

CITY OF LA VERNE, CALIFORNIA

Comprehensive Annual Financial Report

Year ended June 30, 2014

Prepared By
Finance Division

Richard Martinez
Finance Officer



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

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Year ended June 30, 2014

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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 16, 2015

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, 2014.

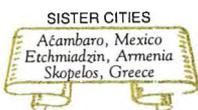
This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management 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, 2014, 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 unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2014, 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.

-i-

General Administration 909/596-8726 • Water Customer Service 909/596-8744 • Parks & Community Services 909/596-8700
Public Works 909/596-8741 • Finance 909/596-8716 • Community Development 909/596-8706 • Building 909/596-8713
Police Department 909/596-1913 • Fire Department 909/596-5991 • General Fax 909/596-8737



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 32pg,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 43 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.

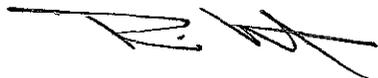
Awards and Acknowledgements

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, 2013. This was the nineteenth 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. 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,



Richard A. Martinez
Finance Officer

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CITY OF LA VERNE, CALIFORNIA

List of Principal Officials

June 30, 2014

CITY COUNCIL

Don Kendrick
Mayor

Donna Redman
Mayor Pro Tem

Robin Carder
Council Member

Charlie A. Rosales
Council Member

Ron Ingels
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

Richard Martinez

Fire Chief

Pete Jankowski

Information Systems Manager

William Elftman Jr.

City Treasurer

Jeannette A. Vagnozzi

Community Services Director

William Aguirre

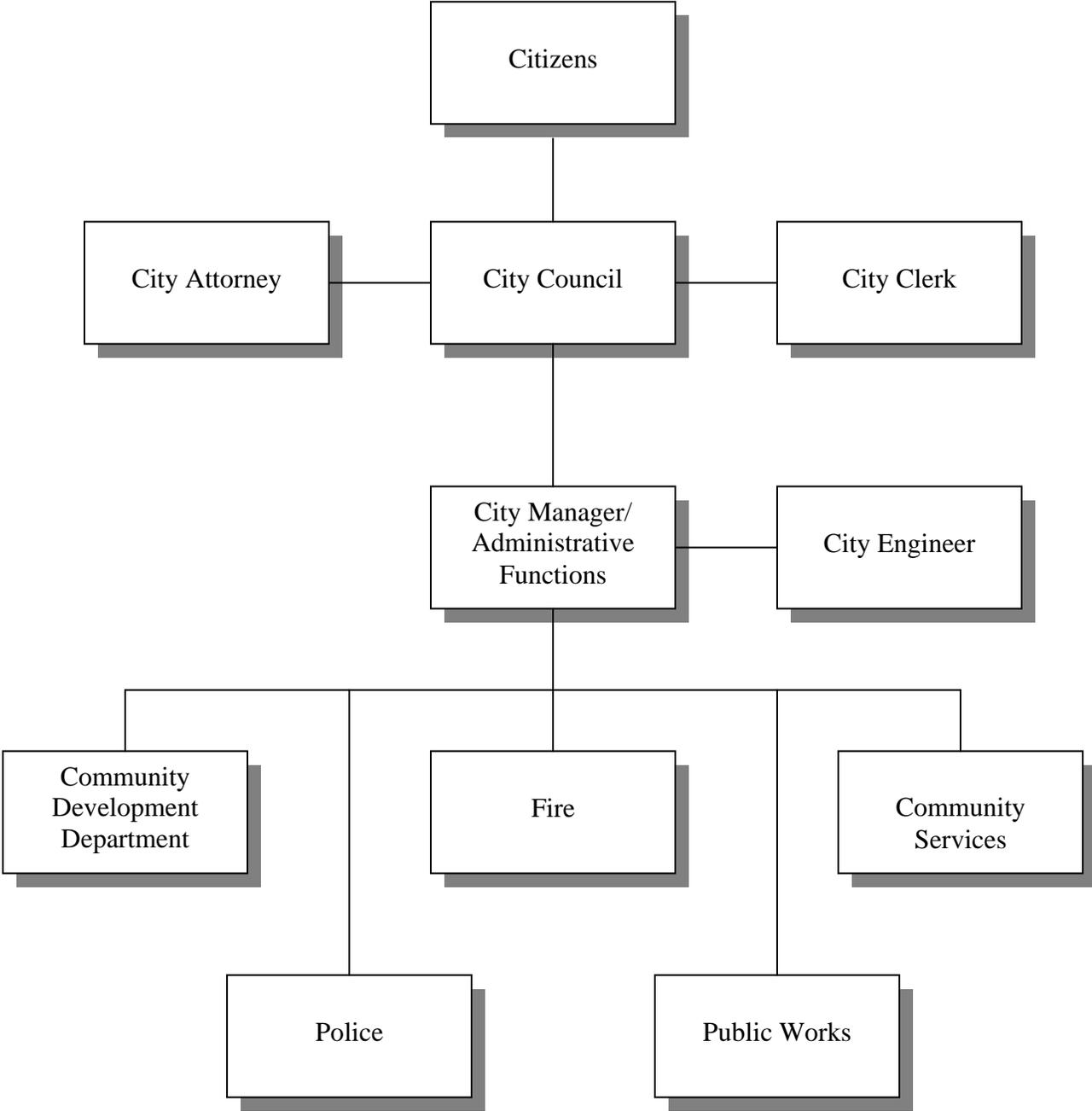
Police Chief

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, 2013

Presented to the

City of La Verne

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

February 13, 2014



***Pauline Marx
CSMFO President***



***Ken Brown, 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

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INDEPENDENT AUDITOR'S REPORT

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

PARTNERS

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

MANAGERS / STAFF

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

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

Emphasis of Matter

Implementation of new pronouncement

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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 2013 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 21, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, 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 16, 2015, 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, California
January 16, 2015

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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, 2014. 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 2013-14 represents the twelfth 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, 2014 by \$140.1 million (*net position*). Of this amount, \$29.98 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 \$7.0 million during the past year. The increase in program revenues for this fiscal year compared to the prior year, along with a slight decrease in expenses were the main reasons for this positive change.
- As of the close of the 2013-14 fiscal year, the City's governmental funds reported combined ending fund balances of \$41.36 million, a net increase of \$6.84 million in comparison with the prior fiscal year. Approximately 32% of this amount (\$13.4 million) is available for spending at the government's discretion (*committed and assigned fund balances*).
- As of June 30, 2014, the total fund balance of the City's General Fund was \$12.3 million. This amount includes \$4.33 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 \$1.6 million during the fiscal year ending June 30, 2014, to a level of \$14.25 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 26 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 Successor which are considered to be the City's two major funds. Data from the other 24 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 pages 36-75 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 75 - 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 \$140 million as of June 30, 2014. This reflects an increase of \$30 million compared to the balance of net position ten years ago.

The largest portion of the City's net position, \$84.2 million (60%), 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 (40%) 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, 2014 and 2013
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other non-current assets	\$ 50.4	\$ 44.3	\$ 29.2	\$ 29.0	\$ 79.6	\$ 73.3
Capital assets	54.3	55.6	24.2	24.7	78.5	80.3
Total assets	104.7	99.9	53.4	53.7	158.1	153.6
Long-term liabilities outstanding	14.0	14.7	0.3	1.2	14.3	15.9
Other liabilities	2.5	3.1	1.2	1.5	3.7	4.6
Total liabilities	16.5	17.8	1.5	2.7	18.0	20.5
Net position:						
Net investment in capital assets	48.1	49.0	36.1	35.9	84.2	84.9
Restricted	25.9	20.1	-	-	25.9	20.1
Unrestricted	14.2	13.0	15.8	15.1	30.0	28.1
Total net position	\$ 88.2	\$ 82.1	\$ 51.9	\$ 51.0	\$ 140.1	\$ 133.1

An additional portion of the City's net position, \$25.9 million (18.5%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$30 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.

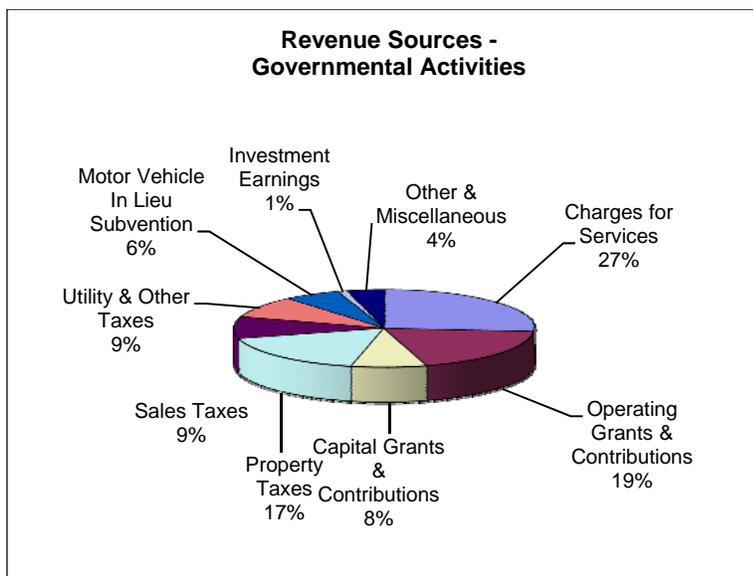
State legislation resulted in the Redevelopment Agency being dissolved on February 1, 2012. Prior to that date, the activities of the former agency continued to be reported in the governmental funds of the City. After the date of dissolution, the assets, liabilities, and activities of the dissolved agency 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 \$7.0 million during the current fiscal year. The net position of governmental activities increased by \$6.1 million while business-type activities had an increase of \$0.9 million.

Table 2
City of La Verne
Changes in Net Position
For the Year Ended June 30, 2014 and 2013
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues:						
Charges for services	\$ 10.4	\$ 10.1	\$ 12.9	\$ 11.9	\$ 23.3	\$ 22.0
Operating grants and contributions	7.8	5.0	-	-	7.8	5.0
Capital grants and contributions	3.3	1.2	-	0.3	3.3	1.5
General revenues						
Taxes:						
Property taxes	7.0	7.9	-	-	7.0	7.9
Sales taxes	3.8	3.9	-	-	3.8	3.9
Utility & other taxes	3.6	3.7	-	-	3.6	3.7
State subvention - motor vehicle in lieu	2.6	2.5	-	-	2.6	2.5
Investment earnings	0.6	0.4	0.10	0.1	0.7	0.5
Other	1.5	1.3	0.10	-	1.6	1.3
Total revenues	40.6	36.0	13.1	12.3	53.7	48.3
Expenses						
General government	1.8	1.6	-	-	1.8	1.6
Public safety	19.3	18.9	-	-	19.3	18.9
Community development	3.2	3.0	-	-	3.2	3.0
Public works	7.9	9.0	-	-	7.9	9.0
Community services	2.9	3.0	-	-	2.9	3.0
Water	-	-	9.8	9.7	9.8	9.7
Sewer	-	-	1.3	1.1	1.3	1.1
Interest on long-term debt	0.5	0.8	-	-	0.5	0.8
Total expenses	35.6	36.3	11.1	10.8	46.7	47.1
Excess (deficiency) before extraordinary item and transfers	5.0	(0.3)	2.0	1.5	7.0	1.2
Transfers	1.1	1.2	(1.1)	(1.2)	-	-
Change in net position	6.1	0.9	0.9	0.3	7.0	1.2
Net position - beginning of year	82.1	81.2	51.0	50.7	133.1	131.9
Net position - end of year	\$ 88.2	\$ 82.1	\$ 51.9	\$ 51.0	\$ 140.1	\$ 133.1

The City's total revenues were \$53.7 million, while the total cost of all programs and services was \$46.7 million. Charges for services was the City's largest resource at \$23.3 million (26% of governmental revenues, 98% of business-type revenues and 43% of total revenues). Operating Contributions and Grant revenue was the second largest revenue source at \$7.8 million (15% of total revenues). Property taxes was the third largest revenue source at \$7.0 million (13% of total revenues and 17% of governmental revenues). The fourth largest revenue source for the City was sales taxes with a total of \$3.8 million or 9% of governmental revenues. The City's voter approved 6% utility users tax (that was increased from 4% to 6% effective July 1, 2005) totaled

\$3.6 million was the fifth largest revenue source followed by the motor vehicle in-lieu subvention from the State of California at \$2.6 million.



Governmental activities. The governmental activities increase in net position of \$6.1 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 \$14.1 million, meaning 40% 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 \$19.3 million comprised the largest component of government activities in terms of cost (54%) this past year. Charges for services and operating and capital grants and contributions covered 43% (\$8.2 million) of the cost of these activities.

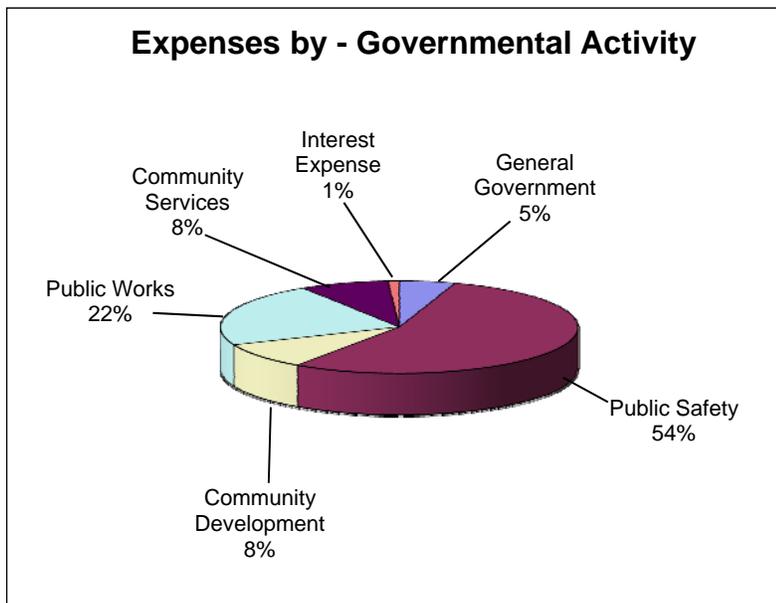
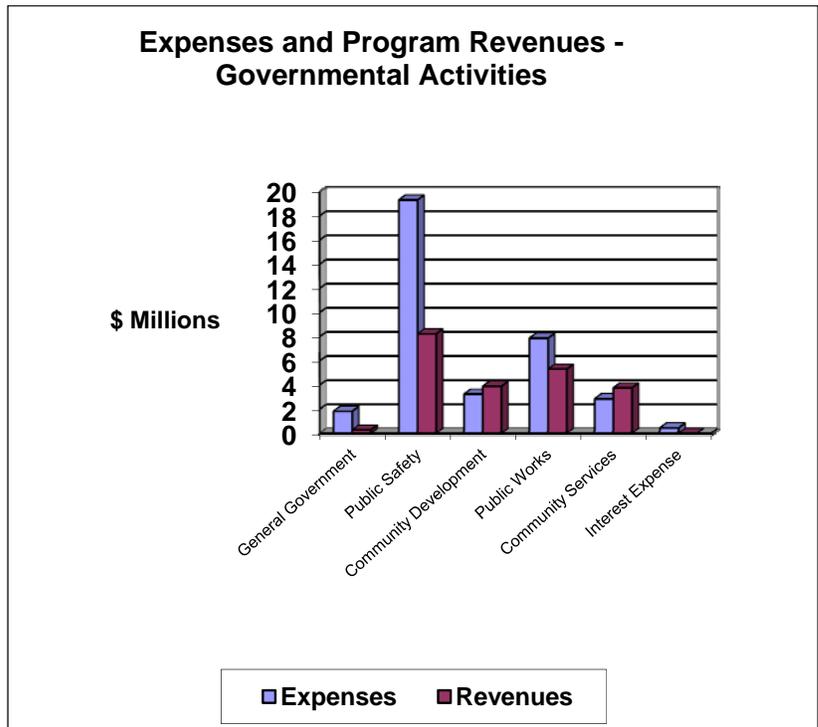
Public works expenses of \$7.9 million was the second largest governmental activity (22% of the total cost of governmental activities). Charges for services and operating and capital grants and contributions offset 67% (\$5.3 million) of the cost of providing these services.

General government expenses of \$1.8 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 \$2.9 million this past year (8% of the total), with 100% of their costs being financed from program revenues.

Community development, cost \$3.3 million, 9% of the total cost of governmental activities, with 100% being paid from program revenues.

Interest on long-term debt, at \$0.5 million, comprised 1% of the total cost of governmental activities.



Business-type activities. Net position for Business-type activities of the City rose by \$0.9 million for the current year end, compared to the increase of \$0.3 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 88% 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 12% 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, 2014, governmental funds reported combined ending fund balances of \$41.4 million, a net increase of \$6.9 million in comparison with the prior year. Approximately 22% of this total amount (\$9.1 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% (\$2.0 million), 2) Restricted 63% (\$25.9 million), 3) Committed 10% (\$4.3 million), and no amounts Unassigned.

The General Fund is the chief operating fund of the City. As of June 30, 2014, the assigned fund balance of the General Fund was \$6.3 million, while the total fund balance was \$12.3 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 22% of total General Fund operating expenditures, while total fund balance represented 43% 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 \$0.5 million during the year ending June 30, 2014. Key factors and components that led to this change are as follows:

- General Fund expenditures were over revenues by \$1.3 million this year compared to being under by \$0.9 million in the prior fiscal year.
- Total General Fund other financing sources (uses) increased by 133% (\$1.04 million).
- General Fund expenditures rose by 7.4% (\$1.98 million) with public safety increasing its operating costs by 6.4% (\$1.06 million), community development operating costs increasing by 32% (\$0.43 million), public works operating costs increasing by 4% (\$0.23 million) and general government activity rose by 11.0% (\$0.2 million) due primarily to increases in personnel services.
- Also impacting the General Fund's operations was the additional re-allocation of community development personnel previously funded by the former Redevelopment Agency.

The City has one other major fund - the Housing Successor Fund. The Housing Successor Fund ended the year with a total fund balance of \$3.1 million. During fiscal year 2013-14 the Housing Successor Fund did not have any financial activity.

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 2013-14 was \$15.77 million. The total change in net position for these proprietary funds for the year resulted in an increase by \$0.89 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 \$0.2 million increase in appropriations, due primarily to additional Fire Department equipment purchased with grant funds and 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 \$2.4 million above budget. Total Property tax revenues exceeded budget by over \$ 1.5 million. The local economy remained fairly strong compared with other regional parts within the State of California. Positive variances occurred for licenses & building permits (\$0.3 million), intergovernmental revenues (\$0.2 million) and charges for services (\$0.6 million). Negative variances occurred in sales and utility user taxes (\$0.1 million), and miscellaneous other revenues (\$0.1 million).

Actual expenditures were approximately \$0.1 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. Higher than expected building construction activity also accounted for increased costs in building inspection services.

Capital Assets and Debt Administration

Capital Assets. At the end of fiscal year 2013-14, the City had invested \$78.5 million in a broad range of capital assets (see the table below).

