internal Service Fund, which is used to finance and account for operating and replacement costs associated with City vehicles. Costs of materials and services used are accumulated in this fund and charged to the user departments as such goods are delivered.

Fiduciary Fund Types:

Successor Agency to the Redevelopment Agency of the City of La Verne (Private-purpose trust fund) - To account for the activities of the former RDA, except for those accounted for in the Housing Authority Fund of the City. This fund's primary purpose is to expedite the dissolution of the former RDA's net position (except for low and moderate housing fund net position) in accordance with AB X1 26 and AB 1484.

Agency Funds

The Agency Funds are used to account for assets held by the City on behalf of private organizations, employees, bondholders and other individuals

City of La Verne
Notes to the Basic Financial Statements
June 30, 2013

(1) Summary of Significant Accounting Policies (continued)

(c) Basis of Accounting and Measurement Focus

The *basic financial statements* of the City are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, establishes accounting and financial reporting standards for financial statements of state and local governments. The standard incorporates into the GASB's authoritative literature the applicable guidance previously only found in certain FASB and American Institute of Certified Public Accountants (AICPA) pronouncements issued before November 30, 1989. The City has elected not to follow FASB standards issued after that date, unless such standards are specifically adopted by GASB.

Government-wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the primary government (including its blended component units). The City of La Verne has no discretely presented component units. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by function to which they were allocated). However, general governmental expenses have not been allocated as indirect expenses to the various functions of the City.

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exception to the general rule is when elimination of the charges would distort the direct costs and program revenues reported for the various functions concerned.

City of La Verne
Notes to the Basic Financial Statements
June 30, 2013

(1) Summary of Significant Accounting Policies (continued)

(c) Basis of Accounting and Measurement Focus (continued)

Program revenues include charges for services, special assessments, and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

Fund Financial Statements

The underlying accounting system of the City is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the primary government's governmental, proprietary, and fiduciary funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental funds, as well as the enterprise funds. Fiduciary statements include financial information for fiduciary funds and similar component units. Fiduciary funds of the City primarily represent assets held by the City in a custodial capacity for other individuals or organizations.

Governmental Funds

In the fund financial statements, governmental funds are presented using the modified-accrual *basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses a sixty-day availability period, except for grant related revenues that are presented using a six-month availability period.

City of La Verne
Notes to the Basic Financial Statements
June 30, 2013

(1) Summary of Significant Accounting Policies (continued)

(c) Basis of Accounting and Measurement Focus (continued)

Revenue recognition is subject to the *measurability* and *availability* criteria for the governmental funds in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction on which they are based takes place. *Imposed non-exchange* transactions are recognized as revenues in the period for which they are imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary non-exchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. Special reporting treatments are used to indicate; however, that they should not be considered "available spendable resources," since they do not represent net current assets. Recognition of governmental fund type revenues represented by noncurrent receivables are deferred until they become current receivables. Noncurrent portions of other long-term receivables are reported as part of nonspendable, restricted, committed or assigned fund balance.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of long-term debt are recorded as *other financing source* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

City of La Verne
Notes to the Basic Financial Statements
June 30, 2013

(1) Summary of Significant Accounting Policies (continued)

(c) Basis of Accounting and Measurement Focus (continued)

The City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* during the year ended June 30, 2011. 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 had designated the City Manager and Finance Officer as the City officials to determine, define, and make the necessary account or fund transfers for the amounts to those components of fund balance that are classified as "Assigned Fund Balance".

When both restricted and unrestricted resources are available for use when an 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 restricted 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 La Verne
Notes to the Basic Financial Statements
June 30, 2013

(1) Summary of Significant Accounting Policies (continued)

(c) Basis of Accounting and Measurement Focus (continued)

Proprietary Funds

The City's Enterprise and Internal Service Funds are proprietary funds. In the fund financial statements, proprietary funds are presented using the *accrual basis of accounting*. Revenues are recognized when they are earned and expenses are recognized when the related goods or services are delivered. In the fund financial statements, proprietary funds are presented using the *economic resources measurement focus*. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Proprietary funds distinguish operating revenues and expenses from *nonoperating* items. Operating revenues and expenses result from providing goods and services related to the fund's ongoing operations. The principal operating revenue of the City's proprietary funds is charges for services. Operating expenses include the cost of services provided, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Amounts paid to acquire capital assets are capitalized as assets in the proprietary funds financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as a liability in the proprietary funds financial statements, rather than as an other financing source. Amounts paid to reduce long-term indebtedness of the proprietary funds are reported as a reduction of the related liability, rather than as an expenditure.

(d) Interfund Transfers

Transfers are reported as other financing sources and uses of funds in the statement of revenues, expenditures and changes in fund balance.

(e) Advances to Other Funds

Long-term interfund advances are recorded as a receivable and as a nonspendable, restricted, committed or assigned fund balance by the advancing governmental fund and as a liability in the receiving fund.

(f) Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds is employed in the governmental funds.

City of La Verne
Notes to the Basic Financial Statements
June 30, 2013

(1) Summary of Significant Accounting Policies (continued)

(g) Cash and Investments

Investments are reported in the accompanying balance sheet 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 investments.

The City pools cash and investments of all funds, except for 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.

For purposes of the statement of cash flows, the City presents beginning balances, net increase (decrease) and ending balances of cash and investments, as the City internally pools its cash and investments together.

(h) Inventories

Inventories, consisting principally of supplies and petroleum products held by the Internal Service Fund are stated at lower of cost or market using the first-in first-out (FIFO) method.

(i) Loans Receivable

The portion of the fund balance reported as nonspendable, restricted, committed, or assigned for loans receivable represents amounts associated with non-current loans receivable which does not represent resources currently available for appropriation.

(j) Land Held for Resale

Land held for resale represents land that was acquired for resale in accordance with the objective of the Redevelopment Project. These costs will be charged to current year project expenditures when the related land is sold. Land held for resale is valued at the lower of cost or the estimated net realizable value. A portion of fund balance is reported as nonspendable, restricted, committed or assigned for land held for resale to indicate that a portion of fund balance is not available for future expenditures.

City of La Verne
Notes to the Basic Financial Statements
June 30, 2013

(1) Summary of Significant Accounting Policies (continued)

(k) Capital Assets

Capital assets (including infrastructure) greater than \$5,000 with a useful life of at least three years are capitalized and recorded at cost or at their estimated fair value of the asset at the time of acquisition where complete historical records have not been maintained. Contributed capital assets are valued at their estimated fair market value at the date of the contribution. Capital assets acquired under capital lease are capitalized at the net present value of the total lease payments. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation has been provided using the straight-line method over the estimated useful life of the asset in the government-wide financial statements and in the fund financial statements of the proprietary funds. The estimated useful lives of the assets are as follows:

Buildings and improvements	10 to 30 years
Machinery and equipment	5 to 30 years
Automotive equipment	5 to 20 years
Office furniture and equipment	5 to 30 years
Infrastructure:	
Pavement	10 to 40 years
Traffic signals	50 years
Bridges	100 years
Water system and other improvements:	
Property, plant and equipment	10 to 50 years
Sewer system and other improvements:	
Property, plant and equipment	50 years
Sewer manholes	50 years
Sewer mains	50 years

(l) Compensated Absences

Permanent general city employees earn from 10 to 20 vacation days a year, depending upon their length of employment, and 11 sick days a year. Employees generally can carry forward all of their earned vacation days and sick leave days for use in subsequent years.

Upon termination or retirement, permanent employees are entitled to receive compensation at their current base salary-for all unused vacation leave, except for those employees that have not completed six months of continuous service. In addition, an employee is eligible for sick leave benefits upon termination only after 15 years of service. The employee is entitled to convert sick leave to vacation based on years of service with a cap of 500 hours.

City of La Verne
Notes to the Basic Financial Statements
June 30, 2013

(1) Summary of Significant Accounting Policies (continued)

(l) Compensated Absences (continued)

In accordance with GASB Statement No. 16, a 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. This amount is estimated using the termination payment method, which is based upon the City's past experience of making terminating payments for sick leave. 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 employees.

If material, a proprietary fund liability is accrued for all earned but unused leave benefits relating to the operations of the proprietary funds. A current liability is accrued in the governmental funds for employee leave benefits expected to be paid from expendable, available financial resources as of the balance sheet date. Generally, this is interpreted to mean amounts expected to be paid within 60 days of the balance sheet date.

Compensated absences are primarily liquidated by the General Fund and Water Fund.

(m) Property Taxes

Property taxes are attached as an enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments on December 10 and April 10. Any unpaid amounts at the end of the fiscal year are recorded as taxes receivable in accordance with the City's accrued revenue policy as stated previously in note 1. The County of Los Angeles bills and collects the property taxes and subsequently remits the amount due to the City in installments during the year. The County is permitted by State Law (Article XIII A of the California Constitution) to levy taxes at one percent (1 %) of full market value at the time of purchase and can increase the property's value no more than two percent (2%) per year. The City receives a share of this basic levy proportionate to what it received in the 1976 to 1978 period.

(n) Accounting Treatment for Self-insurance Activities

The City records a liability in the government-wide financial statements for litigation, judgments and claims (including losses incurred but not reported) when it is probable that an asset has been impaired or a liability has been incurred prior to year-end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated. Expenditures for claims and judgments are charged to governmental funds as they become payable from available expendable financial resources.

City of La Verne
Notes to the Basic Financial Statements
June 30, 2013

(1) Summary of Significant Accounting Policies (continued)

(o) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenue and expenditures during the reporting period.

(p) Prior Year Data

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's prior year financial statements, from which this selected financial data was derived.

(q) Implementation of New Pronouncements

The City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement is designed to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on the government's net position.

Deferred outflows of resources are transactions that result in the consumption of net position in one period that are applicable to future periods and are not considered assets as described by the statement. Deferred outflows of resources are required to be presented separately after assets on the statement of net position.

Deferred inflows of resources are transactions that result in the acquisition of net position in one period that are applicable to future periods and are not considered to be liabilities as described by the statement. Deferred inflows of resources are required to be presented separately after liabilities on the statement of net position.

The statement defines net position as the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

For the years covered by these financial statements, the City had no transactions that would be classified as deferred inflows or outflows of resources.

City of La Verne
Notes to the Basic Financial Statements
June 30, 2013

(2) Cash and Investments

Cash and investments as of June 30, 2013 are classified in the accompanying financial statements as follows:

Statement of Net Position:

Cash and investments	\$ 40,767,935
Cash and investments with fiscal agent	3,289,907

Statement of Fiduciary Assets and Liabilities:

Cash and investments	5,929,482
Cash and investments with fiscal agent	<u>765,379</u>

Total cash and investments	<u>\$ 50,752,703</u>
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Cash and investments as of June 30, 2013 consist of the following:

Cash on hand	\$ 119,550
Deposits with financial institutions	18,153,579
Investments	<u>32,479,574</u>

Total cash and investments	<u>\$ 50,752,703</u>
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City of La Verne
Notes to the Basic Financial Statements
June 30, 2013

(2) Cash and Investments (continued)

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 and the City's investment policy. The table also identifies certain provisions of the California Government Code (or the City's investment policy, if more restrictive) that address interest rate risk and concentration of credit risk. This table does not address investments of debt proceeds held by the fiscal agent 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.

Investment Types Authorized by State Law	Authorized By Investment Policy	*Maximum Maturity	*Maximum Percentage of Portfolio	*Maximum Investment in One Issuer
Local Agency Bonds	Yes	5 years	None	None
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	Yes	5 years	None	None
Banker's Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	25%	10%
Negotiable Certificates of Deposit	Yes	5 years	30%	None
Repurchase Agreements	Yes	1 year	None	None
Reverse Repurchase Agreements	No	92 days	20% of base value	None
Medium-Term Notes	Yes	5 years	30%	None
Mutual Funds	Yes	N/A	15%	10%
Money Market Mutual Funds	Yes	N/A	20%	10%
Mortgage Pass-Through Securities	Yes	5 years	20%	None
County Pooled Investment Funds	Yes	N/A	None	None
Local Agency Investment Funds (LAIF)	Yes	N/A	None	None
JPA Pools (other investment pools)	Yes	N/A	None	None

* Based on state law requirements or investment policy requirements, whichever is more restrictive.

City of La Verne
Notes to the Basic Financial Statements
June 30, 2013

(2) Cash and Investments (continued)

Investments Authorized by Debt Agreements

Investment of debt proceeds held by the fiscal agent 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 generally authorized for investments held by the fiscal agent. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	360 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None
Certificates of Deposit	None	None	None
Repurchase Agreements	None	None	None
Mortgage Pass-Through Securities	None	None	None
State Bonds or Notes	None	None	None
Municipal Bonds or Notes	None	None	None

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.

City of La Verne
Notes to the Basic Financial Statements
June 30, 2013

(2) Cash and Investments (continued)

Information about the sensitivity of the fair values of the City's investments (including investments held by fiscal agent) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Total	Remaining Maturity	
		1 Year or Less	1 to 5 Years
US Agency Securities	\$ 18,000,000	\$ -	\$ 18,000,000
State investment pool	10,424,288	10,424,288	-
Held by fiscal agent:			
Money market funds	<u>4,055,286</u>	<u>4,055,286</u>	<u>-</u>
Total	<u>\$ 32,479,574</u>	<u>\$ 14,479,574</u>	<u>\$ 18,000,000</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. 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 year end for each investment type.

Investment Type	Total	Minimum Legal Rating	Ratings as of Year End		
			AAA	AA+	Not Rated
US Agency Securities	\$ 18,000,000	N/A	\$ -	\$18,000,000	\$ -
State investment pool	10,424,288	N/A	-	-	10,424,288
Held by fiscal agent:					
Money market funds	<u>4,055,286</u>	N/A	<u>4,055,286</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 32,479,574</u>		<u>\$4,055,286</u>	<u>\$18,000,000</u>	<u>\$ 10,424,288</u>

City of La Verne
Notes to the Basic Financial Statements
June 30, 2013

(2) Cash and Investments (continued)

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. 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 are as follows:

Issuer	Investment Type	Reported Amount
Federal Farm Credit Bank	US Agency Securities	\$ 8,000,000
Federal Home Loan Bank	US Agency Securities	10,000,000

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 market 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 City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2013, none of the City's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

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.

City of La Verne
Notes to the Basic Financial Statements
June 30, 2013

(3) Interfund Receivables, Payables and Transfers

Current interfund receivables and payables as of June 30, 2013 are as follows:

Receivable	Payable	Amount
General Fund	Community Development	\$ 7,590

Interfund receivables and payables were created in order to eliminate short-term deficit cash balances.

Transfers in and out for the year ended June 30, 2013 were as follows:

Transfers From	Transfers To	Amount
General Fund	Nonmajor Governmental Funds	\$ 2,156,115 (1)
Nonmajor Governmental Funds	General Fund	1,784,173 (2)
Nonmajor Governmental Funds	Sewer Fund	10,000
Water Fund	General Fund	1,014,900 (3)
Sewer Fund	General Fund	140,200
Total		<u>\$ 5,105,388</u>

- (1) Transfers were mainly to help cover costs for various capital projects activities.
- (2) To help cover costs for street maintenance and police and safety, and to transfer trustee funds.
- (3) To allocate and reimburse the General Fund for support, overhead costs, and service fees.

City of La Verne
Notes to the Basic Financial Statements
June 30, 2013

(4) Capital Assets

The following is a summary of capital assets for the year ended June 30, 2013:

Governmental activities:	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 11,769,903	\$ -	\$ -	\$ 11,769,903
Land rights (associated with streets)	9,618,593	-	-	9,618,593
Construction in progress	39,543	-	(39,543)	-
Total capital assets, not being depreciated	<u>21,428,039</u>	<u>-</u>	<u>(39,543)</u>	<u>21,388,496</u>
Capital assets, being depreciated:				
Buildings and other improvements	22,501,141	251,237	(71,157)	22,681,221
Automotive equipment	6,123,644	285,557	(173,332)	6,235,869
Machinery and equipment	5,147,021	181,680	(134,407)	5,194,294
Office furniture and equipment	947,239	31,120	(52,896)	925,463
Infrastructure - streets	79,615,680	437,500	(180,000)	79,873,180
Infrastructure - bridges	2,648,850	-	-	2,648,850
Infrastructure - signals	2,375,200	47,800	-	2,423,000
Total capital assets, being depreciated	<u>119,358,775</u>	<u>1,234,894</u>	<u>(611,792)</u>	<u>119,981,877</u>
Less accumulated depreciation for:				
Buildings and other improvements	(9,609,943)	(635,028)	63,914	(10,181,057)
Automotive equipment	(3,272,372)	(328,570)	155,999	(3,444,943)
Machinery and equipment	(2,829,672)	(307,373)	120,966	(3,016,079)
Office furniture and equipment	(693,170)	(44,966)	44,793	(693,343)
Infrastructure - streets	(64,354,415)	(1,807,997)	180,000	(65,982,412)
Infrastructure - bridges	(1,066,250)	(26,490)	-	(1,092,740)
Infrastructure - signals	(1,322,280)	(58,140)	-	(1,380,420)
Total accumulated depreciation	<u>(83,148,102)</u>	<u>(3,208,564)</u>	<u>565,672</u>	<u>(85,790,994)</u>
Total capital assets being depreciated, net	<u>36,210,673</u>	<u>(1,973,670)</u>	<u>(46,120)</u>	<u>34,190,883</u>
Governmental activities, capital assets, net	<u>\$ 57,638,712</u>	<u>\$ (1,973,670)</u>	<u>\$ (85,663)</u>	<u>\$ 55,579,379</u>

City of La Verne
Notes to the Basic Financial Statements
June 30, 2013

(4) Capital Assets (continued)

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

Governmental Activities:	
General government	\$ 52,590
Public safety	689,048
Community development	13,380
Public works	2,096,567
Parks and community services	<u>356,979</u>
Total - governmental activities	<u>\$ 3,208,564</u>

Business-type activities:	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,032,457	\$ -	\$ -	\$ 2,032,457
Total capital assets, not being depreciated	<u>2,032,457</u>	<u>-</u>	<u>-</u>	<u>2,032,457</u>
Capital assets, being depreciated:				
Buildings and other improvements	228,340	-	-	228,340
Automotive equipment	290,103	-	(25,492)	264,611
Machinery and equipment	411,854	-	-	411,854
Office furniture and equipment	161,758	-	-	161,758
Reservoirs	6,080,496	-	-	6,080,496
Water distribution system	35,363,530	224,845	-	35,588,375
Sewer collection system	16,678,639	292,410	-	16,971,049
Total capital assets, being depreciated	<u>59,214,720</u>	<u>517,255</u>	<u>(25,492)</u>	<u>59,706,483</u>
Less accumulated depreciation for:				
Buildings and other improvements	(115,464)	(8,013)	-	(123,477)
Automotive equipment	(248,395)	(1,271)	22,944	(226,722)
Machinery and equipment	(260,862)	(17,268)	-	(278,130)
Office furniture and equipment	(134,457)	(5,293)	-	(139,750)
Reservoirs	(3,756,009)	(113,688)	-	(3,869,697)
Water distribution system	(20,165,497)	(749,108)	-	(20,914,605)
Sewer collection system	(11,216,606)	(223,312)	-	(11,439,918)
Total accumulated depreciation	<u>(35,897,290)</u>	<u>(1,117,953)</u>	<u>22,944</u>	<u>(36,992,299)</u>
Total capital assets being depreciated, net	<u>23,317,430</u>	<u>(600,698)</u>	<u>(2,548)</u>	<u>22,714,184</u>
Business-type activities, capital assets, net	<u>\$ 25,349,887</u>	<u>\$ (600,698)</u>	<u>\$ (2,548)</u>	<u>\$ 24,746,641</u>

City of La Verne
Notes to the Basic Financial Statements
June 30, 2013

(5) Due from Successor Agency / Due to City – Successor Agency / City

Due From Successor Agency and Due To City balances at June 30, 2013 were as follows:

Receivable	Payable	Amount
Housing Authority	Successor Agency to the Redevelopment Agency of the City of La Verne	\$ 2,410,000
Water Fund	Successor Agency to the Redevelopment Agency of the City of La Verne	551,365
Total		<u>\$ 2,961,365</u>

In July 2005, the City of La Verne's Water Utility Enterprise Fund advanced to the City of La Verne Redevelopment Agency \$2,289,000 at an interest rate of 4% to be paid back over 10 years. In January 2008, the Agency paid off a portion of the advance. During fiscal year 2012, this liability was transferred to the Successor Agency to the Redevelopment Agency of the City of La Verne due to the dissolution of the Redevelopment Agency. The amount outstanding at June 30, 2013 is \$551,365.

