

BUILDING TOWARDS THE FUTURE



EAST VALE SCHOOL HOUSE, SIX MILES WEST OF CORONA



CITY OF EASTVALE, CALIFORNIA

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2013

**City of Eastvale, California
Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2013**

Prepared by:
Department of Finance and Administration

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**City of Eastvale
Comprehensive Annual Financial Report
June 30, 2013**

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INTRODUCTORY SECTION



December 6, 2013

Honorable Mayor, City Council,
And Citizens of the City of Eastvale
City of Eastvale
Eastvale, CA 91752

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

Dear Honorable Mayor, Council Members and Eastvale Citizens,

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

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

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

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

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

Profile of the Government

The City of Eastvale is proud to be one of the newest cities in Western Riverside County. The City of Eastvale incorporated on October 1, 2010 and has an ever-growing population of over 57,251 residents and a total area of 13.1 square miles. The City of Eastvale is located in northwestern Riverside County, California, the Inland Empire region of Southern California. The proximity of Los Angeles County approximately 8 miles northwest of Eastvale and Orange County approximately 5 miles to the southwest has made Eastvale something of a commuter town.

Eastvale has a Council-Manager form of government. The City Council consists of 5 Council Members, elected at large on a non-partisan basis and annually select amongst them, a Mayor and Mayor Pro Temp. Biannual elections are held in November. The terms of office are 4 years but are overlapping so that the City is provided with a continuity of knowledge in the City business and legislative matters.

This report includes all funds of the City. It includes all governmental organizations and activities for which the City of Eastvale's City Council is financially accountable. The City provides a wide range of services including planning, building, public works, engineering, code enforcement, and general administrative activities. Services including street maintenance, police, animal control and fire protection are also provided to the City and its citizens through contract with the County of Riverside. Other services are provided directly through other agencies, specifically library services through the County of Riverside, water and sewer through the Jurupa Community Services District, parks and recreation through the Jurupa Community Services District and Jurupa Area Recreation and Parks District, and public transit through the Riverside Transit Agency. The City has franchise agreements for electricity service through Southern California Edison, natural gas through the Gas Company, refuse collection through Waste Management and Burrtec, and cable service through state franchise agreements with Pacific Bell (AT&T), Time Warner and Charter Communications.

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

Relevant financial policies

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

The Budget Process

Beginning at incorporation, and continuing each year thereafter, the City embarks on a strategic budget process which begins in the spring with a discussion of the City Council goals and priorities and ends with the adoption of the budget in June. The annual budget serves as the foundation for the City of Eastvale's financial planning and control. The development of the budget is completed as two separate projects: the development of the governmental activities

operating budget, and the development of the capital improvement program (CIP) focusing on longer term capital projects.

Local Economy

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

The City of Eastvale, in its third year of incorporation, with a young and growing population, remains one of the bright spots in the local economy. Despite the anemic economic environment throughout Riverside County and the State of California, several housing tracts and commercial projects are under construction, and the pace of housing growth in Eastvale exceeds that of cities several times its size.

The origin and financial projections for this city were based on the Comprehensive Financial Analysis report (CFA). This report projected the proposed city's fiscal stability based on the economic trends and legislative climate of 2008. Since incorporation, the fiscal viability of the city has been challenged by the State's passage of SB89 eliminating the City's annual Vehicle License Fee Revenue of approximately \$3,400,000.

Despite the confiscation of funds by the State, the City has continued to grow its reserves due to higher than projected sales tax revenue and an amended property tax allocation factor to mitigate the loss of State revenues. Retail sales, with the addition of several new stores in the Eastvale Gateway South and the Marketplace at the Enclave, experienced strong growth. Sales tax collections increased from \$3.9 million in fiscal year 2011-12 to \$5.7 million in fiscal year 2012-13. In addition, the City successfully renegotiated the tax allocation factor from which property tax revenues are derived. Property tax revenue increased from \$1.6 million in fiscal year 2011-12 to \$2.6 million in fiscal year 2012-13, of which \$483,427 was a true-up payment from the County of Riverside for the increase tax allocation factor.

Current Year Initiatives

In spite of fiscal issues that are outside of the City's direct control, management continued to move the City forward with several major initiatives as follows:

- Negotiated with Riverside County to amend the Revenue Neutrality Agreement which reduced the payment to the County in the City's favor over the 30 year term. The amended agreement also clarified language regarding mutual aid for regional fire services and delayed payment for mutual aid to allow for the construction and staffing of a second fire station.
- Lobbied State governance for SB56 restoration of Motor Vehicle License Fees.
- Adopted and began implementation of the City's Strategic Plan which provides the City with a guiding document setting priorities for the next five years. This plan developed a formation of a clear mission statement for the City with realistic and achievable goals and a project action plan to reach these goals.
- Drafted the City's first Emergency Operations Plan to coordinate staff and interagency response in the event of an emergency. In addition, four satellite phones were purchased for use in an emergency.

- Upgraded to a new financial software system to aid in the automation of transaction data to increase efficiency of departmental functions.
- Began citywide review and assessment of all existing fees related to the provision of city services. Since the City adopted Riverside County's fee schedules upon incorporation, the purpose was to determine the full cost of operations for services that are currently provided so that user fees can be adjusted based on the actual city expenditures and consequently set fees in compliance with all applicable laws.

Long-term financial planning and initiatives

The City will continue to focus its emphasis on controlled and fiscally balanced growth. The City believes that with the appropriate policies in place, as approved and revisited each year as part of the budget program, the City's long term financial goals will be met. The City has taken many steps to preserve the City's financial integrity, maintain critical service levels, and sustain a reserve to grow the City into the coming years.

Concluding remarks

The City, in its third year of operation, has achieved a great deal in transitioning from the County support services and establishing its own culture and approach to local governance. This third year provided the city the opportunity to start the implementation of its longer term oriented policies and procedures and making adjustments as needed. Building on these experiences, the forthcoming year of operation is poised to refine and enhance these activities which will provide the needed foundation for future successful operations and service delivery.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Eastvale for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. In order to receive a Certificate of Achievement, the City must publish an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR) that satisfies both generally accepted accounting principles and applicable legal requirements. We believe the City's current CAFR meets the Certificate of Achievement program requirements and we are submitting it to GFOA to determine its eligibility for the award.

In closing, I'd like to state that the preparation of this report would not have been possible without the efficient and dedicated service of the Finance Department who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and City Council for their support for striving to have the highest standards of professionalism in the management of the City of Eastvale's finances.

Respectfully submitted,



Carol Jacobs
City Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Eastvale
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

CITY OF EASTVALE

LIST OF PRINCIPAL OFFICIALS

JUNE 30, 2013

CITY COUNCIL

IKE BOOTSMA
Mayor

ADAM RUSH
Mayor Pro Tempore

RIC WELCH, Council Member
JEFF DEGRANDPRE, Council Member
KELLY HOWELL, Council Member