City of La Verne
Capital Assets
As of June 30, 2014 and 2013
(net of accumulated depreciation)
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
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	13.0	12.5	0.1	0.1	13.1	12.6
Automotive equipment	2.7	2.8	-	-	2.7	2.8
Machinery & equipment	2.1	2.2	0.2	0.1	2.3	2.3
Office furniture & equipment	0.2	0.2	0.1	-	0.3	0.2
Infrastructure - streets, bridges and signals	14.9	16.5	-	-	14.9	16.5
Property, plant & equipment	-	-	21.8	22.5	21.8	22.5
Total	\$ 54.3	\$ 55.6	\$ 24.2	\$ 24.7	\$ 78.5	\$ 80.3

The most significant impact in accounting for capital assets during the fiscal year ending June 30, 2014 continues to be the inclusion of infrastructure assets and the value of rights of way.

Long-Term Liabilities. As of June 30, 2014, the City had total long-term liabilities outstanding of \$14.3 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 and compensated absences.

City of La Verne
Long-Term Liabilities
As of June 30, 2014 and 2013
(in millions)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenue and pension bonds	\$ 11.4	\$ 12.2	\$ -	\$ -	\$ 11.4	\$ 12.2
Compensated absences	2.6	2.5	0.3	0.4	2.9	2.9
Capital lease - water rights	-	-	-	0.8	-	0.8
Total	\$ 14.0	\$ 14.7	\$ 0.3	\$ 1.2	\$ 14.3	\$ 15.9

The City's total long-term liabilities decreased by \$1.6 million during the fiscal year ending June 30, 2014. The City did not issue any new bonds or obligate itself further under various other debt financings during the 2013-14 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 \$0.1 million.

The City maintained its credit ratings during fiscal year 2013-14. 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 \$129.0 million at June 30, 2014. 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 71 - 73.

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

La Verne's local economy was fairly healthy in fiscal year 2013-14 given the overall business climate for the State. 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 5.7% based on the annual average for calendar year 2013, which compared very favorably to the State unemployment rate of 7.4% and the national rate of 6.1%.

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 22% this past year, from \$455,000 to \$555,000. Total assessed valuation of property within the City as determined by the County Assessor increased by \$73.2 million (2.1%) over 2012-13 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 2014-15 operating budget included General Fund appropriations that were up by about \$0.3 million from the final 2013-14 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 \$0.8 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, 2014
(with comparative data for June 30, 2013)

	Governmental	Business-type	Totals	
	Activities	Activities	2014	2013
Assets:				
Cash and investments	\$ 33,630,118	\$ 14,393,572	\$ 48,023,690	\$ 40,767,935
Cash and investments with fiscal agents	3,267,913	-	3,267,913	3,289,907
Interest receivable	44,763	18,239	63,002	55,679
Accounts receivable	1,204,444	2,438,398	3,642,842	3,893,354
Special assessment receivable	1,331	-	1,331	1,331
Loans receivable	24,787	-	24,787	29,794
Due from other governments	975,639	141,876	1,117,515	1,068,892
Due from Successor Agency	2,410,000	-	2,410,000	2,961,365
Inventory of materials and supplies, at cost	209,497	-	209,497	172,771
Prepaid pension contribution	5,964,279	-	5,964,279	6,235,383
Other prepaid items	1,980,795	1,100	1,981,895	1,845,367
Notes receivable	-	237,000	237,000	276,500
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	23,420,953
Capital assets being depreciated, net of accumulated depreciation	32,948,555	22,138,001	55,086,556	56,905,067
Total assets	104,729,960	53,377,371	158,107,331	153,580,369
Liabilities:				
Accounts payable	1,070,700	943,474	2,014,174	3,112,197
Accrued expenses	991,362	107,598	1,098,960	964,494
Accrued interest payable	175,791	-	175,791	190,679
Unearned revenue	303,591	-	303,591	202,496
Deposits payable	-	124,939	124,939	138,829
Long-term liabilities:				
Due within one year	1,751,940	90,323	1,842,263	2,506,025
Due beyond one year	12,222,303	190,722	12,413,025	13,339,585
Total liabilities	16,515,687	1,457,056	17,972,743	20,454,305
Net position:				
Net investment in capital assets	48,077,051	36,147,186	84,224,237	84,952,569
Restricted for:				
Public safety	6,474,817	-	6,474,817	2,781,571
Community development	4,580,663	-	4,580,663	4,107,992
Public works	8,253,552	-	8,253,552	6,966,190
Low and moderate income housing	3,089,343	-	3,089,343	3,089,343
Community services	2,448,900	-	2,448,900	2,053,530
Debt service	1,082,037	-	1,082,037	1,082,037
Unrestricted	14,207,910	15,773,129	29,981,039	28,092,832
Total net position	\$ 88,214,273	\$ 51,920,315	\$ 140,134,588	\$ 133,126,064

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

City of La Verne
Statement of Activities
For the Year Ended June 30, 2014
(with comparative data for June 30, 2013)

	Expenses	Program Revenues		
		Charges for Service	Operating Contributions and Grants	Capital Contributions and Grants
Governmental activities:				
General government	\$ 1,827,886	\$ 279,949	\$ 9,045	\$ -
Public safety	19,327,058	2,687,492	4,876,779	680,007
Community development	3,248,319	2,183,340	1,210,558	512,557
Public works	7,885,390	2,712,972	1,369,878	1,238,826
Community services	2,863,005	2,523,319	335,119	912,422
Interest and fiscal charges	452,859	-	-	-
Total governmental activities	35,604,517	10,387,072	7,801,379	3,343,812
Business-type activities:				
Water	9,812,876	11,331,750	-	-
Sewer	1,276,063	1,572,866	-	44,030
Total business-type activities	11,088,939	12,904,616	-	44,030
Total	\$ 46,693,456	\$ 23,291,688	\$ 7,801,379	\$ 3,387,842

General revenues:

Taxes:

Property taxes

Sales taxes

Utility and other taxes

Motor vehicle in-lieu, unrestricted

Investment income

Other

Transfers

Total general revenues and transfers

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	
		2014	2013
\$ (1,538,892)	\$ -	\$ (1,538,892)	\$ (1,374,816)
(11,082,780)	-	(11,082,780)	(13,766,260)
658,136	-	658,136	(142,618)
(2,563,714)	-	(2,563,714)	(3,863,741)
907,855	-	907,855	(90,845)
(452,859)	-	(452,859)	(823,208)
<u>(14,072,254)</u>	<u>-</u>	<u>(14,072,254)</u>	<u>(20,061,488)</u>
-	1,518,874	1,518,874	833,290
-	340,833	340,833	547,901
-	1,859,707	1,859,707	1,381,191
<u>(14,072,254)</u>	<u>1,859,707</u>	<u>(12,212,547)</u>	<u>(18,680,297)</u>
7,014,924	-	7,014,924	7,912,524
3,828,720	-	3,828,720	3,885,736
3,612,790	-	3,612,790	3,706,997
2,595,188	-	2,595,188	2,543,269
544,000	134,741	678,741	513,205
1,446,713	43,995	1,490,708	1,296,293
1,145,100	(1,145,100)	-	-
<u>20,187,435</u>	<u>(966,364)</u>	<u>19,221,071</u>	<u>19,858,024</u>
6,115,181	893,343	7,008,524	1,177,727
<u>82,099,092</u>	<u>51,026,972</u>	<u>133,126,064</u>	<u>131,948,337</u>
<u>\$ 88,214,273</u>	<u>\$ 51,920,315</u>	<u>\$ 140,134,588</u>	<u>\$ 133,126,064</u>

City of La Verne
Balance Sheet
Governmental Funds
June 30, 2014
(with comparative data for June 30, 2013)

	General	Special Revenue Fund Housing Successor	Nonmajor Governmental Funds
Assets			
Cash and investments	\$ 10,534,603	\$ -	\$ 22,535,847
Cash and investments with fiscal agents	-	-	3,267,913
Interest receivable	17,701	-	26,370
Accounts receivable	1,166,153	-	23,754
Special assessment receivable	1,331	-	-
Loans receivable	24,787	-	-
Due from other funds	4,059	-	-
Due from other governments	719,636	-	256,003
Due from Successor Agency	-	2,410,000	-
Prepaid items	1,678,574	-	300,000
Inventory of materials and supplies, at cost	-	-	41,695
Land held for resale	-	679,343	-
	<hr/>	<hr/>	<hr/>
Total assets	\$ 14,146,844	\$ 3,089,343	\$ 26,451,582
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ 828,283	\$ -	\$ 218,952
Accrued expenses	866,862	-	102,090
Due to other funds	-	-	4,059
Unearned revenue	111,095	-	192,496
	<hr/>	<hr/>	<hr/>
Total liabilities	1,806,240	-	517,597
Fund balances:			
Nonspendable	1,678,574	-	341,695
Restricted	-	3,089,343	22,839,969
Committed	4,338,000	-	-
Assigned	6,324,030	-	2,752,549
Unassigned	-	-	(228)
	<hr/>	<hr/>	<hr/>
Total fund balances	12,340,604	3,089,343	25,933,985
	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	\$ 14,146,844	\$ 3,089,343	\$ 26,451,582

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

Totals

2014	2013
\$ 33,070,450	\$ 26,627,362
3,267,913	3,289,907
44,071	37,377
1,189,907	1,352,801
1,331	1,331
24,787	29,794
4,059	7,590
975,639	1,067,063
2,410,000	2,410,000
1,978,574	1,835,929
41,695	39,695
679,343	679,343
\$ 43,687,769	\$ 37,378,192
\$ 1,047,235	\$ 1,798,069
968,952	851,233
4,059	7,590
303,591	202,496
2,323,837	2,859,388
2,020,269	1,875,624
25,929,312	20,080,663
4,338,000	4,291,000
9,076,579	8,271,517
(228)	-
41,363,932	34,518,804
\$ 43,687,769	\$ 37,378,192

City of La Verne
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Position
 June 30, 2014

Fund balances of governmental funds \$ 41,363,932

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.

Capital assets, net of depreciation 54,337,051

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.

Revenue bonds payable (6,260,000)
 Pension bonds payable (5,095,000)
 Compensated absences (2,619,243)

Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds. (175,791)

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. 5,964,279

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. 699,045

Net position of governmental activities \$ 88,214,273

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, 2014
(with comparative data for June 30, 2013)

	General	Special Revenue Fund Housing Successor	Nonmajor Governmental Funds
Revenues:			
Property taxes	\$ 7,014,924	\$ -	\$ -
Other taxes	7,441,509	-	2,582,927
Licenses and permits	2,550,637	-	15,029
Intergovernmental	3,248,867	-	1,315,965
Charges for services	6,460,031	-	2,386,853
Fines and forfeitures	20,363	-	3,989,737
Special assessment	-	-	335,119
Investment income	59,094	-	482,520
Rents	250,672	-	1,703,971
Miscellaneous	353,445	-	359,161
	<u>27,399,542</u>	<u>-</u>	<u>13,171,282</u>
Expenditures:			
Current:			
General government	1,793,435	-	1,320
Public safety	17,689,713	-	1,377,034
Community development	1,793,701	-	1,411,135
Public works	6,148,655	-	6,000
Community services	1,336,474	-	1,223,580
Capital projects	-	-	1,337,337
Debt service:			
Principal retirement	-	-	290,000
Interest	-	-	462,412
Developer fees	-	-	-
	<u>28,761,978</u>	<u>-</u>	<u>6,108,818</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,362,436)</u>	<u>-</u>	<u>7,062,464</u>
Other Financing Sources (Uses):			
Transfers in	2,859,316	-	1,133,500
Transfers out	(1,033,500)	-	(1,814,216)
	<u>1,825,816</u>	<u>-</u>	<u>(680,716)</u>
Net change in fund balances	463,380	-	6,381,748
Fund balances, beginning of year	<u>11,877,224</u>	<u>3,089,343</u>	<u>19,552,237</u>
Fund balances, end of year	<u>\$ 12,340,604</u>	<u>\$ 3,089,343</u>	<u>\$ 25,933,985</u>

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

Totals	
2014	2013
\$ 7,014,924	\$ 7,912,524
10,024,436	8,894,483
2,565,666	1,785,525
4,564,832	4,372,353
8,846,884	8,192,632
4,010,100	1,443,083
335,119	343,242
541,614	436,309
1,954,643	1,874,907
712,606	745,357
40,570,824	36,000,415
1,794,755	1,616,804
19,066,747	18,359,153
3,204,836	2,770,200
6,154,655	5,920,061
2,560,054	2,318,189
1,337,337	1,258,648
290,000	270,000
462,412	832,013
-	1,150,000
34,870,796	34,495,068
5,700,028	1,505,347
3,992,816	5,095,388
(2,847,716)	(3,950,288)
1,145,100	1,145,100
6,845,128	2,650,447
34,518,804	31,868,357
\$ 41,363,932	\$ 34,518,804

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, 2014

Change in fund balances of governmental funds \$ 6,845,128

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)	1,748,926
Depreciation expense (net of Internal Service Fund)	(2,999,127)

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	885,000
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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	(155,108)
Decrease in accrued interest payable on long-term debt	9,553

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.

51,913

Change in net position of governmental activities \$ 6,115,181

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, 2014
(with comparative data for June 30, 2013)

	Business Type Activities - Enterprise Funds		
	Water	Sewer	Total
Assets:			
Current assets:			
Cash and investments	\$ 9,162,676	\$ 5,230,896	\$ 14,393,572
Interest receivable	11,770	6,469	18,239
Accounts receivable	2,167,606	270,792	2,438,398
Due from other governments	-	141,876	141,876
Prepaid items	1,100	-	1,100
Inventory of material and supplies, at cost	-	-	-
Notes receivable	237,000	-	237,000
Due from Successor Agency	-	-	-
Total current assets	11,580,152	5,650,033	17,230,185
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	16,619,350	5,518,651	22,138,001
Investment in water rights	11,976,728	-	11,976,728
Total noncurrent assets	30,559,555	5,587,631	36,147,186
Total assets	42,139,707	11,237,664	53,377,371
Liabilities:			
Current liabilities:			
Accounts payable	773,992	169,482	943,474
Accrued expenses	74,872	32,726	107,598
Accrued interest payable	-	-	-
Compensated absences - current	61,701	28,622	90,323
Capital lease payable - current	-	-	-
Total current liabilities	910,565	230,830	1,141,395
Long-term liabilities:			
Deposit payable	124,939	-	124,939
Compensated absences - noncurrent	130,284	60,438	190,722
Total long-term liabilities	255,223	60,438	315,661
Total liabilities	1,165,788	291,268	1,457,056
Net position:			
Net investment in capital assets	30,559,555	5,587,631	36,147,186
Unrestricted	10,414,364	5,358,765	15,773,129
Total net position	\$ 40,973,919	\$ 10,946,396	\$ 51,920,315

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

Governmental Activities Internal Service Fund	Totals	
	2014	2013
\$ 559,668	\$ 14,953,240	\$ 14,140,573
692	18,931	18,302
14,537	2,452,935	2,540,553
-	141,876	1,829
2,221	3,321	9,438
167,802	167,802	133,076
-	237,000	276,500
-	-	551,365
<u>744,920</u>	<u>17,975,105</u>	<u>17,671,636</u>
-	2,032,457	2,032,457
1,510,704	23,648,705	24,217,015
-	11,976,728	11,976,728
<u>1,510,704</u>	<u>37,657,890</u>	<u>38,226,200</u>
<u>2,255,624</u>	<u>55,632,995</u>	<u>55,897,836</u>
23,465	966,939	1,314,128
22,410	130,008	113,261
-	-	5,335
-	90,323	129,043
-	-	800,179
<u>45,875</u>	<u>1,187,270</u>	<u>2,361,946</u>
-	124,939	138,829
64,654	255,376	276,907
<u>64,654</u>	<u>380,315</u>	<u>415,736</u>
<u>110,529</u>	<u>1,567,585</u>	<u>2,777,682</u>
1,510,704	37,657,890	37,426,021
634,391	16,407,520	15,694,133
<u>\$ 2,145,095</u>	<u>\$ 54,065,410</u>	<u>\$ 53,120,154</u>

City of La Verne
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2014
(with comparative data for June 30, 2013)

	Business Type Activities - Enterprise Funds		
	Water	Sewer	Total
Operating revenues:			
Charges for services	\$ 11,331,750	\$ 1,572,866	\$ 12,904,616
 Total operating revenues	 11,331,750	 1,572,866	 12,904,616
 Operating expenses:			
Administration	605,079	668,319	1,273,398
Maintenance	56,590	369,174	425,764
Production	6,929,577	-	6,929,577
Transmission and distribution	616,643	-	616,643
Customer service	715,030	-	715,030
Depreciation	882,363	238,570	1,120,933
 Total operating expenses	 9,805,282	 1,276,063	 11,081,345
 Operating income	 1,526,468	 296,803	 1,823,271
 Nonoperating revenues (expenses):			
Investment income	110,722	24,019	134,741
Interest expense	(10,669)	-	(10,669)
Gain (loss) on sale of capital assets	3,075	-	3,075
Miscellaneous	-	43,995	43,995
 Total nonoperating revenues	 103,128	 68,014	 171,142
 Income before contributions and transfers	 1,629,596	 364,817	 1,994,413
 Capital contributions	 -	 44,030	 44,030
Transfers in	-	10,000	10,000
Transfers out	(1,014,900)	(140,200)	(1,155,100)
 Change in net position	 614,696	 278,647	 893,343
 Net position, beginning of year	 40,359,223	 10,667,749	 51,026,972
 Net position, end of year	 \$ 40,973,919	 \$ 10,946,396	 \$ 51,920,315

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

Governmental Activities - Internal Service Funds	Totals	
	2014	2013
\$ 1,545,375	\$ 14,449,991	\$ 13,275,730
<u>1,545,375</u>	<u>14,449,991</u>	<u>13,275,730</u>
350,935	1,624,333	1,568,370
967,192	1,392,956	1,661,853
-	6,929,577	6,474,394
-	616,643	579,156
-	715,030	645,430
183,039	1,303,972	1,323,781
<u>1,501,166</u>	<u>12,582,511</u>	<u>12,252,984</u>
<u>44,209</u>	<u>1,867,480</u>	<u>1,022,746</u>
2,386	137,127	76,896
-	(10,669)	(41,065)
3,930	7,005	2,680
1,388	45,383	40,368
<u>7,704</u>	<u>178,846</u>	<u>78,879</u>
51,913	2,046,326	1,101,625
-	44,030	292,410
-	10,000	10,000
-	(1,155,100)	(1,155,100)
<u>51,913</u>	<u>945,256</u>	<u>248,935</u>
<u>2,093,182</u>	<u>53,120,154</u>	<u>52,871,219</u>
<u>\$ 2,145,095</u>	<u>\$ 54,065,410</u>	<u>\$ 53,120,154</u>

City of La Verne
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014
(with comparative data for June 30, 2013)

	Business Type Activities - Enterprise Funds		
	Water	Sewer	Total
Cash flows from operating activities:			
Cash received from users	\$ 11,419,519	\$ 1,462,328	\$ 12,881,847
Cash payments to suppliers for goods and services	(7,770,957)	(180,501)	(7,951,458)
Cash payments to employees for services	(1,687,024)	(720,988)	(2,408,012)
Net cash provided by operating activities	1,961,538	560,839	2,522,377
Cash flows from noncapital financing activities:			
Cash received from other funds	551,365	10,000	561,365
Cash paid to other funds	(1,014,900)	(140,200)	(1,155,100)
Net cash used for noncapital financing activities	(463,535)	(130,200)	(593,735)
Cash flows from capital and related financing activities:			
Principal paid on capital-related debt	(800,179)	-	(800,179)
Interest paid on capital-related debt	(16,004)	-	(16,004)
Cash paid to purchase capital assets	(399,843)	(103,364)	(503,207)
Proceeds from sale of capital assets	5,319	-	5,319
Net cash used for capital and related financing activities	(1,210,707)	(103,364)	(1,314,071)
Cash flows from investing activities:			
Notes receivable	39,500	-	39,500
Interest on investments	110,202	23,929	134,131
Net cash provided by investing activities	149,702	23,929	173,631
Net increase in cash and investments	436,998	351,204	788,202
Cash and investments, beginning of year	8,725,678	4,879,692	13,605,370
Cash and investments, end of year	<u>\$ 9,162,676</u>	<u>\$ 5,230,896</u>	<u>\$ 14,393,572</u>