Per a loan agreement by the Agency, a \$2,410,000 advance was made from the RDA Low and Moderate Housing Fund to the RDA Debt Service Fund. This advance is to be used to help make the Supplemental Educational Revenue Augmentation Funds (SERAF) obligation. The advance is to be repaid over a five year period ending June 2015. During fiscal year 2011, a payment of \$480,000 was made on the \$2,400,000 advance. In addition, a new advance of \$490,000 was issued, and is to be repaid over a five year period ending June 2016. During fiscal year 2012, this liability was transferred to the Successor Agency to the Redevelopment Agency of the City of La Verne due to the dissolution of the Redevelopment Agency. The amount outstanding at June 30, 2013 is \$2,410,000.

City of La Verne
Notes to the Basic Financial Statements
June 30, 2013

(6) Long-term Liabilities

Long-term liability activity for the year ended June 30, 2013 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
Revenue Bonds:					
1996 Revenue Bonds	\$ 6,820,000	\$ -	\$ (270,000)	\$ 6,550,000	\$ 290,000
Pension Bonds:					
2006 Pension Bonds	6,225,000	-	(535,000)	5,690,000	595,000
Compensated absences	2,271,660	848,809	(664,560)	2,455,909	691,803
Total governmental activities	<u>\$ 15,316,660</u>	<u>\$ 848,809</u>	<u>\$ (1,469,560)</u>	<u>\$ 14,695,909</u>	<u>\$ 1,576,803</u>
Business-type activities:					
Compensated absences	\$ 325,482	\$ 148,578	\$ (124,538)	\$ 349,522	\$ 129,043
Capital lease - water rights	1,576,568	-	(776,389)	800,179	800,179
Total business-type activities	<u>\$ 1,902,050</u>	<u>\$ 148,578</u>	<u>\$ (900,927)</u>	<u>\$ 1,149,701</u>	<u>\$ 929,222</u>

A. Revenue Bonds

On July 17, 1996 revenue bonds were issued by the La Verne Public Financing Authority (the Authority) in the amount of \$9,245,000. The bonds were issued to finance the acquisition of the La Verne Mobile Country Club and to finance and reimburse the City for construction costs of a community sports complex. The net income of the mobile home park operations and a portion of the tax allocation revenues of the Low and Moderate Income Housing Fund of the Redevelopment Agency are pledged toward payment of the bonds. In addition, the Authority is required to operate the park to ensure that the ratio of pledged payments plus net park revenues to the annual debt service for any particular year is at least 1.3 to 1.

City of La Verne
Notes to the Basic Financial Statements
June 30, 2013

(6) Long-term Liabilities (continued)

A. Revenue Bonds (continued)

Interest on the bonds is payable semi-annually on March 1 and September 1 of each year. Of the total issue, \$1,940,000 mature serially through September 1, 2009 in annual principal installments ranging from \$115,000 to \$220,000, subject to optional redemption beginning September 1, 2006, and pay interest varying from 5% to 6.6%; \$1,680,000 are 6% term bonds due September 1, 2015 and are subject to mandatory redemption from sinking fund payments in amounts ranging from \$235,000 to \$330,000; and \$5,625,000 are 7.25% term bonds due on September 1, 2026 and are subject to mandatory redemption from sinking fund payments in amounts ranging from \$350,000 to \$710,000. The principal balance outstanding at June 30, 2013 was \$6,550,000.

B. Pension Bonds

On April 20, 2006, taxable pension obligation refunding bonds were issued in the amount of \$8,380,000. The City is a member of the California Public Employees' Retirement System ("PERS") and, as such, is obligated to make contributions to PERS to fund pension benefits for City employees who are members of PERS, to amortize the unfunded actuarial accrued liability with respect to such pension benefits, and to appropriate funds for the purposes thereof. The bonds were issued to refund a portion of the City's obligations to PERS and to pay the costs of the issuance of the bonds.

Interest on the bonds is payable semi-annually on June 1 and December 1, commencing December 1, 2006. Of the total issue, \$1,675,000 mature serially through June 1, 2011 in annual principal installments ranging from \$225,000 to \$430,000, and pay interest varying from 5.25% to 5.49%; \$2,995,000 are 5.62% term bonds due on June 1, 2016 and are subject to mandatory redemption from sinking fund payments in amounts ranging from \$480,000 to \$725,000; and \$3,710,000 are 6.00% term bonds due on June 1, 2020 and are subject to mandatory redemption from sinking fund payments in amounts ranging from \$800,000 to \$1,060,000. The principal balance outstanding at June 30, 2013 was \$5,690,000.

C. Capital Lease - Water Rights

In November 1984, Three Valleys Municipal Water District entered into a lease agreement under which Central Bank Leasing will construct a water treatment facility, water transmission lines, three hydroelectric generating stations and an administration facility. The facility was originally financed through Certificates of Participation totaling \$21,915,000 which was to finance Three Valleys' and the City of La Verne's participation in the facility, and through the issuance of \$6,000,000 of variable rate Certificates of Participation to finance the Southern California Water Company's share. The costs of the facility have been allocated among the participants, but the Three Valleys Municipal Water District will own the facility and will operate it for the benefit of the participants.

City of La Verne
Notes to the Basic Financial Statements
June 30, 2013

(6) Long-term Liabilities (continued)

C. Capital Lease - Water Rights (continued)

On October 30, 2003, new Certificates of Participation were issued in a refunding agreement to reduce the interest rates. The total principal amount of this issue is \$16,125,000, of which the City of La Verne's sublease with Three Valleys Municipal Water District is equal to 43.25%, or \$6,974,530. Interest on the new Certificates of Participation is payable semi-annually on May 1 and November 1 of each year at rates ranging from 2.5% to 4.25%. The principal payments are due November 1 beginning in 2004 through 2013 in amounts ranging from approximately \$610,000 to \$800,000. The principal balance outstanding at June 30, 2013 was \$800,179.

These lease obligations do not obligate the City to levy or pledge any form of taxation, nor does this obligation to make lease payments constitute an indebtedness of the City within the meaning of any constitutional or statutory debt limitations or restrictions.

D. Debt Service Requirement to Maturity

Minimum annual requirements to amortize all long-term debt of the City as of June 30, 2013 including minimum future capital lease payments, are as set forth below. Compensated absences have been excluded from the following schedule because minimum annual debt service requirements for this obligation have not been established.

Year Ending June 30,	1996 Revenue Bonds		2006 Pension Bonds		Capital Lease Water Rights		Totals
	Principal	Interest	Principal	Interest	Principal	Interest	
2014	\$ 290,000	\$ 462,413	\$ 595,000	\$ 333,876	\$ 800,179	\$ 16,004	\$ 2,497,472
2015	305,000	441,588	660,000	300,437	-	-	1,707,025
2016	330,000	419,363	725,000	263,345	-	-	1,737,708
2017	350,000	395,125	800,000	222,600	-	-	1,767,725
2018	375,000	368,844	880,000	174,600	-	-	1,798,444
2019	405,000	340,569	970,000	121,800	-	-	1,837,369
2020	435,000	310,119	1,060,000	63,600	-	-	1,868,719
2021	465,000	277,494	-	-	-	-	742,494
2022	500,000	242,513	-	-	-	-	742,513
2023	535,000	204,994	-	-	-	-	739,994
2024	575,000	164,756	-	-	-	-	739,756
2025	615,000	121,619	-	-	-	-	736,619
2026	660,000	75,400	-	-	-	-	735,400
2027	710,000	25,738	-	-	-	-	735,738
Totals	\$ 6,550,000	\$ 3,850,535	\$ 5,690,000	\$ 1,480,258	\$ 800,179	\$ 16,004	\$ 18,386,976

City of La Verne
Notes to the Basic Financial Statements
June 30, 2013

(7) Defined Benefit Pension Plan (PERS)

Plan Description

The City of La Verne 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. PERS issues a publicly available financial report that includes financial statements and required supplementary information for the cost sharing plans that are administered by PERS. Copies of PERS' annual financial report may be obtained from its executive office at 400 "P" Street, Sacramento, California 95814.

Funding policy

The contribution requirements of plan members and the City are established and may be amended by City Council. Miscellaneous and safety participants are required to contribute 8% and 9%, respectively, of their annual covered salary. The City pays a portion of the contributions required of City employees on their behalf and for their account. Benefit provisions and all other requirements are established by state statutes and City contracts with employee bargaining groups.

For each of the fiscal years shown below, the City has contributed at the actuarially determined rate provided by PERS' actuaries. Under GASB 27, an employer reports an annual pension cost (APC) equal to the annual required contribution (ARC) plus an adjustment for the cumulative difference between the APC and the employer's actual plan contributions for the year. The cumulative difference is called the net pension obligation (NPO). The ARC for the period July 1, 2012 to June 30, 2013 has been determined by an actuarial valuation of the plan as of June 30, 2010. The City's covered payroll for PERS was \$12,576,578 for the year ended June 30, 2013, while the City's total payroll for all employees was \$14,018,742 during the same period. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2013, the contribution rate is multiplied by the payroll of covered employees that were paid during the period from July 1, 2012 to June 30, 2013.

City of La Verne
Notes to the Basic Financial Statements
June 30, 2013

(7) Defined Benefit Pension Plan (PERS) (continued)

Three-Year Trend Information

<u>Annual Pension Cost (Safety)</u>				
Fiscal Year	Employer Contribution Rate	Employer Contribution	Percentage Contributed	Net Pension Obligation
6/30/2011	19.090%	\$ 1,333,123	100%	-
6/30/2012	24.112%	\$ 1,788,425	100%	-
6/30/2013	24.706%	\$ 1,810,107	100%	-

<u>Annual Pension Cost (Miscellaneous)</u>				
Fiscal Year	Employer Contribution Rate	Employer Contribution	Percentage Contributed	Net Pension Obligation
6/30/2011	11.547%	\$ 637,104	100%	-
6/30/2012	14.557%	\$ 843,937	100%	-
6/30/2013	13.909%	\$ 785,029	100%	-

Post Employment Benefits Plan

Plan: The City of La Verne Post-Retirement Healthcare Plan is a single-employer defined benefit plan which provides medical insurance benefits to eligible retirees in accordance with various labor agreements.

Eligibility: An employee must be at least age 50, elect to retire immediately (Service retirement) through CalPERS, and obtain medical insurance coverage. Additionally, employees in the Executive Management, LVCEA, and Middle Management groups must have at least 10 years of service* and have 500 hours of sick leave at retirement. Employees in the Firefighters Association, Police Middle Management Association, and Police Officers' Association groups must have at least 20 years of service, and not be receiving PERS disability benefits.

Employers Paid Portion of the Health Benefit:

Future Retirees 80% of the lowest cost HMO each year (including dependent coverage)*. Because the premium rate for the Medicare supplement is less than 80% of the lowest cost HMO, the employer pays 100% of the Medicare supplement premium.

*LVCEA participants hired before January 1, 2001 who retire with less than 20 years of service may receive 60% of the lowest cost HMO not to increase more than \$50 per year. Those hired after January 1, 2001 are eligible for the 80% benefit only after completion of 20 years of service.

Current Retirees Benefits are calculated based on the plan provisions in effect at the date of retirement.

City of La Verne
Notes to the Basic Financial Statements
June 30, 2013

(8) Post-Employment Benefits

Post Employment Benefits Plan (continued)

City's Funding Policy: The contribution requirements of plan members and the City are established and may be amended by City Council. Subject to budgetary discretion by City Council, effective for the year ended June 30, 2009, the City commenced contributing to an irrevocable trust the amount of the annual Other Post-Employment Benefits (OPEB) obligation, less amounts paid by the City for retiree benefits during the year. For fiscal year 2012-13, the City contributed \$391,999 to the plan.

Contributions from the City have been transferred to an irrevocable trust administered by PARS on behalf of the City in which the plan assets held by the trust have been dedicated solely to providing benefits to retirees and their beneficiaries in accordance with the terms of the plan and are legally protected from creditors of the employer or the plan administrator. Accordingly, City contributions to this trust have been accounted for as reductions of the City's liability for its net OPEB obligation.

Annual OPEB Cost and Net OPEB Obligation: The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 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) over a period not to exceed twenty 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 for these benefits:

Annual required contribution	\$	391,999
Interest on net OPEB obligation		-
Adjustment to annual required contribution		-
		-
Annual OPEB cost (expense)		391,999
Contributions made (including premiums paid)		(391,999)
Increase in OPEB obligation		-
Net OPEB obligation - beginning of year		-
Net OPEB obligation - end of year	\$	-

City of La Verne
Notes to the Basic Financial Statements
June 30, 2013

(8) Post-Employment Benefits (continued)

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

Fiscal Year	Annual OPEB Cost	Annual OPEB Cost Contributed	OPEB Obligation
6/30/2011	\$ 423,710	100.0%	\$ -
6/30/2012	\$ 437,481	100.0%	-
6/30/2013	\$ 391,999	100.0%	-

Funded Status and Funding Progress: As of July 1, 2011, the most recent actuarial valuation date, the funded status of the plan is as follows:

Actuarial accrued liability (AAL)	\$ 5,382,675
Actuarial value of plan assets	<u>929,329</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 4,453,346</u>
Funded ratio (actuarial value of plan assets / AAL)	17.3%
Covered payroll (active plan members)	\$ 12,500,844
UAAL as a percentage of covered payroll	35.6%

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, 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 includes the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with the long-term perspective of the calculations.

City of La Verne
Notes to the Basic Financial Statements
June 30, 2013

(8) Post-Employment Benefits (continued)

The actuarial cost method used for determining the benefit obligations is the Entry Age Normal Cost Method. The actuarial assumptions included a 7.75 percent 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, the healthcare trend rate for 2013 is 7.60%, then gradually decreasing thereafter. Both rates included a 3.25 percent inflation assumption. The UAAL is being amortized as a level percentage of projected payroll over 30 years. It is assumed the City's payroll will increase 3.25% per year. The actuarial value of assets equals market value.

(9) Deferred Compensation Plan

The City has established a deferred compensation plan, whereby City employees may elect to defer portions of their compensation in return for retirement, disability and death benefits. Amounts deferred may not exceed the lesser of \$17,500 for employees less than 50 years of age and \$23,000 for employees over 50 years of age or 25% of gross income, starting with calendar year 2013. The City makes no contribution to the plan for full-time employees. For part-time employees, the City's contribution is 2.5% of the employees' salary and the employees' contribution is 5% of the employee's salary. Distributions are made upon the occurrence of the participant's termination, retirement, death or total disability, and in a manner in accordance with the election made by the City. In December 1998, the City established a trust for this plan as required by federal legislation. As a result, these assets are held in trust for the exclusive benefit of the plan participants and their beneficiaries. Accordingly, these assets are excluded from the accompanying financial statements.

(10) Debt Issued Without Government Commitment (continued)

A. 1998 Special Tax Bonds (Mello-Roos)

On November 18, 1998, the City issued \$7,200,000 of 1998 Special Tax Refunding Bonds. The bonds were issued for the purpose of refunding the City's previously issued 1988 Special Tax Bonds used to finance the design, construction and acquisition of certain street, sewer, water, storm drain, utility, landscaping, police and fire improvements and other public improvements for the La Verne (formerly known as Koll) Business Park located within the City of La Verne Community Facilities District No. 88- 1.

The City's obligation to advance funds to the Redemption Fund in the event of delinquent installments is limited to the balance in the Reserve Fund. The City is in no way liable for repayments but is only acting as an agent for the property owners in collecting the assessments, forwarding the collections to bondholders, and initiating foreclosure proceedings. The bonds are therefore not recorded as liabilities in the accompanying financial statements. At June 30, 2013, \$795,000 of the bonds were outstanding.

City of La Verne
Notes to the Basic Financial Statements
June 30, 2013

(10) Debt Issued Without Government Commitment

B. Residential Mortgage Revenue Bonds

In 1984, the La Verne-Grand Terrace Housing Finance Agency (Agency), a joint powers authority duly established by appropriate resolutions of the Redevelopment Agency of the City of La Verne and the Community Redevelopment Agency of the City of Grand Terrace pursuant to Government Code Section 6500, et. seq., issued Residential Mortgage Revenue Bonds totaling \$38,625,000 pursuant to Chapters 1-5 of part 5 of Division 31 of the Health and Safety Code of the State of California. The bonds provide for long-term low interest mortgage loans to qualified home buyers of single family homes in certain residential developments as specified by the indenture. The bonds are payable solely from payments made on and secured by a pledge of the home mortgages and the funds and accounts held for the benefit of the bondholders pursuant to the indenture. The bonds do not represent a lien or charge upon the funds or property of the Agency. Neither the full faith and credit, nor the taxing power, of the Agency is pledged to the payment of the bonds. For these reasons, the bonds are not shown as liabilities in the accompanying financial statements.

The mortgage bond program is administered by a separate administrator apart from the Agency as specified by the indenture. The fiscal agent and trustee duties are also performed by a separate trustee bank apart from the Agency. In June 1992, the joint powers authority sold the home mortgages. The proceeds from the sale of the mortgages plus other assets were irrevocably placed into a trust with an escrow agent to provide for all future debt service on the bonds through the year 2017. At June 30, 2013, approximately \$2,590,000 of the bonds were outstanding.

C. Revenue Certificates of Participation

On January 1, 2003, the City of La Verne issued \$47,000,000 of Revenue Certificates of Participation (Certificates). The Certificates were issued to finance the construction, expansion and equipping of a retirement facility located in La Verne, California. The Certificates constitute special obligations of the issuer payable solely from revenues made by Brethren Hillcrest Homes. The City is not directly, indirectly, contingently, or morally obligated to use any other monies or assets of the City for all or any portion of the payments. In addition, the payments do not constitute a debt or liability of the City. Accordingly, the certificates are not shown as liabilities in the accompanying basic financial statements. The principal balance outstanding at June 30, 2013 is \$41,265,000.

D. Revenue Bonds

On April 3, 2003, the City of La Verne issued \$10,000,000 of Revenue Bonds Series 2003A, Series 2003B and Taxable Series 2003C. The bonds were issued to finance the acquisition of the Copacabana Mobile Home Park located in the City of La Verne. The bonds constitute special obligations of the issuer payable solely from the revenues made by Copacabana Mobile Home Park. The City is not directly, indirectly, contingently, or morally obligated to use any other monies or assets of the City for all or any portion of the payments. In addition, the payments do not constitute a debt or liability of the City. Accordingly, the bonds are not shown as liabilities in the accompanying basic financial statements. The principal balance outstanding at June 30, 2013 is \$8,643,794

City of La Verne
Notes to the Basic Financial Statements
June 30, 2013

(11) Risk Management

A. Description of Self-Insurance Pool Pursuant to Joint Powers Agreement

The City is a member of the California Joint Powers Insurance Authority (Authority). The Authority is composed of 122 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 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.

B. Self-Insurance Programs of the Authority

Each member pays an annual contribution 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. The \$2.5 million annual aggregate deductible is fully covered under a separate policy; as such no portion of it is retained by the Authority. 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. The \$3.0 million annual aggregate deductible is fully retained by the Authority. (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.

City of La Verne
Notes to the Basic Financial Statements
June 30, 2013

(11) Risk Management (continued)

B. Self-Insurance Programs of the Authority (continued)

Costs of covered claims for subsidence losses are paid by reinsurance and excess insurance with a pooled sub-limit of \$25 million per occurrence. This \$25 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$10 million in reinsurance and (c) \$10 million in excess insurance. The excess insurance layer has a \$10 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.

C. Purchased Insurance

Pollution Legal Liability Insurance

The City 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. 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 Insurance

The City participates in the all-risk property protection program of the Authority. This insurance protection is underwritten by several insurance companies. City property is currently insured according to a schedule of covered property submitted by the City to the Authority. City property currently has all-risk property insurance protection in the amount of \$47,168,366. 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.

City of La Verne
Notes to the Basic Financial Statements
June 30, 2013

(11) Risk Management (continued)

C. Purchased Insurance (continued)

Earthquake and Flood Insurance

The City purchases earthquake and flood insurance on a portion of its property. The earthquake insurance is part of the property protection insurance program of the Authority. City property currently has earthquake protection in the amount of \$11,028,796. There is a deductible of 5% per unit of value with a minimum deductible of \$100,000. Premiums for the coverage are paid annually and are not subject to retrospective adjustments.

Crime Insurance

The City 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.

D. Adequacy of Protection

During the past three fiscal 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 in 2012-13.

(12) Claims and Judgments

Various claims and suits have been filed against the City in the normal course of business. Although the outcome of these lawsuits is not presently determinable, in the opinion of management, the resolution of these matters will not have a material adverse effect on the financial condition of the government.