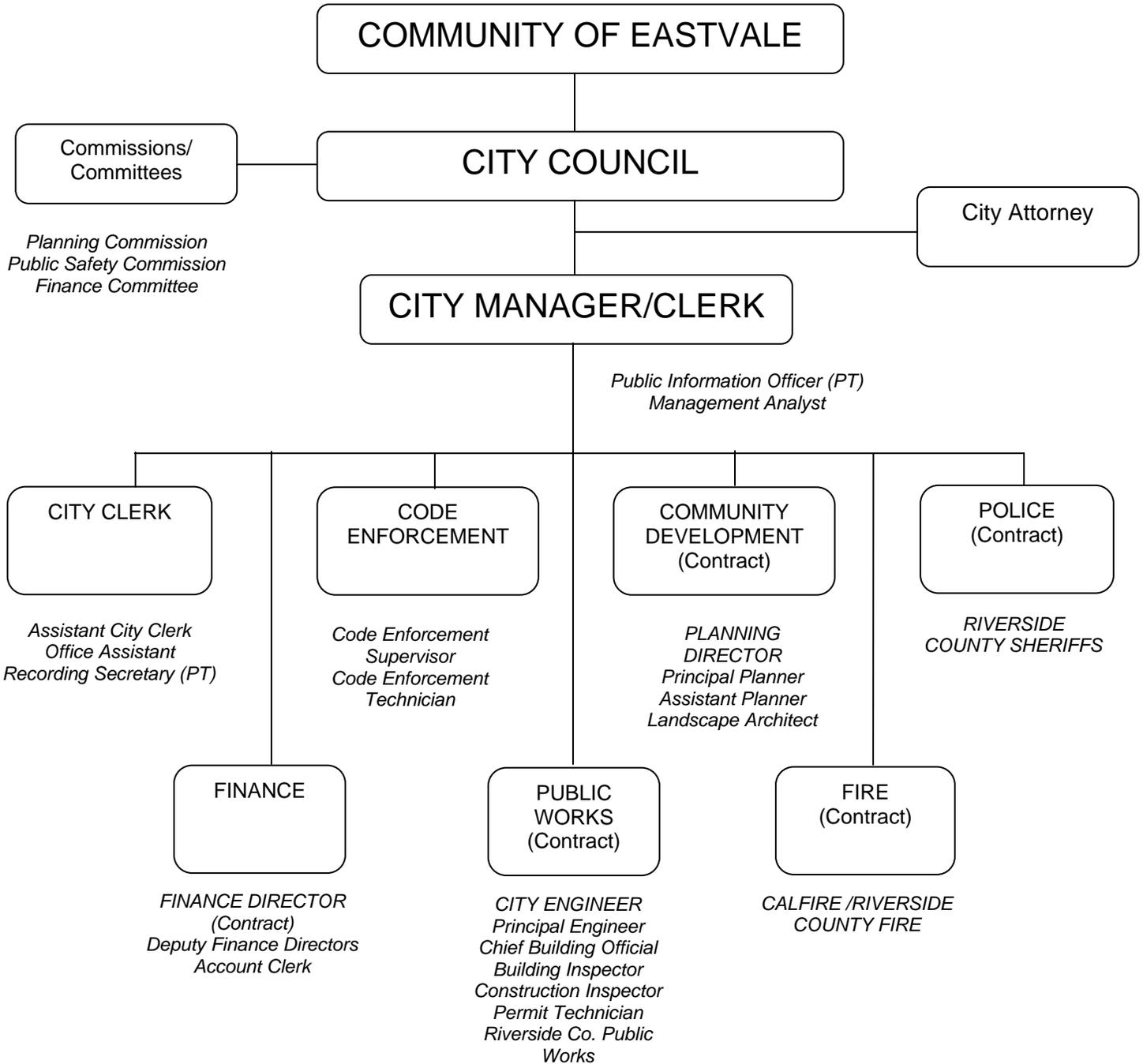
CITY ADMINISTRATION

CAROL JACOBS
City Manager

JOHN CAVANAUGH, City Attorney
TERRY SHEA, Finance Director

JOANN GITMED, Deputy Finance Director
ANNA MONTOYA, Deputy Finance Director

**City of Eastvale
Organizational Chart
June 30, 2013**



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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

City Council
City of Eastvale
Eastvale, California

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Eastvale, California (the "City") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Eastvale, California, as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2013, the City adopted new accounting guidance, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 3 through 11 and 37 through 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Jeannan Ramirez & Smith, L.L.C.

Riverside, California
December 6, 2013

Management's Discussion and Analysis

As management of the City of Eastvale, California (City), we are pleased to offer to the readers of the City's financial statements this narrative, overview, and analysis of the financial activities of the City for the year ended June 30, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report, and with the City's financial statements, which follow this discussion.

Financial Highlights

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

It is for that reason that readers need to consider many other non-financial factors, such as the condition of roads, in assessing the overall health of the City.

- The assets of the City exceeded its liabilities at the end of fiscal year 2013 by \$213,824,194. The difference between assets and liabilities is referred to as net position. This is a \$23,371,741 increase from the prior year. The increase is mostly attributed to capital contributions from developers for infrastructure assets.
- As of June 30, 2013, the City's governmental funds reported combined fund balances of \$20,578,334, a \$9,130,660 increase in comparison to the prior year. Approximately 44.6 percent, or \$9,173,395, of the total amount of the governmental funds' fund balances are unassigned.
- As of June 30, 2013, unassigned fund balance for the General Fund was \$9,214,749 or 87.9 percent of total General Fund expenditures. The fund balance increased \$6,082,921 from the prior year, mainly due to increases in property tax and sales tax.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Eastvale's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements: The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner that is similar to a private-sector business.

Government-wide financial statements include a statement of net position and a statement of activities. The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases may provide a useful indicator on whether the financial position of the City is improving or deteriorating.

The *statement of activities* provides information showing how the City's net position changed during the most recent fiscal year. These changes are reported using the full accrual basis of accounting, that is, when the economic event occurs, rather than when cash is received or paid. Under this basis of accounting, revenues and expenses are reported in the statement for some items that will only result in future cash inflows or outflows such as vacation earned but not paid and uncollected taxes.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (government 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 general government, public safety, economic development, building and planning, animal control, and public works. The City does not have any business-type activities.

The government-wide financial statements can be found in the Table of Contents under the heading Basic Financial Statements.

Fund financial statements: A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City can be divided into two categories: governmental 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 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 the City'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 City'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 eleven individual governmental funds for financial reporting purposes. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the General Fund, and Gas Tax Special Revenue Fund, which are considered to be major funds. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its general fund, special revenue funds, and capital projects fund. A budgetary comparison statement has been provided for the General Fund, Gas Tax Fund and other funds to demonstrate compliance with this budget.

The governmental fund financial statements can be found in the Table of Contents under the heading Basic Financial Statements.

Fiduciary funds: *Fiduciary funds* are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not included in the government-wide financial statements because the resources of those funds are not available to support the City's own programs.

The basic fiduciary fund financial statements can be found in the Table of Contents under the heading Basic Financial Statements.

Notes to the basic financial statements: The notes to the basic financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found in the Table of Contents under the heading Notes to the Financial Statements.

Other supplementary information: In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* (RSI), about the City's General Fund and the Gas Tax Fund budgetary comparison. The combining statements referred to earlier in connection with nonmajor governmental funds are presented for all non-major Special Revenue Funds and Capital Projects Funds. The supplementary financial information also includes budgetary comparison schedules for the nonmajor governmental funds to demonstrate compliance with the annual budget as adopted and amended. The Required Supplementary Information can be found following the Notes to Financial Statements.

The combining statements for nonmajor governmental funds and the budgetary comparison schedules for the nonmajor governmental funds can be found following the Required Supplementary Information.

Government-wide financial analysis

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

For the fiscal year ended June 30, 2013, City assets exceeded liabilities by \$213,824,194 as summarized below:

City of Eastvale Summary of Net position For the Year Ended June 30, 2013

	Governmental Activities	
	2013	2012
Assets:		
Current and other assets	\$ 22,536,316	\$ 12,555,547
Capital assets (net of depreciation)	194,527,045	179,844,728
Total assets	<u>217,063,361</u>	<u>192,400,275</u>
Liabilities:		
Current and other liabilities	1,957,982	1,107,873
Long-term liabilities	1,281,185	839,949
Total liabilities	<u>3,239,167</u>	<u>1,947,822</u>
Net position:		
Net investment in capital assets	194,527,045	179,844,728
Restricted	11,403,049	4,306,367
Unrestricted	7,894,100	6,301,358
Total net position	<u>\$ 213,824,194</u>	<u>\$ 190,452,453</u>

Total assets increased \$24,663,086 as a result of significant increases in cash of \$9,228,647 and net additions to capital assets of \$14,682,317. This increase in cash is further explained by the City experiencing increases in the following revenue accounts, property tax \$1,568,784, sales tax \$1,835,580, development impact fees \$1,123,211 and special assessments \$769,023 for fiscal year 2012-2013. The capital asset increase is due to the City receiving \$19,423,386 in contributions of infrastructure capital assets during the fiscal year, less depreciation expense of \$5,318,533.

Current and other liabilities increased by \$850,109 due to the increased costs of police and fire services and the timing of the County of Riverside invoicing for police services. Long-term liabilities primarily increased due to the addition of the fiscal year 2012-13 Revenue Neutrality payment of \$421,430 due to the County of Riverside, payment is deferred until fiscal year 2013-14.

Net investment in capital assets represents 90.9 percent of the City's net position. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. An additional portion of the City's net position, \$11,403,049 or 5.3 percent represents resources that are subject to restrictions on how they may be used. The remaining balance, unrestricted net position, is \$7,894,100.

Statement of Activities: The statement of activities shows how the City's net position changed during the fiscal year 2012-2013. Provided below is a summary of changes in net position.