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

Governmental Activities - Internal Service Fund	Totals	
	2014	2013
\$ 1,547,451	\$ 14,429,298	\$ 12,877,885
(799,919)	(8,751,377)	(7,741,288)
(538,452)	(2,946,464)	(2,823,812)
<u>209,080</u>	<u>2,731,457</u>	<u>2,312,785</u>
-	561,365	10,000
-	(1,155,100)	(1,155,100)
-	(593,735)	(1,145,100)
-	(800,179)	(776,389)
-	(16,004)	(45,593)
(225,499)	(728,706)	(480,852)
<u>38,517</u>	<u>43,836</u>	<u>22,724</u>
<u>(186,982)</u>	<u>(1,501,053)</u>	<u>(1,280,110)</u>
-	39,500	39,500
<u>2,367</u>	<u>136,498</u>	<u>77,792</u>
<u>2,367</u>	<u>175,998</u>	<u>117,292</u>
24,465	812,667	4,867
<u>535,203</u>	<u>14,140,573</u>	<u>14,135,706</u>
<u>\$ 559,668</u>	<u>\$ 14,953,240</u>	<u>\$ 14,140,573</u>

City of La Verne
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014
(with comparative data for June 30, 2013)

	Business Type Activities - Enterprise Funds		
	Water	Sewer	Total
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 1,526,468	\$ 296,803	\$ 1,823,271
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	882,363	238,570	1,120,933
Miscellaneous revenues	-	43,995	43,995
(Increase) decrease in:			
Accounts receivable	101,659	(14,486)	87,173
Due from other governments	-	(140,047)	(140,047)
Prepaid items	-	-	-
Inventory of materials and supplies, at cost	-	-	-
Increase (decrease) in:			
Accounts payable	(508,235)	162,985	(345,250)
Accrued expenses	9,775	4,894	14,669
Deposits payable	(13,890)	-	(13,890)
Compensated absences	(36,602)	(31,875)	(68,477)
Total adjustments	435,070	264,036	699,106
Net cash provided by operating activities	<u>\$ 1,961,538</u>	<u>\$ 560,839</u>	<u>\$ 2,522,377</u>
Noncash capital and related financing activities			
Contributed capital assets	\$ -	\$ 44,030	\$ 44,030

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

Governmental Activities - Internal Service Fund	Totals	
	2014	2013
<u>\$ 44,209</u>	<u>\$ 1,867,480</u>	<u>\$ 1,022,746</u>
183,039	1,303,972	1,323,781
1,388	45,383	40,368
688	87,861	(418,252)
-	(140,047)	299
6,117	6,117	(4,117)
(34,726)	(34,726)	31,911
(1,939)	(347,189)	297,433
2,078	16,747	5,307
-	(13,890)	(20,260)
8,226	(60,251)	33,569
<u>164,871</u>	<u>863,977</u>	<u>1,290,039</u>
<u>\$ 209,080</u>	<u>\$ 2,731,457</u>	<u>\$ 2,312,785</u>
\$ -	\$ 44,030	\$ 292,410

City of La Verne
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014
(with comparative data for June 30, 2013)

	Successor Agency to the Redevelopment Agency of the City of La Verne		Agency Funds	
	Private-purpose Trust Fund			
	2014	2013	2014	2013
Assets:				
Cash and investments	\$ 1,683,659	\$ 1,013,246	\$ 10,748,824	\$ 4,916,236
Cash and investments with fiscal agents	-	-	-	765,379
Interest receivable	-	-	762	727
Account receivable	-	-	4,607	11,994
Notes receivable	120,000	135,000	-	-
Due from other governments	-	-	1,420,867	1,585,731
Prepaid items	-	653	-	-
Land held for resale	-	1,547,598	-	-
Capital assets:				
Capital assets not being depreciated	79,736	79,736	-	-
Capital assets being depreciated, net of accumulated depreciation	6,726	7,608	-	-
Total assets	1,890,121	2,783,841	\$ 12,175,060	\$ 7,280,067
Liabilities:				
Accounts payable	2,342	2,549	\$ 481,075	\$ 1,173,073
Accrued expenses	10,637	10,539	-	-
Due to other governments	-	34,025	-	-
Due to City of La Verne	2,410,000	2,961,365	-	-
Deposits payable	-	-	11,693,985	5,036,719
Held for bondholders	-	-	-	1,070,275
Long-term liabilities:				
Due within one year	314,052	298,537	-	-
Due beyond one year	1,422,974	1,737,026	-	-
Total liabilities	4,160,005	5,044,041	\$ 12,175,060	\$ 7,280,067
Net position (deficit):				
Net position (deficit) held for dissolution of redevelopment agency	(2,269,884)	(2,260,200)		
Total net position (deficit)	\$ (2,269,884)	\$ (2,260,200)		

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, 2014
(with comparative data for June 30, 2013)

	Successor Agency to the Redevelopment Agency of the City of La Verne Private-purpose Trust Fund	
	2014	2013
Additions:		
Property taxes	\$ 602,009	\$ 1,168,631
1996 Revenue bond pledge revenue	-	350,000
Gain from sale of property	234,402	-
Miscellaneous revenue	71,808	-
	908,219	1,518,631
 Deductions:		
Administrative expenses	310,303	288,755
Program expenses	17,551	86,488
Depreciation expenses	818	820
1996 Revenue bond pledge payment	350,000	350,000
AB 1484 demand payment	-	122,014
Interest expense	239,231	299,937
	917,903	1,148,014
 Special item - discharge of indebtedness	-	2,539,287
 Change in net position	(9,684)	2,909,904
 Net position (deficit), beginning of year	(2,260,200)	(5,170,104)
 Net position (deficit), end of year	\$ (2,269,884)	\$ (2,260,200)

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

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Notes to the Basic Financial Statements

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City of La Verne
Notes to the Basic Financial Statements
June 30, 2014

(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, 2014

(1) Summary of Significant Accounting Policies (continued)

(b) Fund Accounting (continued)

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

City of La Verne
Notes to the Basic Financial Statements
June 30, 2014

(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, 2014

(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, 2014

(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, 2014

(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, 2014

(1) Summary of Significant Accounting Policies (continued)

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

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. 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, 2014

(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, 2014

(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, 2014

(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, 2014

(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, 2014

(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

Effective July 1, 2013, the City adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. GASB 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The City's financial statements do not contain any elements that meet the definition of deferred outflows of resources or deferred inflow of resources.

City of La Verne
Notes to the Basic Financial Statements
June 30, 2014

(2) Cash and Investments

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

Statement of Net Position:

Cash and investments	\$ 48,023,690
Cash and investments with fiscal agent	3,267,913

Statement of Fiduciary Net Position:

Cash and investments	<u>12,432,483</u>
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Total cash and investments	<u><u>\$ 63,724,086</u></u>
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Cash and investments as of June 30, 2014 consist of the following:

Cash on hand	\$ 212,050
Deposits with financial institutions	22,492,439
Investments	<u>41,019,597</u>

Total cash and investments	<u><u>\$ 63,724,086</u></u>
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City of La Verne
Notes to the Basic Financial Statements
June 30, 2014

(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	\$50,000,000
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, 2014

(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, 2014

(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	\$ 22,000,000	\$ 2,000,000	\$ 20,000,000
State investment pool	15,751,684	15,751,684	-
Held by fiscal agent:			
Money market funds	<u>3,267,913</u>	<u>3,267,913</u>	<u>-</u>
Total	<u>\$ 41,019,597</u>	<u>\$ 21,019,597</u>	<u>\$ 20,000,000</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	\$ 22,000,000	N/A	\$ -	\$ 22,000,000	\$ -
State investment pool	15,751,684	N/A	-	-	15,751,684
Held by fiscal agent:					
Money market funds	<u>3,267,913</u>	N/A	<u>3,267,913</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 41,019,597</u>		<u>\$ 3,267,913</u>	<u>\$ 22,000,000</u>	<u>\$ 15,751,684</u>

City of La Verne
Notes to the Basic Financial Statements
June 30, 2014

(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	12,000,000

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, 2014, 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, 2014

(3) Interfund Receivables, Payables and Transfers

Current interfund receivables and payables as of June 30, 2014 are as follows:

Receivable	Payable	Amount
General Fund	Nonmajor Governmental Funds - Community Development	<u>\$ 4,059</u>

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, 2014 were as follows:

Transfers From	Transfers To	Amount
General Fund	Nonmajor Governmental Funds	\$ 1,033,500 (1)
Nonmajor Governmental Funds	General Fund	1,704,216 (2)
Nonmajor Governmental Funds	Sewer Fund	10,000 (3)
Nonmajor Governmental Funds	Nonmajor Governmental Funds	100,000 (4)
Water Fund	General Fund	1,014,900 (5)
Sewer Fund	General Fund	<u>140,200 (5)</u>
Total		<u>\$ 4,002,816</u>

- (1) Transfers were mainly to help cover costs for current and future various capital projects activities.
- (2) To help cover costs for street maintenance and police and safety, and to transfer trustee funds.
- (3) Transfer is for 90-1 contribution to sewer within CFD boundaries.
- (4) Contributions toward right of way street maintenance.
- (5) 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, 2014

(4) Capital Assets

The following is a summary of capital assets for the year ended June 30, 2014:

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
Total capital assets, not being depreciated	<u>21,388,496</u>	<u>-</u>	<u>-</u>	<u>21,388,496</u>
Capital assets, being depreciated:				
Buildings and other improvements	22,681,221	1,211,236	(84,737)	23,807,720
Automotive equipment	6,235,869	284,320	(613,573)	5,906,616
Machinery and equipment	5,194,294	257,149	(222,544)	5,228,899
Office furniture and equipment	925,463	22,126	(77,817)	869,772
Infrastructure - streets	79,873,180	296,900	-	80,170,080
Infrastructure - bridges	2,648,850	-	-	2,648,850
Infrastructure - signals	2,423,000	-	-	2,423,000
Total capital assets, being depreciated	<u>119,981,877</u>	<u>2,071,731</u>	<u>(998,671)</u>	<u>121,054,937</u>
Less accumulated depreciation for:				
Buildings and other improvements	(10,181,057)	(657,653)	76,263	(10,762,447)
Automotive equipment	(3,444,943)	(302,982)	552,216	(3,195,709)
Machinery and equipment	(3,016,079)	(274,040)	168,262	(3,121,857)
Office furniture and equipment	(693,343)	(27,410)	70,036	(650,717)
Infrastructure - streets	(65,982,412)	(1,834,490)	-	(67,816,902)
Infrastructure - bridges	(1,092,740)	(26,490)	-	(1,119,230)
Infrastructure - signals	(1,380,420)	(59,100)	-	(1,439,520)
Total accumulated depreciation	<u>(85,790,994)</u>	<u>(3,182,165)</u>	<u>866,777</u>	<u>(88,106,382)</u>
Total capital assets being depreciated, net	<u>34,190,883</u>	<u>(1,110,434)</u>	<u>(131,894)</u>	<u>32,948,555</u>
Governmental activities, capital assets, net	<u>\$ 55,579,379</u>	<u>\$ (1,110,434)</u>	<u>\$ (131,894)</u>	<u>\$ 54,337,051</u>

City of La Verne
Notes to the Basic Financial Statements
June 30, 2014

(4) Capital Assets (continued)

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

Governmental Activities:	
General government	\$ 53,524
Public safety	563,603
Community development	122,021
Public works	2,018,892
Parks and community services	424,125
Total - governmental activities	\$ 3,182,165

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	2,032,457	-	-	2,032,457
Capital assets, being depreciated:				
Buildings and other improvements	228,340	6,750	-	235,090
Automotive equipment	264,611	-	-	264,611
Machinery and equipment	411,854	67,431	(12,991)	466,294
Office furniture and equipment	161,758	99,790	(12,710)	248,838
Reservoirs	6,080,496	-	-	6,080,496
Water distribution system	35,588,377	225,872	-	35,814,249
Sewer collection system	16,971,049	147,394	-	17,118,443
Total capital assets, being depreciated	59,706,485	547,237	(25,701)	60,228,021
Less accumulated depreciation for:				
Buildings and other improvements	(123,477)	(8,172)	-	(131,649)
Automotive equipment	(226,722)	(1,271)	-	(227,993)
Machinery and equipment	(278,130)	(17,165)	11,691	(283,604)
Office furniture and equipment	(139,750)	(3,856)	11,521	(132,085)
Reservoirs	(3,869,697)	(113,688)	-	(3,983,385)
Water distribution system	(20,914,605)	(744,293)	-	(21,658,898)
Sewer collection system	(11,439,918)	(232,488)	-	(11,672,406)
Total accumulated depreciation	(36,992,299)	(1,120,933)	23,212	(38,090,020)
Total capital assets being depreciated, net	22,714,186	(573,696)	(2,489)	22,138,001
Business-type activities, capital assets, net	\$ 24,746,643	\$ (573,696)	\$ (2,489)	\$ 24,170,458

City of La Verne
Notes to the Basic Financial Statements
June 30, 2014

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

Due From Successor Agency and Due To City balances at June 30, 2014 were as follows:

Receivable	Payable	Amount
Housing Successor	Successor Agency to the Redevelopment Agency of the City of La Verne	\$ 2,410,000
		\$ 2,410,000

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, 2014 is \$0.

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, 2014 is \$2,410,000.

City of La Verne
Notes to the Basic Financial Statements
June 30, 2014

(6) Long-term Liabilities

Long-term liability activity for the year ended June 30, 2014 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
Revenue Bonds:					
1996 Revenue Bonds	\$ 6,550,000	\$ -	\$ (290,000)	\$ 6,260,000	\$ 305,000
Pension Bonds:					
2006 Pension Bonds	5,690,000	-	(595,000)	5,095,000	660,000
Compensated absences	2,455,909	1,092,686	(929,352)	2,619,243	786,940
 Total governmental activities	 <u>\$ 14,695,909</u>	 <u>\$ 1,092,686</u>	 <u>\$ (1,814,352)</u>	 <u>\$ 13,974,243</u>	 <u>\$ 1,751,940</u>
Business-type activities:					
Compensated absences	\$ 349,522	\$ 38,192	\$ (106,669)	\$ 281,045	\$ 90,323
Capital lease - water rights	800,179	-	(800,179)	-	-
 Total business-type activities	 <u>\$ 1,149,701</u>	 <u>\$ 38,192</u>	 <u>\$ (906,848)</u>	 <u>\$ 281,045</u>	 <u>\$ 90,323</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 distributed from the Redevelopment Property Tax Trust Fund (RPTTTF) as approved by the State of California Department of Finance Required Obligation Schedules (ROPS) 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.

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, 2014 was \$6,260,000.

City of La Verne
Notes to the Basic Financial Statements
June 30, 2014

(6) Long-term Liabilities (continued)

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, 2014 was \$5,095,000.

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.

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 was \$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 remaining principal balance outstanding was paid in full during the year ended June 30, 2014.

City of La Verne
Notes to the Basic Financial Statements
June 30, 2014

(6) Long-term Liabilities (continued)

D. Debt Service Requirement to Maturity

Minimum annual requirements to amortize all long-term debt of the City as of June 30, 2014 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		Totals
	Principal	Interest	Principal	Interest	
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	\$ 6,260,000	\$ 3,388,122	\$ 5,095,000	\$ 1,146,382	\$ 15,889,504

City of La Verne
Notes to the Basic Financial Statements
June 30, 2014

(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, 2013 to June 30, 2014 has been determined by an actuarial valuation of the plan as of June 30, 2010. The City's covered payroll for PERS was \$12,760,730 for the year ended June 30, 2014, while the City's total payroll for all employees was \$15,683,651 during the same period. In order to calculate the dollar value of the ARC for inclusion in financial statements prepared as of June 30, 2014, the contribution rate is multiplied by the payroll of covered employees that were paid during the period from July 1, 2013 to June 30, 2014.

City of La Verne
Notes to the Basic Financial Statements
June 30, 2014

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

Three-Year Trend Information

Annual Pension Cost (Safety)

Fiscal Year	Employer Contribution Rate	Employer Contribution	Percentage Contributed	Net Pension Obligation
6/30/2012	24.112%	\$ 1,788,425	100%	\$ -
6/30/2013	24.706%	\$ 1,810,107	100%	\$ -
6/30/2014	26.207%	\$ 1,953,105	100%	\$ -

Annual Pension Cost (Miscellaneous)

Fiscal Year	Employer Contribution Rate	Employer Contribution	Percentage Contributed	Net Pension Obligation
6/30/2012	14.557%	\$ 843,937	100%	\$ -
6/30/2013	13.909%	\$ 785,029	100%	\$ -
6/30/2014	16.587%	\$ 818,990	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.

City of La Verne
Notes to the Basic Financial Statements
June 30, 2014

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

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.

(8) Post-Employment Benefits

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 2013-14, the City contributed \$404,739 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:

City of La Verne
Notes to the Basic Financial Statements
June 30, 2014

(8) Post-Employment Benefits (continued)

Annual required contribution	\$	404,739
Interest on net OPEB obligation		-
Adjustment to annual required contribution		-
		-
Annual OPEB cost (expense)		404,739
Contributions made (including premiums paid)		(404,739)
		-
Change in OPEB obligation		-
Net OPEB obligation - beginning of year		-
		-
Net OPEB obligation - end of year	\$	-

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

Fiscal Year	Annual OPEB Cost	Annual OPEB Cost Contributed	OPEB Obligation
6/30/2012	\$ 437,481	100.0%	\$ -
6/30/2013	\$ 391,999	100.0%	\$ -
6/30/2014	\$ 404,739	100.0%	\$ -

Funded Status and Funding Progress: As of July 1, 2013, the most recent actuarial valuation date, the funded status of the plan was as follows:

Actuarial accrued liability (AAL)	\$	8,390,735
Actuarial value of plan assets		1,367,697
		1,367,697
Unfunded actuarial accrued liability (UAAL)	\$	7,023,038
Funded ratio (actuarial value of plan assets / AAL)		16.3%
Covered payroll (active plan members)	\$	12,266,056
UAAL as a percentage of covered payroll		57.3%

City of La Verne
Notes to the Basic Financial Statements
June 30, 2014

(8) Post-Employment Benefits (continued)

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.

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 2014 is 8.00%, then gradually decreasing thereafter. Both rates included a 2.50 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 2014. 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.

City of La Verne
Notes to the Basic Financial Statements
June 30, 2014

(10) Debt Issued Without Government Commitment

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. The remaining principal balance outstanding was paid in full during the year ended June 30, 2014.

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, 2014, approximately \$2,110,000 of the bonds were outstanding.

City of La Verne
Notes to the Basic Financial Statements
June 30, 2014

(10) Debt Issued Without Government Commitment (continued)

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, 2014 is \$40,285,000.