(13) Excess of Expenditures over Appropriations

Excess of expenditures over appropriations in department/cost centers of individual funds are as follows:

Fund	Expenditure	Appropriations	Excess
Nonmajor Governmental Funds:			
Traffic and Bicycle Safety	\$ 619,508	\$ 616,696	\$ (2,812)

City of La Verne
Notes to the Basic Financial Statements
June 30, 2013

(14) Governmental Fund Balances

The detail of fund balances, in accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, reported in the balance sheet of governmental funds is as follows:

	General	Special Revenue Fund	Nonmajor Governmental Funds	Totals	
		Housing Authority		2013	2012
Fund balances:					
Nonspendable:					
Prepaid items	\$ 1,835,929	\$ -	\$ -	\$ 1,835,929	\$ 1,293,565
Inventory of materials and supplies	-	-	39,695	39,695	34,322
Total Nonspendable	<u>1,835,929</u>	<u>-</u>	<u>39,695</u>	<u>1,875,624</u>	<u>1,327,887</u>
Restricted for:					
Public safety	-	-	2,781,571	2,781,571	2,704,609
Community services	-	-	2,053,530	2,053,530	1,882,381
Community development	-	-	4,107,992	4,107,992	4,311,810
Low and moderate income housing	-	3,089,343	-	3,089,343	4,589,343
Public works	-	-	6,966,190	6,966,190	5,688,491
Debt service	-	-	1,082,037	1,082,037	182,037
Total Restricted	<u>-</u>	<u>3,089,343</u>	<u>16,991,320</u>	<u>20,080,663</u>	<u>19,358,671</u>
Committed	<u>4,291,000</u>	<u>-</u>	<u>-</u>	<u>4,291,000</u>	<u>4,221,000</u>
Assigned to:					
Future operations	1,200,000	-	-	1,200,000	1,300,000
Disaster recovery	1,000,000	-	-	1,000,000	1,000,000
Economic uncertainties	3,050,295	-	-	3,050,295	1,883,218
Capital Projects	500,000	-	2,521,222	3,021,222	2,777,581
Total Assigned	<u>5,750,295</u>	<u>-</u>	<u>2,521,222</u>	<u>8,271,517</u>	<u>6,960,799</u>
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>\$ 11,877,224</u>	<u>\$ 3,089,343</u>	<u>\$ 19,552,237</u>	<u>\$ 34,518,804</u>	<u>\$31,868,357</u>

City of La Verne
Notes to the Basic Financial Statements
June 30, 2013

(15) Net Position

Net Investment in Capital Assets

Net position for governmental activities and business-type activities is classified as 1) net investment in capital assets, 2) restricted, or 3) unrestricted. Net position that was classified as net investment in capital assets as of June 30, 2013, was determined as follows:

	Governmental Activities
Capital assets, net of accumulated depreciation	\$55,579,379
Less capital related debt balance:	
Outstanding principal balance of 1996 Revenue Bonds	(6,550,000)
Net investment in capital assets	\$49,029,379

	Business-type Activities		
	Water	Sewer	Total Enterprise Funds
Capital assets, net of accumulated depreciation	\$19,067,591	\$ 5,679,050	\$ 24,746,641
Water rights, net of accumulated amortization	11,976,728	-	11,976,728
Less capital related debt balance:			
Outstanding principal balance of Capital Lease	(800,179)	-	(800,179)
Net investment in capital assets	\$30,244,140	\$ 5,679,050	\$35,923,190

(16) Successor Agency Trust for the Former Redevelopment Agency

The debt of the Successor Agency as of June 30, 2013 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Successor Agency:					
2009 Lease Agreement	\$ 2,100,000	\$ -	\$ (253,000)	\$ 1,847,000	\$ 268,000
Notes Payable:					
Town Center Associates	2,539,287	-	(2,539,287)	-	-
Tight Lines LLC	114,586	-	(16,023)	98,563	15,537
Haaker Equipment	105,000	-	(15,000)	90,000	15,000
Total long-term liabilities	\$ 4,858,873	\$ -	\$ (2,823,310)	\$ 2,035,563	\$ 298,537

City of La Verne
Notes to the Basic Financial Statements
June 30, 2013

(16) Successor Agency Trust for the Former Redevelopment Agency (continued)

A. Lease Agreement

On May 11, 2009, a Lease Agreement was executed between the City of La Verne and the Municipal Finance Corporation (Corporation) in the amount of \$2,777,000 for the purpose of refinancing the 1996 Certificates and the 1996 Lease Payments. The purpose of the 1996 Certificates was to refund the Agency's previously issued 1988 Certificates of Participation executed to finance the acquisition (by the City of La Verne Redevelopment Agency) of the Las Flores Park site, and the City used the proceeds paid to it for the acquisition, construction, installment and reimbursement of prior expenditures relating to the San Polo (formerly known as Koll Business Park) public improvements and various other Agency public improvements. In order to make the payments on the Lease Agreement, the City has leased certain real property to the Corporation. The Corporation has proposed to lease the Leased Property back to the City in consideration of the payment by the City of semi-annual lease payments on May 1 and November 1 of each year. The Agency will provide certain tax increment revenues to the Corporation on behalf of the City in such amount as may be necessary for the repayment of such portions of all current or previous unreimbursed lease payments made by the City to the Corporation. The principal balance outstanding at June 30, 2013 is \$1,847,000.

The minimum debt service requirement for the 2009 Lease Agreement is as follows:

Year Ending June 30,	2009 Lease Agreement	
	Principal	Interest
2014	\$ 268,000	\$ 77,941
2015	284,000	65,383
2016	294,000	52,234
2017	314,000	38,402
2018	334,000	23,660
2019	353,000	8,031
Totals	<u>\$ 1,847,000</u>	<u>\$ 265,651</u>

B. Notes Payable

The following owner participation agreements are reported as notes payable as of June 30, 2013.

Town Center Associates

On December 12, 1983, the Agency entered into an agreement with Town Center Associates (Participating Owner) in which the Participating Owner agreed to construct certain public improvements in order to further the goals and objectives of the Agency's redevelopment plan. In exchange, the Agency, in the means of a partially taxable and nontaxable note (Note) agreed to pay the Participating Owner the sum of \$2,571,854. The Note will accrue interest at the prime rate plus 2% not to exceed 10%. Interest and principal payments are due semi-annually on February 1, and August 1 through the year 2012.

City of La Verne
Notes to the Basic Financial Statements
June 30, 2013

(16) Successor Agency Trust for the Former Redevelopment Agency (continued)

B. Notes Payable (continued)

In the current fiscal year, the Successor Agency wrote off the remaining principal balance of the Note after the Department of Finance determined the Note did not constitute an enforceable obligation. The City's legal counsel concurs with the Department of Finance's determination. The discharge of indebtedness is reported as a Special Item on the Statement of Changes in Fiduciary Net Position.

Tight Lines LLC

On October 19, 2009, the Agency entered into an agreement with Tight Lines LLC in consideration for a covenant to operate within the Agency Project Area. This agreement obligates the Agency to provide economic development assistance to the company equal to 11.5% of the local sales tax received by the City from a business affiliate's operation over a ten year period, not to exceed an aggregate amount of \$395,000. The remaining maximum development assistance at June 30, 2013 is \$98,563.

Haaker Equipment Company

On October 19, 2009, the Agency entered into an agreement with Haaker Equipment Company, a street sweeper and sewer cleaning truck dealership, in consideration for a covenant to operate within the Agency's Project Area. This agreement obligates the Agency to provide economic development assistance to the company equal to 10% of the local sales tax received by the City from Haaker's operations over a ten year period, not to exceed an aggregate amount of \$150,000. The remaining maximum development assistance at June 30, 2013 is \$90,000.

The minimum annual debt service requirements for these owner participation agreements have not been established.

(17) Risks and uncertainties

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

City of La Verne
Notes to the Basic Financial Statements
June 30, 2013

(17) Risks and uncertainties (continued)

Successor Agency

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, or payments made by the former Redevelopment Agency prior to dissolution, are disallowed by the State agencies or the 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 or payments that may be disallowed by the State agencies or the County cannot be determined at this time, although the Successor Agency expects such amounts, if any, to be immaterial.

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Required Supplementary Information

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City of La Verne
Notes to Required Supplementary Information
June 30, 2013

(1) Budgets and Budgetary Accounting

According to Section 3.04.050 of the La Verne Municipal Code, the City Council is required to adopt an annual budget.

The City adopts an annual budget prepared on the modified accrual basis for the governmental funds except for the debt service funds. Formal budgetary integration is not employed in the accounting records for the debt service funds of the City because effective budgetary control is alternatively achieved through the provisions of the related debt agreements. Council approval for the establishment of the Community Facilities District No. 88-1 and the issuance of the 1996 Revenue Bonds constitutes budget authority for the expenditures of the related funds. The City Manager is required to prepare and submit to the City Council the annual budget of the City and administer it after adoption. City Council approval is required for budget revisions that increase total City appropriations. Prior year appropriations lapse unless they are encumbered at year end or reappropriated through the formal budget process. For each fund, total expenditures may not legally exceed total appropriations. Supplemental appropriations were not material.

City of La Verne
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
General Fund
For the Year Ended June 30, 2013
(with comparative data for June 30, 2012)

	Budgeted Amounts		2013 Amounts	Variance	2012 Amounts
	Original	Final		Final Budget Positive (Negative)	
Revenues:					
Property taxes	\$ 5,080,000	\$ 5,080,000	\$ 7,912,524	\$ 2,832,524	\$ 6,059,350
Other taxes	7,425,000	7,425,000	7,592,732	167,732	7,430,469
Licenses and permits	2,337,500	2,337,500	1,770,133	(567,367)	1,573,423
Intergovernmental	2,833,300	2,833,300	2,954,742	121,442	2,906,924
Charges for services	6,599,950	6,329,950	6,768,587	438,637	6,482,068
Fines and forfeitures	12,500	12,500	17,873	5,373	18,143
Investment income	130,000	130,000	41,952	(88,048)	106,542
Rents	220,700	220,700	184,353	(36,347)	213,421
Miscellaneous	455,800	471,800	426,994	(44,806)	482,387
Total revenues	<u>25,094,750</u>	<u>24,840,750</u>	<u>27,669,890</u>	<u>2,829,140</u>	<u>25,272,727</u>
Expenditures:					
Current:					
General government	1,859,650	1,869,627	1,615,484	254,143	1,756,564
Public safety	17,137,213	16,884,132	16,625,207	258,925	16,051,274
Community development	1,629,282	1,629,282	1,356,613	272,669	819,922
Public works	6,157,274	6,270,164	5,914,061	356,103	5,938,479
Community services	1,358,037	1,373,037	1,262,242	110,795	1,280,308
Total expenditures	<u>28,141,456</u>	<u>28,026,242</u>	<u>26,773,607</u>	<u>1,252,635</u>	<u>25,846,547</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,046,706)</u>	<u>(3,185,492)</u>	<u>896,283</u>	<u>4,081,775</u>	<u>(573,820)</u>
Other Financing Sources (Uses):					
Transfers in	3,484,100	3,484,100	2,939,273	(544,827)	2,746,709
Transfers out	<u>(1,082,000)</u>	<u>(1,082,000)</u>	<u>(2,156,115)</u>	<u>(1,074,115)</u>	<u>(521,055)</u>
Total other financing sources (uses)	<u>2,402,100</u>	<u>2,402,100</u>	<u>783,158</u>	<u>(1,618,942)</u>	<u>2,225,654</u>
Net change in fund balances	(644,606)	(783,392)	1,679,441	2,462,833	1,651,834
Fund balance, beginning of year	<u>10,197,783</u>	<u>10,197,783</u>	<u>10,197,783</u>	<u>-</u>	<u>8,545,949</u>
Fund balance, end of year	<u>\$ 9,553,177</u>	<u>\$ 9,414,391</u>	<u>\$ 11,877,224</u>	<u>\$ 2,462,833</u>	<u>\$ 10,197,783</u>

City of La Verne
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Housing Authority Fund
For the Year Ended June 30, 2013
(with comparative data for June 30, 2012)

	Budgeted Amounts		2013 Amounts	Variance Final Budget Positive (Negative)	2012 Amounts
	Original	Final			
Revenues:	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Debt service:					
Interest	-	350,000	350,000	-	-
AB 1484 demand payment	-	-	-	-	1,262,696
Developer fees	-	1,150,000	1,150,000	-	-
Total expenditures	-	1,500,000	1,500,000	-	1,262,696
Deficiency of revenues under expenditures	-	(1,500,000)	(1,500,000)	-	(1,262,696)
Other Financing Uses:					
Transfers out	-	-	-	-	(175,000)
Total other financing uses	-	-	-	-	(175,000)
Extraordinary item:					
Gain on dissolution of redevelopment agency	-	-	-	-	6,027,039
Net change in fund balance	-	(1,500,000)	(1,500,000)	-	4,589,343
Fund balance, beginning of year	4,589,343	4,589,343	4,589,343	-	-
Fund balance, end of year	<u>\$ 4,589,343</u>	<u>\$ 3,089,343</u>	<u>\$ 3,089,343</u>	<u>\$ -</u>	<u>\$ 4,589,343</u>

City of La Verne
 Other Postemployment Benefits Plan
 Schedule of Funding Progress
 For the Year Ended June 30, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
7/1/2007	\$ -	\$ 3,636,968	\$ 3,636,968	0.00%	\$ 11,362,856	32.01%
7/1/2009	\$ 305,554	\$ 4,050,730	\$ 3,745,176	7.54%	\$ 12,725,583	29.43%
7/1/2011	\$ 929,329	\$ 5,382,675	\$ 4,453,346	17.27%	\$ 12,500,844	35.62%

Other Supplementary Information

City of La Verne
Schedule of Revenues – Budget and Actual
General Fund
For the Year Ended June 30, 2013
(with comparative data for June 30, 2012)

	Budgeted Amounts		2013 Actual	Variance with Final Budget	2012 Actual
	Original	Final		Positive (Negative)	
Property taxes:					
Current year secured	\$ 3,850,000	\$ 3,850,000	\$ 4,150,843	\$ 300,843	\$ 3,840,700
Current year unsecured	135,000	135,000	129,832	(5,168)	147,712
Prior year secured	60,000	60,000	4,169	(55,831)	(10,503)
Prior year unsecured	5,000	5,000	5,444	444	5,341
Aircraft tax	55,000	55,000	52,279	(2,721)	47,945
Penalties & interest	35,000	35,000	31,552	(3,448)	29,235
Supplemental tax roll	50,000	50,000	104,949	54,949	72,959
Real property transfer tax	55,000	55,000	111,177	56,177	77,809
Homeowner's exemption tax	35,000	35,000	33,467	(1,533)	34,516
Other Property tax	800,000	800,000	3,288,812	2,488,812	1,813,636
Total property taxes	<u>5,080,000</u>	<u>5,080,000</u>	<u>7,912,524</u>	<u>2,832,524</u>	<u>6,059,350</u>
Other Taxes:					
Sales and use tax	3,775,000	3,775,000	3,885,736	110,736	3,803,845
Utility user tax	3,100,000	3,100,000	3,098,144	(1,856)	3,047,987
Franchise tax	550,000	550,000	608,852	58,852	578,637
Total other taxes	<u>7,425,000</u>	<u>7,425,000</u>	<u>7,592,732</u>	<u>167,732</u>	<u>7,430,469</u>
License and permits:					
Business license	340,000	340,000	399,791	59,791	341,380
Building permits	1,800,000	1,800,000	1,155,830	(644,170)	1,014,378
Other permits	197,500	197,500	214,512	17,012	217,665
Total licenses and permits	<u>2,337,500</u>	<u>2,337,500</u>	<u>1,770,133</u>	<u>(567,367)</u>	<u>1,573,423</u>
Intergovernmental:					
Motor vehicle in-lieu tax	2,500,000	2,500,000	2,543,269	43,269	2,484,960
P.O.S.T./LA impact reimbursement	32,000	32,000	122,152	90,152	109,587
State mandate cost reimbursement	3,000	3,000	1,977	(1,023)	239
Federal & state grants	158,300	158,300	135,344	(22,956)	162,138
Prop A funds exchange	140,000	140,000	152,000	12,000	150,000
Total intergovernmental	<u>2,833,300</u>	<u>2,833,300</u>	<u>2,954,742</u>	<u>121,442</u>	<u>2,906,924</u>

City of La Verne
Schedule of Revenues – Budget and Actual
General Fund
For the Year Ended June 30, 2013
(with comparative data for June 30, 2012)

	Budgeted Amounts		2013 Actual	Variance with Final Budget Positive (Negative)	2012 Actual
	Original	Final			
Charges for services:					
Swimming pool fees	\$ 106,000	\$ 106,000	\$ 113,629	\$ 7,629	\$ 114,370
Recreation fees & charges	480,000	480,000	456,586	(23,414)	469,224
Recreation excursions	42,000	42,000	32,851	(9,149)	35,135
Refuse service fees	2,500,000	2,500,000	2,656,636	156,636	2,544,172
Planning fees	170,000	170,000	166,590	(3,410)	302,926
Inspection fees	65,000	65,000	63,914	(1,086)	38,147
Work for others	1,475,500	1,205,500	1,428,625	223,125	1,184,680
Plan check fees	65,000	65,000	52,220	(12,780)	16,305
Paramedic service fees	1,410,000	1,410,000	1,497,769	87,769	1,407,505
Map & copy sales	500	500	4,455	3,955	3,092
Other fees & charges	285,950	285,950	295,312	9,362	366,512
Total charges for services	<u>6,599,950</u>	<u>6,329,950</u>	<u>6,768,587</u>	<u>438,637</u>	<u>6,482,068</u>
Fines and forfeitures:					
City code court fines	7,000	7,000	6,453	(547)	12,122
Other penalties	5,500	5,500	11,420	5,920	6,021
Total fines and forfeitures	<u>12,500</u>	<u>12,500</u>	<u>17,873</u>	<u>5,373</u>	<u>18,143</u>
Investment income	<u>130,000</u>	<u>130,000</u>	<u>41,952</u>	<u>(88,048)</u>	<u>106,542</u>
Rents	<u>220,700</u>	<u>220,700</u>	<u>184,353</u>	<u>(36,347)</u>	<u>213,421</u>
Miscellaneous:					
Sale of property	251,000	251,000	280,421	29,421	425,824
Other revenues	204,800	220,800	146,573	(74,227)	56,563
Total miscellaneous revenues	<u>455,800</u>	<u>471,800</u>	<u>426,994</u>	<u>(44,806)</u>	<u>482,387</u>
Total revenues	<u>\$25,094,750</u>	<u>\$24,840,750</u>	<u>\$27,669,890</u>	<u>\$ 2,829,140</u>	<u>\$25,272,727</u>

City of La Verne
Schedule of Expenditures – Budget and Actual
General Fund
For the Year Ended June 30, 2013
(with comparative data for June 30, 2012)

	Budgeted Amounts		2013 Actual	Variance with Final Budget	2012 Actual
	Original	Final		Positive (Negative)	
General government:					
City council	\$ 69,184	\$ 69,184	\$ 62,737	\$ 6,447	\$ 69,615
Insurance and non-departmental	375,000	375,000	268,452	106,548	393,735
Legal services	83,000	83,000	91,315	(8,315)	81,514
City clerk	236,621	236,621	109,874	126,747	210,028
City manager administration	301,695	301,695	302,638	(943)	250,729
Finance	466,832	470,332	459,644	10,688	452,469
Information services	327,318	333,795	320,824	12,971	298,474
Total general government	1,859,650	1,869,627	1,615,484	254,143	1,756,564
Public safety:					
Fire department	7,159,747	7,160,666	7,029,812	130,854	6,211,836
Police department	9,977,466	9,723,466	9,595,395	128,071	9,839,438
Total public safety	17,137,213	16,884,132	16,625,207	258,925	16,051,274
Community development:					
Planning & administration	903,207	903,207	830,575	72,632	364,737
Code enforcement/building inspection	726,075	726,075	526,038	200,037	455,185
Total community development	1,629,282	1,629,282	1,356,613	272,669	819,922
Public works:					
City buildings administration & maintenance	401,772	401,772	368,974	32,798	367,694
Street administration	398,888	427,317	427,787	(470)	357,504
Refuse & recycling	2,200,609	2,200,609	2,181,975	18,634	2,174,230
Street maintenance	1,035,506	1,091,811	787,079	304,732	958,558
Traffic & lighting	683,960	683,960	634,944	49,016	688,564
Graffiti removal	45,984	45,984	36,023	9,961	34,906
Parks administration	85,547	85,547	79,614	5,933	85,074
Parks facility maintenance	929,623	951,376	1,031,752	(80,376)	883,890
Tree maintenance	375,385	381,788	365,913	15,875	388,059
Total public works	6,157,274	6,270,164	5,914,061	356,103	5,938,479
Community services:					
Recreation & community services	468,075	468,075	430,578	37,497	442,650
Recreation programs	276,608	276,608	252,730	23,878	267,178
Swimming pool programs	260,588	275,588	255,291	20,297	236,892
Community service rentals	312,136	312,136	285,444	26,692	297,348
Special events	40,630	40,630	38,199	2,431	36,240
Total community services	1,358,037	1,373,037	1,262,242	110,795	1,280,308
Total expenditures	\$ 28,141,456	\$ 28,026,242	\$ 26,773,607	\$ 1,252,635	\$ 25,846,547