**City of Eastvale
Summary of Changes in Net Position
For the Year Ended June 30, 2013**

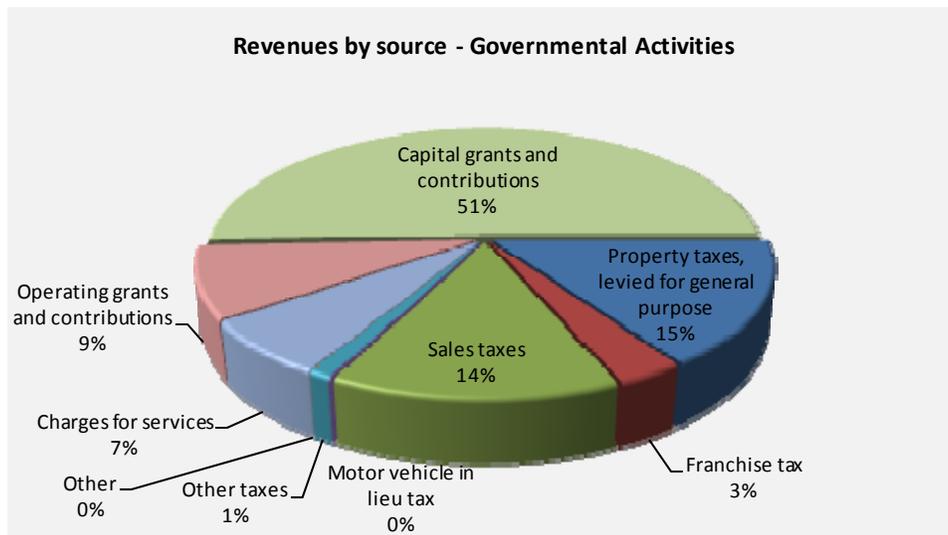
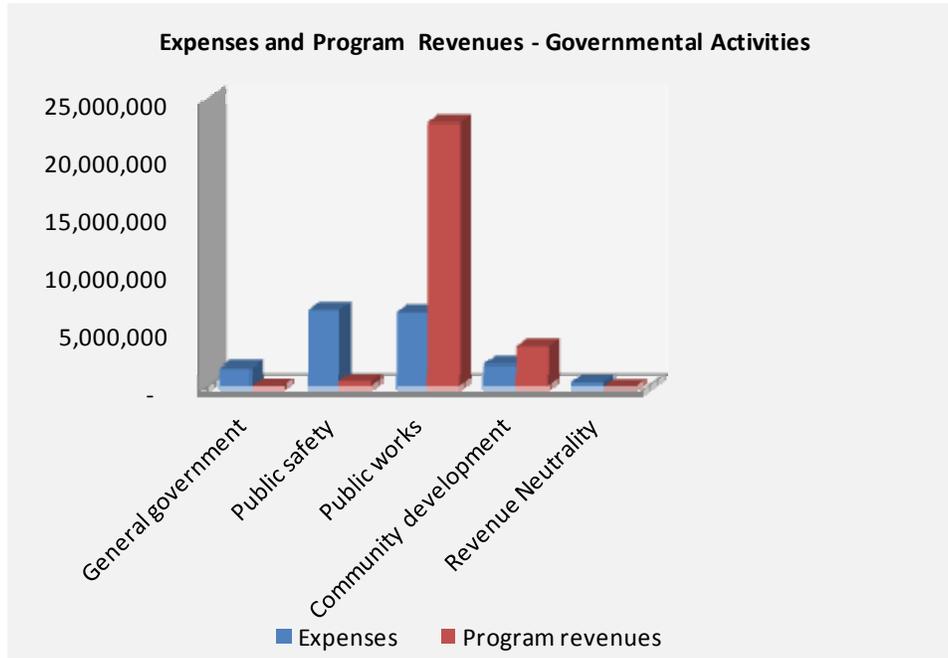
	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Revenues:		
Program Revenues:		
Charges for services	\$ 2,815,160	\$ 2,468,363
Operating grants and contributions	3,570,739	2,940,491
Capital grants and contributions	20,651,112	9,533,039
General revenues	<u>13,749,099</u>	<u>10,208,769</u>
Total revenues	40,786,110	25,150,662
Expenses:		
General government	1,736,378	1,390,673
Public safety	6,688,811	6,107,083
Public works	6,501,310	5,628,714
Community development	2,066,440	1,991,526
Revenue neutrality	<u>421,430</u>	<u>818,638</u>
Total expenses	17,414,369	15,936,634
Increase in net position	23,371,741	9,214,028
Net position beginning, as restated	190,452,453	181,238,425
Net position ending	<u>\$ 213,824,194</u>	<u>\$ 190,452,453</u>

The City's total revenues were \$40,786,110, while the total cost of all programs and services was \$17,414,369. Total revenues increased \$15,635,448 from the prior year. The significant increases were due to the following:

- Contribution of capital assets of \$9,235,263, over the prior year contributions.
- Sales tax of \$1,835,580 due to continued development of retail and commercial property at Eastvale Gateway South and Enclave Marketplace.
- Property taxes of \$1,568,784 due to continued residential development and the renegotiated property tax allocation factor as part of the amended revenue neutrality agreement, and adoption of the Teeter Plan.
- Development impact fees of \$1,123,211. DIF fees were collected for only two months of fiscal year 2011-12 until such time as a fee study was adopted. The development impact fees were adopted early fiscal year 2012-13.
- Landscape maintenance assessments of \$769,023, which previously were collected by Riverside County.

Total expenses increased \$1,477,735 over the prior year. General government expenses increased \$345,705 due to increases in salaries and benefits, purchases of software and election expense. The increase in public safety expenses of \$581,728 is due to increased levels of service for police and fire protection. The public works increase of \$872,596 is due to new projects and an increase in depreciation expense of \$344,283. The revenue neutrality payment decreased because the fiscal year 2011-12 amount of \$818,638 included the fiscal year 2010-11 amount as well.

The charts below provide graphic representation of the City's expenses compared to program revenues by function and its revenue by source.



The governmental activities' expense and program revenue chart is designed to reflect expenses associated with each City function and the revenues that are directly attributable to each function. It is important to note that general revenues such as property, sales and other taxes are not directly attributable to specific functions and are therefore used to support program activities citywide. Regarding the revenues by source chart, it shows that 15 percent of governmental activities revenues came from property tax.

Financial Analysis of 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's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of June 30, 2013, the City's General Fund and Gas Tax Fund reported ending fund balances of \$13,339,522 and \$3,098,438, respectively. For the General Fund \$9,214,749 or 69.1 percent constitutes unassigned fund balance, and \$4,122,883 is restricted for public safety for fire protection services. The remainder of fund balance is nonspendable and is not available for new spending. The Gas Tax fund balance is restricted for the maintenance, rehabilitation, or improvement of the City's streets, as required by the California Streets and Highways Code.

General Fund Financial and Budgetary Highlights

The General Fund is the chief operating fund of the City. At June 30, 2013, unassigned fund balance was \$9,214,749. As a measure of the General Fund's financial condition, it may be useful to compare the unassigned fund balance to total expenditures. Unassigned fund balance represents 87.9 percent of General Fund expenditures.

Overall, General Fund revenues for fiscal year ended June 30, 2013 totaled \$16.6 million, compared to \$12.7, million for the previous year. The major components are property taxes (\$6.2 million), sales taxes (\$5.7 million), and franchise taxes (\$1.3 million).

General Fund expenditures totaled \$10.5 million for the fiscal year ended June 30, 2013, compared to \$9.5 million for the previous year.

The differences between General Fund budget and actual are summarized below:

- General Fund actual revenues were above budget by \$5,273,619.
- Actual expenditures were \$1,525,592 less than the budgeted amount of \$12,006,930.

Capital Assets and Debt Administration

Capital Assets: City investment in capital assets for its governmental type activities as of June 30, 2013, amounted to \$194,527,045 (net of accumulated depreciation). During the year, \$20,508,823 of capital assets were added for the governmental activities.

Major capital assets events during the current fiscal year included the following:

- Purchase of software \$163,832.
- Purchase of automobile \$29,212.
- Completed street improvements of \$273,640.
- Additions to construction in progress for various street improvements of \$618,753.
- Infrastructure assets donated by private sources to the City \$19,423,386. Additional information on the City's capital assets can be found in note 5 to the basic financial statements and a summary is provided below.

City of Eastvale Summary of Capital Assets (net of depreciation)

	Governmental Activities	
	2013	2012
Construction in progress	\$ 618,753	\$ -
Leashold improvements	20,933	28,380
Machinery, equipment and vehicles	55,412	38,622
Software	285,934	158,755
Infrastructure	193,546,013	179,618,971
Total	<u>\$ 194,527,045</u>	<u>\$ 179,844,728</u>

Long-term debt: At the end of fiscal year 2013, the City's total long-term debt outstanding was \$1,281,185. This amount was comprised of \$1,240,068 in Revenue Neutrality and \$41,117 in compensated absences.

Outstanding long-term debt of the City is summarized below and additional information can be found in note 6 to the basic financial statements.