On July 10, 2014, the City issued 2014 Certificates of Participation in the amount of \$38,660,000. The proceeds of the Certificates will be used to finance all of the outstanding principal amount of the Revenue Certificates of Participation for Brethren Hillcrest Homes Series 2003 and to reimburse certain costs incurred in connection with a senior living community. The Certificates will mature on May 15, 2036. The Certificates were issued with interest rates ranging from 2% to 5%.

D. Revenue Bonds

On June 26 2014, the City of La Verne issued \$9,025,000 of Revenue Refunding Bonds Series 2014. The purpose of the bonds was to refund in full the City's previously issued Mobile Home Park Revenue Bonds Series 2003A, Subordinate Revenue Bonds Series 2003B & 2003C which were used to finance the acquisition of the Copacabana Mobile Home Park, and to provide funds for improvements to the Mobile Home Park. 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 to the City for all or any portion of the payments. In addition, the payments do not constitute a debt of 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, 2014 is \$9,025,000.

City of La Verne
Notes to the Basic Financial Statements
June 30, 2014

(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 to \$20 million are paid under reinsurance agreements. (7) Costs of covered claims from \$20 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, 2014

(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 \$30 million per occurrence. This \$30 million subsidence sub-limit is composed of (a) \$5 million retained within the pool's SIR, (b) \$10 million in reinsurance, subject to the same annual aggregate deductibles previously stated 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 \$48,346,397. 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, 2014

(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 \$11,343,945. 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 2013-14.

(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 and Deficit Fund Balance

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

<u>Fund</u>	<u>Expenditure</u>	<u>Appropriations</u>	<u>Excess</u>
Nonmajor Governmental Funds:			
Mobile Home Park	\$ 2,033,420	\$ 1,732,572	\$ (300,848)
Downtown Business Improvement District	34,583	30,200	(4,383)

The following fund reported a deficit fund balance at June 30, 2014:

Nonmajor Governmental Fund:

Supplemental Law Enforcement Services Fund (SLESF) and Local Law Enforcement Block Grant (LLEBG) fund showed a fund balance deficit of (\$228).

City of La Verne
Notes to the Basic Financial Statements
June 30, 2014

(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 Successor		2014	2013
Fund balances:					
Nonspendable:					
Prepaid items	\$ 1,678,574	\$ -	\$ 300,000	\$ 1,978,574	\$ 1,835,929
Inventory of materials and supplies	-	-	41,695	41,695	39,695
Total Nonspendable	<u>1,678,574</u>	<u>-</u>	<u>341,695</u>	<u>2,020,269</u>	<u>1,875,624</u>
Restricted for:					
Public safety	-	-	6,474,817	6,474,817	2,781,571
Community services	-	-	2,448,900	2,448,900	2,053,530
Community development	-	-	4,580,663	4,580,663	4,107,992
Low and moderate income housing	-	3,089,343	-	3,089,343	3,089,343
Public works	-	-	8,253,552	8,253,552	6,966,190
Debt service	-	-	1,082,037	1,082,037	1,082,037
Total Restricted	<u>-</u>	<u>3,089,343</u>	<u>22,839,969</u>	<u>25,929,312</u>	<u>20,080,663</u>
Committed	<u>4,338,000</u>	<u>-</u>	<u>-</u>	<u>4,338,000</u>	<u>4,291,000</u>
Assigned to:					
Future operations	825,000	-	-	825,000	1,200,000
Disaster recovery	1,000,000	-	-	1,000,000	1,000,000
Other benefit obligation Economic uncertainties	2,600,000	-	-	2,600,000	-
Capital Projects	1,399,030	-	-	1,399,030	3,050,295
Capital Projects	500,000	-	2,752,549	3,252,549	3,021,222
Total Assigned	<u>6,324,030</u>	<u>-</u>	<u>2,752,549</u>	<u>9,076,579</u>	<u>8,271,517</u>
Unassigned	<u>-</u>	<u>-</u>	<u>(228)</u>	<u>(228)</u>	<u>-</u>
Total fund balances	<u>\$ 12,340,604</u>	<u>\$ 3,089,343</u>	<u>\$ 25,933,985</u>	<u>\$ 41,363,932</u>	<u>\$ 34,518,804</u>

City of La Verne
Notes to the Basic Financial Statements
June 30, 2014

(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, 2014, was determined as follows:

	Governmental Activities
Capital assets, net of accumulated depreciation	\$ 54,337,051
Less capital related debt balance:	
Outstanding principal balance of 1996 Revenue Bonds	(6,260,000)
Net investment in capital assets	\$ 48,077,051

	Business-type Activities		
	Water	Sewer	Total Enterprise Funds
Capital assets, net of accumulated depreciation	\$18,582,827	\$ 5,587,631	\$ 24,170,458
Water rights, net of accumulated amortization	11,976,728	-	11,976,728
Net investment in capital assets	\$30,559,555	\$ 5,587,631	\$ 36,147,186

(16) Successor Agency Trust for the Former Redevelopment Agency

The debt of the Successor Agency as of June 30, 2014 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Successor Agency:					
2009 Lease Agreement	\$ 1,847,000	\$ -	\$ (268,000)	\$ 1,579,000	\$ 284,000
Notes Payable:					
Tight Lines LLC	98,563	-	(15,537)	83,026	15,052
Haaker Equipment	90,000	-	(15,000)	75,000	15,000
Total long-term liabilities	\$ 2,035,563	\$ -	\$ (298,537)	\$ 1,737,026	\$ 314,052

City of La Verne
Notes to the Basic Financial Statements
June 30, 2014

(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, 2014 is \$1,579,000.

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

Year Ending June 30,	<u>2009 Lease Agreement</u>	
	<u>Principal</u>	<u>Interest</u>
2015	\$ 284,000	\$ 65,383
2016	294,000	52,234
2017	314,000	38,402
2018	334,000	23,660
2019	<u>353,000</u>	<u>8,031</u>
Totals	<u>\$1,579,000</u>	<u>\$ 187,710</u>

B. Notes Payable

The following owner participation agreements are reported as notes payable as of June 30, 2014.

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, 2014 is \$83,026.

City of La Verne
Notes to the Basic Financial Statements
June 30, 2014

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

B. Notes Payable (continued)

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, 2014 is \$75,000.

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

C. Low and Moderate Income Housing Pledge Agreement

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 distributed from the Redevelopment Property Tax Trust Fund (RPTTTF) as approved by the State of California Department of Finance Required Obligation Schedules (ROPS) are pledged toward payment of the bonds. The Authority operates 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.

(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, 2014

(17) Risks and uncertainties (continued)

Successor Agency

Deductions (expenses) incurred by the Successor Agency for the year ended June 30, 2014 (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

City of La Verne
Notes to Required Supplementary Information
June 30, 2014

(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.

Formal budgetary integration is employed as a management control device during the year for all the governmental type funds. Budgets for all the governmental type funds are adopted on a basis consistent with generally accepted accounting principles, except for the Housing Authority Fund, the Transportation Development Act (TDA) Article 3 Fund, and the Cable Fund, which do not have legally adopted budgets. Budgeted amounts are as originally adopted and are further amended by the City Council.

City of La Verne
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
General Fund
For the Year Ended June 30, 2014
(with comparative data for June 30, 2013)

	Budgeted Amounts		2014 Amounts	Variance with Final Budget	2013 Amounts
	Original	Final			
Revenues:					
Property taxes	\$ 5,496,200	\$ 5,496,200	\$ 7,014,924	\$ 1,518,724	\$ 7,912,524
Other taxes	7,570,000	7,570,000	7,441,509	(128,491)	7,592,732
Licenses and permits	2,960,000	2,260,000	2,550,637	290,637	1,770,133
Intergovernmental	2,927,900	3,003,300	3,248,867	245,567	2,954,742
Charges for services	5,866,575	5,884,241	6,460,031	575,790	6,768,587
Fines and forfeitures	12,500	12,500	20,363	7,863	17,873
Investment income	40,000	40,000	59,094	19,094	41,952
Rents	233,100	233,100	250,672	17,572	184,353
Miscellaneous	479,300	496,966	353,445	(143,521)	426,994
Total revenues	25,585,575	24,996,307	27,399,542	2,403,235	27,669,890
Expenditures:					
Current:					
General government	1,828,922	1,909,634	1,793,435	116,199	1,615,484
Public safety	17,273,632	17,405,994	17,689,713	(283,719)	16,625,207
Community development	1,768,522	1,505,104	1,793,701	(288,597)	1,356,613
Public works	6,351,324	6,667,880	6,148,655	519,225	5,914,061
Community services	1,383,830	1,360,756	1,336,474	24,282	1,262,242
Total expenditures	28,606,230	28,849,368	28,761,978	87,390	26,773,607
Excess (deficiency) of revenues over (under) expenditures	(3,020,655)	(3,853,061)	(1,362,436)	2,490,625	896,283
Other Financing Sources (Uses):					
Transfers in	3,484,100	3,484,100	2,859,316	(624,784)	2,939,273
Transfers out	(1,082,000)	(1,082,000)	(1,033,500)	48,500	(2,156,115)
Total other financing sources (uses)	2,402,100	2,402,100	1,825,816	(576,284)	783,158
Net change in fund balance	(618,555)	(1,450,961)	463,380	1,914,341	1,679,441
Fund balance, beginning of year	11,877,224	11,877,224	11,877,224	-	10,197,783
Fund balance, end of year	\$ 11,258,669	\$ 10,426,263	\$ 12,340,604	\$ 1,914,341	\$ 11,877,224

City of La Verne
 Other Postemployment Benefits Plan
 Schedule of Funding Progress
 For the Year Ended June 30, 2014

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)
7/1/2009	\$ 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%
7/1/2013	\$ 1,367,697	\$ 8,390,735	\$ 7,023,038	16.30%	\$ 12,266,056	57.26%

Other Supplementary Information

City of La Verne
Schedule of Revenues – Budget and Actual
General Fund
For the Year Ended June 30, 2014
(with comparative data for June 30, 2013)

	Budgeted Amounts		2014 Actual	Variance with Final Budget	2013 Actual
	Original	Final			
Property taxes:					
Current year secured	\$ 3,900,000	\$ 3,900,000	\$ 4,111,347	\$ 211,347	\$ 4,150,843
Current year unsecured	135,000	135,000	256,031	121,031	129,832
Prior year secured	20,000	20,000	(7,163)	(27,163)	4,169
Prior year unsecured	5,000	5,000	6,544	1,544	5,444
Aircraft tax	50,000	50,000	56,874	6,874	52,279
Penalties & interest	30,000	30,000	50,207	20,207	31,552
Supplemental tax roll	60,000	60,000	194,937	134,937	104,949
Real property transfer tax	60,000	60,000	135,603	75,603	111,177
Homeowner's exemption tax	35,000	35,000	30,738	(4,262)	33,467
Other Property tax	1,201,200	1,201,200	2,179,806	978,606	3,288,812
Total property taxes	5,496,200	5,496,200	7,014,924	1,518,724	7,912,524
Other Taxes:					
Sales and Use Tax	3,900,000	3,900,000	3,828,720	(71,280)	3,885,736
Utility User tax	3,100,000	3,100,000	2,986,793	(113,207)	3,098,144
Franchise Tax	570,000	570,000	625,996	55,996	608,852
Total other taxes	7,570,000	7,570,000	7,441,509	(128,491)	7,592,732
License and permits:					
Business license	360,000	360,000	437,543	77,543	399,791
Building permits	2,400,000	1,700,000	1,874,759	174,759	1,155,830
Other permits	200,000	200,000	238,335	38,335	214,512
Total licenses and permits	2,960,000	2,260,000	2,550,637	290,637	1,770,133
Intergovernmental:					
Motor vehicle in-lieu tax	2,500,000	2,500,000	2,595,188	95,188	2,543,269
P.O.S.T./LA impact reimbursement	60,000	60,000	112,672	52,672	122,152
State mandate cost reimbursement	1,700	1,700	2,409	709	1,977
Federal & state grants	146,200	221,600	310,598	88,998	135,344
Prop A funds exchange	220,000	220,000	228,000	8,000	152,000
Total intergovernmental	2,927,900	3,003,300	3,248,867	245,567	2,954,742

City of La Verne
Schedule of Revenues – Budget and Actual
General Fund
For the Year Ended June 30, 2014
(with comparative data for June 30, 2013)

	Budgeted Amounts		2014 Actual	Variance with Final Budget	2013 Actual
	Original	Final			
Charges for services:					
Swimming pool fees	111,300	111,300	133,102	21,802	113,629
Recreation fees & charges	455,000	455,000	458,087	3,087	456,586
Recreation excursions	42,000	42,000	35,981	(6,019)	32,851
Refuse service fees	2,553,000	2,553,000	2,605,051	52,051	2,656,636
Planning fees	115,000	132,666	301,290	168,624	166,590
Inspection fees	30,000	30,000	20,420	(9,580)	63,914
Work for others	765,000	765,000	1,069,873	304,873	1,428,625
Plan check fees	30,000	30,000	20,420	(9,580)	52,220
Paramedic service fees	1,460,000	1,460,000	1,469,876	9,876	1,497,769
Map & copy sales	1,000	1,000	8,068	7,068	4,455
Other fees & charges	304,275	304,275	337,863	33,588	295,312
Total charges for services	<u>5,866,575</u>	<u>5,884,241</u>	<u>6,460,031</u>	<u>575,790</u>	<u>6,768,587</u>
Fines and forfeitures:					
City code court fines	7,000	7,000	5,367	(1,633)	6,453
Other penalties	5,500	5,500	14,996	9,496	11,420
Total fines and forfeitures	<u>12,500</u>	<u>12,500</u>	<u>20,363</u>	<u>7,863</u>	<u>17,873</u>
Investment income	<u>40,000</u>	<u>40,000</u>	<u>59,094</u>	<u>19,094</u>	<u>41,952</u>
Rents	<u>233,100</u>	<u>233,100</u>	<u>250,672</u>	<u>17,572</u>	<u>184,353</u>
Miscellaneous:					
Sale of property	276,000	276,000	253,672	(22,328)	280,421
Other revenues	203,300	220,966	99,773	(121,193)	146,573
Total miscellaneous revenues	<u>479,300</u>	<u>496,966</u>	<u>353,445</u>	<u>(143,521)</u>	<u>426,994</u>
Total revenues	<u>\$ 25,585,575</u>	<u>\$ 24,996,307</u>	<u>\$ 27,399,542</u>	<u>\$ 2,403,235</u>	<u>\$ 27,669,890</u>

City of La Verne
Schedule of Expenditures – Budget and Actual
General Fund
For the Year Ended June 30, 2014
(with comparative data for June 30, 2013)

	Budgeted Amounts		2014 Actual	Variance with Final Budget	2013 Actual
	Original	Final			
General government:					
City council	\$ 67,909	\$ 67,909	\$ 70,317	\$ (2,408)	\$ 62,737
Insurance and non-departmental	360,000	374,000	319,487	54,513	268,452
Legal services	85,000	85,000	65,891	19,109	91,315
City clerk	123,917	123,917	110,433	13,484	109,874
City manager administration	382,994	382,994	378,985	4,009	302,638
Finance	482,850	541,837	537,631	4,206	459,644
Information services	326,252	333,977	310,691	23,286	320,824
Total general government	<u>1,828,922</u>	<u>1,909,634</u>	<u>1,793,435</u>	<u>116,199</u>	<u>1,615,484</u>
Public safety:					
Fire department	7,268,981	7,366,481	7,489,409	(122,928)	7,029,812
Police department	10,004,651	10,039,513	10,200,304	(160,791)	9,595,395
Total public safety	<u>17,273,632</u>	<u>17,405,994</u>	<u>17,689,713</u>	<u>(283,719)</u>	<u>16,625,207</u>
Community development:					
Planning & administration	817,238	903,691	910,252	(6,561)	830,575
Code enforcement/building inspection	951,284	601,413	883,449	(282,036)	526,038
Total community development	<u>1,768,522</u>	<u>1,505,104</u>	<u>1,793,701</u>	<u>(288,597)</u>	<u>1,356,613</u>
Public works:					
City buildings administration & maintenance	391,677	391,953	372,171	19,782	368,974
Street administration	424,147	467,536	416,438	51,098	427,787
Refuse & recycling	2,249,925	2,249,925	2,228,286	21,639	2,181,975
Street maintenance	1,070,417	1,328,859	969,568	359,291	787,079
Traffic & lighting	711,222	711,891	670,382	41,509	634,944
Graffiti removal	42,716	42,716	43,582	(866)	36,023
Parks administration	68,481	68,481	67,000	1,481	79,614
Parks facility maintenance	1,008,924	1,022,704	1,014,478	8,226	1,031,752
Tree maintenance	383,815	383,815	366,750	17,065	365,913
Total public works	<u>6,351,324</u>	<u>6,667,880</u>	<u>6,148,655</u>	<u>519,225</u>	<u>5,914,061</u>
Community services:					
Recreation & community services	483,909	487,435	478,574	8,861	430,578
Recreation programs	259,789	260,789	239,214	21,575	252,730
Swimming pool programs	271,428	271,428	303,176	(31,748)	255,291
Community service rentals	325,636	298,036	277,630	20,406	285,444
Special events	43,068	43,068	37,880	5,188	38,199
Total community services	<u>1,383,830</u>	<u>1,360,756</u>	<u>1,336,474</u>	<u>24,282</u>	<u>1,262,242</u>
Total expenditures	<u>\$ 28,606,230</u>	<u>\$ 28,849,368</u>	<u>\$ 28,761,978</u>	<u>\$ 87,390</u>	<u>\$ 26,773,607</u>

City of La Verne
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2014
(with comparative data for June 30, 2013)

	Special	Debt	Capital	Totals	
	Revenue Funds	Service Funds	Projects Funds	2014	2013
Assets					
Cash and investments	\$ 12,497,828	\$ 1,082,037	\$ 8,955,982	\$ 22,535,847	\$ 16,949,329
Cash and investments with fiscal agents	3,267,913	-	-	3,267,913	3,289,907
Interest receivable	16,793	-	9,577	26,370	20,247
Accounts receivable	21,254	-	2,500	23,754	199,229
Due from other governments	256,003	-	-	256,003	212,554
Prepaid items	300,000	-	-	300,000	-
Inventory of materials and supplies, cost	41,695	-	-	41,695	39,695
Total assets	\$ 16,401,486	\$ 1,082,037	\$ 8,968,059	\$ 26,451,582	\$ 20,710,961
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 107,893	\$ -	\$ 111,059	\$ 218,952	\$ 870,616
Accrued expenses	33,600	-	68,490	102,090	88,022
Due to other funds	4,059	-	-	4,059	7,590
Unearned revenue	-	-	192,496	192,496	192,496
Total liabilities	145,552	-	372,045	517,597	1,158,724
Fund Balances:					
Nonspendable:					
Prepaid items	300,000	-	-	300,000	-
Inventory of materials and supplies, cost	41,695	-	-	41,695	39,695
Restricted for:					
Public safety	6,474,817	-	-	6,474,817	2,781,571
Community services	1,664,186	-	784,714	2,448,900	2,053,530
Community and development	4,580,663	-	-	4,580,663	4,107,992
Public works	3,194,801	-	5,058,751	8,253,552	6,966,190
Debt service	-	1,082,037	-	1,082,037	1,082,037
Assigned to:					
Capital Projects	-	-	2,752,549	2,752,549	2,521,222
Unassigned	(228)	-	-	(228)	-
Total fund balances	16,255,934	1,082,037	8,596,014	25,933,985	19,552,237
Total liabilities and fund balances	\$ 16,401,486	\$ 1,082,037	\$ 8,968,059	\$ 26,451,582	\$ 20,710,961

City of La Verne
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014
(with comparative data for June 30, 2013)

	Special	Debt	Capital	Totals	
	Revenue Funds	Service Funds	Projects Funds	2014	2013
Revenues:					
Other taxes	\$ 1,670,505	\$ -	\$ 912,422	\$ 2,582,927	\$ 1,301,751
Licenses and permits	15,029	-	-	15,029	15,392
Intergovernmental	1,315,965	-	-	1,315,965	1,417,611
Charges for services	2,326,677	-	60,176	2,386,853	1,424,045
Fines and forfeitures	3,989,737	-	-	3,989,737	1,425,210
Special assessments	335,119	-	-	335,119	343,242
Investment income	445,392	-	37,128	482,520	394,357
Rents	1,703,971	-	-	1,703,971	1,690,554
Miscellaneous	239,979	1,320	117,862	359,161	318,363
Total revenues	12,042,374	1,320	1,127,588	13,171,282	8,330,525
Expenditures:					
Current:					
General government	-	1,320	-	1,320	1,320
Public safety	1,377,034	-	-	1,377,034	1,733,946
Community development	1,411,135	-	-	1,411,135	1,413,587
Public works	6,000	-	-	6,000	6,000
Community services	1,223,580	-	-	1,223,580	1,055,947
Capital projects	129,855	-	1,207,482	1,337,337	1,258,648
Debt service:					
Principal	290,000	-	-	290,000	270,000
Interest	462,412	-	-	462,412	482,013
Total expenditures	4,900,016	1,320	1,207,482	6,108,818	6,221,461
Excess (deficiency) of revenues over (under) expenditures	7,142,358	-	(79,894)	7,062,464	2,109,064
Other Financing Sources (Uses):					
Transfers in	10,000	-	1,123,500	1,133,500	2,156,115
Transfers out	(1,714,216)	-	(100,000)	(1,814,216)	(1,794,173)
Total other financing sources (uses)	(1,704,216)	-	1,023,500	(680,716)	361,942
Net change in fund balances	5,438,142	-	943,606	6,381,748	2,471,006
Fund balances, beginning of year	10,817,792	1,082,037	7,652,408	19,552,237	17,081,231
Fund balances, end of year	\$ 16,255,934	\$ 1,082,037	\$ 8,596,014	\$ 25,933,985	\$ 19,552,237

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.