City of La Verne
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013
(with comparative data for June 30, 2012)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Totals	
				2013	2012
Assets					
Cash and investments	\$ 8,012,472	\$ 1,082,037	\$ 7,854,820	\$ 16,949,329	\$ 13,191,548
Cash and investments with fiscal agents	3,289,907	-	-	3,289,907	3,295,286
Interest receivable	11,529	-	8,718	20,247	17,455
Accounts receivable	89,229	-	110,000	199,229	195,031
Due from other governments	212,554	-	-	212,554	734,082
Inventory of materials and supplies, cost	39,695	-	-	39,695	34,322
Total assets	\$ 11,655,386	\$ 1,082,037	\$ 7,973,538	\$ 20,710,961	\$ 17,467,724
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 809,721	\$ -	\$ 60,895	\$ 870,616	\$ 236,179
Accrued expenses	20,283	-	67,739	88,022	98,868
Due to other funds	7,590	-	-	7,590	1,446
Unearned revenue	-	-	192,496	192,496	50,000
Total liabilities	837,594	-	321,130	1,158,724	386,493
Fund Balances:					
Nonspendable:					
Inventory of materials and supplies, cost	39,695	-	-	39,695	34,322
Restricted for:					
Public safety	2,781,571	-	-	2,781,571	2,704,609
Community services	1,501,149	-	552,381	2,053,530	1,882,381
Community and development	4,107,992	-	-	4,107,992	4,311,810
Public works	2,387,385	-	4,578,805	6,966,190	5,688,491
Debt service	-	1,082,037	-	1,082,037	182,037
Assigned to:					
Capital Projects	-	-	2,521,222	2,521,222	2,277,581
Total fund balances	10,817,792	1,082,037	7,652,408	19,552,237	17,081,231
Total liabilities and fund balances	\$ 11,655,386	\$ 1,082,037	\$ 7,973,538	\$ 20,710,961	\$ 17,467,724

City of La Verne
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2013
(with comparative data for June 30, 2012)

	Special	Debt	Capital	Totals	
	Revenue Funds	Service Funds	Projects Funds	2013	2012
Revenues:					
Other taxes	\$ 1,287,216	\$ -	\$ 14,535	\$ 1,301,751	\$ 1,260,518
Licenses and permits	15,392	-	-	15,392	16,998
Intergovernmental	1,391,618	-	25,993	1,417,611	2,439,967
Charges for services	1,176,041	-	248,004	1,424,045	1,111,065
Fines and forfeitures	1,425,210	-	-	1,425,210	1,701,544
Special assessments	343,242	-	-	343,242	341,324
Investment income	362,750	-	31,607	394,357	314,503
Rents	1,690,554	-	-	1,690,554	1,640,611
Miscellaneous	87,101	1,320	229,942	318,363	272,712
Total revenues	7,779,124	1,320	550,081	8,330,525	9,099,242
Expenditures:					
Current:					
General government	-	1,320	-	1,320	1,320
Public safety	1,733,946	-	-	1,733,946	1,863,979
Community development	1,413,587	-	-	1,413,587	1,762,676
Public works	6,000	-	-	6,000	23,568
Community services	1,055,947	-	-	1,055,947	1,121,414
Capital projects	745,534	-	513,114	1,258,648	1,155,260
Debt service:					
Principal	270,000	-	-	270,000	488,000
Interest	482,013	-	-	482,013	553,403
Total expenditures	5,707,027	1,320	513,114	6,221,461	6,969,620
Excess (deficiency) of revenues over (under) expenditures	2,072,097	-	36,967	2,109,064	2,129,622
Other Financing Sources (Uses):					
Transfers in	82,000	900,000	1,174,115	2,156,115	1,142,990
Transfers out	(1,794,173)	-	-	(1,794,173)	(1,671,609)
Proceeds on sale of capital assets	-	-	-	-	800
Total other financing sources (uses)	(1,712,173)	900,000	1,174,115	361,942	(527,819)
Extraordinary item:					
Loss on dissolution of redevelopment agency	-	-	-	-	(1,946,501)
Net change in fund balances	359,924	900,000	1,211,082	2,471,006	(344,698)
Fund balances, beginning of year	10,457,868	182,037	6,441,326	17,081,231	17,425,929
Fund balances, end of year	\$10,817,792	\$ 1,082,037	\$ 7,652,408	\$19,552,237	\$17,081,231

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues and the related expenditures which are legally required to be accounted for in a separate fund. Funds included are:

State and County Gasoline Tax Fund

To account for the revenues and expenditures of the City's proportionate share of gas tax monies collected by the State of California and disbursement of monies received from Los Angeles County as aid to the City which are used for street construction and maintenance.

Traffic and Bicycle Safety Fund

To account for the revenues and expenditures of Vehicle Code court fines, licenses and grant money expended for traffic related costs and the promotion of bicycle safety.

Mobile Home Park Fund

To account for revenues and expenditures related to the operation of two mobile home parks that are restricted under state law based on household incomes and/or age limitations.

Community Development Fund

To account for the revenues and expenditures of approved Federal Housing and Community Development Act projects.

SLESF and LLEBG Fund

To account for Supplemental Law Enforcement Services Fund (SLESF) revenue and Local Law Enforcement Block Grant (LLEBG) Fund grant monies received for policing and law enforcement activities.

Police Narcotics Confiscation Fund

To account for monies confiscated in police narcotic raids that are restricted for public safety expenditures.

Local Transit Assistance Fund

To account for financial transactions in accordance with Proposition A and Proposition C Local Transit Assistance Act regulations.

Mobile Source Air Pollution Fund

To account for smog fees transmitted to the City from other governmental agencies to be expended for the mitigation of local air pollution problems.

Public Safety Fund

To account for Proposition 172 half-cent sales tax transmitted to the City from other governmental agencies and fees charged for fire equipment and facilities to be expended for public safety.

SPECIAL REVENUE FUNDS, (CONTINUED)

Community Facilities District 90-1 Fund

To account for the financial transactions associated with the operation and maintenance of this special tax district.

Downtown Business Improvement District Fund

To account for business license fees used for the promotion of businesses in the downtown business district.

Maintenance Assessment District Fund

To account for the revenues and expenditures restricted for the lighting and landscape maintenance program. Property owners are assessed their share of the cost for lighting and maintaining parkways and medians.

Affordable Housing Fund

To account for the revenues and expenditures restricted for the affordable housing program.

Measure R Fund

To account for Measure R half-cent sales tax increase for traffic relief and transportation upgrades.

TDA Article 3 Fund

To account for financial transactions in accordance with Transportation Development Act (TDA) Article 3 regulations. These funds are available to local agencies in Los Angeles County and can be used for design and construction of pedestrian and bicycle facilities and amenities.

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City of La Verne
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2013
(with comparative data for June 30, 2012)

	Special Revenue Funds		
	State and County Gasoline Tax	Traffic and Bicycle Safety	Mobile Home Park
Assets			
Cash and investments	\$ 1,504,973	\$ 103,382	\$ 173,909
Cash and investments with fiscal agents	-	-	3,289,907
Interest receivable	1,856	34	-
Accounts receivable	41,711	33,634	6,973
Due from other governments	68,701	15,657	-
Inventory of materials and supplies, cost	-	-	39,695
Total assets	\$ 1,617,241	\$ 152,707	\$ 3,510,484
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 140,460	\$ 21,666	\$ 52,745
Accrued expenses	-	10,485	-
Due to other funds	-	-	-
Total liabilities	140,460	32,151	52,745
Fund balances:			
Nonspendable:			
Inventory of materials and supplies, cost	-	-	39,695
Restricted for:			
Public safety	-	120,556	-
Community services	-	-	-
Community and development	-	-	3,418,044
Public works	1,476,781	-	-
Total fund balances	1,476,781	120,556	3,457,739
Total liabilities and fund balances	\$ 1,617,241	\$ 152,707	\$ 3,510,484

Special Revenue Funds

Community Development	SLESF and LLEBG	Police Narcotics Confiscation	Local Transit Assistance	Mobile Source Air Pollution	Public Safety
\$ -	\$ 4,223	\$ 1,156,820	\$ 1,095,781	\$ 336,969	\$ 1,575,953
-	-	-	-	-	-
-	4	1,731	1,343	437	2,398
-	-	-	6,911	-	-
8,219	-	61,006	-	9,938	37,394
-	-	-	-	-	-
<u>\$ 8,219</u>	<u>\$ 4,227</u>	<u>\$ 1,219,557</u>	<u>\$ 1,104,035</u>	<u>\$ 347,344</u>	<u>\$ 1,615,745</u>
\$ 425	\$ -	\$ 129,167	\$ 55,646	\$ 1,332	\$ 45,197
204	4,150	-	3,832	-	-
7,590	-	-	-	-	-
<u>8,219</u>	<u>4,150</u>	<u>129,167</u>	<u>59,478</u>	<u>1,332</u>	<u>45,197</u>
-	-	-	-	-	-
-	77	1,090,390	-	-	1,570,548
-	-	-	1,044,557	-	-
-	-	-	-	346,012	-
-	-	-	-	-	-
<u>-</u>	<u>77</u>	<u>1,090,390</u>	<u>1,044,557</u>	<u>346,012</u>	<u>1,570,548</u>
<u>\$ 8,219</u>	<u>\$ 4,227</u>	<u>\$ 1,219,557</u>	<u>\$ 1,104,035</u>	<u>\$ 347,344</u>	<u>\$ 1,615,745</u>

(continued)

City of La Verne
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
June 30, 2013
(with comparative data for June 30, 2012)

	Special Revenue Funds		
	Community Facilities District 90-1	Downtown Business Improvement District	Maintenance Assessment District
Assets			
Cash and investments	\$ 821,277	\$ 27,269	\$ 452,796
Cash and investments with fiscal agents	-	-	-
Interest receivable	1,968	36	606
Accounts receivable	-	-	-
Due from other governments	6,186	-	5,453
Inventory of materials and supplies, cost	-	-	-
Total assets	<u>\$ 829,431</u>	<u>\$ 27,305</u>	<u>\$ 458,855</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 111,188	\$ 128	\$ 27,828
Accrued expenses	-	-	1,612
Due to other funds	-	-	-
Total liabilities	<u>111,188</u>	<u>128</u>	<u>29,440</u>
Fund balances:			
Nonspendable:			
Inventory of materials and supplies, cost	-	-	-
Restricted for:			
Public safety	-	-	-
Community services	-	27,177	429,415
Community and development	-	-	-
Public works	718,243	-	-
Total fund balances	<u>718,243</u>	<u>27,177</u>	<u>429,415</u>
Total liabilities and fund balances	<u>\$ 829,431</u>	<u>\$ 27,305</u>	<u>\$ 458,855</u>

Special Revenue Funds

Affordable Housing	Measure R	TDA Article 3	Totals	
			2013	2012
\$ 367,072	\$ 391,673	\$ 375	\$ 8,012,472	\$ 6,890,744
-	-	-	3,289,907	3,295,286
639	477	-	11,529	9,914
-	-	-	89,229	85,031
-	-	-	212,554	410,958
-	-	-	39,695	34,322
<u>\$ 367,711</u>	<u>\$ 392,150</u>	<u>\$ 375</u>	<u>\$ 11,655,386</u>	<u>\$ 10,726,255</u>
\$ 23,775	\$ 200,164	\$ -	\$ 809,721	\$ 235,813
-	-	-	20,283	31,128
-	-	-	7,590	1,446
<u>23,775</u>	<u>200,164</u>	<u>-</u>	<u>837,594</u>	<u>268,387</u>
-	-	-	39,695	34,322
-	-	-	2,781,571	2,704,609
-	-	-	1,501,149	1,229,773
343,936	-	-	4,107,992	4,311,810
-	191,986	375	2,387,385	2,177,354
<u>343,936</u>	<u>191,986</u>	<u>375</u>	<u>10,817,792</u>	<u>10,457,868</u>
<u>\$ 367,711</u>	<u>\$ 392,150</u>	<u>\$ 375</u>	<u>\$ 11,655,386</u>	<u>\$ 10,726,255</u>

(concluded)

City of La Verne
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2013
(with comparative data for June 30, 2012)

	Special Revenue Funds			
	State and County Gasoline Tax	Traffic and Bicycle Safety	Mobile Home Park	Community Development
Revenues:				
Other taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	769,362	-	-	65,279
Charges for services	-	66,844	-	-
Fines and forfeitures	-	560,676	-	-
Special assessments	-	-	-	-
Investment income	6,244	49	324,631	-
Rents	-	-	1,690,554	-
Miscellaneous	-	-	-	-
Total revenues	775,606	627,569	2,015,185	65,279
Expenditures:				
Current:				
Public safety	-	619,508	-	-
Community development	-	-	1,117,693	65,279
Public works	6,000	-	-	-
Community services	-	-	-	-
Capital projects	145,748	-	-	-
Debt service:				
Principal	-	-	270,000	-
Interest	-	-	482,013	-
Total expenditures	151,748	619,508	1,869,706	65,279
Excess (deficiency) of revenues over (under) expenditures	623,858	8,061	145,479	-
Other Financing Sources (Uses):				
Transfers in	-	80,000	-	-
Transfers out	(351,173)	-	(175,000)	-
Proceeds on sale of capital assets	-	-	-	-
Total other financing sources (uses)	(351,173)	80,000	(175,000)	-
Net change in fund balances	272,685	88,061	(29,521)	-
Fund balances, beginning of year	1,204,096	32,495	3,487,260	-
Fund balances, end of year	<u>\$ 1,476,781</u>	<u>\$ 120,556</u>	<u>\$ 3,457,739</u>	<u>\$ -</u>

Special Revenue Funds

SLESF and LLEBG	Police Narcotics Confiscation	Local Transit Assistance	Mobile Source Air Pollution	Public Safety
\$ -	\$ -	\$ 963,038	\$ -	\$ 324,178
-	-	-	-	-
100,000	92,083	-	37,952	-
-	-	-	-	122,882
-	864,534	-	-	-
-	-	-	-	-
8	5,546	4,664	1,665	8,473
-	-	-	-	-
-	-	-	-	68,382
<u>100,008</u>	<u>962,163</u>	<u>967,702</u>	<u>39,617</u>	<u>523,915</u>
101,971	952,702	-	-	59,765
-	-	-	10,026	-
-	-	-	-	-
-	-	766,445	-	-
-	-	-	-	104,747
-	-	-	-	-
-	-	-	-	-
<u>101,971</u>	<u>952,702</u>	<u>766,445</u>	<u>10,026</u>	<u>164,512</u>
<u>(1,963)</u>	<u>9,461</u>	<u>201,257</u>	<u>29,591</u>	<u>359,403</u>
2,000	-	-	-	-
-	-	-	-	(380,000)
-	-	-	-	-
<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(380,000)</u>
37	9,461	201,257	29,591	(20,597)
<u>40</u>	<u>1,080,929</u>	<u>843,300</u>	<u>316,421</u>	<u>1,591,145</u>
<u>\$ 77</u>	<u>\$ 1,090,390</u>	<u>\$ 1,044,557</u>	<u>\$ 346,012</u>	<u>\$ 1,570,548</u>

(continued)

City of La Verne
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended June 30, 2013
(with comparative data for June 30, 2012)

	Special Revenue Funds			
	Community Facilities District 90-1	Downtown Business Improvement District	Maintenance Assessment District	Affordable Housing
Revenues:				
Other taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	15,392	-	-
Intergovernmental	-	-	-	-
Charges for services	986,315	-	-	-
Fines and forfeitures	-	-	-	-
Special assessments	-	-	343,242	-
Investment income	5,699	104	1,763	2,475
Rents	-	-	-	-
Miscellaneous	-	18,719	-	-
Total revenues	<u>992,014</u>	<u>34,215</u>	<u>345,005</u>	<u>2,475</u>
Expenditures:				
Current:				
Public safety	-	-	-	-
Community development	-	19,599	-	200,990
Public works	-	-	-	-
Community services	-	4,779	284,723	-
Capital projects	294,875	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>294,875</u>	<u>24,378</u>	<u>284,723</u>	<u>200,990</u>
Excess (deficiency) of revenues over (under) expenditures	<u>697,139</u>	<u>9,837</u>	<u>60,282</u>	<u>(198,515)</u>
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(888,000)	-	-	-
Proceeds on sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>(888,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(190,861)</u>	<u>9,837</u>	<u>60,282</u>	<u>(198,515)</u>
Fund balances, beginning of year	<u>909,104</u>	<u>17,340</u>	<u>369,133</u>	<u>542,451</u>
Fund balances, end of year	<u>\$ 718,243</u>	<u>\$ 27,177</u>	<u>\$ 429,415</u>	<u>\$ 343,936</u>

Special Revenue Funds

Measure R	TDA Article 3	Totals	
		2013	2012
\$ -	\$ -	\$ 1,287,216	\$ 1,211,044
-	-	15,392	16,998
326,942	-	1,391,618	2,030,420
-	-	1,176,041	1,088,297
-	-	1,425,210	1,701,544
-	-	343,242	341,324
1,427	2	362,750	254,869
-	-	1,690,554	1,640,611
-	-	87,101	112,177
<u>328,369</u>	<u>2</u>	<u>7,779,124</u>	<u>8,397,284</u>
-	-	1,733,946	1,863,979
-	-	1,413,587	1,289,845
-	-	6,000	23,568
-	-	1,055,947	1,121,414
200,164	-	745,534	608,838
-	-	270,000	250,000
-	-	482,013	500,213
<u>200,164</u>	<u>-</u>	<u>5,707,027</u>	<u>5,657,857</u>
<u>128,205</u>	<u>2</u>	<u>2,072,097</u>	<u>2,739,427</u>
-	-	82,000	357,800
-	-	(1,794,173)	(1,671,609)
-	-	-	800
-	-	(1,712,173)	(1,313,009)
128,205	2	359,924	1,426,418
<u>63,781</u>	<u>373</u>	<u>10,457,868</u>	<u>9,031,450</u>
<u>\$ 191,986</u>	<u>\$ 375</u>	<u>\$ 10,817,792</u>	<u>\$ 10,457,868</u>

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City of La Verne
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
State and County Gasoline Tax Fund
For the Year Ended June 30, 2013
(with comparative data for June 30, 2012)

	Budgeted Amounts		2013 Amounts	Variance Final Budget Positive (Negative)	2012 Amounts
	Original	Final			
Revenues:					
Intergovernmental	\$ 991,300	\$ 991,300	\$ 769,362	\$ (221,938)	\$ 1,187,333
Investment income	10,000	10,000	6,244	(3,756)	8,118
Total revenues	<u>1,001,300</u>	<u>1,001,300</u>	<u>775,606</u>	<u>(225,694)</u>	<u>1,195,451</u>
Expenditures:					
Current:					
Public works	6,000	6,000	6,000	-	6,000
Capital projects	475,000	475,000	145,748	329,252	228,094
Total expenditures	<u>481,000</u>	<u>481,000</u>	<u>151,748</u>	<u>329,252</u>	<u>234,094</u>
Excess (deficiency) of revenues over (under) expenditures	<u>520,300</u>	<u>520,300</u>	<u>623,858</u>	<u>103,558</u>	<u>961,357</u>
Other Financing Uses:					
Transfers out	<u>(361,000)</u>	<u>(361,000)</u>	<u>(351,173)</u>	<u>9,827</u>	<u>(343,609)</u>
Total other financing uses	<u>(361,000)</u>	<u>(361,000)</u>	<u>(351,173)</u>	<u>9,827</u>	<u>(343,609)</u>
Net change in fund balance	159,300	159,300	272,685	113,385	617,748
Fund balance, beginning of year	<u>1,204,096</u>	<u>1,204,096</u>	<u>1,204,096</u>	<u>-</u>	<u>586,348</u>
Fund balance, end of year	<u>\$ 1,363,396</u>	<u>\$ 1,363,396</u>	<u>\$ 1,476,781</u>	<u>\$ 113,385</u>	<u>\$ 1,204,096</u>