City of Eastvale Summary Outstanding Long-Term Debt

	Governmental Activities	
	2013	2012
Revenue Neutrality	\$ 1,240,068	\$ 818,638
Compensated absences	41,117	21,311
Total long-term debt	<u>\$ 1,281,185</u>	<u>\$ 839,949</u>

Economic Factors and Next Year's Budget

After the adoption of the City's Fiscal Year 2011-12 Budget, the State of California on June 28, 2011 approved SB 89 which eliminated Vehicle License Fees, which was a subvention collected by the State and allocated to cities based on population. The City of Eastvale lost approximately \$12.6 million for fiscal years 2011-12 through 2014-15 and approximately \$2.6 million per year thereafter.

The fiscal year 2013-14 City budget was prepared conservatively. Property tax estimates were projected with minimal growth from the previous fiscal year and there were no tax rate or fee increases as part of the preparation of and adoption of the 2013-14 Budget. The only revenue with significant budgeted increases was Sales Tax and the increase over the prior year budgeted amount was \$1.9M.

The General Fund budget for fiscal year 2013-14 anticipates using \$3,539,611 of available reserves; however, \$4,170,000 is budgeted for the purchase of land and the construction of a second fire station.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to the City Clerk, City of Eastvale, 12363 Limonite Ave. Suite 910, Eastvale, California 91752, or call (951) 361-0900.

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BASIC FINANCIAL STATEMENTS

**City of Eastvale
Statement of Net Position
June 30, 2013**

	Governmental Activities
ASSETS	
Cash and investments	\$ 20,331,525
Receivables:	
Accounts	225,841
Intergovernmental	1,969,149
Interest	7,911
Prepaid item	1,890
Construction in progress	618,753
Capital assets, net of accumulated depreciation	193,908,292
Total assets	217,063,361
LIABILITIES	
Accounts payable and accrued liabilities	1,957,982
Noncurrent liabilities:	
Due within one year	134,286
Due in more than one year	1,146,899
Total liabilities	3,239,167
NET POSITION	
Net investment in capital assets	194,527,045
Restricted:	
Public works	5,649,445
Community development	1,630,721
Public safety	4,122,883
Unrestricted	7,894,100
Total net position	\$ 213,824,194

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

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City of Eastvale
Statement of Activities
For the year ended June 30, 2013

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 1,736,378	\$ 55,148	\$ -	\$ -	\$ (1,681,230)
Public safety	6,688,811	413,494	123,678	-	(6,151,639)
Public works	6,501,310	-	3,420,633	19,423,386	16,342,709
Community development	2,066,440	2,346,518	26,428	1,227,726	1,534,232
Revenue neutrality	421,430	-	-	-	(421,430)
Total governmental activities	<u>\$ 17,414,369</u>	<u>\$ 2,815,160</u>	<u>\$ 3,570,739</u>	<u>\$ 20,651,112</u>	<u>9,622,642</u>
General revenues:					
Taxes					
					6,188,615
					1,329,508
					5,720,377
					37,054
					448,400
					24,203
					942
					<u>13,749,099</u>
					23,371,741
					<u>190,452,453</u>
					<u>\$ 213,824,194</u>

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

**City of Eastvale
Balance Sheet
Governmental Funds
June 30, 2013**

	General	Special Revenue Fund Gas Tax	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 13,226,970	\$ 3,086,901	\$ 4,017,654	\$ 20,331,525
Receivables:				
Accounts	225,841	-	-	225,841
Intergovernmental	1,611,071	147,195	210,883	1,969,149
Interest	7,911	-	-	7,911
Prepaid items	1,890	-	-	1,890
Due from other funds	62,781	-	-	62,781
	<u>15,136,464</u>	<u>3,234,096</u>	<u>4,228,537</u>	<u>22,599,097</u>
Total assets	<u>\$ 15,136,464</u>	<u>\$ 3,234,096</u>	<u>\$ 4,228,537</u>	<u>\$ 22,599,097</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 1,770,748	\$ 135,658	\$ 25,382	\$ 1,931,788
Accrued liabilities	26,194	-	-	26,194
Due to other funds	-	-	62,781	62,781
	<u>1,796,942</u>	<u>135,658</u>	<u>88,163</u>	<u>2,020,763</u>
Total liabilities	<u>1,796,942</u>	<u>135,658</u>	<u>88,163</u>	<u>2,020,763</u>
Fund Balances:				
Nonspendable	1,890	-	-	1,890
Restricted	4,122,883	3,098,438	4,181,728	11,403,049
Unassigned	9,214,749	-	(41,354)	9,173,395
	<u>13,339,522</u>	<u>3,098,438</u>	<u>4,140,374</u>	<u>20,578,334</u>
Total fund balances	<u>13,339,522</u>	<u>3,098,438</u>	<u>4,140,374</u>	<u>20,578,334</u>
	<u>\$ 15,136,464</u>	<u>\$ 3,234,096</u>	<u>\$ 4,228,537</u>	<u>\$ 22,599,097</u>
Total liabilities and fund balances	<u>\$ 15,136,464</u>	<u>\$ 3,234,096</u>	<u>\$ 4,228,537</u>	<u>\$ 22,599,097</u>

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

**City of Eastvale
 Reconciliation of the Balance Sheet of
 Governmental Funds to the Statement of Net position
 June 30, 2013**

Fund balances of governmental funds	\$ 20,578,334
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	194,527,045
Long-term liabilities applicable to the City governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term are reported in the statement of net position.	
Revenue neutrality	(1,240,068)
Compensated absences	<u>(41,117)</u>
Net position of governmental activities	<u><u>\$ 213,824,194</u></u>

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

City of Eastvale
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2013

	General	Special Revenue Fund Gas Tax	Total Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 13,686,903	\$ -	\$ -	\$ 13,686,903
Licenses and permits	2,541,338	-	-	2,541,338
Fines and forfeitures	268,482	-	-	268,482
Intergovernmental	37,054	1,659,392	1,133,867	2,830,313
Development impact fees	-	-	1,225,425	1,225,425
Assessments	-	-	769,023	769,023
Investment earnings	24,203	5,421	5,337	34,961
Other	6,279	-	-	6,279
	<u>16,564,259</u>	<u>1,664,813</u>	<u>3,133,652</u>	<u>21,362,724</u>
EXPENDITURES				
Current:				
General government	1,790,587	-	32,572	1,823,159
Public safety	6,550,380	-	130,514	6,680,894
Public works	73,931	664,907	32,925	771,763
Community development	2,066,440	-	-	2,066,440
Capital outlay	-	498,287	391,521	889,808
	<u>10,481,338</u>	<u>1,163,194</u>	<u>587,532</u>	<u>12,232,064</u>
Net change in fund balances	6,082,921	501,619	2,546,120	9,130,660
Fund balances, beginning of year	<u>7,256,601</u>	<u>2,596,819</u>	<u>1,594,254</u>	<u>11,447,674</u>
Fund balances, end of year	<u>\$ 13,339,522</u>	<u>\$ 3,098,438</u>	<u>\$ 4,140,374</u>	<u>\$ 20,578,334</u>

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

City of Eastvale
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended June 30, 2013

Net change in fund balances - total governmental funds	\$	9,130,660
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.</p>		19,423,386
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:</p>		
Cost of assets capitalized		1,085,437
Depreciation expense		(5,318,533)
Net book value of assets disposed of		(507,973)
<p>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 the governmental funds:</p>		
Increase in accrued compensated absences payable		(19,806)
Increase in revenue neutrality		(421,430)
		(441,236)
Change in net position of governmental activities	\$	23,371,741

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

City of Eastvale
Statement of Fiduciary Assets and Liabilities
June 30, 2013

	<u>Agency Fund</u>
ASSETS	
Cash and investments	<u>\$ 3,255,337</u>
Total assets	<u><u>\$ 3,255,337</u></u>
LIABILITIES	
Accounts payable	\$ 51,644
Deposits	<u>3,203,693</u>
Total liabilities	<u><u>\$ 3,255,337</u></u>

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

City of Eastvale
Notes to Financial Statements
June 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Note 1: Organization and Summary of Significant Accounting Policies

a. Description of the reporting entity

The City of Eastvale was incorporated on October 1, 2010, under the laws of the State of California and enjoys all the rights and privileges pertaining to "General Law" cities. The City operates under a council-manager form of government and currently provides a wide variety of services to its citizens, including public safety, public services, community development, general administrative and other services. As required by generally accepted accounting principles, these financial statements present the City (the primary government) and its component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be incomplete. Under this definition, it is determined that there are no component units for this reporting entity, and these financial statements present the financial reporting entity that consisted solely of the City as the primary government.

b. Government-wide and fund financial statements

The government-wide financial statements include a statement of net position and a statement of activities. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements. Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Currently, the City does not have any business-type activities.