Cable Fund

To account for revenues received from the City's Cable TV franchise companies pursuant to the franchise agreements.

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City of La Verne
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2014
(with comparative data for June 30, 2013)

	Special Revenue Funds		
	State and County Gasoline Tax	Traffic and Bicycle Safety	Mobile Home Park
Assets			
Cash and investments	\$ 2,055,559	\$ 179,616	\$ 140,866
Cash and investments with fiscal agents	-	-	3,267,913
Interest receivable	2,328	163	-
Accounts receivable	-	6,332	4,324
Due from other governments	102,692	24,463	-
Prepaid items	-	-	-
Inventory of materials and supplies, cost	-	-	41,695
Total assets	\$ 2,160,579	\$ 210,574	\$ 3,454,798
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ 29,790	\$ 34,490
Accrued expenses	-	10,423	-
Due to other funds	-	-	-
Total liabilities	-	40,213	34,490
Fund balances (deficit):			
Nonspendable:			
Prepaid items	-	-	-
Inventory of materials and supplies, cost	-	-	41,695
Restricted for:			
Public safety	-	170,361	-
Community services	-	-	-
Community and development	-	-	3,378,613
Public works	2,160,579	-	-
Unassigned	-	-	-
Total fund balances (deficit)	2,160,579	170,361	3,420,308
Total liabilities and fund balances	\$ 2,160,579	\$ 210,574	\$ 3,454,798

Special Revenue Funds

Community Development	SLESF and LLEBG	Police Narcotics Confiscation	Local Transit Assistance	Mobile Source Air Pollution	Public Safety
\$ -	\$ 5,566	\$ 3,827,014	\$ 1,181,059	\$ 368,280	\$ 2,372,486
-	-	-	-	-	-
-	-	5,026	1,367	450	3,283
-	-	3,683	-	-	-
7,748	-	78,980	-	-	32,153
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 7,748</u>	<u>\$ 5,566</u>	<u>\$ 3,914,703</u>	<u>\$ 1,182,426</u>	<u>\$ 368,730</u>	<u>\$ 2,407,922</u>
\$ 3,687	\$ -	\$ -	\$ 28,652	\$ 2,292	\$ 6,296
-	5,794	11,873	3,782	-	-
4,059	-	-	-	-	-
<u>7,746</u>	<u>5,794</u>	<u>11,873</u>	<u>32,434</u>	<u>2,292</u>	<u>6,296</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	3,902,830	-	-	2,401,626
-	-	-	1,149,992	-	-
2	-	-	-	366,438	-
-	-	-	-	-	-
-	(228)	-	-	-	-
<u>2</u>	<u>(228)</u>	<u>3,902,830</u>	<u>1,149,992</u>	<u>366,438</u>	<u>2,401,626</u>
<u>\$ 7,748</u>	<u>\$ 5,566</u>	<u>\$ 3,914,703</u>	<u>\$ 1,182,426</u>	<u>\$ 368,730</u>	<u>\$ 2,407,922</u>

(continued)

City of La Verne
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
June 30, 2014
(with comparative data for June 30, 2013)

	Special Revenue Funds		
	Community Facilities District 90-1	Downtown Business Improvement District	Maintenance Assessment District
Assets			
Cash and investments	\$ 495,645	\$ 46,027	\$ 460,848
Cash and investments with fiscal agents	-	-	-
Interest receivable	1,911	62	614
Accounts receivable	-	-	-
Due from other governments	5,825	-	4,142
Prepaid items	300,000	-	-
Inventory of materials and supplies, cost	-	-	-
Total assets	<u>\$ 803,381</u>	<u>\$ 46,089</u>	<u>\$ 465,604</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ 1,111	\$ 1,575
Accrued expenses	-	-	1,728
Due to other funds	-	-	-
Total liabilities	<u>-</u>	<u>1,111</u>	<u>3,303</u>
Fund balances (deficit):			
Nonspendable:			
Prepaid items	300,000	-	-
Inventory of materials and supplies, cost	-	-	-
Restricted for:			
Public safety	-	-	-
Community services	-	44,978	462,301
Community and development	-	-	-
Public works	503,381	-	-
Unassigned	-	-	-
Total fund balances (deficit)	<u>803,381</u>	<u>44,978</u>	<u>462,301</u>
Total liabilities and fund balances	<u>\$ 803,381</u>	<u>\$ 46,089</u>	<u>\$ 465,604</u>

Special Revenue Funds

Affordable Housing	Measure R	TDA Article 3	Cable Fund	Totals	
				2014	2013
\$ 834,643	\$ 529,843	\$ 376	\$ -	\$ 12,497,828	\$ 8,012,472
-	-	-	-	3,267,913	3,289,907
967	622	-	-	16,793	11,529
-	-	-	6,915	21,254	89,229
-	-	-	-	256,003	212,554
-	-	-	-	300,000	-
-	-	-	-	41,695	39,695
<u>\$ 835,610</u>	<u>\$ 530,465</u>	<u>\$ 376</u>	<u>\$ 6,915</u>	<u>\$ 16,401,486</u>	<u>\$ 11,655,386</u>
\$ -	\$ -	\$ -	\$ -	\$ 107,893	\$ 809,721
-	-	-	-	33,600	20,283
-	-	-	-	4,059	7,590
-	-	-	-	145,552	837,594
-	-	-	-	300,000	-
-	-	-	-	41,695	39,695
-	-	-	-	6,474,817	2,781,571
-	-	-	6,915	1,664,186	1,501,149
835,610	-	-	-	4,580,663	4,107,992
-	530,465	376	-	3,194,801	2,387,385
-	-	-	-	(228)	-
<u>835,610</u>	<u>530,465</u>	<u>376</u>	<u>6,915</u>	<u>16,255,934</u>	<u>10,817,792</u>
<u>\$ 835,610</u>	<u>\$ 530,465</u>	<u>\$ 376</u>	<u>\$ 6,915</u>	<u>\$ 16,401,486</u>	<u>\$ 11,655,386</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, 2014
(with comparative data for June 30, 2013)

	Special Revenue Funds			
	State and County Gasoline Tax	Traffic and Bicycle Safety	Mobile Home Park	Community Development
Revenues:				
Other taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	1,060,789	5,165	-	85,571
Charges for services	-	88,656	-	-
Fines and forfeitures	-	499,425	-	-
Special assessments	-	-	-	-
Investment income	8,075	676	392,018	-
Rents	-	-	1,703,971	-
Miscellaneous	-	6,332	-	-
Total revenues	1,068,864	600,254	2,095,989	85,571
Expenditures:				
Current:				
Public safety	-	550,449	-	-
Community development	-	-	1,281,008	85,569
Public works	6,000	-	-	-
Community services	-	-	-	-
Capital projects	27,850	-	-	-
Debt service:				
Principal	-	-	290,000	-
Interest	-	-	462,412	-
Total expenditures	33,850	550,449	2,033,420	85,569
Excess (deficiency) of revenues over (under) expenditures	1,035,014	49,805	62,569	2
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(351,216)	-	(100,000)	-
Total other financing sources (uses)	(351,216)	-	(100,000)	-
Net change in fund balances	683,798	49,805	(37,431)	2
Fund balances, beginning of year	1,476,781	120,556	3,457,739	-
Fund balances (deficit), end of year	\$ 2,160,579	\$ 170,361	\$ 3,420,308	\$ 2

Special Revenue Funds

SLESF and LLEBG	Police Narcotics Confiscation	Local Transit Assistance	Mobile Source Air Pollution	Public Safety
\$ -	\$ -	\$ 995,695	\$ -	\$ 338,186
-	-	-	-	-
100,000	-	-	30,107	34,333
-	-	-	-	707,202
-	3,490,312	-	-	-
-	-	-	-	-
-	15,499	4,599	1,677	10,757
-	-	-	-	-
-	10,594	-	-	185,890
<u>100,000</u>	<u>3,516,405</u>	<u>1,000,294</u>	<u>31,784</u>	<u>1,276,368</u>
110,305	703,965	-	-	12,315
-	-	-	11,358	-
-	-	-	-	-
-	-	894,859	-	-
-	-	-	-	57,975
-	-	-	-	-
-	-	-	-	-
<u>110,305</u>	<u>703,965</u>	<u>894,859</u>	<u>11,358</u>	<u>70,290</u>
<u>(10,305)</u>	<u>2,812,440</u>	<u>105,435</u>	<u>20,426</u>	<u>1,206,078</u>
10,000	-	-	-	-
-	-	-	-	(375,000)
<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(375,000)</u>
(305)	2,812,440	105,435	20,426	831,078
77	1,090,390	1,044,557	346,012	1,570,548
<u>\$ (228)</u>	<u>\$ 3,902,830</u>	<u>\$ 1,149,992</u>	<u>\$ 366,438</u>	<u>\$ 2,401,626</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, 2014
(with comparative data for June 30, 2013)

	Special Revenue Funds			
	Community Facilities District 90-1	Downtown Business Improvement District	Maintenance Assessment District	Affordable Housing
Revenues:				
Other taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	15,029	-	-
Intergovernmental	-	-	-	-
Charges for services	1,012,162	-	-	511,742
Fines and forfeitures	-	-	-	-
Special assessments	-	-	335,119	-
Investment income	5,006	192	1,976	3,061
Rents	-	-	-	-
Miscellaneous	-	37,163	-	-
	<u>1,017,168</u>	<u>52,384</u>	<u>337,095</u>	<u>514,803</u>
Total revenues				
	<u>1,017,168</u>	<u>52,384</u>	<u>337,095</u>	<u>514,803</u>
Expenditures:				
Current:				
Public safety	-	-	-	-
Community development	-	10,071	-	23,129
Public works	-	-	-	-
Community services	-	24,512	304,209	-
Capital projects	44,030	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>44,030</u>	<u>34,583</u>	<u>304,209</u>	<u>23,129</u>
Total expenditures				
	<u>44,030</u>	<u>34,583</u>	<u>304,209</u>	<u>23,129</u>
Excess (deficiency) of revenues over (under) expenditures	<u>973,138</u>	<u>17,801</u>	<u>32,886</u>	<u>491,674</u>
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(888,000)	-	-	-
	<u>(888,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)				
	<u>(888,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	85,138	17,801	32,886	491,674
Fund balances, beginning of year	718,243	27,177	429,415	343,936
Fund balances (deficit), end of year	<u>\$ 803,381</u>	<u>\$ 44,978</u>	<u>\$ 462,301</u>	<u>\$ 835,610</u>

Special Revenue Funds

Measure R	TDA Article 3	Cable Fund	Totals	
			2014	2013
\$ 336,624	\$ -	\$ -	\$ 1,670,505	\$ 1,287,216
-	-	-	15,029	15,392
-	-	-	1,315,965	1,391,618
-	-	6,915	2,326,677	1,176,041
-	-	-	3,989,737	1,425,210
-	-	-	335,119	343,242
1,855	1	-	445,392	362,750
-	-	-	1,703,971	1,690,554
-	-	-	239,979	87,101
<u>338,479</u>	<u>1</u>	<u>6,915</u>	<u>12,042,374</u>	<u>7,779,124</u>
-	-	-	1,377,034	1,733,946
-	-	-	1,411,135	1,413,587
-	-	-	6,000	6,000
-	-	-	1,223,580	1,055,947
-	-	-	129,855	745,534
-	-	-	290,000	270,000
-	-	-	462,412	482,013
<u>-</u>	<u>-</u>	<u>-</u>	<u>4,900,016</u>	<u>5,707,027</u>
<u>338,479</u>	<u>1</u>	<u>6,915</u>	<u>7,142,358</u>	<u>2,072,097</u>
-	-	-	10,000	82,000
-	-	-	(1,714,216)	(1,794,173)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,704,216)</u>	<u>(1,712,173)</u>
338,479	1	6,915	5,438,142	359,924
191,986	375	-	10,817,792	10,457,868
<u>\$ 530,465</u>	<u>\$ 376</u>	<u>\$ 6,915</u>	<u>\$ 16,255,934</u>	<u>\$ 10,817,792</u> (concluded)

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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, 2014
(with comparative data for June 30, 2013)

	Budgeted Amounts		2014 Amounts	Variance with Final Budget	2013 Amounts
	Original	Final			
Revenues:					
Intergovernmental	\$ 994,000	\$ 994,000	\$ 1,060,789	\$ 66,789	\$ 769,362
Investment income	5,000	5,000	8,075	3,075	6,244
Total revenues	999,000	999,000	1,068,864	69,864	775,606
Expenditures:					
Current:					
Public works	6,000	6,000	6,000	-	6,000
Capital projects	475,000	475,587	27,850	447,737	145,748
Total expenditures	481,000	481,587	33,850	447,737	151,748
Excess (deficiency) of revenues over (under) expenditures	518,000	517,413	1,035,014	517,601	623,858
Other Financing Source (Uses):					
Transfers out	(352,000)	(352,000)	(351,216)	784	(351,173)
Total other financing uses	(352,000)	(352,000)	(351,216)	784	(351,173)
Net change in fund balance	166,000	165,413	683,798	518,385	272,685
Fund balance, beginning of year	1,476,781	1,476,781	1,476,781	-	1,204,096
Fund balance, end of year	\$ 1,642,781	\$ 1,642,194	\$ 2,160,579	\$ 518,385	\$ 1,476,781

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, 2014
(with comparative data for June 30, 2013)

	Budgeted Amounts		2014 Amounts	Variance with Final Budget	2013 Amounts
	Original	Final			
Revenues:					
Intergovernmental	\$ -	\$ 40,800	\$ 5,165	\$ (35,635)	\$ -
Charges for services	35,000	35,000	88,656	53,656	66,844
Fines and forfeitures	519,000	519,000	499,425	(19,575)	560,676
Investment income	-	-	676	676	49
Miscellaneous	-	-	6,332	6,332	-
Total revenues	554,000	594,800	600,254	5,454	627,569
Expenditures:					
Current:					
Public safety	521,864	563,732	550,449	13,283	619,508
Total expenditures	521,864	563,732	550,449	13,283	619,508
Excess (deficiency) of revenues over (under) expenditures	32,136	31,068	49,805	18,737	8,061
Other Financing Sources:					
Transfers in	46,000	46,000	-	(46,000)	80,000
Total other financing sources	46,000	46,000	-	(46,000)	80,000
Net change in fund balance	78,136	77,068	49,805	(27,263)	88,061
Fund balance, beginning of year	120,556	120,556	120,556	-	32,495
Fund balance, end of year	\$ 198,692	\$ 197,624	\$ 170,361	\$ (27,263)	\$ 120,556

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, 2014
(with comparative data for June 30, 2013)

	Budgeted Amounts		2014 Amounts	Variance with Final Budget	2013 Amounts
	Original	Final			
Revenues:					
Investment income	\$ -	\$ -	\$ 392,018	\$ 392,018	\$ 324,631
Rents	1,702,935	1,702,935	1,703,971	1,036	1,690,554
Total revenues	1,702,935	1,702,935	2,095,989	393,054	2,015,185
Expenditures:					
Current:					
Community development	980,160	980,160	1,281,008	(300,848)	1,117,693
Debt service:					
Principal	-	290,000	290,000	-	270,000
Interest	-	462,412	462,412	-	482,013
Total expenditures	980,160	1,732,572	2,033,420	(300,848)	1,869,706
Deficiency of revenues under expenditures	722,775	(29,637)	62,569	92,206	145,479
Other Financing Sources (Uses):					
Transfers out	-	-	(100,000)	(100,000)	(175,000)
Total other financing sources (uses)	-	-	(100,000)	(100,000)	(175,000)
Net change in fund balance	722,775	(29,637)	(37,431)	(7,794)	(29,521)
Fund balance, beginning of year	3,457,739	3,457,739	3,457,739	-	3,487,260
Fund balance, end of year	\$ 4,180,514	\$ 3,428,102	\$ 3,420,308	\$ (7,794)	\$ 3,457,739

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, 2014
 (with comparative data for June 30, 2013)

	Budgeted Amounts		2014 Amounts	Variance with Final Budget	2013 Amounts
	Original	Final			
Revenues:					
Intergovernmental	\$ 103,571	\$ 103,571	\$ 85,571	\$ (18,000)	\$ 65,279
Total revenues	103,571	103,571	85,571	(18,000)	65,279
Expenditures:					
Current:					
Community development	103,571	108,571	85,569	23,002	65,279
Total expenditures	103,571	108,571	85,569	23,002	65,279
Net change in fund balance	-	(5,000)	2	5,002	-
Fund balance, beginning of year	-	-	-	-	-
Fund balance, end of year	\$ -	\$ (5,000)	\$ 2	\$ 5,002	\$ -

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, 2014
(with comparative data for June 30, 2013)