City of La Verne
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Traffic and Bicycle Safety Fund
For the Year Ended June 30, 2013
(with comparative data for June 30, 2012)

	Budgeted Amounts		2013 Amounts	Variance	2012 Amounts
	Original	Final		Final Budget Positive (Negative)	
Revenues:					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 11,672
Charges for services	47,000	47,000	66,844	19,844	46,224
Fines and forfeitures	410,000	410,000	560,676	150,676	472,952
Investment income	-	-	49	49	62
Total revenues	<u>457,000</u>	<u>457,000</u>	<u>627,569</u>	<u>170,569</u>	<u>530,910</u>
Expenditures:					
Current:					
Public safety	<u>616,696</u>	<u>616,696</u>	<u>619,508</u>	<u>(2,812)</u>	<u>499,059</u>
Total expenditures	<u>616,696</u>	<u>616,696</u>	<u>619,508</u>	<u>(2,812)</u>	<u>499,059</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(159,696)</u>	<u>(159,696)</u>	<u>8,061</u>	<u>167,757</u>	<u>31,851</u>
Other Financing Sources:					
Transfers in	<u>160,000</u>	<u>160,000</u>	<u>80,000</u>	<u>(80,000)</u>	<u>-</u>
Total other financing sources	<u>160,000</u>	<u>160,000</u>	<u>80,000</u>	<u>(80,000)</u>	<u>-</u>
Net change in fund balance	304	304	88,061	87,757	31,851
Fund balance, beginning of year	<u>32,495</u>	<u>32,495</u>	<u>32,495</u>	<u>-</u>	<u>644</u>
Fund balance, end of year	<u>\$ 32,799</u>	<u>\$ 32,799</u>	<u>\$ 120,556</u>	<u>\$ 87,757</u>	<u>\$ 32,495</u>

City of La Verne
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Mobile Home Park Fund
For the Year Ended June 30, 2013
(with comparative data for June 30, 2012)

	Budgeted Amounts		2013 Amounts	Variance Final Budget Positive (Negative)	2012 Amounts
	Original	Final			
Revenues:					
Investment income	\$ -	\$ -	\$ 324,631	\$ 324,631	\$ 186,154
Rents	1,660,495	1,660,495	1,690,554	30,059	1,640,611
Total revenues	1,660,495	1,660,495	2,015,185	354,690	1,826,765
Expenditures:					
Current:					
Community development	882,964	1,139,964	1,117,693	22,271	1,247,326
Debt service:					
Principal	-	270,000	270,000	-	250,000
Interest	-	482,013	482,013	-	500,213
Total expenditures	882,964	1,891,977	1,869,706	22,271	1,997,539
Deficiency of revenues under expenditures	777,531	(231,482)	145,479	376,961	(170,774)
Other Financing Sources (Uses):					
Transfers in	-	-	-	-	350,000
Transfers out	-	-	(175,000)	(175,000)	(100,000)
Total other financing sources (uses)	-	-	(175,000)	(175,000)	250,000
Net change in fund balance	777,531	(231,482)	(29,521)	201,961	79,226
Fund balance, beginning of year	3,487,260	3,487,260	3,487,260	-	3,408,034
Fund balance, end of year	\$ 4,264,791	\$ 3,255,778	\$ 3,457,739	\$ 201,961	\$ 3,487,260

City of La Verne
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Community Development Fund
For the Year Ended June 30, 2013
(with comparative data for June 30, 2012)

	Budgeted Amounts		2013 Amounts	Variance Final Budget Positive (Negative)	2012 Amounts
	Original	Final			
Revenues:					
Intergovernmental	\$ 132,657	\$ 132,657	\$ 65,279	\$ (67,378)	\$ 40,020
Total revenues	132,657	132,657	65,279	(67,378)	40,020
Expenditures:					
Current:					
Community development	132,657	132,657	65,279	67,378	40,020
Total expenditures	132,657	132,657	65,279	67,378	40,020
Net change in fund balance	-	-	-	-	-
Fund balance, beginning of year	-	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -	\$ -

City of La Verne
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
SLESF and LLEBG Fund
For the Year Ended June 30, 2013
(with comparative data for June 30, 2012)

	Budgeted Amounts		2013 Amounts	Variance Final Budget Positive (Negative)	2012 Amounts
	Original	Final			
Revenues:					
Intergovernmental	\$ 100,000	\$ 100,000	\$ 100,000	\$ -	\$ 100,000
Investment income	-	-	8	8	29
Total revenues	100,000	100,000	100,008	8	100,029
Expenditures:					
Current:					
Public safety	101,972	101,972	101,971	1	100,880
Total expenditures	101,972	101,972	101,971	1	100,880
Deficiency of revenues under expenditures	(1,972)	(1,972)	(1,963)	9	(851)
Other Financing Sources:					
Transfers in	2,000	2,000	2,000	-	800
Total other financing sources	2,000	2,000	2,000	-	800
Net change in fund balance	28	28	37	9	(51)
Fund balance, beginning of year	40	40	40	-	91
Fund balance, end of year	\$ 68	\$ 68	\$ 77	\$ 9	\$ 40

City of La Verne
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Police Narcotics Confiscation Fund
For the Year Ended June 30, 2013
(with comparative data for June 30, 2012)

	Budgeted Amounts		2013 Amounts	Variance Final Budget Positive (Negative)	2012 Amounts
	Original	Final			
Revenues:					
Intergovernmental	\$ 754,000	\$ 754,000	\$ 92,083	\$ (661,917)	\$ 88,995
Fines and forfeitures	-	-	864,534	864,534	1,228,592
Investment income	5,000	5,000	5,546	546	15,284
Miscellaneous	-	-	-	-	37,847
Total revenues	<u>759,000</u>	<u>759,000</u>	<u>962,163</u>	<u>203,163</u>	<u>1,370,718</u>
Expenditures:					
Current:					
Public safety	<u>907,541</u>	<u>1,128,541</u>	<u>952,702</u>	<u>175,839</u>	<u>1,209,922</u>
Total expenditures	<u>907,541</u>	<u>1,128,541</u>	<u>952,702</u>	<u>175,839</u>	<u>1,209,922</u>
Net change in fund balance	(148,541)	(369,541)	9,461	379,002	160,796
Fund balance, beginning of year	<u>1,080,929</u>	<u>1,080,929</u>	<u>1,080,929</u>	<u>-</u>	<u>920,133</u>
Fund balance, end of year	<u>\$ 932,388</u>	<u>\$ 711,388</u>	<u>\$ 1,090,390</u>	<u>\$ 379,002</u>	<u>\$ 1,080,929</u>

City of La Verne
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Local Transit Assistance Fund
For the Year Ended June 30, 2013
(with comparative data for June 30, 2012)

	Budgeted Amounts		2013 Amounts	Variance	2012 Amounts
	Original	Final		Final Budget Positive (Negative)	
Revenues:					
Other taxes	\$ 891,000	\$ 891,000	\$ 963,038	\$ 72,038	\$ 910,670
Investment income	6,500	6,500	4,664	(1,836)	7,799
Total revenues	897,500	897,500	967,702	70,202	918,469
Expenditures:					
Current:					
Community services	782,989	794,499	766,445	28,054	769,816
Total expenditures	782,989	794,499	766,445	28,054	769,816
Net change in fund balance	114,511	103,001	201,257	98,256	148,653
Fund balance, beginning of year	843,300	843,300	843,300	-	694,647
Fund balance, end of year	\$ 957,811	\$ 946,301	\$ 1,044,557	\$ 98,256	\$ 843,300

City of La Verne
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Mobile Source Air Pollution Fund
For the Year Ended June 30, 2013
(with comparative data for June 30, 2012)

	Budgeted Amounts		2013 Amounts	Variance Final Budget Positive (Negative)	2012 Amounts
	Original	Final			
Revenues:					
Intergovernmental	\$ 38,000	\$ 38,000	\$ 37,952	\$ (48)	\$ 119,789
Investment income	2,000	2,000	1,665	(335)	2,237
Total revenues	40,000	40,000	39,617	(383)	122,026
Expenditures:					
Current:					
Community development	50,804	50,804	10,026	40,778	9,532
Total expenditures	50,804	50,804	10,026	40,778	9,532
Excess of revenues over expenditures	(10,804)	(10,804)	29,591	40,395	112,494
Other Financing Sources:					
Proceeds on sale of capital assets	-	-	-	-	800
Total other financing sources	-	-	-	-	800
Net change in fund balance	(10,804)	(10,804)	29,591	40,395	113,294
Fund balance, beginning of year	316,421	316,421	316,421	-	203,127
Fund balance, end of year	\$ 305,617	\$ 305,617	\$ 346,012	\$ 40,395	\$ 316,421

City of La Verne
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Public Safety Fund
For the Year Ended June 30, 2013
(with comparative data for June 30, 2012)

	Budgeted Amounts		2013 Amounts	Variance	2012 Amounts
	Original	Final		Final Budget Positive (Negative)	
Revenues:					
Other taxes	\$ 280,000	\$ 280,000	\$ 324,178	\$ 44,178	\$ 300,374
Intergovernmental	60,000	60,000	-	(60,000)	182,228
Charges for services	134,500	134,500	122,882	(11,618)	57,315
Investment income	16,000	16,000	8,473	(7,527)	14,998
Miscellaneous	9,746	9,746	68,382	58,636	74,330
Total revenues	500,246	500,246	523,915	23,669	629,245
Expenditures:					
Current:					
Public safety	-	62,700	59,765	2,935	54,118
Capital projects	1,303,700	1,303,700	104,747	1,198,953	41,364
Total expenditures	1,303,700	1,366,400	164,512	1,201,888	95,482
Excess of revenues over expenditures	(803,454)	(866,154)	359,403	1,225,557	533,763
Other Financing Uses:					
Transfers in	400,000	400,000	-	(400,000)	-
Transfers out	(380,000)	(380,000)	(380,000)	-	(280,000)
Total other financing uses	20,000	20,000	(380,000)	(400,000)	(280,000)
Net change in fund balance	(783,454)	(846,154)	(20,597)	825,557	253,763
Fund balance, beginning of year	1,591,145	1,591,145	1,591,145	-	1,337,382
Fund balance, end of year	\$ 807,691	\$ 744,991	\$ 1,570,548	\$ 825,557	\$ 1,591,145

City of La Verne
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Community Facilities District 90-1 Fund
For the Year Ended June 30, 2013
(with comparative data for June 30, 2012)

	Budgeted Amounts		2013 Amounts	Variance Final Budget Positive (Negative)	2012 Amounts
	Original	Final			
Revenues:					
Charges for services	\$ 980,000	\$ 980,000	\$ 986,315	\$ 6,315	\$ 983,258
Investment Income	10,000	10,000	5,699	(4,301)	11,458
Total revenues	990,000	990,000	992,014	2,014	994,716
Expenditures:					
Capital projects	-	338,580	294,875	43,705	17,568
Total expenditures	-	338,580	294,875	43,705	17,568
Excess of revenues over expenditures	990,000	651,420	697,139	45,719	977,148
Other Financing Uses:					
Transfers out	(1,288,000)	(1,288,000)	(888,000)	400,000	(948,000)
Total other financing uses	(1,288,000)	(1,288,000)	(888,000)	400,000	(948,000)
Net change in fund balance	(298,000)	(636,580)	(190,861)	445,719	29,148
Fund balance, beginning of year	909,104	909,104	909,104	-	879,956
Fund balance, end of year	\$ 611,104	\$ 272,524	\$ 718,243	\$ 445,719	\$ 909,104

City of La Verne
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Downtown Business Improvement District Fund
For the Year Ended June 30, 2013
(with comparative data for June 30, 2012)

	Budgeted Amounts		2013 Amounts	Variance Final Budget Positive (Negative)	2012 Amounts
	Original	Final			
Revenues:					
Licenses and permits	\$ 14,000	\$ 14,000	\$ 15,392	\$ 1,392	\$ 16,998
Investment income	100	100	104	4	141
Miscellaneous	-	12,000	18,719	6,719	-
Total revenues	14,100	26,100	34,215	8,115	17,139
Expenditures:					
Current:					
Community development	10,000	24,000	19,599	4,401	233
Community services	4,200	6,200	4,779	1,421	5,912
Total expenditures	14,200	30,200	24,378	5,822	6,145
Net change in fund balance	(100)	(4,100)	9,837	13,937	10,994
Fund balance, beginning of year	17,340	17,340	17,340	-	6,346
Fund balance, end of year	\$ 17,240	\$ 13,240	\$ 27,177	\$ 13,937	\$ 17,340

City of La Verne
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Maintenance Assessment District Fund
For the Year Ended June 30, 2013
(with comparative data for June 30, 2012)

	Budgeted Amounts		2013 Amounts	Variance Final Budget Positive (Negative)	2012 Amounts
	Original	Final			
Revenues:					
Special assessments	\$ 340,600	\$ 340,600	\$ 343,242	\$ 2,642	\$ 341,324
Investment income	3,500	3,500	1,763	(1,737)	3,089
Total revenues	<u>344,100</u>	<u>344,100</u>	<u>345,005</u>	<u>905</u>	<u>344,413</u>
Expenditures:					
Current:					
Community services	<u>370,795</u>	<u>389,375</u>	<u>284,723</u>	<u>104,652</u>	<u>345,686</u>
Total expenditures	<u>370,795</u>	<u>389,375</u>	<u>284,723</u>	<u>104,652</u>	<u>345,686</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(26,695)</u>	<u>(45,275)</u>	<u>60,282</u>	<u>105,557</u>	<u>(1,273)</u>
Other Financing Sources:					
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,000</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,000</u>
Net change in fund balance	(26,695)	(45,275)	60,282	105,557	5,727
Fund balance, beginning of year	<u>369,133</u>	<u>369,133</u>	<u>369,133</u>	<u>-</u>	<u>363,406</u>
Fund balance, end of year	<u>\$ 342,438</u>	<u>\$ 323,858</u>	<u>\$ 429,415</u>	<u>\$ 105,557</u>	<u>\$ 369,133</u>

City of La Verne
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Affordable Housing Fund
For the Year Ended June 30, 2013
(with comparative data for June 30, 2012)

	Budgeted Amounts		2013 Amounts	Variance Final Budget Positive (Negative)	2012 Amounts
	Original	Final			
Revenues:					
Charges for services	\$ 6,000	\$ 6,000	\$ -	\$ (6,000)	\$ 1,500
Investment income	5,000	5,000	2,475	(2,525)	5,500
Total revenues	11,000	11,000	2,475	(8,525)	7,000
Expenditures:					
Current:					
Community development	-	350,000	200,990	149,010	-
Total expenditures	-	350,000	200,990	149,010	-
Net change in fund balance	11,000	(339,000)	(198,515)	140,485	7,000
Fund balance, beginning of year	542,451	542,451	542,451	-	535,451
Fund balance, end of year	\$ 553,451	\$ 203,451	\$ 343,936	\$ 140,485	\$ 542,451

City of La Verne
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Measure R Fund
For the Year Ended June 30, 2013
(with comparative data for June 30, 2012)

	Budgeted Amounts		2013 Amounts	Variance Final Budget Positive (Negative)	2012 Amounts
	Original	Final			
Revenues:					
Intergovernmental	\$ 303,000	\$ 303,000	\$ 326,942	\$ 23,942	\$ 307,549
Investment income	1,000	1,000	1,427	427	-
Total revenues	304,000	304,000	328,369	24,369	307,549
Expenditures:					
Capital projects	350,000	350,000	200,164	149,836	339,380
Total expenditures	350,000	350,000	200,164	149,836	339,380
Net change in fund balance	(46,000)	(46,000)	128,205	174,205	(31,831)
Fund balance, beginning of year	63,781	63,781	63,781	-	95,612
Fund balance, end of year	\$ 17,781	\$ 17,781	\$ 191,986	\$ 174,205	\$ 63,781

DEBT SERVICE FUND

Debt service funds are used to account for the accumulation of resources and the payment of principal, interest, and other related costs associated with general long-term debt of the City. Fund included is:

Loan Repayment Fund

To record other financing sources and uses for the lease payments on various Certificates of Participation.

City of La Verne
Combining Balance Sheet
Nonmajor Debt Service Fund
June 30, 2013
(with comparative data for June 30, 2012)

	<u>Loan</u>	<u>Totals</u>	
	<u>Repayment</u>	<u>2013</u>	<u>2012</u>
Assets			
Cash and investments	<u>\$ 1,082,037</u>	<u>\$ 1,082,037</u>	<u>\$ 182,037</u>
Total assets	<u>\$ 1,082,037</u>	<u>\$ 1,082,037</u>	<u>\$ 182,037</u>
Liabilities and Fund Balances			
Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances:			
Restricted for:			
Debt service	<u>1,082,037</u>	<u>1,082,037</u>	<u>182,037</u>
Total fund balances	<u>1,082,037</u>	<u>1,082,037</u>	<u>182,037</u>
Total liabilities and fund balances	<u>\$ 1,082,037</u>	<u>\$ 1,082,037</u>	<u>\$ 182,037</u>

City of La Verne
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Debt Service Fund
For the Year Ended June 30, 2013
(with comparative data for June 30, 2012)

	Loan	Totals	
	Repayment	2013	2012
Revenues:			
Miscellaneous	\$ 1,320	\$ 1,320	\$ 1,320
Total revenues	<u>1,320</u>	<u>1,320</u>	<u>1,320</u>
Expenditures:			
Current:			
General government	1,320	1,320	1,320
Debt service:			
Principal	-	-	238,000
Interest	-	-	53,190
Total expenditures	<u>1,320</u>	<u>1,320</u>	<u>292,510</u>
Deficiency of revenues under expenditures	<u>-</u>	<u>-</u>	<u>(291,190)</u>
Other financing sources:			
Transfers in	<u>900,000</u>	<u>900,000</u>	<u>291,190</u>
Total other financing sources	<u>900,000</u>	<u>900,000</u>	<u>291,190</u>
Net change in fund balance	900,000	900,000	-
Fund balance, beginning of year	<u>182,037</u>	<u>182,037</u>	<u>182,037</u>
Fund balance, end of year	<u>\$ 1,082,037</u>	<u>\$ 1,082,037</u>	<u>\$ 182,037</u>

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CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition or construction of major capital items not financed by proprietary funds and agency funds. Funds included are:

General Capital Improvement Fund

To account for all capital projects not being accounted for in the following capital projects funds.

ROW Management Fund

To account for revenues and expenditures in conjunction with rights of way and street maintenance.

I/S Technology Fund

To account for revenues and expenditures in conjunction with maintenance and replacement of information technology equipment.

Underground Utilities Fund

To account for developer fees used for the installation of underground utilities in new developments.

Park Development Fund

To account for park fees received from developers for the acquisition, improvement and expansion of public parks, playgrounds and recreational facilities.

Storm Drainage District Fund

To account for revenues and expenditures of funds in conjunction with storm drainage districts.

Improvement Assessment District 84-1 Fund

To account for the revenues and expenditures associated with the construction of a new north access road and road improvements.