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

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

City of Eastvale
Notes to Financial Statements
June 30, 2013

Note 1: Organization and Summary of Significant Accounting Policies (continued)

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

The government-wide statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the cash flows. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying statement of net position. The statement of activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified-accrual basis of accounting*. Under the modified-accrual basis of accounting, revenues are recognized in these funds when susceptible to accrual (i.e. when they are both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers property taxes collected after year-end as available, if they are collected within 60 days of the end of the current fiscal period. Other revenue susceptible to accrual includes sales tax, state gasoline taxes, investment income, and certain other intergovernmental revenues. Expenditures in the governmental funds are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, except for unmatured principal and interest on general long-term debt, as well as compensated absences and claims and judgments, which are recognized when due.

The City reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government not accounted and reported in another fund.

The *Special Revenue Fund (Gas Tax)* is used to account for the maintenance, rehabilitation, or improvement of public streets of the City. Financing is through the State Highway Users Tax Sections 2103, 2105, 2106, 2107, and 2107.5 of the California Streets and Highways Code.

Additionally, the City reports the following fund types:

The *Agency Fund* is used to account for the resources held by the City in a fiduciary capacity.

City of Eastvale
Notes to Financial Statements
June 30, 2013

Note 1: Organization and Summary of Significant Accounting Policies (continued)

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

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

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

Other Accounting Policies

Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value. The City's policy is to hold investments until maturity or until market values equal or exceed cost.

Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding are reported in the governmental-wide financial statements as "internal balances".

City of Eastvale
Notes to Financial Statements
June 30, 2013

Note 1: Organization and Summary of Significant Accounting Policies (continued)

Prepaid cost and deposits

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid costs in both government-wide and fund financial statements, the City uses the consumption method for prepaid items in the governmental funds.

Capital assets

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

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Leasehold improvements	10
Infrastructure	10 - 65
Vehicles	5 - 10
Office equipment	5 - 10
Computer equipment	5

Use of estimates

The financial statements have been prepared in accordance with generally accepted accounting principles accepted in the United States of America and necessarily include amounts based on estimates and assumptions by management. Actual results could differ from those amounts.

City of Eastvale
Notes to Financial Statements
June 30, 2013

Note 1: Organization and Summary of Significant Accounting Policies (continued)

Compensated absences

The City provides to its employees a comprehensive annual leave program. Leave pay is payable at the time it is taken or upon termination.

The total amount of liability for compensated absences is segregated between short-term and long-term with both portions reflected in the government-wide statements. The short-term portion is determined to be the amount due to employees for future absences which is attributable to services already rendered and which is expected to be paid during the next fiscal year.

Long-term obligations

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

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

Property taxes

The County of Riverside collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in January preceding the fiscal year for which the taxes are levied. The tax levy covers the fiscal period July 1st to June 30th. All secured personal property taxes and one-half of the taxes on real property are due November 1st, the second installment is due February 1st. All taxes are delinquent, if unpaid, on December 10th and April 10th respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent, if unpaid, on August 31st.

City of Eastvale
Notes to Financial Statements
June 30, 2013

Note 1: Organization and Summary of Significant Accounting Policies (continued)

Unearned revenues

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

Fund equity

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

Nonspendable – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.

Restricted – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions or by enabling legislation.

Committed – amounts constrained to specific purposes by a government itself, using the highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Assigned – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

Unassigned – amounts that are for any purpose; positive amounts are reported only in a general fund.

The City Council may establish (and modify or rescind) fund balance commitments by passage of an ordinance or resolution.

The City has established a General Fund minimum fund balance policy as follows:

At the end of each fiscal year, the General Fund should have a minimum fund balance of 50% of the next year's General Fund annual budgeted operating expenditures, as calculated by the Finance Director. This target amount has been established in order to provide a reasonable level of assurance that the City's day-to-day operations will be able to continue even if circumstances occur where revenues are insufficient to cover expenditures.

City of Eastvale
Notes to Financial Statements
June 30, 2013

Note 1: Organization and Summary of Significant Accounting Policies (continued)

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 reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Implementation of new GASB pronouncement

Beginning with the current fiscal year, the City implemented GASB No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position. This statement is designed to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on the government's net position. Deferred outflows of resources are transactions that result in the consumption of net assets in one period that are applicable to future periods and are not considered assets as described by the statement. Deferred outflows of resources are required to be presented separately after assets on the statement of net position. Deferred inflows of resources are transactions that result in the acquisition of net assets in one period that are applicable to future periods and are not considered to be liabilities as described by the statement. Deferred inflows of resources are required to be presented separately after liabilities on the statement of net position.

City of Eastvale
Notes to Financial Statements
June 30, 2013

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Note 2: Budgetary Information

The City prepares its budgets on the basis of estimated actual expenditures and, accordingly, the budget amounts included in the accompanying financial statements are presented on a basis consistent with generally accepted accounting principles.

Each year, the City Manager submits a proposed budget to the City Council during May. The City Council holds budget hearings during May and June. The final budget is adopted by the City Council in June.

No budget expenditures can be disbursed without proper appropriations. Once the budget is adopted, no additional funds can be authorized without the City Council's approval. The level of budgetary control (the level on which expenditures may not legally exceed appropriations) is at the individual fund level. The City Manager can authorize budget transfers between departments without additional appropriations.

Throughout the year, budgeted expenditures are reviewed and projections are made by the City Manager. Therefore, any necessary changes are submitted for approval to the City Council with a recorded action for any budget adjustments.

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. Budgeted amounts are as originally adopted and as further amended by the City Council.

The following funds had expenditures in excess of appropriations:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
AQMD Trust Fund	\$ 30,000	\$ 43,996	\$ (13,996)
Law Enforcement Grants	\$ 6,620	\$ 23,679	\$ (17,059)

City of Eastvale
Notes to Financial Statements
June 30, 2013

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

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

Statement of Net Position	
Cash and investments	\$ 20,331,525
Statement of Fiduciary Assets and Liabilities	
Cash and investments	<u>3,255,337</u>
Total cash and investments	<u><u>\$ 23,586,862</u></u>

Cash and investments as of June 30, 2013, consist of the following:

Cash on hand	\$ 800
Deposits with financial institutions	8,555,749
Investments	<u>15,030,313</u>
	<u><u>\$ 23,586,862</u></u>

The City follows the practice of pooling cash and investments of all funds. Interest income earned on pooled cash and investments is allocated quarterly to the various funds based on cash balances.

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

Authorized investments

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

City of Eastvale
Notes to Financial Statements
June 30, 2013

Note 3: Cash and Investments (continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in one Issuer
U. S. Treasuries	5 years	None	None
Money Market Accounts	N/A	10%	5%
Certificates of Deposit	5 years	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Federal Agency Securities	5 years	None	None
Bankers Acceptances	180 days	10%	5%
Commercial Paper	270 days	10%	10%
Medium-Term Notes	5 years	15%	5%
Negotiable Certificates of Deposit	5 years	30%	5%
Repurchase Agreements	1 year	10%	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 and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations are presented below.

Investment Type	Totals	12 months or less	13 to 24 months	25 to 60 months
Local Agency Investment Fund	\$ 13,028,239	\$ 13,028,239	\$ -	\$ -
Money market	2,002,074	2,002,074	-	-
Totals	\$ 15,030,313	\$ 15,030,313	\$ -	\$ -

City of Eastvale
Notes to Financial Statements
June 30, 2013

Note 3: Cash and Investments (continued)

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. Information about the minimum rating required by the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year-end for each type of investment held by the City can be found below.

Investment Type	Totals	Minimum legal rating	Ratings as of year end
Local Agency Investment Fund	\$ 13,028,239	N/A	Not rated
Money market	<u>2,002,074</u>	N/A	Not rated
Totals	<u>\$ 15,030,313</u>		

Concentration of credit risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2013, no Investments in any one issuer (other than Mutual Funds and External Investment Pools) represented 5% or more of the City's investments.

Custodial credit risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The 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 deposits by pledging first deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2013, the City had deposits of \$11,747,659 with financial institutions in excess of federal depository insurance limits that were held in collateralized accounts.

City of Eastvale
Notes to Financial Statements
June 30, 2013

Note 3: Cash and Investments (continued)

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee comprised of California State officials and various participants provide oversight to the management of the fund. The daily operations and responsibilities of LAIF fall under the auspices of the State Treasurer's office. The maximum investment in LAIF is \$50,000,000.

At June 30, 2013 the LAIF portfolio included Medium-term and Short-term Structured notes and Asset-backed securities as a percent of the portfolio of 1.88% and 0.08 %, respectively. The Pool does not invest in Derivative Products.

Note 4: Interfund Receivables and Payables

Funds	Due To Other Funds Nonmajor Governmental Funds
Due From Other Funds:	
General Fund	\$ 62,781

The Due to General Fund from the Nonmajor Funds was a result of temporary deficit cash balances in those funds.