	Budgeted Amounts		2014 Amounts	Variance with Final Budget	2013 Amounts
	Original	Final			
Revenues:					
Intergovernmental	\$ 100,000	\$ 100,000	\$ 100,000	\$ -	\$ 100,000
Investment income	-	-	-	-	8
Total revenues	100,000	100,000	100,000	-	100,008
Expenditures:					
Current:					
Public safety	109,155	110,355	110,305	50	101,971
Total expenditures	109,155	110,355	110,305	50	101,971
Deficiency of revenues under expenditures	(9,155)	(10,355)	(10,305)	50	(1,963)
Other Financing Sources:					
Transfers in	100,000	100,000	10,000	(90,000)	2,000
Total other financing sources	100,000	100,000	10,000	(90,000)	2,000
Net change in fund balance	90,845	89,645	(305)	(89,950)	37
Fund balance, beginning of year	77	77	77	-	40
Fund balance, end of year	\$ 90,922	\$ 89,722	\$ (228)	\$ (89,950)	\$ 77

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, 2014
(with comparative data for June 30, 2013)

	Budgeted Amounts		2014 Amounts	Variance with Final Budget	2013 Amounts
	Original	Final			
Revenues:					
Intergovernmental	\$ 593,000	\$ 593,000	\$ -	\$ (593,000)	\$ 92,083
Fines and forfeitures	-	-	3,490,312	3,490,312	864,534
Investment income	5,000	5,000	15,499	10,499	5,546
Miscellaneous	-	-	10,594	10,594	-
Total revenues	598,000	598,000	3,516,405	2,918,405	962,163
Expenditures:					
Current:					
Public safety	847,095	834,347	703,965	130,382	952,702
Capital projects	15,000	86,266	-	86,266	-
Total expenditures	862,095	920,613	703,965	216,648	952,702
Excess (deficiency) of revenues over (under) expenditures	(264,095)	(322,613)	2,812,440	3,135,053	9,461
OTHER FINANCING SOURCES:					
Transfers in	598,000	598,000	-	(598,000)	-
Total other financing sources	598,000	598,000	-	(598,000)	-
Net change in fund balance	333,905	275,387	2,812,440	2,537,053	9,461
Fund balance, beginning of year	1,090,390	1,090,390	1,090,390	-	1,080,929
Fund balance, end of year	\$ 1,424,295	\$ 1,365,777	\$ 3,902,830	\$ 2,537,053	\$ 1,090,390

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, 2014
(with comparative data for June 30, 2013)

	Budgeted Amounts		2014 Amounts	Variance with Final Budget	2013 Amounts
	Original	Final			
Revenues:					
Other taxes	\$ 1,014,000	\$ 1,014,000	\$ 995,695	\$ (18,305)	\$ 963,038
Investment income	4,500	4,500	4,599	99	4,664
Total revenues	1,018,500	1,018,500	1,000,294	(18,206)	967,702
Expenditures:					
Current:					
Community services	843,553	843,553	894,859	(51,306)	766,445
Capital projects	129,500	129,500	-	129,500	-
Total expenditures	973,053	973,053	894,859	78,194	766,445
Net change in fund balance	45,447	45,447	105,435	59,988	201,257
Fund balance, beginning of year	1,044,557	1,044,557	1,044,557	-	843,300
Fund balance, end of year	\$ 1,090,004	\$ 1,090,004	\$ 1,149,992	\$ 59,988	\$ 1,044,557

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, 2014
(with comparative data for June 30, 2013)

	Budgeted Amounts		2014 Amounts	Variance with Final Budget	2013 Amounts
	Original	Final			
Revenues:					
Intergovernmental	\$ 38,000	\$ 38,000	\$ 30,107	\$ (7,893)	\$ 37,952
Investment income	1,500	1,500	1,677	177	1,665
Total revenues	39,500	39,500	31,784	(7,716)	39,617
Expenditures:					
Current:					
Community development	16,578	16,578	11,358	5,220	10,026
Total expenditures	16,578	16,578	11,358	5,220	10,026
Net change in fund balance	22,922	22,922	20,426	(2,496)	29,591
Fund balance, beginning of year	346,012	346,012	346,012	-	316,421
Fund balance, end of year	\$ 368,934	\$ 368,934	\$ 366,438	\$ (2,496)	\$ 346,012

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, 2014
(with comparative data for June 30, 2013)

	Budgeted Amounts		2014 Amounts	Variance with Final Budget	2013 Amounts
	Original	Final			
Revenues:					
Other taxes	\$ 300,000	\$ 300,000	\$ 338,186	\$ 38,186	\$ 324,178
Intergovernmental	70,000	70,000	34,333	(35,667)	-
Charges for services	124,600	124,600	707,202	582,602	122,882
Investment income	7,600	7,600	10,757	3,157	8,473
Miscellaneous	4,000	4,000	185,890	181,890	68,382
Total revenues	506,200	506,200	1,276,368	770,168	523,915
Expenditures:					
Current:					
Public safety	12,141	12,141	12,315	(174)	59,765
Capital projects	100,231	100,231	57,975	42,256	104,747
Total expenditures	112,372	112,372	70,290	42,082	164,512
Excess of revenues over expenditures	393,828	393,828	1,206,078	812,250	359,403
Other Financing Uses:					
Transfers in	506,200	-	-	-	-
Transfers out	(390,000)	(390,000)	(375,000)	15,000	(380,000)
Total other financing uses	116,200	(390,000)	(375,000)	15,000	(380,000)
Net change in fund balance	510,028	3,828	831,078	827,250	(20,597)
Fund balance, beginning of year	1,570,548	1,570,548	1,570,548	-	1,591,145
Fund balance, end of year	\$ 2,080,576	\$ 1,574,376	\$ 2,401,626	\$ 827,250	\$ 1,570,548

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, 2014
(with comparative data for June 30, 2013)

	Budgeted Amounts		2014 Amounts	Variance with Final Budget	2013 Amounts
	Original	Final			
Revenues:					
Charges for services	\$ 1,000,000	\$ 1,000,000	\$ 1,012,162	\$ 12,162	\$ 986,315
Investment Income	5,000	5,000	5,006	6	5,699
Total revenues	<u>1,005,000</u>	<u>1,005,000</u>	<u>1,017,168</u>	<u>12,168</u>	<u>992,014</u>
Expenditures:					
Capital projects	<u>300,000</u>	<u>346,170</u>	<u>44,030</u>	<u>302,140</u>	<u>294,875</u>
Total expenditures	<u>300,000</u>	<u>346,170</u>	<u>44,030</u>	<u>302,140</u>	<u>294,875</u>
Excess of revenues over expenditures	<u>705,000</u>	<u>658,830</u>	<u>973,138</u>	<u>314,308</u>	<u>697,139</u>
Other Financing Uses:					
Transfers out	<u>(888,000)</u>	<u>(888,000)</u>	<u>(888,000)</u>	<u>-</u>	<u>(888,000)</u>
Total other financing uses	<u>(888,000)</u>	<u>(888,000)</u>	<u>(888,000)</u>	<u>-</u>	<u>(888,000)</u>
Net change in fund balance	(183,000)	(229,170)	85,138	314,308	(190,861)
Fund balance, beginning of year	<u>718,243</u>	<u>718,243</u>	<u>718,243</u>	<u>-</u>	<u>909,104</u>
Fund balance, end of year	<u>\$ 535,243</u>	<u>\$ 489,073</u>	<u>\$ 803,381</u>	<u>\$ 314,308</u>	<u>\$ 718,243</u>

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, 2014
(with comparative data for June 30, 2013)

	Budgeted Amounts		2014 Amounts	Variance with Final Budget	2013 Amounts
	Original	Final			
Revenues:					
Licenses and permits	\$ 14,000	\$ 14,000	\$ 15,029	\$ 1,029	\$ 15,392
Investment income	100	100	192	92	104
Miscellaneous	19,000	19,000	37,163	18,163	18,719
Total revenues	33,100	33,100	52,384	19,284	34,215
Expenditures:					
Current:					
Community development	24,000	24,000	10,071	13,929	19,599
Community services	6,200	6,200	24,512	(18,312)	4,779
Total expenditures	30,200	30,200	34,583	(4,383)	24,378
Net change in fund balance	2,900	2,900	17,801	14,901	9,837
Fund balance, beginning of year	27,177	27,177	27,177	-	17,340
Fund balance, end of year	\$ 30,077	\$ 30,077	\$ 44,978	\$ 14,901	\$ 27,177

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, 2014
(with comparative data for June 30, 2013)

	Budgeted Amounts		2014 Amounts	Variance with Final Budget	2013 Amounts
	Original	Final			
Revenues:					
Special assessments	\$ 340,600	\$ 340,600	\$ 335,119	\$ (5,481)	\$ 343,242
Investment income	1,500	1,500	1,976	476	1,763
Total revenues	<u>342,100</u>	<u>342,100</u>	<u>337,095</u>	<u>(5,005)</u>	<u>345,005</u>
Expenditures:					
Current:					
Community services	<u>369,157</u>	<u>375,509</u>	<u>304,209</u>	<u>71,300</u>	<u>284,723</u>
Total expenditures	<u>369,157</u>	<u>375,509</u>	<u>304,209</u>	<u>71,300</u>	<u>284,723</u>
Net change in fund balance	(27,057)	(33,409)	32,886	66,295	60,282
Fund balance, beginning of year	<u>429,415</u>	<u>429,415</u>	<u>429,415</u>	<u>-</u>	<u>369,133</u>
Fund balance, end of year	<u>\$ 402,358</u>	<u>\$ 396,006</u>	<u>\$ 462,301</u>	<u>\$ 66,295</u>	<u>\$ 429,415</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, 2014
(with comparative data for June 30, 2013)

	Budgeted Amounts		2014 Amounts	Variance with Final Budget	2013 Amounts
	Original	Final			
Revenues:					
Charges for services	\$ 600,000	\$ 600,000	\$ 511,742	\$ (88,258)	\$ -
Investment income	-	-	3,061	3,061	2,475
Total revenues	600,000	600,000	514,803	(85,197)	2,475
Expenditures:					
Current:					
Community development	-	23,698	23,129	569	200,990
Total expenditures	-	23,698	23,129	569	200,990
Net change in fund balance	600,000	576,302	491,674	(84,628)	(198,515)
Fund balance, beginning of year	343,936	343,936	343,936	-	542,451
Fund balance, end of year	\$ 943,936	\$ 920,238	\$ 835,610	\$ (84,628)	\$ 343,936

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, 2014
(with comparative data for June 30, 2013)

	Budgeted Amounts		2014 Amounts	Variance with Final Budget	2013 Amounts
	Original	Final			
Revenues:					
Other taxes	\$ 333,000	\$ 333,000	\$ 336,624	\$ 3,624	\$ 326,942
Investment income	600	600	1,855	1,255	1,427
Total revenues	333,600	333,600	338,479	4,879	328,369
Expenditures:					
Capital projects	350,000	350,000	-	350,000	200,164
Total expenditures	350,000	350,000	-	350,000	200,164
Net change in fund balance	(16,400)	(16,400)	338,479	354,879	128,205
Fund balance, beginning of year	191,986	191,986	191,986	-	63,781
Fund balance, end of year	<u>\$ 175,586</u>	<u>\$ 175,586</u>	<u>\$ 530,465</u>	<u>\$ 354,879</u>	<u>\$ 191,986</u>

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, 2014
(with comparative data for June 30, 2013)

	Loan Repayment	Totals	
		<u>2014</u>	<u>2013</u>
Assets			
Cash and investments	\$ 1,082,037	\$ 1,082,037	\$ 1,082,037
		<u> </u>	<u> </u>
Total assets	<u>\$ 1,082,037</u>	<u>\$ 1,082,037</u>	<u>\$ 1,082,037</u>
Liabilities and Fund Balance			
Liabilities	\$ -	\$ -	\$ -
		<u> </u>	<u> </u>
Fund balance:			
Restricted for:			
Debt service	1,082,037	1,082,037	1,082,037
		<u> </u>	<u> </u>
Total fund balance	<u>1,082,037</u>	<u>1,082,037</u>	<u>1,082,037</u>
		<u> </u>	<u> </u>
Total liabilities and fund balance	<u>\$ 1,082,037</u>	<u>\$ 1,082,037</u>	<u>\$ 1,082,037</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, 2014
(with comparative data for June 30, 2013)

	Loan	Totals	
	Repayment	2014	2013
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	<u>1,320</u>	<u>1,320</u>	<u>1,320</u>
Total expenditures	<u>1,320</u>	<u>1,320</u>	<u>1,320</u>
Deficiency of revenues under expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources:			
Transfers in	<u>-</u>	<u>-</u>	<u>900,000</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>900,000</u>
Net change in fund balance	-	-	900,000
Fund balance, beginning of year	<u>1,082,037</u>	<u>1,082,037</u>	<u>182,037</u>
Fund balance, end of year	<u>\$ 1,082,037</u>	<u>\$ 1,082,037</u>	<u>\$ 1,082,037</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, 2014
(with comparative data for June 30, 2013)

	Capital Projects Funds			
	General Capital Improvement	ROW Management	I/S Technology	Underground Utilities
Assets				
Cash and investments	\$ 2,488,542	\$ 2,848,048	\$ 43,624	\$ 1,451,151
Interest receivable	2,082	3,329	44	1,806
Accounts receivable	2,500	-	-	-
Total assets	\$ 2,493,124	\$ 2,851,377	\$ 43,668	\$ 1,452,957
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 111,059	\$ -	\$ -	\$ -
Accrued expenses	68,490	-	-	-
Unearned revenue	50,000	142,496	-	-
Total liabilities	229,549	142,496	-	-
Fund balances:				
Restricted for:				
Community services	-	-	-	-
Public works	2,263,575	-	-	1,452,957
Assigned to:				
Capital Projects	-	2,708,881	43,668	-
Total fund balances	2,263,575	2,708,881	43,668	1,452,957
Total liabilities and fund balances	\$ 2,493,124	\$ 2,851,377	\$ 43,668	\$ 1,452,957

Capital Projects Funds

Park Development	Storm Drainage District	Improvement Assessment District 84-1	Totals	
			2014	2013
\$ 784,004	\$ 1,291,131	\$ 49,482	\$8,955,982	\$7,854,820
710	1,606	-	9,577	8,718
-	-	-	2,500	110,000
<u>\$ 784,714</u>	<u>\$ 1,292,737</u>	<u>\$ 49,482</u>	<u>\$8,968,059</u>	<u>\$7,973,538</u>
\$ -	\$ -	\$ -	\$ 111,059	\$ 60,895
-	-	-	68,490	67,739
-	-	-	192,496	192,496
<u>-</u>	<u>-</u>	<u>-</u>	<u>372,045</u>	<u>321,130</u>
784,714	-	-	784,714	552,381
-	1,292,737	49,482	5,058,751	4,578,805
-	-	-	2,752,549	2,521,222
<u>784,714</u>	<u>1,292,737</u>	<u>49,482</u>	<u>8,596,014</u>	<u>7,652,408</u>
<u>\$ 784,714</u>	<u>\$ 1,292,737</u>	<u>\$ 49,482</u>	<u>\$8,968,059</u>	<u>\$7,973,538</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, 2014
(with comparative data for June 30, 2013)

	Capital Projects Fund			
	General Capital Improvement	ROW Management	I/S Technology	Underground Utilities
Revenues:				
Other taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services	-	-	-	16,630
Investment income	9,566	12,652	175	6,766
Miscellaneous	7,862	110,000	-	-
Total revenues	<u>17,428</u>	<u>122,652</u>	<u>175</u>	<u>23,396</u>
Expenditures:				
Current:				
Capital projects	<u>525,391</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>525,391</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(507,963)</u>	<u>122,652</u>	<u>175</u>	<u>23,396</u>
Other Financing Sources:				
Transfers in	1,015,000	100,000	8,500	-
Transfers out	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>915,000</u>	<u>100,000</u>	<u>8,500</u>	<u>-</u>
Net change in fund balances	407,037	222,652	8,675	23,396
Fund balances, beginning of year	<u>1,856,538</u>	<u>2,486,229</u>	<u>34,993</u>	<u>1,429,561</u>
Fund balances, end of year	<u>\$ 2,263,575</u>	<u>\$ 2,708,881</u>	<u>\$ 43,668</u>	<u>\$ 1,452,957</u>

Capital Projects Fund

Park Development	Storm Drainage District	Improvement Assessment District 84-1	Totals	
			2014	2013
\$ 912,422	\$ -	\$ -	\$ 912,422	\$ 14,535
-	-	-	-	25,993
-	43,546	-	60,176	248,004
2,002	5,967	-	37,128	31,607
-	-	-	117,862	229,942
<u>914,424</u>	<u>49,513</u>	<u>-</u>	<u>1,127,588</u>	<u>550,081</u>
<u>682,091</u>	<u>-</u>	<u>-</u>	<u>1,207,482</u>	<u>513,114</u>
<u>682,091</u>	<u>-</u>	<u>-</u>	<u>1,207,482</u>	<u>513,114</u>
<u>232,333</u>	<u>49,513</u>	<u>-</u>	<u>(79,894)</u>	<u>36,967</u>
-	-	-	1,123,500	1,174,115
-	-	-	(100,000)	-
-	-	-	1,023,500	1,174,115
232,333	49,513	-	943,606	1,211,082
<u>552,381</u>	<u>1,243,224</u>	<u>49,482</u>	<u>7,652,408</u>	<u>6,441,326</u>
<u>\$ 784,714</u>	<u>\$ 1,292,737</u>	<u>\$ 49,482</u>	<u>\$ 8,596,014</u>	<u>\$ 7,652,408</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, 2014
(with comparative data for June 30, 2013)

	Budgeted Amounts		2014 Amounts	Variance with Final Budget	2013 Amounts
	Original	Final			
Revenues:					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 25,993
Charges for services	-	-	-	-	75,000
Investment income	3,000	3,000	9,566	6,566	4,961
Miscellaneous	-	8,000	7,862	(138)	118,000
Total revenues	3,000	11,000	17,428	6,428	223,954
Expenditures:					
Capital projects	827,000	875,641	525,391	350,250	326,622
Total expenditures	827,000	875,641	525,391	350,250	326,622
Deficiency of revenues under expenditures	(824,000)	(864,641)	(507,963)	356,678	(102,668)
Other Financing Sources:					
Transfers in	140,000	140,000	1,015,000	875,000	1,052,115
Transfers out	(100,000)	(100,000)	(100,000)	-	-
Total other financing sources	40,000	40,000	915,000	875,000	1,052,115
Net change in fund balance	(784,000)	(824,641)	407,037	1,231,678	949,447
Fund balance, beginning of year	1,856,538	1,856,538	1,856,538	-	907,091
Fund balance, end of year	\$ 1,072,538	\$ 1,031,897	\$ 2,263,575	\$ 1,231,678	\$ 1,856,538

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, 2014
(with comparative data for June 30, 2013)

	Budgeted Amounts		2014 Amounts	Variance with Final Budget	2013 Amounts
	Original	Final			
Revenues:					
Investment income	\$ 10,000	\$ 10,000	\$ 12,652	\$ 2,652	\$ 11,313
Miscellaneous	110,000	110,000	110,000	-	110,000
Total revenues	120,000	120,000	122,652	2,652	121,313
Expenditures:					
	-	-	-	-	-
Excess of revenues over expenditures	120,000	120,000	122,652	2,652	121,313
Other Financing Sources:					
Transfers in	100,000	100,000	100,000	-	110,000
Total other financing sources	100,000	100,000	100,000	-	110,000
Net change in fund balance	220,000	220,000	222,652	2,652	231,313
Fund balance, beginning of year	2,486,229	2,486,229	2,486,229	-	2,254,916
Fund balance, end of year	\$ 2,706,229	\$ 2,706,229	\$ 2,708,881	\$ 2,652	\$ 2,486,229