City of La Verne
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2013
(with comparative data for June 30, 2012)

	Capital Projects Funds			
	General Capital Improvement	ROW Management	I/S Technology	Underground Utilities
Assets				
Cash and investments	\$ 2,013,968	\$ 2,515,503	\$ 34,957	\$ 1,427,679
Interest receivable	1,198	3,222	36	1,882
Accounts receivable	-	110,000	-	-
Due from other governments	-	-	-	-
Total assets	<u>\$ 2,015,166</u>	<u>\$ 2,628,725</u>	<u>\$ 34,993</u>	<u>\$ 1,429,561</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 40,889	\$ -	\$ -	\$ -
Accrued expenses	67,739	-	-	-
Unearned revenue	50,000	142,496	-	-
Total liabilities	<u>158,628</u>	<u>142,496</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted for:				
Community services	-	-	-	-
Public works	1,856,538	-	-	1,429,561
Assigned to:				
Capital Projects	-	2,486,229	34,993	-
Total fund balances	<u>1,856,538</u>	<u>2,486,229</u>	<u>34,993</u>	<u>1,429,561</u>
Total liabilities and fund balances	<u>\$ 2,015,166</u>	<u>\$ 2,628,725</u>	<u>\$ 34,993</u>	<u>\$ 1,429,561</u>

Capital Projects Funds

Park Development	Storm Drainage District	Improvement Assessment District 84-1	Totals	
			2013	2012
\$ 557,655	\$ 1,255,576	\$ 49,482	\$ 7,854,820	\$ 6,118,767
726	1,654	-	8,718	7,541
-	-	-	110,000	110,000
-	-	-	-	323,124
<u>\$ 558,381</u>	<u>\$ 1,257,230</u>	<u>\$ 49,482</u>	<u>\$ 7,973,538</u>	<u>\$ 6,559,432</u>
\$ 6,000	\$ 14,006	\$ -	\$ 60,895	\$ 366
-	-	-	67,739	67,740
-	-	-	192,496	50,000
<u>6,000</u>	<u>14,006</u>	<u>-</u>	<u>321,130</u>	<u>118,106</u>
552,381	-	-	552,381	652,608
-	1,243,224	49,482	4,578,805	3,511,137
-	-	-	2,521,222	2,277,581
<u>552,381</u>	<u>1,243,224</u>	<u>49,482</u>	<u>7,652,408</u>	<u>6,441,326</u>
<u>\$ 558,381</u>	<u>\$ 1,257,230</u>	<u>\$ 49,482</u>	<u>\$ 7,973,538</u>	<u>\$ 6,559,432</u>

City of La Verne
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2013
(with comparative data for June 30, 2012)

	Capital Projects Fund			
	General Capital Improvement	ROW Management	I/S Technology	Underground Utilities
Revenues:				
Other taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	25,993	-	-	-
Charges for services	75,000	-	-	58,752
Investment income	4,961	11,313	122	6,655
Miscellaneous	118,000	110,000	206	-
Total revenues	223,954	121,313	328	65,407
Expenditures:				
Current:				
Community development	-	-	-	-
Capital projects	326,622	-	-	-
Total expenditures	326,622	-	-	-
Excess (deficiency) of revenues over (under) expenditures	(102,668)	121,313	328	65,407
Other Financing Sources:				
Transfers in	1,052,115	110,000	12,000	-
Total other financing sources	1,052,115	110,000	12,000	-
Extraordinary item:				
Loss on dissolution of redevelopment agency	-	-	-	-
Net change in fund balances	949,447	231,313	12,328	65,407
Fund balances, beginning of year	907,091	2,254,916	22,665	1,364,154
Fund balances, end of year	\$ 1,856,538	\$ 2,486,229	\$ 34,993	\$ 1,429,561

Capital Projects Fund

Park Development	Storm Drainage District	Improvement Assessment District 84-1	Totals	
			2013	2012
\$ 14,535	\$ -	\$ -	\$ 14,535	\$ 49,474
-	-	-	25,993	409,547
55,000	59,252	-	248,004	22,768
2,724	5,832	-	31,607	59,634
-	1,736	-	229,942	159,215
<u>72,259</u>	<u>66,820</u>	<u>-</u>	<u>550,081</u>	<u>700,638</u>
-	-	-	-	472,831
<u>172,486</u>	<u>14,006</u>	<u>-</u>	<u>513,114</u>	<u>546,422</u>
<u>172,486</u>	<u>14,006</u>	<u>-</u>	<u>513,114</u>	<u>1,019,253</u>
<u>(100,227)</u>	<u>52,814</u>	<u>-</u>	<u>36,967</u>	<u>(318,615)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,174,115</u>	<u>494,000</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,174,115</u>	<u>494,000</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,946,501)</u>
<u>(100,227)</u>	<u>52,814</u>	<u>-</u>	<u>1,211,082</u>	<u>(1,771,116)</u>
<u>652,608</u>	<u>1,190,410</u>	<u>49,482</u>	<u>6,441,326</u>	<u>8,212,442</u>
<u>\$ 552,381</u>	<u>\$ 1,243,224</u>	<u>\$ 49,482</u>	<u>\$ 7,652,408</u>	<u>\$ 6,441,326</u>

City of La Verne
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
General Capital Improvement Fund
For the Year Ended June 30, 2013
(with comparative data for June 30, 2012)

	Budgeted Amounts		2013 Amounts	Variance	2012 Amounts
	Original	Final		Final Budget Positive (Negative)	
Revenues:					
Intergovernmental	\$ -	\$ 57,994	\$ 25,993	\$ (32,001)	\$ 409,547
Charges for services	-	75,000	75,000	-	-
Investment income	2,000	2,000	4,961	2,961	3,588
Miscellaneous	-	118,000	118,000	-	45,783
Total revenues	2,000	252,994	223,954	(29,040)	458,918
Expenditures:					
Capital projects	115,000	365,994	326,622	39,372	497,427
Total expenditures	115,000	365,994	326,622	39,372	497,427
Deficiency of revenues under expenditures	(113,000)	(113,000)	(102,668)	10,332	(38,509)
Other Financing Sources:					
Transfers in	60,000	60,000	1,052,115	992,115	440,000
Total other financing sources	60,000	60,000	1,052,115	992,115	440,000
Net change in fund balance	(53,000)	(53,000)	949,447	1,002,447	401,491
Fund balance, beginning of year	907,091	907,091	907,091	-	505,600
Fund balance, end of year	\$ 854,091	\$ 854,091	\$ 1,856,538	\$ 1,002,447	\$ 907,091

City of La Verne
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
ROW Management Fund
For the Year Ended June 30, 2013
(with comparative data for June 30, 2012)

	Budgeted Amounts		2013 Amounts	Variance Final Budget Positive (Negative)	2012 Amounts
	Original	Final			
Revenues:					
Investment income	\$ 25,000	\$ 25,000	\$ 11,313	\$ (13,687)	\$ 21,537
Miscellaneous	110,000	110,000	110,000	-	110,000
Total revenues	135,000	135,000	121,313	(13,687)	131,537
Expenditures:	-	-	-	-	-
Excess of revenues over expenditures	135,000	135,000	121,313	(13,687)	131,537
Other Financing Sources:					
Transfers in	110,000	110,000	110,000	-	50,000
Total other financing sources	110,000	110,000	110,000	-	50,000
Net change in fund balance	245,000	245,000	231,313	(13,687)	181,537
Fund balance, beginning of year	2,254,916	2,254,916	2,254,916	-	2,073,379
Fund balance, end of year	<u>\$ 2,499,916</u>	<u>\$ 2,499,916</u>	<u>\$ 2,486,229</u>	<u>\$ (13,687)</u>	<u>\$ 2,254,916</u>

City of La Verne
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
I/S Technology Fund
For the Year Ended June 30, 2013
(with comparative data for June 30, 2012)

	Budgeted Amounts		2013 Amounts	Variance Final Budget Positive (Negative)	2012 Amounts
	Original	Final			
Revenues:					
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ 3,168
Investment income	200	200	122	(78)	197
Miscellaneous	-	-	206	206	-
Total revenues	<u>200</u>	<u>200</u>	<u>328</u>	<u>128</u>	<u>3,365</u>
Expenditures:					
Excess of revenues over expenditures	<u>200</u>	<u>200</u>	<u>328</u>	<u>128</u>	<u>3,365</u>
Other Financing Sources:					
Transfers in	-	-	12,000	12,000	4,000
Total other financing sources	<u>-</u>	<u>-</u>	<u>12,000</u>	<u>12,000</u>	<u>4,000</u>
Net change in fund balance	200	200	12,328	12,128	7,365
Fund balance, beginning of year	<u>22,665</u>	<u>22,665</u>	<u>22,665</u>	<u>-</u>	<u>15,300</u>
Fund balance, end of year	<u>\$ 22,865</u>	<u>\$ 22,865</u>	<u>\$ 34,993</u>	<u>\$ 12,128</u>	<u>\$ 22,665</u>

City of La Verne
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Underground Utilities Fund
For the Year Ended June 30, 2013
(with comparative data for June 30, 2012)

	Budgeted Amounts		2013 Amounts	Variance Final Budget Positive (Negative)	2012 Amounts
	Original	Final			
Revenues:					
Charges for services	\$ 3,500	\$ 3,500	\$ 58,752	\$ 55,252	\$ 9,800
Investment income	15,000	15,000	6,655	(8,345)	13,787
Total revenues	18,500	18,500	65,407	46,907	23,587
Expenditures:					
	-	-	-	-	-
Net change in fund balance	18,500	18,500	65,407	46,907	23,587
Fund balance, beginning of year	1,364,154	1,364,154	1,364,154	-	1,340,567
Fund balance, end of year	\$ 1,382,654	\$ 1,382,654	\$ 1,429,561	\$ 46,907	\$ 1,364,154

City of La Verne
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Park Development Fund
For the Year Ended June 30, 2013
(with comparative data for June 30, 2012)

	Budgeted Amounts		2013 Amounts	Variance	2012 Amounts
	Original	Final		Final Budget Positive (Negative)	
Revenues:					
Other taxes	\$ 60,000	\$ 60,000	\$ 14,535	\$ (45,465)	\$ 49,474
Charges for services	-	16,000	55,000	39,000	-
Investment income	5,000	5,000	2,724	(2,276)	6,986
Total revenues	65,000	81,000	72,259	(8,741)	56,460
Expenditures:					
Capital projects	162,000	323,369	172,486	150,883	46,117
Total expenditures	162,000	323,369	172,486	150,883	46,117
Net change in fund balance	(97,000)	(242,369)	(100,227)	142,142	10,343
Fund balance, beginning of year	652,608	652,608	652,608	-	642,265
Fund balance, end of year	\$ 555,608	\$ 410,239	\$ 552,381	\$ 142,142	\$ 652,608

City of La Verne
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Storm Drainage District Fund
For the Year Ended June 30, 2013
(with comparative data for June 30, 2012)

	Budgeted Amounts		2013 Amounts	Variance Final Budget Positive (Negative)	2012 Amounts
	Original	Final			
Revenues:					
Charges for services	\$ 3,500	\$ 3,500	\$ 59,252	\$ 55,752	\$ 9,800
Investment income	15,000	15,000	5,832	(9,168)	12,027
Miscellaneous	-	-	1,736	1,736	-
Total revenues	<u>18,500</u>	<u>18,500</u>	<u>66,820</u>	<u>48,320</u>	<u>21,827</u>
Expenditures:					
Capital projects	<u>20,000</u>	<u>20,000</u>	<u>14,006</u>	<u>5,994</u>	<u>-</u>
Total expenditures	<u>20,000</u>	<u>20,000</u>	<u>14,006</u>	<u>5,994</u>	<u>-</u>
Net change in fund balance	(1,500)	(1,500)	52,814	54,314	21,827
Fund balance, beginning of year	<u>1,190,410</u>	<u>1,190,410</u>	<u>1,190,410</u>	<u>-</u>	<u>1,168,583</u>
Fund balance, end of year	<u>\$ 1,188,910</u>	<u>\$ 1,188,910</u>	<u>\$ 1,243,224</u>	<u>\$ 54,314</u>	<u>\$ 1,190,410</u>

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Agency Funds

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations and other governmental units. Funds included are:

Deposits Fund

To account for all special deposits held by the City to ensure compliance with City regulations. Funds are received and disbursed from this fund.

Community Facilities District 88-1 Fund

To account for the City's fiduciary capacity as custodian of the CFD 88-1 Bonds.

L.A. Impact Fund

To account for monies held under an agreement for financial support services to L.A. Impact, a multi-jurisdictional major crime task force.

City of La Verne
Combining Balance Sheet
Agency Funds
June 30, 2013
(with comparative data for June 30, 2012)

	Deposits	Community	L.A.	Totals	
		Facilities District 88-1		Impact	2013
Assets					
Cash and investments	\$ 1,268,373	\$ 297,585	\$ 3,350,278	\$ 4,916,236	\$ 7,912,031
Cash and investments with fiscal agents	-	765,379	-	765,379	720,004
Interest receivable	50	455	222	727	4,329
Accounts receivable	4,781	-	7,213	11,994	366
Due from other governments	-	6,856	1,578,875	1,585,731	1,432,276
Prepaid items	-	-	-	-	81,410
Total assets	\$ 1,273,204	\$ 1,070,275	\$ 4,936,588	\$ 7,280,067	\$ 10,150,416
Liabilities					
Accounts payable	\$ 26,329	\$ -	\$ 1,146,744	\$ 1,173,073	\$ 1,952,554
Deposits payable	1,246,875	-	3,789,844	5,036,719	7,048,113
Held for bondholders	-	1,070,275	-	1,070,275	1,149,749
Total liabilities	\$ 1,273,204	\$ 1,070,275	\$ 4,936,588	\$ 7,280,067	\$ 10,150,416

City of La Verne
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2013
(with comparative data for June 30, 2012)

	Balance at June 30, 2012	Additions	Deletions	Balance at June 30, 2013
<u>DEPOSITS FUND</u>				
Assets				
Cash and investments	\$ 1,219,655	\$ 1,557,916	\$ (1,509,198)	\$ 1,268,373
Interest receivable	70	50	(70)	50
Accounts receivable	366	4,781	(366)	4,781
	<u>366</u>	<u>4,781</u>	<u>(366)</u>	<u>4,781</u>
Total assets	<u>\$ 1,220,091</u>	<u>\$ 1,562,747</u>	<u>\$ (1,509,634)</u>	<u>\$ 1,273,204</u>
Liabilities				
Accounts payable	\$ 557,025	\$ 944,621	\$ (1,475,317)	\$ 26,329
Deposits payable	663,066	583,809	-	1,246,875
	<u>663,066</u>	<u>583,809</u>	<u>-</u>	<u>1,246,875</u>
Total liabilities	<u>\$ 1,220,091</u>	<u>\$ 1,528,430</u>	<u>\$ (1,475,317)</u>	<u>\$ 1,273,204</u>

	Balance at June 30, 2012	Additions	Deletions	Balance at June 30, 2013
<u>COMMUNITY FACILITIES</u>				
<u>DISTRICT 88-1 FUND</u>				
Assets				
Cash and investments	\$ 369,944	\$ 835,662	\$ (908,021)	\$ 297,585
Cash and investments with fiscal agents	720,004	45,375	-	765,379
Interest receivable	473	455	(473)	455
Due from other governments	59,328	6,856	(59,328)	6,856
	<u>59,328</u>	<u>6,856</u>	<u>(59,328)</u>	<u>6,856</u>
Total assets	<u>\$ 1,149,749</u>	<u>\$ 888,348</u>	<u>\$ (967,822)</u>	<u>\$ 1,070,275</u>
Liabilities				
Held for bondholders	\$ 1,149,749	\$ -	\$ (79,474)	\$ 1,070,275
	<u>1,149,749</u>	<u>-</u>	<u>(79,474)</u>	<u>1,070,275</u>
Total liabilities	<u>\$ 1,149,749</u>	<u>\$ -</u>	<u>\$ (79,474)</u>	<u>\$ 1,070,275</u>

City of La Verne
Combining Statement of Changes in Assets and Liabilities
Agency Funds (continued)
For the Year Ended June 30, 2013
(with comparative data for June 30, 2012)

	Balance at June 30, 2012	Additions	Deletions	Balance at June 30, 2013
<u>L.A. IMPACT FUND</u>				
Assets				
Cash and investments	\$ 6,322,432	\$ 3,624,530	\$ (6,596,684)	\$ 3,350,278
Interest receivable	3,786	222	(3,786)	222
Accounts receivable	-	7,213	-	7,213
Due from other governments	1,372,948	1,578,875	(1,372,948)	1,578,875
Prepaid items	81,410	-	(81,410)	-
 Total assets	 <u>\$ 7,780,576</u>	 <u>\$ 5,210,840</u>	 <u>\$ (8,054,828)</u>	 <u>\$ 4,936,588</u>

Liabilities				
Accounts payable	\$ 1,395,529	\$ 1,146,744	\$ (1,395,529)	\$ 1,146,744
Deposits payable	6,385,047	-	(2,595,203)	3,789,844
 Total liabilities	 <u>\$ 7,780,576</u>	 <u>\$ 1,146,744</u>	 <u>\$ (3,990,732)</u>	 <u>\$ 4,936,588</u>

	Balance at June 30, 2012	Additions	Deletions	Balance at June 30, 2013
<u>TOTALS - ALL AGENCY FUNDS</u>				
Assets				
Cash and investments	\$ 7,912,031	\$ 6,018,108	\$ (9,013,903)	\$ 4,916,236
Cash and investments with fiscal agents	720,004	45,375	-	765,379
Interest receivable	4,329	727	(4,329)	727
Accounts receivable	366	11,994	(366)	11,994
Due from other governments	1,432,276	1,585,731	(1,432,276)	1,585,731
Prepaid items	81,410	-	(81,410)	-
 Total assets	 <u>\$ 10,150,416</u>	 <u>\$ 7,661,935</u>	 <u>\$ (10,532,284)</u>	 <u>\$ 7,280,067</u>

Liabilities				
Accounts payable	\$ 1,952,554	\$ 2,091,365	\$ (2,870,846)	\$ 1,173,073
Deposits payable	7,048,113	583,809	(2,595,203)	5,036,719
Held for bondholders	1,149,749	-	(79,474)	1,070,275
 Total liabilities	 <u>\$ 10,150,416</u>	 <u>\$ 2,675,174</u>	 <u>\$ (5,545,523)</u>	 <u>\$ 7,280,067</u>

Statistical Section

City of La Verne
Net Position by Component
Last Ten Fiscal Years

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Governmental activities:					
Net investment in capital assets	\$ 43,373,654	\$ 43,276,436	\$ 45,186,606	\$ 48,517,314	\$ 50,281,744
Restricted	15,697,262	12,591,653	13,519,256	18,952,616	19,847,734
Unrestricted	<u>2,978,140</u>	<u>7,935,389</u>	<u>9,859,695</u>	<u>5,558,652</u>	<u>7,883,916</u>
Total governmental activities net position	<u>\$ 62,049,056</u>	<u>\$ 63,803,478</u>	<u>\$ 68,565,557</u>	<u>\$ 73,028,582</u>	<u>\$ 78,013,394</u>
Business-type activities:					
Net investment in capital assets	\$ 24,092,926	\$ 29,628,811	\$ 30,919,675	\$ 33,491,143	\$ 35,578,979
Unrestricted	<u>23,630,219</u>	<u>18,741,167</u>	<u>18,102,139</u>	<u>18,503,094</u>	<u>16,224,483</u>
Total business-type activities net position	<u>\$ 47,723,145</u>	<u>\$ 48,369,978</u>	<u>\$ 49,021,814</u>	<u>\$ 51,994,237</u>	<u>\$ 51,803,462</u>
Primary government:					
Net investment in capital assets	\$ 67,466,580	\$ 72,905,247	\$ 76,106,281	\$ 82,008,457	\$ 85,860,723
Restricted	15,697,262	12,591,653	13,519,256	18,952,616	19,847,734
Unrestricted	<u>26,608,359</u>	<u>26,676,556</u>	<u>27,961,834</u>	<u>24,061,746</u>	<u>24,108,399</u>
Total primary government net position	<u>\$ 109,772,201</u>	<u>\$ 112,173,456</u>	<u>\$ 117,587,371</u>	<u>\$ 125,022,819</u>	<u>\$ 129,816,856</u>

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 51,376,187	\$ 52,229,306	\$ 52,684,848	\$ 50,818,712	\$ 49,029,379
16,569,296	15,753,054	15,196,501	19,194,850	20,080,663
<u>11,297,687</u>	<u>7,774,894</u>	<u>11,004,877</u>	<u>11,259,006</u>	<u>12,989,050</u>
<u>\$ 79,243,170</u>	<u>\$ 75,757,254</u>	<u>\$ 78,886,226</u>	<u>\$ 81,272,568</u>	<u>\$ 82,099,092</u>
\$ 35,637,885	\$ 36,214,228	\$ 35,884,348	\$ 35,750,047	\$ 35,923,190
15,874,706	15,194,777	15,509,491	14,925,722	15,103,782
<u>\$ 51,512,591</u>	<u>\$ 51,409,005</u>	<u>\$ 51,393,839</u>	<u>\$ 50,675,769</u>	<u>\$ 51,026,972</u>
\$ 87,014,072	\$ 88,443,534	\$ 88,569,196	\$ 86,568,759	\$ 84,952,569
16,569,296	15,753,054	15,196,501	19,194,850	20,080,663
27,172,393	22,969,671	26,514,368	26,184,728	28,092,832
<u>\$130,755,761</u>	<u>\$127,166,259</u>	<u>\$130,280,065</u>	<u>\$131,948,337</u>	<u>\$133,126,064</u>