City of Eastvale
Notes to Financial Statements
June 30, 2013

Note 5: Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 901,033	\$ (282,280)	\$ 618,753
Capital assets, being depreciated:				
Leasehold improvements	37,235	-	-	37,235
Vehicles	24,982	29,212	-	54,194
Machinery & equipment	26,540	-	-	26,540
Software	173,653	163,832	-	337,485
Infrastructure	188,137,075	19,697,026 *	(538,250)	207,295,851
Total capital assets, being depreciated	<u>188,399,485</u>	<u>19,890,070</u>	<u>(538,250)</u>	<u>207,751,305</u>
Less accumulated depreciation for:				
Leasehold improvements	(8,855)	(7,447)	-	(16,302)
Vehicles	(7,494)	(7,917)	-	(15,411)
Machinery & equipment	(5,406)	(4,505)	-	(9,911)
Software	(14,898)	(36,653)	-	(51,551)
Infrastructure	<u>(8,518,104)</u>	<u>(5,262,011)</u>	<u>30,277</u>	<u>(13,749,838)</u>
Total accumulated depreciation	<u>(8,554,757)</u>	<u>(5,318,533)</u>	<u>30,277</u>	<u>(13,843,013)</u>
Total capital assets, being depreciated, net	<u>179,844,728</u>	<u>14,571,537</u>	<u>(507,973)</u>	<u>193,908,292</u>
Governmental activities capital assets, net	<u>\$ 179,844,728</u>	<u>\$ 15,472,570</u>	<u>\$ (790,253)</u>	<u>\$ 194,527,045</u>

* Infrastructure assets were contributed from private sources.

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

Governmental activities:	
General government	\$ 48,605
Public safety	7,917
Public works	<u>5,262,011</u>
Total depreciation expense - governmental activities	<u>\$ 5,318,533</u>

**City of Eastvale
Notes to Financial Statements
June 30, 2013**

Note 6: Long-Term Liabilities

Long-term liability activities for the year ended June 30, 2013 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>Governmental activities:</i>					
Revenue Neutrality - County of Riverside	\$ 818,638	\$ 421,430	\$ -	\$ 1,240,068	\$ 124,007
Compensated absences	21,311	52,551	32,745	41,117	10,279
Governmental activity long-term liabilities	<u>\$ 839,949</u>	<u>\$ 473,981</u>	<u>\$ 32,745</u>	<u>\$ 1,281,185</u>	<u>\$ 134,286</u>

Liabilities for compensated absences are typically liquidated by the General Fund.

Governmental Activities:

Revenue Neutrality Agreement – County of Riverside

As part of the Incorporation process a Comprehensive Fiscal Analysis was prepared as to determine the fiscal feasibility and for revenue neutrality negotiations between the County of Riverside (County) and the City. It was determined that in the event of incorporation the revenue transferring to the City would be greater than net costs of services to be transferred, and would result in a negative fiscal impact to the County. To mitigate the negative fiscal impact the City and County entered into a Revenue Neutrality Agreement in which the City shall pay the County a portion of its tax revenues, the Agreement was amended on May 22, 2013. The payments were developed utilizing the net county savings calculated under the revenue neutrality calculation for the base fiscal year 2007/2008. The Base Year County Deficit amount is \$384,351. The annual payment from the City to the County is the Base Year County Deficit amount of \$384,531 increased each year thereafter by the year-over-year Consumer Price Index for Urban Wage Earners and Clerical Workers for the Los Angeles-Riverside-Orange County region as published by the U.S. Bureau of Labor Statistics in January of each year, but not less than 1% or more than 4%.

The amount owed for fiscal years 2010-11, 2011-12 and 2012-13 is \$1,240,068. This amount is deferred until fiscal year 2013-14 and then will be due in ten annual payments with interest at the effective annual interest rate equal to the 12 month average of the County Treasurer's quarterly interest apportionment ratio, calculated in January of each year. There is no set debt service schedule at this time. In subsequent years the annual payment, the amounts deferred and interest are due on or before each June 30th. The term of the agreement is for 30 years and extends to June 30, 2040.

City of Eastvale
Notes to Financial Statements
June 30, 2013

Note 7: Operating Lease

The City leases a copier/scanner/printer/fax under a noncancelable operating lease. Rental costs for the lease were \$3,690 for the fiscal year ended June 30, 2013. The future minimum lease payments as of June 30, 2013 are as follows:

Year	<u>Copier/Scanner/Printer/Fax</u>
2014	\$ 3,690
2015	3,690
2016	<u>1,231</u>
	<u>\$ 8,611</u>

On October 1, 2010, the City entered into a twenty two month operating lease agreement to rent its current office suite. The office lease provided for monthly rent of \$2,150 in addition to common area maintenance costs for the first ten months and \$2,215 thereafter. On July 1, 2011, the City Hall relocated and the lease was amended providing for monthly rent starting at \$5,080 per month in addition to common area maintenance costs for the first seventeen months, \$5,232 for months 18-28, and \$5,385 for months 29-41. Effective October 1, 2012 the City leased additional space under the same terms for \$1,000 per month through the end of the lease term. The City has the option to renew the lease upon termination at November 30, 2014. Rental costs including maintenance costs for the year ended June 30, 2013 were \$70,027.

Minimum future rental payments under the operating leases as of June 30, 2013 are as follows (amounts do not include common area maintenance costs):

Year	<u>Office Lease</u>
2014	\$ 76,008
2015	<u>31,925</u>
	<u>\$ 107,933</u>

City of Eastvale
Notes to Financial Statements
June 30, 2013

Note 8: Retirement Plan

Plan Description

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

Funding Policy

Participants are required to contribute 7% of their annual covered salary. The City is required to contribute at an actuarially determined rate; the current rate is 9.126% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

Annual Pension Cost

For 2013, the City's annual pension cost of \$44,483 for PERS was equal to the City's required contributions. The required contribution was determined as part of the September 30, 2011 actuarial valuation using the entry age normal actuarial cost method.

THREE YEAR TREND INFORMATION FOR PERS		
Fiscal year	Required Contribution	Percentage Contributed
6/30/2011	N/A	N/A
6/30/2012	\$12,958	100%
6/30/2013	\$44,483	100%

Note 9: Risk Management

The City is a member of the Public Entity Risk Management Authority (PERMA), a joint powers insurance authority formed under Section 990 of the California Government Code for the purpose of jointly funding programs of insurance coverage for its members. PERMA is comprised of thirty-one participating member agencies: twenty-two cities, three transit agencies and six special districts. The City participates in the liability, property, auto physical damage, and crime insurance programs of PERMA.

City of Eastvale
Notes to Financial Statements
June 30, 2013

Note 9: Risk Management (continued)

The liability program provides coverage up to \$50 million per occurrence for personal injury, bodily injury, property damage and public officials' errors and omissions. The City has selected a \$0 self-insured retention for this coverage and participates in risk sharing pools for losses up to \$1 million, followed by PERMA's membership in the CSAC Excess Insurance Authority (EIA) for \$49 million of excess liability coverage.

The property insurance program is group purchased under a master property insurance policy with accumulated values from all participants effecting lower rates and broader coverage for members. The program covers real property, business personal property, inland marine coverage for special mobile equipment and business interruption. Commercial property coverage is written on a replacement cost basis and all risk, eliminating the traditional commercial "named peril" policy.

The auto physical damage insurance program is also group purchased under a master insurance policy with accumulated values from all participants effecting lower rates for members. Auto physical damage coverage is written on an agreed amount basis.

The crime insurance program provides public employee dishonesty, forgery or alteration, and computer fraud coverage under a master insurance policy.

The City is insured with the State Compensation Insurance Fund for workers' compensation claims. There is no deductible requirement for this coverage.

Note 10: Fund Equity

The City has established certain fund balance designations to report the amounts in the following funds, which represent available spendable resources restricted, committed or assigned for a specific purpose:

	General Fund	Major Special Revenue Fund Gas Tax Fund	Non-Major Governmental Funds	Total
Fund Balances:				
Nonspendable:				
Prepaid items	\$ 1,890	\$ -	\$ -	\$ 1,890
Restricted for:				
Public works	-	3,098,438	2,551,007	5,649,445
Community development	-	-	1,630,721	1,630,721
Public safety-fire	4,122,883	-	-	4,122,883
Unassigned	9,214,749	-	(41,354)	9,173,395
	<u>\$ 13,339,522</u>	<u>\$ 3,098,438</u>	<u>\$ 4,140,374</u>	<u>\$ 20,578,334</u>

City of Eastvale
Notes to Financial Statements
June 30, 2013

Note 10: Fund Equity (continued)

The following funds have a deficit fund balance as of June 30, 2013:

CDBG Special Revenue Fund	\$	(3,384)
Capital Projects Fund	\$	(37,970)

The CDBG deficit is as a result of expenditures incurred for a grant that is on a reimbursement basis and the grant funds were not received until the following fiscal year. The Capital Projects Fund deficit is a result of the timing of transfers to the Fund for the project.