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, 2014
(with comparative data for June 30, 2013)

	Budgeted Amounts		2014 Amounts	Variance with Final Budget	2013 Amounts
	Original	Final			
Revenues:					
Investment income	\$ 100	\$ 100	\$ 175	\$ 75	\$ 122
Miscellaneous	-	-	-	-	206
Total revenues	100	100	175	75	328
Expenditures:					
	-	-	-	-	-
Excess of revenues over expenditures	100	100	175	75	328
Other Financing Sources:					
Transfers in	-	-	8,500	8,500	12,000
Total other financing sources	-	-	8,500	8,500	12,000
Net change in fund balance	100	100	8,675	8,575	12,328
Fund balance, beginning of year	34,993	34,993	34,993	-	22,665
Fund balance, end of year	<u>\$ 35,093</u>	<u>\$ 35,093</u>	<u>\$ 43,668</u>	<u>\$ 8,575</u>	<u>\$ 34,993</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, 2014
(with comparative data for June 30, 2013)

	Budgeted Amounts		2014 Amounts	Variance with Final Budget	2013 Amounts
	Original	Final			
Revenues:					
Charges for services	\$ 10,000	\$ 10,000	\$ 16,630	\$ 6,630	\$ 58,752
Investment income	7,000	7,000	6,766	(234)	6,655
Total revenues	17,000	17,000	23,396	6,396	65,407
Expenditures:					
	-	-	-	-	-
Net change in fund balance	17,000	17,000	23,396	6,396	65,407
Fund balance, beginning of year	1,429,561	1,429,561	1,429,561	-	1,364,154
Fund balance, end of year	\$ 1,446,561	\$ 1,446,561	\$ 1,452,957	\$ 6,396	\$ 1,429,561

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, 2014
(with comparative data for June 30, 2013)

	Budgeted Amounts		2014 Amounts	Variance with Final Budget	2013 Amounts
	Original	Final			
Revenues:					
Other taxes	\$ 750,000	\$ 750,000	\$ 912,422	\$ 162,422	\$ 14,535
Charges for services	-	-	-	-	55,000
Investment income	2,000	2,000	2,002	2	2,724
Total revenues	752,000	752,000	914,424	162,424	72,259
Expenditures:					
Capital projects	990,000	990,000	682,091	307,909	172,486
Total expenditures	990,000	990,000	682,091	307,909	172,486
Net change in fund balance	(238,000)	(238,000)	232,333	470,333	(100,227)
Fund balance, beginning of year	552,381	552,381	552,381	-	652,608
Fund balance, end of year	\$ 314,381	\$ 314,381	\$ 784,714	\$ 470,333	\$ 552,381

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, 2014
(with comparative data for June 30, 2013)

	Budgeted Amounts		2014 Amounts	Variance with Final Budget	2013 Amounts
	Original	Final			
Revenues:					
Charges for services	\$ 10,000	\$ 10,000	\$ 43,546	\$ 33,546	\$ 59,252
Investment income	6,000	6,000	5,967	(33)	5,832
Miscellaneous	-	-	-	-	1,736
Total revenues	16,000	16,000	49,513	33,513	66,820
Expenditures:					
Capital projects	-	-	-	-	14,006
Total expenditures	-	-	-	-	14,006
Net change in fund balance	16,000	16,000	49,513	33,513	52,814
Fund balance, beginning of year	1,243,224	1,243,224	1,243,224	-	1,190,410
Fund balance, end of year	\$ 1,259,224	\$ 1,259,224	\$ 1,292,737	\$ 33,513	\$ 1,243,224

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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, 2014
(with comparative data for June 30, 2013)

	Deposits	Community Facilities District 88-1	L.A. Impact	Totals	
				2014	2013
Assets					
Cash and investments	\$ 1,615,543	\$ -	\$ 9,133,281	\$ 10,748,824	\$ 4,916,236
Cash and investments with fiscal agents	-	-	-	-	765,379
Interest receivable	49	-	713	762	727
Accounts receivable	-	-	4,607	4,607	11,994
Due from other governments	-	-	1,420,867	1,420,867	1,585,731
Total assets	\$ 1,615,592	\$ -	\$ 10,559,468	\$ 12,175,060	\$ 7,280,067
Liabilities					
Accounts payable	\$ 53,679	\$ -	\$ 427,396	\$ 481,075	\$ 1,173,073
Deposits payable	1,561,913	-	10,132,072	11,693,985	5,036,719
Held for bondholders	-	-	-	-	1,070,275
Total liabilities	\$ 1,615,592	\$ -	\$ 10,559,468	\$ 12,175,060	\$ 7,280,067

City of La Verne
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2014
(with comparative data for June 30, 2013)

	Balance at June 30, 2013	Additions	Deletions	Balance at June 30, 2014
<u>DEPOSITS FUND</u>				
Assets				
Cash and investments	\$ 1,268,373	\$ 3,271,635	\$ (2,924,465)	\$ 1,615,543
Interest receivable	50	49	(50)	49
Accounts receivable	4,781	-	(4,781)	-
	<u>4,781</u>	<u>-</u>	<u>(4,781)</u>	<u>-</u>
Total assets	<u>\$ 1,273,204</u>	<u>\$ 3,271,684</u>	<u>\$ (2,929,296)</u>	<u>\$ 1,615,592</u>
Liabilities				
Accounts payable	\$ 26,329	\$ 53,679	\$ (26,329)	\$ 53,679
Deposits payable	1,246,875	315,038	-	1,561,913
	<u>1,246,875</u>	<u>315,038</u>	<u>-</u>	<u>1,561,913</u>
Total liabilities	<u>\$ 1,273,204</u>	<u>\$ 368,717</u>	<u>\$ (26,329)</u>	<u>\$ 1,615,592</u>
	Balance at June 30, 2013	Additions	Deletions	Balance at June 30, 2014
<u>COMMUNITY FACILITIES</u>				
<u>DISTRICT 88-1 FUND</u>				
Assets				
Cash and investments	\$ 297,585	\$ 244,680	\$ (542,265)	\$ -
Cash and investments with fiscal agents	765,379	53,056	(818,435)	-
Interest receivable	455	-	(455)	-
Due from other governments	6,856	-	(6,856)	-
	<u>6,856</u>	<u>-</u>	<u>(6,856)</u>	<u>-</u>
Total assets	<u>\$ 1,070,275</u>	<u>\$ 297,736</u>	<u>\$ (1,368,011)</u>	<u>\$ -</u>
Liabilities				
Held for bondholders	\$ 1,070,275	\$ -	\$ (1,070,275)	\$ -
	<u>1,070,275</u>	<u>-</u>	<u>(1,070,275)</u>	<u>-</u>
Total liabilities	<u>\$ 1,070,275</u>	<u>\$ -</u>	<u>\$ (1,070,275)</u>	<u>\$ -</u>

City of La Verne
Combining Statement of Changes in Assets and Liabilities
Agency Funds (continued)
For the Year Ended June 30, 2014
(with comparative data for June 30, 2013)

	Balance at June 30, 2013	Additions	Deletions	Balance at June 30, 2014
<u>L.A. IMPACT FUND</u>				
Assets				
Cash and investments	\$ 3,350,278	\$ 20,596,903	\$ (14,813,900)	\$ 9,133,281
Interest receivable	222	713	(222)	713
Accounts receivable	7,213	4,607	(7,213)	4,607
Due from other governments	1,578,875	1,420,867	(1,578,875)	1,420,867
	<u>\$ 4,936,588</u>	<u>\$ 22,023,090</u>	<u>\$ (16,400,210)</u>	<u>\$ 10,559,468</u>
Liabilities				
Accounts payable	\$ 1,146,744	\$ 427,396	\$ (1,146,744)	\$ 427,396
Deposits payable	3,789,844	6,342,228	-	10,132,072
	<u>\$ 4,936,588</u>	<u>\$ 6,769,624</u>	<u>\$ (1,146,744)</u>	<u>\$ 10,559,468</u>
	Balance at June 30, 2013	Additions	Deletions	Balance at June 30, 2014
<u>TOTALS - ALL AGENCY FUNDS</u>				
Assets				
Cash and investments	\$ 4,916,236	\$ 24,113,218	\$ (18,280,630)	\$ 10,748,824
Cash and investments with fiscal agents	765,379	53,056	(818,435)	-
Interest receivable	727	762	(727)	762
Accounts receivable	11,994	4,607	(11,994)	4,607
Due from other governments	1,585,731	1,420,867	(1,585,731)	1,420,867
	<u>\$ 7,280,067</u>	<u>\$ 25,592,510</u>	<u>\$ (20,697,517)</u>	<u>\$ 12,175,060</u>
Liabilities				
Accounts payable	\$ 1,173,073	\$ 481,075	\$ (1,173,073)	\$ 481,075
Deposits payable	5,036,719	6,657,266	-	11,693,985
Held for bondholders	1,070,275	-	(1,070,275)	-
	<u>\$ 7,280,067</u>	<u>\$ 7,138,341</u>	<u>\$ (2,243,348)</u>	<u>\$ 12,175,060</u>

Statistical Section

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

	2005	2006	2007	2008	2009
Governmental activities:					
Net investment in capital assets	\$ 43,276,436	\$ 45,186,606	\$ 48,517,314	\$ 50,281,744	\$ 51,376,187
Restricted	12,591,653	13,519,256	18,952,616	19,847,734	16,569,296
Unrestricted	7,935,389	9,859,695	5,558,652	7,883,916	11,297,687
Total governmental activities net position	<u>\$ 63,803,478</u>	<u>\$ 68,565,557</u>	<u>\$ 73,028,582</u>	<u>\$ 78,013,394</u>	<u>\$ 79,243,170</u>
Business-type activities:					
Net investment in capital assets	\$ 29,628,811	\$ 30,919,675	\$ 33,491,143	\$ 35,578,979	\$ 35,637,885
Unrestricted	18,741,167	18,102,139	18,503,094	16,224,483	15,874,706
Total business-type activities net position	<u>\$ 48,369,978</u>	<u>\$ 49,021,814</u>	<u>\$ 51,994,237</u>	<u>\$ 51,803,462</u>	<u>\$ 51,512,591</u>
Primary government:					
Net investment in capital assets	\$ 72,905,247	\$ 76,106,281	\$ 82,008,457	\$ 85,860,723	\$ 87,014,072
Restricted	12,591,653	13,519,256	18,952,616	19,847,734	16,569,296
Unrestricted	26,676,556	27,961,834	24,061,746	24,108,399	27,172,393
Total primary government net position	<u>\$ 112,173,456</u>	<u>\$ 117,587,371</u>	<u>\$ 125,022,819</u>	<u>\$ 129,816,856</u>	<u>\$ 130,755,761</u>

2010	2011	2012	2013	2014
\$ 52,229,306	\$ 52,684,848	\$ 50,818,712	\$ 49,029,379	\$ 48,077,051
15,753,054	15,196,501	19,194,850	20,080,663	25,929,312
7,774,894	11,004,877	11,259,006	12,989,050	14,207,910
<u>\$ 75,757,254</u>	<u>\$ 78,886,226</u>	<u>\$ 81,272,568</u>	<u>\$ 82,099,092</u>	<u>\$ 88,214,273</u>
\$ 36,214,228	\$ 35,884,348	\$ 35,750,047	\$ 35,923,190	\$ 36,147,186
15,194,777	15,509,491	14,925,722	15,103,782	15,773,129
<u>\$ 51,409,005</u>	<u>\$ 51,393,839</u>	<u>\$ 50,675,769</u>	<u>\$ 51,026,972</u>	<u>\$ 51,920,315</u>
\$ 88,443,534	\$ 88,569,196	\$ 86,568,759	\$ 84,952,569	\$ 84,224,237
15,753,054	15,196,501	19,194,850	20,080,663	25,929,312
22,969,671	26,514,368	26,184,728	28,092,832	29,981,039
<u>\$ 127,166,259</u>	<u>\$ 130,280,065</u>	<u>\$ 131,948,337</u>	<u>\$ 133,126,064</u>	<u>\$ 140,134,588</u>

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

	2005	2006	2007	2008	2009
Expenses:					
Governmental activities:					
General government	\$ 1,609,641	\$ 1,789,237	\$ 1,751,395	\$ 1,895,637	\$ 1,958,597
Public safety	13,726,752	15,768,871	16,745,394	17,992,575	19,330,568
Community development	3,259,820	3,146,909	3,336,167	4,420,213	4,466,856
Public works	5,099,750	5,877,310	6,849,892	6,303,193	7,142,636
Community services	3,791,916	4,005,600	4,191,004	4,583,814	5,186,005
Interest on long-term debt	916,670	1,327,755	973,315	990,596	1,180,909
Total governmental activities expenses	<u>28,404,549</u>	<u>31,915,682</u>	<u>33,847,167</u>	<u>36,186,028</u>	<u>39,265,571</u>
Business-type activities:					
Water	6,844,100	7,495,258	8,338,080	8,915,679	8,256,203
Sewer	734,703	782,089	922,612	909,660	952,992
Total business-type activities expenses	<u>7,578,803</u>	<u>8,277,347</u>	<u>9,260,692</u>	<u>9,825,339</u>	<u>9,209,195</u>
Total primary government expenses	<u>35,983,352</u>	<u>40,193,029</u>	<u>43,107,859</u>	<u>46,011,367</u>	<u>48,474,766</u>
Program revenues:					
Governmental activities:					
Charges for services					
General government	95,328	152,373	210,832	207,726	236,325
Public safety	2,064,804	2,462,777	2,644,774	3,392,939	3,250,691
Community development	2,131,678	1,144,846	1,268,912	1,040,952	821,114
Public works	2,577,543	2,614,079	2,833,358	2,954,257	3,097,837
Community services	721,580	2,165,244	2,472,516	1,869,925	2,270,338
Operating grants and contributions	3,729,699	3,450,765	3,780,467	5,012,302	4,624,505
Capital grants and contributions	1,366,901	4,922,093	2,979,945	4,135,447	4,165,859
Total governmental activities program revenues	<u>12,687,533</u>	<u>16,912,177</u>	<u>16,190,804</u>	<u>18,613,548</u>	<u>18,466,669</u>
Business-type activities:					
Charges for services					
Water	7,949,770	7,799,879	8,930,708	8,934,147	8,648,524
Sewer	825,309	846,650	817,281	833,799	802,053
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>8,775,079</u>	<u>8,646,529</u>	<u>9,747,989</u>	<u>9,767,946</u>	<u>9,450,577</u>
Total primary government program revenues	<u>21,462,612</u>	<u>25,558,706</u>	<u>25,938,793</u>	<u>28,381,494</u>	<u>27,917,246</u>

2010	2011	2012	2013	2014
\$ 1,710,441	\$ 1,531,758	\$ 1,972,652	\$ 1,643,954	\$ 1,827,886
19,290,517	17,677,088	18,527,428	18,896,525	19,327,058
3,986,983	3,459,358	3,079,747	2,963,793	3,248,319
6,954,468	8,628,963	8,100,160	9,019,496	7,885,390
4,752,147	2,656,296	2,824,709	2,974,167	2,863,005
767,611	917,635	651,653	823,208	452,859
<u>37,462,167</u>	<u>34,871,098</u>	<u>35,156,349</u>	<u>36,321,143</u>	<u>35,604,517</u>
8,025,256	8,207,100	9,016,754	9,684,637	9,812,876
1,417,366	1,147,641	1,180,482	1,174,152	1,276,063
<u>9,442,622</u>	<u>9,354,741</u>	<u>10,197,236</u>	<u>10,858,789</u>	<u>11,088,939</u>
<u>46,904,789</u>	<u>44,225,839</u>	<u>45,353,585</u>	<u>47,179,932</u>	<u>46,693,456</u>
273,635	288,597	241,613	266,552	279,949
2,781,912	2,343,575	2,587,852	2,916,503	2,687,492
742,957	1,445,509	1,326,086	1,327,965	2,183,340
3,071,153	3,029,797	2,725,829	3,045,804	2,712,972
2,363,170	2,397,408	2,510,120	2,525,545	2,523,319
5,244,361	5,773,869	5,166,383	4,951,275	7,801,379
2,004,807	2,048,144	2,047,952	1,226,011	3,343,812
<u>16,481,995</u>	<u>17,326,899</u>	<u>16,605,835</u>	<u>16,259,655</u>	<u>21,532,263</u>
9,008,653	8,869,120	9,137,178	10,517,927	11,331,750
1,130,478	1,310,485	1,261,551	1,429,643	1,572,866
-	-	-	292,410	44,030
<u>10,139,131</u>	<u>10,179,605</u>	<u>10,398,729</u>	<u>12,239,980</u>	<u>12,948,646</u>
<u>26,621,126</u>	<u>27,506,504</u>	<u>27,004,564</u>	<u>28,499,635</u>	<u>34,480,909</u>

City of La Verne
Changes in Net Position
(continued)

	2005	2006	2007	2008	2009
Net revenues (expenses):					
Governmental activities	(15,717,016)	(15,003,505)	(17,656,363)	(17,572,480)	(20,798,902)
Business-type activities	1,196,276	369,182	487,297	(57,393)	241,382
Total net revenues (expenses)	<u>(14,520,740)</u>	<u>(14,634,323)</u>	<u>(17,169,066)</u>	<u>(17,629,873)</u>	<u>(20,557,520)</u>
General revenues and other changes in net position:					
Governmental activities:					
Taxes:					
Property taxes	6,277,268	7,397,530	7,982,854	8,382,518	8,298,426
Sales taxes	3,595,132	3,629,695	3,899,793	4,255,219	3,957,853
Utility taxes and other taxes	2,482,006	4,025,220	4,525,388	4,007,194	4,177,179
Motor vehicle in-lieu, unrestricted	2,104,784	2,387,603	2,400,962	2,516,485	2,588,376
Investment income	1,063,127	431,529	1,372,876	1,322,764	1,255,327
Other general revenues	944,021	888,907	932,415	1,313,109	746,417
Transfers	1,005,100	1,005,100	1,005,100	1,005,100	1,005,100
Total governmental activities	<u>17,471,438</u>	<u>19,765,584</u>	<u>22,119,388</u>	<u>22,802,389</u>	<u>22,028,678</u>
Business-type activities:					
Investment income	584,207	186,294	931,508	871,718	472,847
Transfers	(1,005,100)	(1,005,100)	(1,005,100)	(1,005,100)	(1,005,100)
Other business revenues	-	-	-	-	-
Total business-type activities	<u>(420,893)</u>	<u>(818,806)</u>	<u>(73,592)</u>	<u>(133,382)</u>	<u>(532,253)</u>
Total primary government	<u>17,050,545</u>	<u>18,946,778</u>	<u>22,045,796</u>	<u>22,669,007</u>	<u>21,496,425</u>
Governmental activities:					
Extraordinary item	-	-	-	-	-
Change in net position:					
Governmental activities	1,754,422	4,762,079	4,463,025	5,229,909	1,229,776
Business-type activities	775,383	(449,624)	413,705	(190,775)	(290,871)
Total primary government	<u>\$ 2,529,805</u>	<u>\$ 4,312,455</u>	<u>\$ 4,876,730</u>	<u>\$ 5,039,134</u>	<u>\$ 938,905</u>