City of La Verne
Changes in Net Position
Last Ten Fiscal Years

	2004	2005	2006	2007	2008
Expenses:					
Governmental activities:					
General government	\$ 1,512,377	\$ 1,609,641	\$ 1,789,237	\$ 1,751,395	\$ 1,895,637
Public safety	13,691,207	13,726,752	15,768,871	16,745,394	17,992,575
Community development	4,169,249	3,259,820	3,146,909	3,336,167	4,420,213
Public works	5,348,452	5,099,750	5,877,310	6,849,892	6,303,193
Community services	4,365,774	3,791,916	4,005,600	4,191,004	4,583,814
Interest on long-term debt	1,496,075	916,670	1,327,755	973,315	990,596
Total governmental activities expenses	<u>30,583,134</u>	<u>28,404,549</u>	<u>31,915,682</u>	<u>33,847,167</u>	<u>36,186,028</u>
Business-type activities:					
Water	6,960,041	6,844,100	7,495,258	8,338,080	8,915,679
Sewer	741,577	734,703	782,089	922,612	909,660
Total business-type activities expenses	<u>7,701,618</u>	<u>7,578,803</u>	<u>8,277,347</u>	<u>9,260,692</u>	<u>9,825,339</u>
Total primary government expenses	<u>38,284,752</u>	<u>35,983,352</u>	<u>40,193,029</u>	<u>43,107,859</u>	<u>46,011,367</u>
Program revenues:					
Governmental activities:					
Charges for services					
General government	40,889	95,328	152,373	210,832	207,726
Public safety	1,054,504	2,064,804	2,462,777	2,644,774	3,392,939
Community development	449,353	2,131,678	1,144,846	1,268,912	1,040,952
Public works	3,826,928	2,577,543	2,614,079	2,833,358	2,954,257
Community services	355,391	721,580	2,165,244	2,472,516	1,869,925
Operating grants and contributions	2,577,483	3,729,699	3,450,765	3,780,467	5,012,302
Capital grants and contributions	4,783,696	1,366,901	4,922,093	2,979,945	4,135,447
Total governmental activities program revenues	<u>13,088,244</u>	<u>12,687,533</u>	<u>16,912,177</u>	<u>16,190,804</u>	<u>18,613,548</u>
Business-type activities:					
Charges for services					
Water	8,088,222	7,949,770	7,799,879	8,930,708	8,934,147
Sewer	575,178	825,309	846,650	817,281	833,799
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>8,663,400</u>	<u>8,775,079</u>	<u>8,646,529</u>	<u>9,747,989</u>	<u>9,767,946</u>
Total primary government program revenues	<u>21,751,644</u>	<u>21,462,612</u>	<u>25,558,706</u>	<u>25,938,793</u>	<u>28,381,494</u>

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$ 1,958,597	\$ 1,710,441	\$ 1,531,758	\$ 1,972,652	\$ 1,643,954
19,330,568	19,290,517	17,677,088	18,527,428	18,896,525
4,466,856	3,986,983	3,459,358	3,079,747	2,963,793
7,142,636	6,954,468	8,628,963	8,100,160	9,019,496
5,186,005	4,752,147	2,656,296	2,824,709	2,974,167
1,180,909	767,611	917,635	651,653	823,208
<u>39,265,571</u>	<u>37,462,167</u>	<u>34,871,098</u>	<u>35,156,349</u>	<u>36,321,143</u>
8,256,203	8,025,256	8,207,100	9,016,754	9,684,637
952,992	1,417,366	1,147,641	1,180,482	1,174,152
<u>9,209,195</u>	<u>9,442,622</u>	<u>9,354,741</u>	<u>10,197,236</u>	<u>10,858,789</u>
<u>48,474,766</u>	<u>46,904,789</u>	<u>44,225,839</u>	<u>45,353,585</u>	<u>47,179,932</u>
236,325	273,635	288,597	241,613	266,552
3,250,691	2,781,912	2,343,575	2,587,852	2,916,503
821,114	742,957	1,445,509	1,326,086	1,327,965
3,097,837	3,071,153	3,029,797	2,725,829	3,045,804
2,270,338	2,363,170	2,397,408	2,510,120	2,525,545
4,624,505	5,244,361	5,773,869	5,166,383	4,951,275
4,165,859	2,004,807	2,048,144	2,047,952	1,226,011
<u>18,466,669</u>	<u>16,481,995</u>	<u>17,326,899</u>	<u>16,605,835</u>	<u>16,259,655</u>
8,648,524	9,008,653	8,869,120	9,137,178	10,517,927
802,053	1,130,478	1,310,485	1,261,551	1,429,643
-	-	-	-	292,410
<u>9,450,577</u>	<u>10,139,131</u>	<u>10,179,605</u>	<u>10,398,729</u>	<u>12,239,980</u>
<u>27,917,246</u>	<u>26,621,126</u>	<u>27,506,504</u>	<u>27,004,564</u>	<u>28,499,635</u>

City of La Verne
Changes in Net Position
(continued)

	2004	2005	2006	2007	2008
Net revenues (expenses):					
Governmental activities	(17,494,890)	(15,717,016)	(15,003,505)	(17,656,363)	(17,572,480)
Business-type activities	961,782	1,196,276	369,182	487,297	(57,393)
Total net revenues (expenses)	<u>(16,533,108)</u>	<u>(14,520,740)</u>	<u>(14,634,323)</u>	<u>(17,169,066)</u>	<u>(17,629,873)</u>
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	6,134,302	6,277,268	7,397,530	7,982,854	8,382,518
Sales taxes	3,332,179	3,595,132	3,629,695	3,899,793	4,255,219
Utility taxes and other taxes	2,370,060	2,482,006	4,025,220	4,525,388	4,007,194
Motor vehicle in-lieu, unrestricted	1,502,038	2,104,784	2,387,603	2,400,962	2,516,485
Investment income	723,726	1,063,127	431,529	1,372,876	1,322,764
Other general revenues	1,497,455	944,021	888,907	932,415	1,313,109
Transfers	976,100	1,005,100	1,005,100	1,005,100	1,005,100
Total governmental activities	<u>16,535,860</u>	<u>17,471,438</u>	<u>19,765,584</u>	<u>22,119,388</u>	<u>22,802,389</u>
Business-type activities:					
Investment income	518,680	584,207	186,294	931,508	871,718
Transfers	(976,100)	(1,005,100)	(1,005,100)	(1,005,100)	(1,005,100)
Other business revenues	-	-	-	-	-
Total business-type activities	<u>(457,420)</u>	<u>(420,893)</u>	<u>(818,806)</u>	<u>(73,592)</u>	<u>(133,382)</u>
Total primary government	<u>16,078,440</u>	<u>17,050,545</u>	<u>18,946,778</u>	<u>22,045,796</u>	<u>22,669,007</u>
Governmental activities:					
Extraordinary item	-	-	-	-	-
Change in net position:					
Governmental activities	(959,030)	1,754,422	4,762,079	4,463,025	5,229,909
Business-type activities	504,362	775,383	(449,624)	413,705	(190,775)
Total primary government	<u>\$ (454,668)</u>	<u>\$ 2,529,805</u>	<u>\$ 4,312,455</u>	<u>\$ 4,876,730</u>	<u>\$ 5,039,134</u>

2009	2010	2011	2012	2013
(20,798,902)	(20,980,172)	(17,544,199)	(18,550,514)	(20,061,488)
241,382	696,509	824,864	201,493	1,381,191
<u>(20,557,520)</u>	<u>(20,283,663)</u>	<u>(16,719,335)</u>	<u>(18,349,021)</u>	<u>(18,680,297)</u>
8,298,426	6,304,219	8,126,601	5,246,028	7,912,524
3,957,853	3,095,132	3,457,066	3,803,845	3,885,736
4,177,179	3,814,753	3,710,193	3,626,624	3,706,997
2,588,376	2,525,697	2,582,883	2,484,960	2,543,269
1,255,327	535,805	357,605	440,714	438,461
746,417	143,550	1,363,723	1,370,310	1,255,925
1,005,100	1,075,100	1,075,100	1,075,100	1,145,100
<u>22,028,678</u>	<u>17,494,256</u>	<u>20,673,171</u>	<u>18,047,581</u>	<u>20,888,012</u>
472,847	275,005	235,070	155,537	74,744
(1,005,100)	(1,075,100)	(1,075,100)	(1,075,100)	(1,145,100)
-	-	-	-	40,368
<u>(532,253)</u>	<u>(800,095)</u>	<u>(840,030)</u>	<u>(919,563)</u>	<u>(1,029,988)</u>
<u>21,496,425</u>	<u>16,694,161</u>	<u>19,833,141</u>	<u>17,128,018</u>	<u>19,858,024</u>
-	-	-	2,889,275	-
1,229,776	(3,485,916)	3,128,972	2,386,342	826,524
(290,871)	(103,586)	(15,166)	(718,070)	351,203
<u>\$ 938,905</u>	<u>\$(3,589,502)</u>	<u>\$ 3,113,806</u>	<u>\$ 1,668,272</u>	<u>\$ 1,177,727</u>

City of La Verne
 Governmental Activities Tax Revenues By Source
 Last Ten Fiscal Years

Fiscal Year	Property Taxes	Sales Taxes	Utility and Other Taxes	Totals
2003-04	\$ 6,134,302	\$ 3,332,179	\$ 2,370,060	\$ 11,836,541
2004-05	6,277,268	3,595,132	2,482,006	12,354,406
2005-06	7,397,530	3,629,695	4,025,220	15,052,445
2006-07	7,982,854	3,899,793	4,525,388	16,408,035
2007-08	8,382,518	4,255,219	4,007,194	16,644,931
2008-09	8,298,426	3,957,853	4,177,179	16,433,458
2009-10	6,304,219	3,095,132	3,814,753	13,214,104
2010-11	8,126,601	3,457,066	3,710,193	15,293,860
2011-12	5,246,028	3,803,845	3,626,624	12,676,497
2012-13	7,912,524	3,885,736	3,706,997	15,505,257

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City of La Verne
Fund Balances of Governmental Funds
Last Ten Fiscal Years

Pre GASB 54	Fiscal Year			
	2004	2005	2006	2007
General fund:				
Reserved	\$ 1,944,886	\$ 2,128,270	\$ 2,227,907	\$ 2,001,174
Unreserved	3,773,060	4,311,357	4,925,824	5,791,874
Total general fund	\$ 5,717,946	\$ 6,439,627	\$ 7,153,731	\$ 7,793,048
All other governmental funds:				
Reserved	\$ 2,537,865	\$ 5,287,352	\$ 5,542,908	\$ 5,404,119
Unreserved, reported in:				
Special revenue funds	13,572,328	13,901,937	12,533,163	13,815,799
Capital projects funds	3,061,351	3,084,850	3,508,257	2,528,782
Total all other governmental funds	19,171,544	22,274,139	21,584,328	21,748,700
Total all governmental funds	\$ 24,889,490	\$ 28,713,766	\$ 28,738,059	\$ 29,541,748

Post GASB 54	Fiscal Year			
	2010	2011	2012	2013
General fund:				
Nonspendable	\$ 1,316,642	\$ 1,267,067	\$ 1,293,565	\$ 1,835,929
Committed	-	3,680,000	4,221,000	4,291,000
Assigned	-	3,598,882	4,683,218	5,750,295
Unassigned	6,710,941	-	-	-
Total general fund	8,027,583	8,545,949	10,197,783	11,877,224
All other governmental funds:				
Nonspendable	12,607	30,322	34,322	39,695
Restricted for:				
Public safety	1,477,981	2,258,250	2,704,609	2,781,571
Community services	3,786,973	4,383,383	1,882,381	2,053,530
Community development	1,223,463	1,439,571	4,311,810	4,107,992
Low and Moderate				
Income Housing	6,017,460	6,869,381	4,589,343	3,089,343
Public works	5,222,185	4,629,299	5,688,491	6,966,190
Debt service	-	282,917	182,037	1,082,037
Assigned	4,633,664	4,503,067	2,277,581	2,521,222
Unassigned	(400,307)	-	-	-
Total all other governmental funds	21,974,026	24,396,190	21,670,574	22,641,580
Total all governmental funds	\$ 30,001,609	\$ 32,942,139	\$ 31,868,357	\$ 34,518,804

During fiscal year 2011, the City adopted GASBS No. 54. This Statement changes the presentation of governmental fund types fund equity. The City retroactively changed the fiscal year 2010 to comply with the requirements of the Statement, but chose not to retroactively apply the Statement in the Statistical Section (except for the 2010 fiscal year).

Fiscal Year		
2008	2009	2010
\$ 2,202,078	\$ 2,005,926	\$ 1,983,968
<u>6,883,234</u>	<u>7,287,472</u>	<u>6,043,615</u>
<u>\$ 9,085,312</u>	<u>\$ 9,293,398</u>	<u>\$ 8,027,583</u>
\$ 3,197,022	\$ 3,054,164	\$ 2,298,052
16,187,971	15,247,452	13,969,843
<u>4,074,753</u>	<u>5,998,135</u>	<u>5,706,131</u>
<u>23,459,746</u>	<u>24,299,751</u>	<u>21,974,026</u>
<u>\$ 32,545,058</u>	<u>\$ 33,593,149</u>	<u>\$ 30,001,609</u>

City of La Verne
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years

	2004	2005	2006	2007	2008
Revenues:					
Property taxes	\$10,071,271	\$10,654,748	\$11,836,865	\$12,887,626	\$14,157,966
Other taxes	7,111,696	7,102,446	8,652,008	9,475,155	9,537,893
Licenses and permits	1,241,849	1,240,239	1,417,313	1,536,983	1,416,869
Intergovernmental	2,810,664	3,747,175	4,634,455	5,887,469	6,967,802
Charges for services	6,450,900	6,395,316	7,171,959	7,519,403	8,300,038
Fines and forfeitures	449,547	442,187	463,393	683,750	1,131,657
Special assessments	321,860	311,561	310,602	311,619	309,224
Investment income	723,726	1,047,585	427,597	1,316,379	1,269,598
Rents	1,622,490	1,654,176	1,702,271	1,743,302	1,779,226
Miscellaneous	1,233,401	592,308	368,297	865,265	867,864
Total revenues	<u>32,037,404</u>	<u>33,187,741</u>	<u>36,984,760</u>	<u>42,226,951</u>	<u>45,738,137</u>
Expenditures					
Current:					
General government	1,425,580	1,557,142	1,619,669	1,804,337	1,887,171
Public safety	13,210,940	14,322,571	15,986,176	19,086,805	18,018,128
Community development	3,147,612	3,194,484	3,031,736	3,282,213	4,296,767
Public works	4,202,866	4,037,529	4,221,668	4,897,042	4,456,341
Community services	4,029,812	3,590,528	3,737,211	3,899,697	4,233,929
Capital projects	284,347	289,101	436,234	3,130,145	3,311,197
Debt service:					
Principal retirement	5,145,000	370,000	3,046,660	442,656	523,096
Interest and financing costs	1,525,089	921,230	1,253,593	982,695	997,753
Pass through obligations	3,969,899	4,377,480	4,881,509	4,904,772	5,775,448
AB 1484 demand payment	-	-	-	-	-
Developer fees	-	-	-	-	-
Total expenditures	<u>36,941,145</u>	<u>32,660,065</u>	<u>38,214,456</u>	<u>42,430,362</u>	<u>43,499,830</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,903,741)</u>	<u>527,676</u>	<u>(1,229,696)</u>	<u>(203,411)</u>	<u>2,238,307</u>
Other financing sources (uses):					
Transfers in	10,860,093	6,126,610	10,617,504	6,477,074	7,066,510
Transfers out	(9,488,993)	(5,119,510)	(9,610,404)	(5,469,974)	(6,056,410)
Proceeds of bonds/notes payable	-	2,289,500	246,889	-	-
Application of PERS credit	750,000	-	-	-	-
Proceeds on sale of capital assets	-	-	-	-	-
Total other financing sources (uses)	<u>2,121,100</u>	<u>3,296,600</u>	<u>1,253,989</u>	<u>1,007,100</u>	<u>1,010,100</u>
Extraordinary item	-	-	-	-	-
Net change in fund balances	<u>\$ (2,782,641)</u>	<u>\$ 3,824,276</u>	<u>\$ 24,293</u>	<u>\$ 803,689</u>	<u>\$ 3,248,407</u>
Debt service as a percentage of noncapital expenditures	18.20%	3.99%	11.38%	3.63%	3.78%

2009	2010	2011	2012	2013
\$ 15,060,879	\$ 14,714,919	\$ 14,501,348	\$ 10,606,419	\$ 7,912,524
9,565,699	7,903,902	8,872,190	8,690,987	8,894,483
1,221,152	1,112,811	1,836,426	1,590,421	1,785,525
7,118,486	5,458,963	5,168,580	5,346,891	4,372,353
8,208,082	7,817,562	7,538,955	7,593,133	8,192,632
1,189,021	812,948	2,155,826	1,719,687	1,443,083
310,961	340,025	346,633	341,324	343,242
827,476	522,752	347,789	434,077	436,309
1,828,305	1,841,342	1,818,860	1,854,032	1,874,907
1,605,710	1,439,207	703,294	755,099	745,357
<u>46,935,771</u>	<u>41,964,431</u>	<u>43,289,901</u>	<u>38,932,070</u>	<u>36,000,415</u>
1,954,462	1,857,547	1,583,604	1,912,520	1,616,804
19,369,320	19,322,652	17,671,791	17,915,253	18,359,153
3,964,758	3,908,700	3,489,834	3,256,434	2,770,200
5,371,609	5,247,773	6,676,584	5,962,047	5,920,061
4,821,277	4,414,471	2,302,983	2,401,722	2,318,189
3,015,673	2,282,314	1,950,264	1,155,260	1,258,648
3,399,520	481,887	558,270	540,001	270,000
1,195,709	885,027	816,394	677,465	832,013
6,762,452	8,410,700	6,374,747	4,097,695	-
-	-	-	1,262,696	-
-	-	-	-	1,150,000
<u>49,854,780</u>	<u>46,811,071</u>	<u>41,424,471</u>	<u>39,181,093</u>	<u>34,495,068</u>
<u>(2,919,009)</u>	<u>(4,846,640)</u>	<u>1,865,430</u>	<u>(249,023)</u>	<u>1,505,347</u>
11,439,216	7,049,573	4,507,692	3,889,699	5,095,388
(10,249,116)	(5,794,473)	(3,432,592)	(2,833,854)	(3,950,288)
2,777,000	-	-	-	-
-	-	-	-	-
-	-	-	800	-
<u>3,967,100</u>	<u>1,255,100</u>	<u>1,075,100</u>	<u>1,056,645</u>	<u>1,145,100</u>
-	-	-	(1,881,404)	-
<u>\$ 1,048,091</u>	<u>\$ (3,591,540)</u>	<u>\$ 2,940,530</u>	<u>\$ (1,073,782)</u>	<u>\$ 2,650,447</u>
9.81%	3.07%	3.48%	3.20%	3.32%

City of La Verne
 General Governmental Tax Revenues By Source
 Last Ten Fiscal Years

Fiscal Year	Property Taxes	General Sales Taxes	Utility Users Tax	Proposition A & C Sales Taxes	Proposition 172 Sales Taxes	Franchise Taxes	Park Development Taxes	Totals
2003-04	\$ 10,071,271	\$ 3,332,178	\$ 1,962,060	\$ 826,136	\$ 272,549	\$ 408,002	\$ 310,771	\$ 17,182,967
2004-05	10,654,748	3,400,916	2,043,607	877,184	296,247	438,399	46,093	17,757,194
2005-06	11,836,865	3,629,695	3,152,236	997,093	316,280	476,554	80,150	20,488,873
2006-07	12,887,626	3,899,793	3,521,541	981,337	320,983	627,844	123,657	22,362,781
2007-08	14,157,966	4,255,219	3,572,988	975,041	316,800	395,765	22,080	23,695,859
2008-09	15,060,879	3,957,852	3,379,051	884,736	287,360	742,578	314,123	24,626,579
2009-10	14,714,919	3,095,132	3,224,458	792,479	266,416	512,056	13,361	22,618,821
2010-11	14,501,348	3,457,066	3,156,997	841,045	278,525	553,197	585,360	23,373,538
2011-12	10,606,419	3,803,845	3,047,987	910,670	300,374	578,637	49,474	19,297,406
2012-13	7,912,524	3,885,736	3,098,144	963,038	324,178	608,852	14,535	16,807,007
Change 2004-2013	-21.4%	16.6%	57.9%	16.6%	18.9%	49.2%	-95.3%	-2.2%

City of La Verne
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	La Verne Redevelopment Agency ¹	City	Total	Total Direct Tax Rate
2003-04	\$ 614,248,979	\$ 1,768,426,950	\$ 2,382,675,929	1.00%
2004-05	655,560,654	1,863,321,771	2,518,882,425	1.00%
2005-06	727,960,001	1,998,645,817	2,726,605,818	1.00%
2006-07	823,768,628	2,115,163,586	2,938,932,214	1.00%
2007-08	935,111,524	2,241,629,667	3,176,741,191	1.00%
2008-09	978,238,653	2,318,595,709	3,296,834,362	1.00%
2009-10	989,509,283	2,244,865,580	3,234,374,863	1.00%
2010-11	994,399,021	2,241,971,056	3,236,370,077	1.00%
2011-12	1,011,273,422	2,279,380,049	3,290,653,471	1.00%
2012-13	1,065,373,015	2,302,303,616	3,367,676,631	1.00%

1. Excludes base year valuation of \$193,906,743 for past four years; and \$185,836,946 for 2008-09 and prior years.

Source: Los Angeles County Assessor's Office.