Note 11: Joint Ventures

The Western Riverside County Regional Conservation Authority (Authority) was created in 2004 to protect 146 native species of plants and animals and preserving a half million acres of their habitat. Resolution 10-28, signed October 1, 2010, authorized the City Manager to pursue membership in the Riverside Conservation Authority, which would also fulfill one of the LAFCO's conditions of incorporation for the City. Resolution 10-48, signed December 8, 2010, authorized the Mayor to sign the Joint Powers Agreement with the Riverside Conservation Authority and the agreement with the U.S. Fish and Wildlife Service and California Department of Fish and Game relating to the implementation of the Western Riverside County Multiple Species Habitat Conservation Plan.

There will also be some additional (and unquantifiable) expenses associated with the City's interaction with the Authority. However, these additional expenses are expected to be relatively minor. There will be staff costs associated with locally implementing the program, which will be borne by the general fund for City projects and for the periodic reports to the Authority, and by landowners and developers through the City's full cost recovery program for private development applications. Copies of the Authority's annual financial report may be obtained from the Western Riverside County Regional Conservation Authority Riverside Centre Building at 3403 10th Street, Suite 320, Riverside, CA 92501.

Note 12: Prior-Period Adjustment

The government-wide net position have been adjusted to correct an error in the calculation of the Revenue Neutrality payment owed to Riverside County for fiscal years 2010/11 and 2011/12.

Government-wide financial statements:

Net position, beginning of year		\$ 189,467,246
Prior period adjustment		<u>985,207</u>
Net position, beginning of year, as restated		<u><u>\$ 190,452,453</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

City of Eastvale
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
General Fund
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 9,478,000	\$ 9,478,000	\$ 13,686,903	\$ 4,208,903
Licenses and permits	1,632,640	1,632,640	2,541,338	908,698
Fines and forfeitures	170,000	170,000	268,482	98,482
Intergovernmental	-	-	37,054	37,054
Investment earnings	10,000	10,000	24,203	14,203
Other	-	-	6,279	6,279
	<u>11,290,640</u>	<u>11,290,640</u>	<u>16,564,259</u>	<u>5,273,619</u>
EXPENDITURES				
Current:				
General government	2,049,539	2,049,539	1,790,587	258,952
Public safety	8,078,282	8,078,282	6,550,380	1,527,902
Public works	110,000	110,000	73,931	36,069
Community development	1,769,109	1,769,109	2,066,440	(297,331)
	<u>12,006,930</u>	<u>12,006,930</u>	<u>10,481,338</u>	<u>1,525,592</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(716,290)</u>	<u>(716,290)</u>	<u>6,082,921</u>	<u>6,799,211</u>
OTHER FINANCING SOURCES				
Transfers in	<u>69,000</u>	<u>69,000</u>	<u>-</u>	<u>(69,000)</u>
Total other financing sources	<u>69,000</u>	<u>69,000</u>	<u>-</u>	<u>(69,000)</u>
Net change in fund balance	(647,290)	(647,290)	6,082,921	6,730,211
Fund balance, beginning of year	<u>7,256,601</u>	<u>7,256,601</u>	<u>7,256,601</u>	<u>-</u>
Fund balance, end of year	<u>\$ 6,609,311</u>	<u>\$ 6,609,311</u>	<u>\$ 13,339,522</u>	<u>\$ 6,730,211</u>

City of Eastvale
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget and Actual
Gas Tax Fund
For the year ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 1,892,500	\$ 1,892,500	\$ 1,659,392	\$ (233,108)
Investment earnings	2,500	2,500	5,421	2,921
Total revenues	<u>1,895,000</u>	<u>1,895,000</u>	<u>1,664,813</u>	<u>(230,187)</u>
EXPENDITURES				
Current:				
Public works	715,000	715,000	664,907	50,093
Capital outlay	<u>575,000</u>	<u>575,000</u>	<u>498,287</u>	<u>76,713</u>
Total expenditures	<u>1,290,000</u>	<u>1,290,000</u>	<u>1,163,194</u>	<u>126,806</u>
Net change in fund balance	605,000	605,000	501,619	(103,381)
Fund balance, beginning of year	<u>2,596,819</u>	<u>2,596,819</u>	<u>2,596,819</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 3,201,819</u></u>	<u><u>\$ 3,201,819</u></u>	<u><u>\$ 3,098,438</u></u>	<u><u>\$ (103,381)</u></u>

City of Eastvale
Notes to Required Supplementary Information
June 30, 2013

Note 1: Budgets and Budgetary Data

The City Council approves each year's budget submitted by the City Manager prior to the beginning of the fiscal year. Public hearings are conducted prior to the adoption by City Council.

Total appropriations for each fund may only be increased or decreased by the City Council by passage of a resolution amending the budget. During the year, there were no budgetary appropriation increases, and no budgetary revenue increases.

The City Manager has authority to adjust the amounts appropriated between the funds and activities of a fund, provided, however, that the total appropriations for each fund may not exceed the amounts provided in the budget resolution.

The level on which expenditures may not legally exceed appropriations is the fund level.

The City Manager is also authorized to approve continuing appropriations at year-end for capital improvement projects and other expenditures previously approved by the City Council.

Budgets for the various funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Annual appropriated budgets are legally adopted for the general, special revenue, and capital projects fund types.

SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Measure A - This fund is used to account for the construction, reconstruction, alteration, and maintenance of the streets and roads of the City.

AQMD Trust Fund – This fund is used to account for the City’s portion of motor vehicle registration fees collected pursuant to AB2766 passed during the 1990 State legislative session. This fee was levied to fund programs to reduce air pollution from mobile sources such as cars, trucks, and buses. It also included funds allocated through a competitive process as a result of this legislation.

Supplemental Law Enforcement Services Fund – This fund is used to account for the receipts and expenditures of funds resulting from the Citizen’s Option for Public Safety (COPS) program, a state funded program.

Miscellaneous Grants Fund – This fund is used to account for the receipts and expenditures of miscellaneous grants not accounted for in a separate fund.

Law Enforcement Grants Fund– This fund is used to account for grant funds used for frontline law enforcement services.

Landscape Maintenance Fund – This fund is used to account for the costs of operation, maintenance, landscaping, and lighting district in 89-1 consolidated. Funding is provided by assessments specific to parcels in the district 89-1 consolidated.

Development Impact Fees Fund – This fund is used to account for the receipt of fees for development related activities such as infrastructure and public facilities.

CDBG Grant Fund – This fund is used to account for the Community Development Block Grant Funds received from U.S. Department of Housing and Urban Development. The funds must be expended to accomplish the elimination of blight or to benefit low and moderate income persons by providing loans or grants for various programs.

Capital Projects Funds

Capital Projects Fund – This fund is used to account for the financial resources to be used for the acquisition or construction of capital facilities.

**City of Eastvale
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013**

	Special Revenue Funds		
	Measure A	AQMD Trust	Supplemental Law Enforcement Services
ASSETS			
Cash and investments	\$ 1,566,272	\$ 73,572	\$ -
Receivables:			
Intergovernmental	150,065	17,563	25,000
Total Assets	\$ 1,716,337	\$ 91,135	\$ 25,000
 LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 18,920	\$ -	\$ -
Due to other funds	-	-	25,000
Total Liabilities	18,920	-	25,000
Fund Balances:			
Restricted for:			
Public works	1,697,417	91,135	-
Community development	-	-	-
Unassigned	-	-	-
Total fund balances (deficit)	1,697,417	91,135	-
Total liabilities and fund balances	\$ 1,716,337	\$ 91,135	\$ 25,000

Special Revenue Funds

Miscellaneous Grants	Law Enforcement Grants	Landscape Maintenance	Development Impact Fees	CDBG	Total Special Revenue Funds
\$ 10,082	\$ -	\$ 737,007	\$ 1,630,721	-	\$ 4,017,654
15,148	909	2,198	-	-	210,883
<u>\$ 25,230</u>	<u>\$ 909</u>	<u>\$ 739,205</u>	<u>\$ 1,630,721</u>	<u>\$ -</u>	<u>\$ 4,228,537</u>
\$ 1,635	\$ -	\$ 345	\$ -	\$ 174	\$ 21,074
-	909	-	-	3,210	29,119
1,635	909	345	-	3,384	50,193
23,595	-	738,860	-	-	2,551,007
-	-	-	1,630,721	-	1,630,721
-	-	-	-	(3,384)	(3,384)
23,595	-	738,860	1,630,721	(3,384)	4,178,344
<u>\$ 25,230</u>	<u>\$ 909</u>	<u>\$ 739,205</u>	<u>\$ 1,630,721</u>	<u>\$ -</u>	<u>\$ 4,228,537</u>