2010	2011	2012	2013	2014
(20,980,172)	(17,544,199)	(18,550,514)	(20,061,488)	(14,072,254)
696,509	824,864	201,493	1,381,191	1,859,707
<u>(20,283,663)</u>	<u>(16,719,335)</u>	<u>(18,349,021)</u>	<u>(18,680,297)</u>	<u>(12,212,547)</u>
6,304,219	8,126,601	5,246,028	7,912,524	7,014,924
3,095,132	3,457,066	3,803,845	3,885,736	3,828,720
3,814,753	3,710,193	3,626,624	3,706,997	3,612,790
2,525,697	2,582,883	2,484,960	2,543,269	2,595,188
535,805	357,605	440,714	438,461	544,000
143,550	1,363,723	1,370,310	1,255,925	1,446,713
1,075,100	1,075,100	1,075,100	1,145,100	1,145,100
<u>17,494,256</u>	<u>20,673,171</u>	<u>18,047,581</u>	<u>20,888,012</u>	<u>20,187,435</u>
275,005	235,070	155,537	74,744	134,741
(1,075,100)	(1,075,100)	(1,075,100)	(1,145,100)	(1,145,100)
-	-	-	40,368	43,995
<u>(800,095)</u>	<u>(840,030)</u>	<u>(919,563)</u>	<u>(1,029,988)</u>	<u>(966,364)</u>
<u>16,694,161</u>	<u>19,833,141</u>	<u>17,128,018</u>	<u>19,858,024</u>	<u>19,221,071</u>
-	-	2,889,275	-	-
(3,485,916)	3,128,972	2,386,342	826,524	6,115,181
(103,586)	(15,166)	(718,070)	351,203	893,343
<u>\$ (3,589,502)</u>	<u>\$ 3,113,806</u>	<u>\$ 1,668,272</u>	<u>\$ 1,177,727</u>	<u>\$ 7,008,524</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
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
2013-14	7,014,927	3,828,720	3,612,790	14,456,437

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

Pre GASB 54	Fiscal Year			
	2005	2006	2007	2008
General fund:				
Reserved	\$ 2,128,270	\$ 2,227,907	\$ 2,001,174	\$ 2,202,078
Unreserved	4,311,357	4,925,824	5,791,874	6,883,234
Total general fund	\$ 6,439,627	\$ 7,153,731	\$ 7,793,048	\$ 9,085,312
All other governmental funds:				
Reserved	\$ 5,287,352	\$ 5,542,908	\$ 5,404,119	\$ 3,197,022
Unreserved, reported in:				
Special revenue funds	13,901,937	12,533,163	13,815,799	16,187,971
Capital projects funds	3,084,850	3,508,257	2,528,782	4,074,753
Total all other governmental funds	22,274,139	21,584,328	21,748,700	23,459,746
Total all governmental funds	\$ 28,713,766	\$ 28,738,059	\$ 29,541,748	\$ 32,545,058

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	
2009	2010
\$ 2,005,926	\$ 1,983,968
7,287,472	6,043,615
<u>\$ 9,293,398</u>	<u>\$ 8,027,583</u>
\$ 3,054,164	\$ 2,298,052
15,247,452	13,969,843
5,998,135	5,706,131
<u>24,299,751</u>	<u>21,974,026</u>
<u>\$ 33,593,149</u>	<u>\$ 30,001,609</u>

Fiscal Year
2014
\$ 1,678,574
4,338,000
6,324,030
-
<u>12,340,604</u>

341,695
6,474,817
2,448,900
4,580,663
3,089,343
8,253,552
1,082,037
2,752,549
(228)
<u>29,023,328</u>
<u>\$ 41,363,932</u>

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

	2005	2006	2007	2008	2009
Revenues:					
Property taxes	\$ 10,654,748	\$ 11,836,865	\$ 12,887,626	\$ 14,157,966	\$ 15,060,879
Other taxes	7,102,446	8,652,008	9,475,155	9,537,893	9,565,699
Licenses and permits	1,240,239	1,417,313	1,536,983	1,416,869	1,221,152
Intergovernmental	3,747,175	4,634,455	5,887,469	6,967,802	7,118,486
Charges for services	6,395,316	7,171,959	7,519,403	8,300,038	8,208,082
Fines and forfeitures	442,187	463,393	683,750	1,131,657	1,189,021
Special assessments	311,561	310,602	311,619	309,224	310,961
Investment income	1,047,585	427,597	1,316,379	1,269,598	827,476
Rents	1,654,176	1,702,271	1,743,302	1,779,226	1,828,305
Miscellaneous	592,308	368,297	865,265	867,864	1,605,710
Total revenues	<u>33,187,741</u>	<u>36,984,760</u>	<u>42,226,951</u>	<u>45,738,137</u>	<u>46,935,771</u>
Expenditures					
Current:					
General government	1,557,142	1,619,669	1,804,337	1,887,171	1,954,462
Public safety	14,322,571	15,986,176	19,086,805	18,018,128	19,369,320
Community development	3,194,484	3,031,736	3,282,213	4,296,767	3,964,758
Public works	4,037,529	4,221,668	4,897,042	4,456,341	5,371,609
Community services	3,590,528	3,737,211	3,899,697	4,233,929	4,821,277
Capital projects	289,101	436,234	3,130,145	3,311,197	3,015,673
Debt service:					
Principal retirement	370,000	3,046,660	442,656	523,096	3,399,520
Interest and financing costs	921,230	1,253,593	982,695	997,753	1,195,709
Pass through obligations	4,377,480	4,881,509	4,904,772	5,775,448	6,762,452
AB 1484 demand payment	-	-	-	-	-
Developer fees	-	-	-	-	-
Total expenditures	<u>32,660,065</u>	<u>38,214,456</u>	<u>42,430,362</u>	<u>43,499,830</u>	<u>49,854,780</u>
Excess (deficiency) of revenues over (under) expenditures	<u>527,676</u>	<u>(1,229,696)</u>	<u>(203,411)</u>	<u>2,238,307</u>	<u>(2,919,009)</u>
Other financing sources (uses):					
Transfers in	6,126,610	10,617,504	6,477,074	7,066,510	11,439,216
Transfers out	(5,119,510)	(9,610,404)	(5,469,974)	(6,056,410)	(10,249,116)
Proceeds of bonds/notes payable	2,289,500	246,889	-	-	2,777,000
Application of PERS credit	-	-	-	-	-
Proceeds on sale of capital assets	-	-	-	-	-
Total other financing sources (uses)	<u>3,296,600</u>	<u>1,253,989</u>	<u>1,007,100</u>	<u>1,010,100</u>	<u>3,967,100</u>
Extraordinary item	-	-	-	-	-
Net change in fund balances	<u>\$ 3,824,276</u>	<u>\$ 24,293</u>	<u>\$ 803,689</u>	<u>\$ 3,248,407</u>	<u>\$ 1,048,091</u>
Debt service as a percentage of noncapital expenditures					
	3.99%	11.38%	3.63%	3.78%	9.81%

2010	2011	2012	2013	2014
\$ 14,714,919	\$ 14,501,348	\$ 10,606,419	\$ 7,912,524	\$ 7,014,924
7,903,902	8,872,190	8,690,987	8,894,483	10,024,436
1,112,811	1,836,426	1,590,421	1,785,525	2,565,666
5,458,963	5,168,580	5,346,891	4,372,353	4,564,832
7,817,562	7,538,955	7,593,133	8,192,632	8,846,884
812,948	2,155,826	1,719,687	1,443,083	4,010,100
340,025	346,633	341,324	343,242	335,119
522,752	347,789	434,077	436,309	541,614
1,841,342	1,818,860	1,854,032	1,874,907	1,954,643
1,439,207	703,294	755,099	745,357	712,606
<u>41,964,431</u>	<u>43,289,901</u>	<u>38,932,070</u>	<u>36,000,415</u>	<u>40,570,824</u>
1,857,547	1,583,604	1,912,520	1,616,804	1,794,755
19,322,652	17,671,791	17,915,253	18,359,153	19,066,747
3,908,700	3,489,834	3,256,434	2,770,200	3,204,836
5,247,773	6,676,584	5,962,047	5,920,061	6,154,655
4,414,471	2,302,983	2,401,722	2,318,189	2,560,054
2,282,314	1,950,264	1,155,260	1,258,648	1,337,337
481,887	558,270	540,001	270,000	290,000
885,027	816,394	677,465	832,013	462,412
8,410,700	6,374,747	4,097,695	-	-
-	-	1,262,696	-	-
-	-	-	1,150,000	-
<u>46,811,071</u>	<u>41,424,471</u>	<u>39,181,093</u>	<u>34,495,068</u>	<u>34,870,796</u>
<u>(4,846,640)</u>	<u>1,865,430</u>	<u>(249,023)</u>	<u>1,505,347</u>	<u>5,700,028</u>
7,049,573	4,507,692	3,889,699	5,095,388	3,992,816
(5,794,473)	(3,432,592)	(2,833,854)	(3,950,288)	(2,847,716)
-	-	-	-	-
-	-	-	-	-
-	-	800	-	-
<u>1,255,100</u>	<u>1,075,100</u>	<u>1,056,645</u>	<u>1,145,100</u>	<u>1,145,100</u>
-	-	(1,881,404)	-	-
<u>\$ (3,591,540)</u>	<u>\$ 2,940,530</u>	<u>\$ (1,073,782)</u>	<u>\$ 2,650,447</u>	<u>\$ 6,845,128</u>
3.07%	3.48%	3.20%	3.32%	2.24%

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 Measure R Sales Taxes	Proposition 172 Sales Taxes	Franchise Taxes	Park Development Taxes
2004-05	\$ 10,654,748	\$ 3,400,916	\$ 2,043,607	\$ 877,184	\$ 296,247	\$ 438,399	\$ 46,093
2005-06	11,836,865	3,629,695	3,152,236	997,093	316,280	476,554	80,150
2006-07	12,887,626	3,899,793	3,521,541	981,337	320,983	627,844	123,657
2007-08	14,157,966	4,255,219	3,572,988	975,041	316,800	395,765	22,080
2008-09	15,060,879	3,957,852	3,379,051	884,736	287,360	742,578	314,123
2009-10	14,714,919	3,095,132	3,224,458	792,479	266,416	512,056	13,361
2010-11	14,501,348	3,457,066	3,156,997	841,045	278,525	553,197	585,360
2011-12	10,606,419	3,803,845	3,047,987	910,670	300,374	578,637	49,474
2012-13	7,912,524	3,885,736	3,098,144	963,038	324,178	608,852	14,535
2013-14	7,014,924	3,828,720	2,986,793	1,332,319	338,186	625,996	912,422
Change 2005-2014	-34.2%	12.6%	46.2%	51.9%	14.2%	42.8%	1879.5%

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
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	1,079,049,767	2,361,863,116	3,440,912,883	1.00%
2013-14	1,079,049,767	2,361,863,116	3,440,912,883	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
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
2013-14	1.0000	-	0.080526	0.003500	0.020231	-	1.104257

NOTE:

The City of La Verne had approximately 120 tax rate areas during the year ended June 30, 2014. 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 Ten Years Ago

Taxpayer	2014		2004	
	Taxable Assessed Value	Percentage of Total Assessed Valuation	Taxable Assessed Value	Percentage of Total Assessed Valuation
PKI La Verne Town Center LP	\$ 47,378,515	1.38%	\$ -	-
WNRA Monte Vista LLC	33,661,577	0.98%	-	-
La Verne Commons LLC	23,350,718	0.68%	-	-
Hsientein La Verne Inv. LLC	17,442,130	0.51%	-	-
La Verne Courtyard LLC	17,080,000	0.50%	-	-
Thomas & Mary Redfern Trust	15,279,970	0.45%	-	-
La Verne Partners LLP	14,337,301	0.42%	11,079,798	0.47%
Kohls Department Stores Inc.	14,077,033	0.41%	-	-
Gateway Pointe LLC	14,010,636	0.41%	-	-
Stone Barkley Company LLC	13,162,731	0.39%	-	-
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>\$ 209,780,611</u>	<u>6.13%</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		Collections in Subsequent Years	Total Collections to Date	
		Fiscal Year of the Levy	Percent of Levy		Amount	Percent of Levy
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%
2013-14	4,389,168	4,367,379	99.51%	2,647,545	7,014,924	159.83%

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
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					
2013-14	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

Fiscal Year	Governmental Activities					Total
	Certificates of Participation and Lease Agreement	Revenue Bonds	Pension Bonds ¹	Notes Payable		
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	
2013-14	-	6,260,000	5,095,000	-	11,355,000	

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

Capital Lease - Water Rights		Total	Total Primary Government	Percentage of Personal Income ²	Debt Per Capita ²
\$	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	0.89%	\$ 407
	-	-	11,355,000	0.76%	\$ 352

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		
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%	\$ 158
2013-14	-	5,095,000	5,095,000	0.15%	\$ 158

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, 2014

City Assessed Valuation	\$ 2,361,863,116		
Redevelopment Agency Incremental Valuation	1,079,049,767		
Total Assessed Valuation	<u>\$ 3,440,912,883</u>		
		Outstanding	City's
	Percentage	Debt 6/30/13	Share of
Overlapping debt:	Applicable ¹	(in thousands)	Overlapping
			Debt
Los Angeles County Flood Control District	0.249%	\$ 50,631	\$ 126,071
Metropolitan Water District	0.126%	214,281	269,994
Citrus Community College District	0.262%	76,637	200,789
Mount San Antonio Community College District	4.375%	220,343	9,640,006
Bonita Unified School District	41.904%	101,218	42,414,391
Claremont Unified School District	1.135%	33,723	382,756
Los Angeles County Regional Open Space Park Assessment District	0.245%	<u>185,683</u>	<u>454,923</u>
Total overlapping debt:		<u>882,516</u>	<u>53,488,930</u>
Overlapping other debt:			
Los Angeles County General Fund Obligations	0.245%	1,408,943	3,451,910
Los Angeles County Superintendent of Schools Certificates of Participation	0.245%	11,488	28,145
Claremont Unified School District General Fund Obligations	1.135%	8,235	93,467
Los Angeles County Sanitation District No. 21 Authority	3.437%	18,758	644,712
Los Angeles County Sanitation District No. 22 Authority	5.114%	16,218	829,388
Bonita Unified School District Certificates of Participation	41.904%	<u>1,817</u>	<u>761,396</u>
Total overlapping other debt:		<u>1,465,459</u>	<u>5,809,018</u>
Total overlapping debt and overlapping other debt		<u>\$ 2,347,975</u>	<u>59,297,948</u>
City of La Verne direct debt at 6/30/14			<u>11,355,000</u>
Total direct and overlapping debt			<u>\$ 70,652,948</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				
	2005	2006	2007	2008	2009
Debt limit	\$ 94,458,091	\$ 102,247,718	\$ 1,110,209,958	\$ 121,289,057	\$ 123,631,289
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 94,458,091</u>	<u>\$ 102,247,718</u>	<u>\$ 1,110,209,958</u>	<u>\$ 121,289,057</u>	<u>\$ 123,631,289</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 2014

Assessed Value	\$ 3,440,912,883
Debt limit (3.75% of assessed value)	<u>129,034,233</u>
Debt applicable to limit:	
General obligation bonds	-
Legal debt margin	<u>\$ 129,034,233</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				
2010	2011	2012	2013	2014
\$ 121,289,057	\$ 121,363,878	\$ 123,399,505	\$ 126,287,874	\$ 129,034,233
-	-	-	-	-
<u>\$ 121,289,057</u>	<u>\$ 121,363,878</u>	<u>\$ 123,399,505</u>	<u>\$ 126,287,874</u>	<u>\$ 129,034,233</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		
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	
2013-14	350	1,236	592	994	290	462	1.32	

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
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	1,467,477	45,800	6.3%
2013	32,228	1,499,568	46,530	5.7%

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, 2014

<u>Employer</u>	<u>Number of Employees</u>	<u>Percent of Total Employment</u>
University of La Verne	365	1.97%
Metropolitan Water District	330	1.78%
Bonita Unified School District	320	1.72%
Brethren Hillcrest Homes	245	1.32%
Target	200	1.08%
City of La Verne	157	0.85%
Kohls	130	0.70%
Vons	120	0.65%
Gainey Ceramics	100	0.54%
Paper Pak Industries	85	0.46%
	<u>2,052</u>	<u>11.07%</u>

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

Source: City Finance Division

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General government	10	10	10	10	10
Public Safety:					
Fire	36	36	36	36	36
Police	66	67	71	71	67
Community development	3	3	3	3	2
Public works	36	36	36	38	39
Community services	13	13	13	13	13
Redevelopment agency/ Successor Agency	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>8</u>
Total	<u><u>171</u></u>	<u><u>172</u></u>	<u><u>176</u></u>	<u><u>178</u></u>	<u><u>175</u></u>

Source: City Finance Division

<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
8	8	8	8
36	36	36	36
61	59	59	57
1	2	5	5
46	45	46	46
3	3	3	3
<u>8</u>	<u>6</u>	<u>2</u>	<u>2</u>
<u><u>163</u></u>	<u><u>159</u></u>	<u><u>159</u></u>	<u><u>157</u></u>

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

	Fiscal Year				
	2005	2006	2007	2008	2009
Police					
Calls for service	15,807	16,099	16,974	16,295	17,541
Arrests	1,892	2,343	2,001	1,694	1,350
Fire					
Number of emergency calls	2,733	2,739	2,759	2,987	2,889
Inspections	600	548	570	629	791
Community services:					
Number of recreation classes	142	144	160	162	165
Number of facility rentals	314	359	355	383	380
Water:					
Mainline repairs	15	14	15	7	5
Average daily consumption (in thousand gallons)	8,121	7,820	8,740	8,951	8,035
Sewer:					
Sanitary lines cleaned (feet)	600,000	248,000	330,000	565,000	550,000
Storm lines cleaned (feet)	15,700	15,800	15,840	15,840	15,800
Community development:					
Building permits issued	490	490	428	377	434
Building permit valuations (in thousands)	20,281	22,406	19,045	24,445	22,695
General government:					
Business license contacts	2,050	2,100	2,200	2,250	2,200

Source: Various City Departments

Fiscal Year

2010	2011	2012	2013	2014
17,615	16,040	16,784	17,219	17,000
1,300	1,185	1,182	1,295	1,396
2,741	2,808	2,864	2,810	2,800
794	778	772	774	775
160	180	170	179	180
270	130	80	88	104
7	6	5	6	6
8,150	7,400	6,900	6,600	7,539
549,000	300,000	300,000	300,000	450,000
15,600	15,900	15,800	15,700	15,800
326	394	428	361	679
11,471	27,780	22,549	25,147	40,515
2,200	2,300	2,200	3,100	2,400

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

	Fiscal Year				
	2005	2006	2007	2008	2009
Police:					
Police stations	1	1	1	1	1
Fire					
Fire Stations	2	2	3	3	3
Public works:					
Streets (miles)	98	98	98	98	98
Alleys (miles)	14	14	14	14	14
Sidewalks (miles)	204	205	205	205	205
Traffic signals	17	17	17	17	18
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				
2010	2011	2012	2013	2014
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
22	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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