City of La Verne
 Direct and Overlapping Property Tax Rates
 (Rate per \$100 of Assessed Valuation)
 Last Ten Fiscal Years
 (Tax Rate Area 5044)

Fiscal Year	General	Los Angeles County	School District	Metro Water District	Community College District	Co. Flood Control District	Total Direct Rate
2003-04	1.0000	0.000992	-	0.006100	0.015246	0.000462	1.022800
2004-05	1.0000	0.000923	0.046435	0.005800	0.014731	0.000245	1.068134
2005-06	1.0000	0.000795	0.039553	0.005200	0.021216	0.000049	1.066813
2006-07	1.0000	0.000663	0.036098	0.004700	0.021838	0.000052	1.063351
2007-08	1.0000	-	0.031573	0.004500	0.017501	-	1.053574
2008-09	1.0000	-	0.040414	0.004300	0.023326	-	1.068040
2009-10	1.0000	-	0.076144	0.004300	0.025710	-	1.106154
2010-11	1.0000	-	0.074268	0.003700	0.026363	-	1.104331
2011-12	1.0000	-	0.091659	0.003700	0.026415	-	1.121774
2012-13	1.0000	-	0.082513	0.003500	0.028957	-	1.114970

NOTE:

The City of La Verne had approximately 120 tax rate areas during the year ended June 30, 2013. The tax rates in these areas vary from 1.11% to 1.13% of assessed valuation. Tax Rate Area 5044 is one of the largest representing 25% of the total assessed valuation.

In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, owners are charged taxes as a percentage of assessed property values for the payment of the various intergovernmental overlapping debts.

Source: Los Angeles County Auditor-Controller.

City of La Verne
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2013		2004	
	Taxable Assessed Value	Percentage of Total Assessed Valuation	Taxable Assessed Value	Percentage of Total Assessed Valuation
PKI La Verne Town Center LP	\$ 44,110,468	1.31%	\$ -	-
WNRA Monte Vista LLC	33,661,577	1.00%	-	-
La Verne Commons LLC	22,892,864	0.68%	-	-
Hsientein La Verne Inv. LLC	17,100,239	0.51%	-	-
La Verne Courtyard LLC	17,080,000	0.51%	-	-
Thomas & Mary Redfern Trust	14,981,305	0.44%	-	-
La Verne Partners LLP	14,057,424	0.42%	11,079,798	0.47%
Kohls Department Stores Inc.	13,995,574	0.42%	-	-
Gateway Pointe LLC	13,735,919	0.40%	-	-
Stone Barkley Company LLC	12,904,641	0.38%	-	-
Pan Pacific Retail Properties	-	-	21,353,198	0.90%
Arch Street III LP	-	-	20,687,530	0.87%
Sierra La Verne Country Club Inc.	-	-	15,543,579	0.65%
Steadfast La Verne LLC	-	-	13,209,000	0.55%
La Verne Retail Partners	-	-	12,998,290	0.54%
Paper Pak Industries	-	-	12,319,821	0.52%
Edwards Theatres Circuit	-	-	10,409,785	0.44%
La Verne Butterfield LLC	-	-	7,680,719	0.32%
Carson Industries, LLC	-	-	6,274,637	0.26%
	<u>\$ 204,520,011</u>	<u>6.07%</u>	<u>\$ 131,556,357</u>	<u>5.52%</u>

The amounts shown above include assessed value data for both the City and Redevelopment Agency.

Source: Los Angeles County Assessor's Office

City of La Verne
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	City					
	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2003-04	\$ 3,096,591	\$ 3,093,595	99.90%	\$ 370,738	\$3,464,333	111.88%
2004-05	2,903,940	2,903,645	99.99%	505,286	3,408,931	117.39%
2005-06	3,119,486	3,042,683	97.54%	738,915	3,781,598	121.23%
2006-07	3,712,665	3,581,280	96.46%	625,515	4,206,795	113.31%
2007-08	3,942,117	3,815,227	96.78%	455,646	4,270,873	108.34%
2008-09	4,067,009	3,849,836	94.66%	891,514	4,741,350	116.58%
2009-10	3,926,977	3,779,649	96.25%	564,183	4,343,832	110.62%
2010-11	3,926,930	3,889,481	99.05%	486,313	4,375,794	111.43%
2011-12	4,007,213	3,988,412	99.53%	2,070,938	6,059,350	151.21%
2012-13	4,298,250	4,280,675	99.59%	3,631,849	7,912,524	184.09%

NOTE:

The amounts collected by the Redevelopment Agency include monies that were passed-through to other agencies. Current tax levies are the original charge as provided by the County of Los Angeles. Current tax collections do not include supplemental tax roll SB813, aircraft tax or other property taxes.

Source: Los Angeles Auditor controller's Office and City Finance Division

La Verne Redevelopment Agency

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
2003-04	\$ 6,279,497	\$ 6,109,950	97.30%	\$ 477,420	\$6,587,370	104.90%
2004-05	6,694,301	6,540,332	97.70%	705,485	7,245,817	108.24%
2005-06	7,495,332	7,367,911	98.30%	687,356	8,055,267	107.47%
2006-07	8,236,775	7,943,546	96.44%	737,285	8,680,831	105.39%
2007-08	9,428,224	9,156,691	97.12%	730,402	9,887,093	104.87%
2008-09	10,019,765	9,619,976	96.01%	699,553	10,319,529	102.99%
2009-10	10,078,645	9,807,529	97.31%	563,558	10,371,087	102.90%
2010-11	9,991,773	9,787,941	97.96%	337,613	10,125,554	101.34%
2011-12	N/A					
2013-13	N/A					

1. State legislation resulted in the Redevelopment Agency being dissolved on February 1, 2012.

City of La Verne
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Governmental Activities					
Fiscal Year	Certificates of Participation and Lease Agreement	Revenue Bonds	Pension Bonds ¹	Notes Payable	Total
2003-04	\$ 3,635,000	\$ 8,440,000	\$ -	\$ 3,884,287	\$ 15,959,287
2004-05	3,475,000	8,280,000	-	6,123,787	17,878,787
2005-06	3,305,000	8,110,000	8,380,000	3,717,127	23,512,127
2006-07	3,125,000	7,925,000	8,155,000	3,639,471	22,844,471
2007-08	2,935,000	7,730,000	7,855,000	3,170,675	21,690,675
2008-09	2,777,000	7,525,000	7,515,000	3,106,155	20,923,155
2009-10	2,567,000	7,305,000	7,135,000	3,151,355	20,158,355
2010-11	2,338,000	7,070,000	6,705,000	3,035,280	19,148,280
2011-12	-	6,820,000	6,225,000	-	13,045,000
2012-13	-	6,550,000	5,690,000	-	12,240,000

1. The City issued \$8,380,000 of pension bonds in 2006.

2. These ratios are calculated using personal income and population for the prior calendar year.

3. State legislation resulted in the Redevelopment Agency being dissolved on February 1, 2012. Liabilities of the former Redevelopment Agency have been transferred to the Successor Agency in a private-purpose trust fund.

N/A – Information was not available

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

Business-type Activities

<u>Capital Lease -</u>			<u>Total</u>	<u>Primary</u>	<u>Percentage</u>	<u>Debt</u>
<u>Water Rights</u>		<u>Total</u>	<u>Government</u>	<u>of Personal</u>	<u>Income²</u>	<u>Per</u>
						<u>Capita²</u>
\$ 6,974,530	\$ 6,974,530	\$ 22,933,817	2.19%	\$ 690		
6,364,664	6,364,664	24,243,451	2.18%	\$ 724		
5,737,497	5,737,497	29,249,624	2.55%	\$ 878		
5,095,191	5,095,191	27,939,662	2.24%	\$ 835		
4,439,910	4,439,910	26,130,585	1.95%	\$ 768		
3,758,677	3,758,677	24,681,832	1.75%	\$ 726		
3,057,980	3,057,980	23,216,335	1.71%	\$ 682		
2,327,006	2,327,006	21,475,286	1.65%	\$ 689		
1,576,568	1,576,568	14,621,568	1.09%	\$ 465		
800,179	800,179	13,040,179	N/A	\$ 407		

City of La Verne
 Ratios of General Bonded Debt Outstanding
 Last Ten Fiscal Years

Fiscal Year	Outstanding General Bonded Debt			Percent of Assessed Value ¹	Debt Per Capita ²
	Certificates of Participation and Lease Agreement	Pension Bonds	Total		
2003-04	\$ 3,635,000	\$ -	\$ 3,635,000	0.15%	\$ 109
2004-05	3,475,000	-	3,475,000	0.14%	\$ 104
2005-06	3,305,000	8,380,000	11,685,000	0.43%	\$ 351
2006-07	3,125,000	8,155,000	11,280,000	0.38%	\$ 337
2007-08	2,935,000	7,855,000	10,790,000	0.34%	\$ 317
2008-09	2,777,000	7,515,000	10,292,000	0.31%	\$ 303
2009-10	2,567,000	7,135,000	9,702,000	0.30%	\$ 285
2010-11	2,338,000	6,705,000	9,043,000	0.28%	\$ 290
2011-12	-	6,225,000	6,225,000	0.19%	\$ 198
2012-13	-	5,690,000	5,690,000	0.17%	\$ 178

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

1. Assessed value has been used because the actual value of taxable property is not readily available in the State of California.
2. These ratios are calculated using population data for the prior calendar year.
3. State legislation resulted in the Redevelopment Agency being dissolved in February 1, 2012. Liabilities of the former Redevelopment Agency have been transferred to the Successor Agency in a private-purpose trust fund.

City of La Verne
Direct and Overlapping Debt
June 30, 2013

City Assessed Valuation	\$ 2,302,303,616
Redevelopment Agency Incremental Valuation	<u>1,065,373,015</u>
Total Assessed Valuation	<u>\$ 3,367,676,631</u>

	Percentage Applicable ¹	Outstanding Debt 6/30/13 (in thousands)	City's Share of Overlapping Debt
Overlapping debt:			
Los Angeles County Flood Control District	0.249%	\$ 51,665	\$ 128,646
Metropolitan Water District	0.126%	218,654	275,504
Citrus Community College District	0.262%	78,201	204,887
Mount San Antonio Community College District	4.375%	224,839	9,836,706
Bonita Unified School District	41.904%	103,283	43,279,708
Claremont Unified School District	1.135%	34,411	390,565
La Verne Community Facilities District No. 88-1	100.000%	795	795,000
Los Angeles County Regional Open Space Park Assessment District	0.245%	<u>189,472</u>	<u>464,206</u>
Total overlapping debt:		<u>901,320</u>	<u>55,375,222</u>
Overlapping other debt:			
Los Angeles County General Fund Obligations	0.245%	1,437,697	3,522,358
Los Angeles County Superintendent of Schools Certificates of Participation	0.245%	11,722	28,719
Claremont Unified School District General Fund Obligations	1.135%	8,403	95,374
Los Angeles County Sanitation District No. 21 Authority	3.437%	19,141	657,876
Los Angeles County Sanitation District No. 22 Authority	5.114%	16,549	846,316
Bonita Unified School District Certificates of Participation	41.904%	<u>1,854</u>	<u>776,900</u>
Total overlapping other debt:		<u>1,495,366</u>	<u>5,927,543</u>
Total overlapping debt and overlapping other debt		<u>\$ 2,396,686</u>	<u>61,302,765</u>
City of La Verne direct debt at 6/30/13			<u>12,240,000</u>
Total direct and overlapping debt			<u>\$ 73,542,765</u>

Notes:

- For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

Overlapping governments are those that coincide, at least in part, within the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and business of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: California Municipal Statistics, Inc.

City of La Verne
 Legal Debt Margin Information
 Last Ten Fiscal Years

	Fiscal Year				
	2004	2005	2006	2007	2008
Debt limit	\$ 89,350,347	\$ 94,458,091	\$ 102,247,718	\$ 1,110,209,958	\$ 121,289,057
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 89,350,347</u>	<u>\$ 94,458,091</u>	<u>\$ 102,247,718</u>	<u>\$ 1,110,209,958</u>	<u>\$ 121,289,057</u>
Total net debt applicable to limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed Value	\$ 3,367,676,631
Debt limit (3.75% of assessed)	<u>126,287,874</u>
Debt applicable to limit:	
General obligation bonds	-
Legal debt margin	<u>\$ 126,287,874</u>

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with fiscal year 1981-82, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). Although the stationary debt limit has not been amended by the State since this change, the percentages presented in the above computations have been proportionately modified to 3.75% (25% of 15%) for the purpose of this calculation in order to be consistent with the computational effect of the debt limit of the State's establishment of the limit.

Source: City Finance Division
 Los Angeles County Assessor's Office

Fiscal Year

2009	2010	2011	2012	2013
\$ 123,631,289	\$ 121,289,057	\$ 121,363,878	\$ 123,399,505	\$ 126,287,874
-	-	-	-	-
<u>\$ 123,631,289</u>	<u>\$ 121,289,057</u>	<u>\$ 121,363,878</u>	<u>\$ 123,399,505</u>	<u>\$ 126,287,874</u>

0.00% 0.00% 0.00% 0.00% 0.00%

City of La Verne
Pledged-Revenue Coverage
Last Ten Fiscal Years
(in Thousands)

Fiscal Year	1996 Revenue Bonds							Coverage
	Available	Mobile	Less	Net	Debt Service 2			
	Tax Increment Revenue 1	Home Park Revenues	Operating Expenses	Available Revenue	Principal	Interest		
2003-04	\$ 500	\$ 1,109	\$ 511	\$ 1,098	\$ 155	\$ 602	1.45	
2004-05	497	1,111	516	1,092	160	593	1.45	
2005-06	497	1,130	551	1,076	170	583	1.43	
2006-07	500	1,150	517	1,133	185	572	1.50	
2007-08	498	1,159	553	1,104	195	559	1.46	
2008-09	496	1,155	521	1,130	205	547	1.50	
2009-10	497	1,167	535	1,129	220	533	1.50	
2010-11	496	1,165	509	1,152	235	517	1.53	
2011-12	350	1,173	536	987	250	500	1.32	
2012-13	350	1,220	563	1,007	270	482	1.34	

Notes:

1. Property Tax Increment revenues available under the pledge indenture from the Low and Moderate Income Housing Fund are limited to approximately 66% of the bonds annual debt service costs.
2. Details regarding the City's outstanding revenue bonds can be found in the notes to the financial statements.
3. State legislation resulted in the Redevelopment Agency being dissolved on February 1, 2012. The State Department of Finance is currently only recognizing the minimum annual pledge of \$350,000 and not the additional stand by portion as allowed in the bond indenture.

City of La Verne
Demographic and Economic Statistics
Last Ten Calendar Years

Calendar Year	Population	Personal Income (in thousands) 1	Per Capita Personal Income 2	Unemployment Rate 3
2003	33,233	\$ 1,045,244	\$ 31,452	4.3%
2004	33,480	1,110,833	33,179	4.0%
2005	33,310	1,146,730	34,426	3.3%
2006	33,449	1,249,722	37,362	2.6%
2007	34,046	1,338,893	39,326	2.8%
2008	33,981	1,406,881	41,402	4.3%
2009	34,051	1,357,886	39,878	6.7%
2010	31,153	1,301,915	41,791	7.2%
2011	31,461	1,339,106	42,564	6.4%
2012	32,041	N/A	N/A	6.3%

1. State Department of Finance
2. Bureau of Economic Analysis (data based on County averages)
3. State of California Employment Development Department

N/A – Information was not available

City of La Verne
Principal Employers
June 30, 2013

<u>Employer</u>	<u>Number of Employees</u>	<u>Percent of Total Employment</u>
University of La Verne	365	2.01%
Metropolitan Water District	330	1.81%
Bonita Unified School District	320	1.76%
Brethren Hillcrest Homes	245	1.35%
Target	200	1.10%
City of La Verne	159	0.87%
Kohls	130	0.71%
Vons	120	0.66%
Gainey Ceramics	100	0.55%
Paper Pak Industries	85	0.47%
	<u>2,054</u>	<u>11.29%</u>

“Total Employment” as used above represents the total labor force within the City limits.

Source: City Finance Division

The principal employer information 9 years ago was not available.

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City of La Verne
 Full-time City employees by Function
 Last Ten Fiscal Years

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General government	10	10	10	10	10
Public Safety:					
Fire	36	36	36	36	36
Police	65	66	67	71	71
Community development	3	3	3	3	3
Public works	36	36	36	36	38
Community services	12	13	13	13	13
Redevelopment agency/ Successor Agency	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>
Total	<u>169</u>	<u>171</u>	<u>172</u>	<u>176</u>	<u>178</u>

Source: City Finance Division

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
10	9	8	8	8
36	36	36	36	36
67	66	61	59	59
2	2	1	2	5
39	40	46	45	46
13	12	3	3	3
<u>8</u>	<u>9</u>	<u>8</u>	<u>6</u>	<u>2</u>
<u>175</u>	<u>174</u>	<u>163</u>	<u>159</u>	<u>159</u>

City of La Verne
 Operating Indicators by Function
 Last Ten Fiscal Years

	Fiscal Year				
	2004	2005	2006	2007	2008
Police					
Calls for service	15,076	15,807	16,099	16,974	16,295
Arrests	1,141	1,892	2,343	2,001	1,694
Fire					
Number of emergency calls	2,461	2,733	2,739	2,759	2,987
Inspections	662	600	548	570	629
Community services:					
Number of recreation classes	140	142	144	160	162
Number of facility rentals	310	314	359	355	383
Water:					
Mainline repairs	14	15	14	15	7
Average daily consumption (in thousand gallons)	7,170	8,121	7,820	8,740	8,951
Sewer:					
Sanitary lines cleaned (feet)	562,000	600,000	248,000	330,000	565,000
Storm lines cleaned (feet)	15,600	15,700	15,800	15,840	15,840
Community development:					
Building permits issued	569	490	490	428	377
Building permit valuations (in thousands)	18,789	20,281	22,406	19,045	24,445
General government:					
Business license contacts	2,020	2,050	2,100	2,200	2,250

Source: Various City Departments

Fiscal Year				
2009	2010	2011	2012	2013
17,541	17,615	16,040	16,784	17,000
1,350	1,300	1,185	1,182	1,200
2,889	2,741	2,808	2,864	2,810
791	794	778	772	780
165	160	180	170	179
380	270	130	80	88
5	7	6	5	6
8,035	8,150	7,400	6,900	6,600
550,000	549,000	300,000	300,000	300,000
15,800	15,600	15,900	15,800	15,700
434	326	394	428	361
22,695	11,471	27,780	22,549	25,147
2,200	2,200	2,300	2,200	3,100

City of La Verne
Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year				
	2004	2005	2006	2007	2008
Police:					
Police stations	1	1	1	1	1
Fire					
Fire Stations	2	2	2	3	3
Public works:					
Streets (miles)	98	98	98	98	98
Alleys (miles)	14	14	14	14	14
Sidewalks (miles)	204	204	205	205	205
Traffic signals	17	17	17	17	17
Parks	19	19	19	19	19
Community services:					
Community centers	2	2	2	2	2
Water:					
Water mains (miles)	140	140	140	140	140
Fire hydrants	1,080	1,080	1,080	1,080	1,080
Number of reservoirs	13	13	13	13	13
Maximum daily capacity (in thousands of gallons)	27,000	27,000	27,000	27,000	27,000
Sewer:					
Sanitary sewers (miles)	92	92	92	92	92
Storm sewers (miles)	19	19	19	19	19

Source: Various City Departments

Fiscal Year				
2009	2010	2011	2012	2013
1	1	1	1	1
3	3	3	3	3
98	98	98	98	98
14	14	14	14	14
205	205	205	205	205
18	22	22	22	22
19	19	19	19	19
2	2	2	2	2
140	140	140	140	140
1,080	1,080	1,080	1,080	1,080
13	13	13	13	13
27,000	27,000	27,000	27,000	27,000
92	92	92	92	92
19	19	19	19	19

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