(continued)

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**City of Eastvale
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013**

	Capital Projects Fund	Total Nonmajor Governmental Funds
	Capital Projects	Funds
ASSETS		
Cash and investments	-	\$ 4,017,654
Receivables:		
Intergovernmental	-	210,883
Total Assets	\$ -	\$ 4,228,537
 LIABILITIES AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 4,308	\$ 25,382
Due to other funds	33,662	62,781
Total Liabilities	37,970	88,163
Fund Balances:		
Restricted for:		
Public works	-	2,551,007
Community development	-	1,630,721
Unassigned	(37,970)	(41,354)
Total fund balances (deficit)	(37,970)	4,140,374
Total liabilities and fund balances	\$ -	\$ 4,228,537

City of Eastvale
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2013

	Special Revenue Funds		
	Measure A	AQMD Trust	Supplemental Law Enforcement Services
REVENUES			
Intergovernmental	\$ 894,705	\$ 67,074	\$ 100,000
Development impact fees	-	-	-
Assessments	-	-	-
Investment earnings	2,660	91	-
	<u>897,365</u>	<u>67,165</u>	<u>100,000</u>
EXPENDITURES			
Current:			
General government	-	6,144	-
Public safety	-	-	100,000
Public works	-	-	-
Capital outlay	312,315	37,852	-
	<u>312,315</u>	<u>43,996</u>	<u>100,000</u>
Net change in fund balances	585,050	23,169	-
Fund balances, beginning of year	<u>1,112,367</u>	<u>67,966</u>	<u>-</u>
Fund balances (deficit), end of year	<u><u>\$ 1,697,417</u></u>	<u><u>\$ 91,135</u></u>	<u><u>\$ -</u></u>

Special Revenue Funds

Miscellaneous Grants	Law Enforcement Grants	Landscape Maintenance	Development Impact Fees	CDBG	Total Special Revenue Funds
\$ 21,982	\$ 23,678	\$ -	\$ -	\$ 26,428	\$ 1,133,867
-	-	-	1,225,425	-	1,225,425
-	-	769,023	-	-	769,023
14	1	270	2,301	-	5,337
<u>21,996</u>	<u>23,679</u>	<u>769,293</u>	<u>1,227,726</u>	<u>26,428</u>	<u>3,133,652</u>
-	-	-	-	26,428	32,572
6,835	23,679	-	-	-	130,514
6,013	-	26,912	-	-	32,925
				3,384	353,551
<u>12,848</u>	<u>23,679</u>	<u>26,912</u>	<u>-</u>	<u>29,812</u>	<u>549,562</u>
9,148	-	742,381	1,227,726	(3,384)	2,584,090
<u>14,447</u>	<u>-</u>	<u>(3,521)</u>	<u>402,995</u>	<u>-</u>	<u>1,594,254</u>
<u>\$ 23,595</u>	<u>\$ -</u>	<u>\$ 738,860</u>	<u>\$ 1,630,721</u>	<u>\$ (3,384)</u>	<u>\$ 4,178,344</u>

(continued)

City of Eastvale
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the year ended June 30, 2013

	Capital Projects Fund	Total Nonmajor Governmental Funds
REVENUES	Capital Projects	Total Nonmajor Governmental Funds
Intergovernmental	\$ -	\$ 1,133,867
Development impact fees	-	1,225,425
Assessments	-	769,023
Investment earnings	-	5,337
Total Revenues	-	3,133,652
 EXPENDITURES		
Current:		
General government	-	32,572
Public safety	-	130,514
Public works		32,925
Capital outlay	37,970	391,521
Total Expenditures	37,970	587,532
Net change in fund balances	(37,970)	2,546,120
Fund balances, beginning of year	-	1,594,254
Fund balances (deficit), end of year	\$ (37,970)	\$ 4,140,374

City of Eastvale
Nonmajor Governmental Funds Comparison Schedules
For the year ended June 30, 2013

Budgetary comparison statements are presented as required supplementary information for the General Fund and all Major Special Revenue Funds as provided for by GASB Statement No. 34. The budgetary comparison schedules for the remaining funds are presented to aid in additional analysis and are not a required part of the basic financial statements. The City did not prepare a budget for the Capital Projects Fund, so no budgetary comparisons are presented for this fund.

City of Eastvale
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Measure A Fund
For the year ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Intergovernmental	\$ 650,000	\$ 650,000	\$ 894,705	\$ 244,705
Investment earnings	1,000	1,000	2,660	1,660
Total revenues	<u>651,000</u>	<u>651,000</u>	<u>897,365</u>	<u>246,365</u>
EXPENDITURES				
Capital outlay	<u>575,000</u>	<u>575,000</u>	<u>312,315</u>	<u>262,685</u>
Total expenditures	<u>575,000</u>	<u>575,000</u>	<u>312,315</u>	<u>262,685</u>
Excess of revenues over expenditures	<u>76,000</u>	<u>76,000</u>	<u>585,050</u>	<u>509,050</u>
OTHER FINANCING USES				
Transfers out	<u>(46,000)</u>	<u>(46,000)</u>	<u>-</u>	<u>46,000</u>
Total other financing sources	<u>(46,000)</u>	<u>(46,000)</u>	<u>-</u>	<u>46,000</u>
Net change in fund balance	30,000	30,000	585,050	555,050
Fund balance, beginning of year	<u>1,112,367</u>	<u>1,112,367</u>	<u>1,112,367</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 1,142,367</u></u>	<u><u>\$ 1,142,367</u></u>	<u><u>\$ 1,697,417</u></u>	<u><u>\$ 555,050</u></u>

City of Eastvale
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
AQMD Trust Fund
For the year ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 60,000	\$ 60,000	\$ 67,074	\$ 7,074
Investment earnings	50	50	91	41
Total revenues	<u>60,050</u>	<u>60,050</u>	<u>67,165</u>	<u>7,115</u>
EXPENDITURES				
Current:				
General government	-	-	6,144	(6,144)
Capital outlay	<u>30,000</u>	<u>30,000</u>	<u>37,852</u>	<u>(7,852)</u>
Total expenditures	<u>30,000</u>	<u>30,000</u>	<u>43,996</u>	<u>(13,996)</u>
Net change in fund balance	30,050	30,050	23,169	(6,881)
Fund balance, beginning of year	<u>67,966</u>	<u>67,966</u>	<u>67,966</u>	<u>-</u>
Fund balance, end of year	<u>\$ 98,016</u>	<u>\$ 98,016</u>	<u>\$ 91,135</u>	<u>\$ (6,881)</u>

City of Eastvale
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Supplemental Law Enforcement Services Fund
For the year ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Investment earnings	300	300	-	(300)
Total revenues	<u>100,300</u>	<u>100,300</u>	<u>100,000</u>	<u>(300)</u>
EXPENDITURES				
Current:				
Public safety	<u>100,300</u>	<u>100,300</u>	<u>100,000</u>	<u>300</u>
Total expenditures	<u>100,300</u>	<u>100,300</u>	<u>100,000</u>	<u>300</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

City of Eastvale
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Miscellaneous Grants Fund
For the year ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 69,460	\$ 69,460	\$ 21,982	\$ (47,478)
Investment earnings	208	208	14	(194)
Total revenues	<u>69,668</u>	<u>69,668</u>	<u>21,996</u>	<u>(47,672)</u>
EXPENDITURES				
Current:				
Public safety	46,668	46,668	6,835	39,833
Public works	-	-	6,013	(6,013)
Total expenditures	<u>46,668</u>	<u>46,668</u>	<u>12,848</u>	<u>33,820</u>
Excess of revenues over expenditures	<u>23,000</u>	<u>23,000</u>	<u>9,148</u>	<u>(13,852)</u>
OTHER FINANCING USES				
Transfers out	<u>(23,000)</u>	<u>(23,000)</u>	-	23,000
Total other financing uses	<u>(23,000)</u>	<u>(23,000)</u>	-	23,000
Net change in fund balance	-	-	9,148	9,148
Fund balance, beginning of year	<u>14,447</u>	<u>14,447</u>	<u>14,447</u>	-
Fund balance, end of year	<u>\$ 14,447</u>	<u>\$ 14,447</u>	<u>\$ 23,595</u>	<u>\$ 9,148</u>

City of Eastvale
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Law Enforcement Grants Fund
For the year ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 6,600	\$ 6,600	\$ 23,678	\$ 17,078
Investment earnings	20	20	1	(19)
Total revenues	<u>6,620</u>	<u>6,620</u>	<u>23,679</u>	<u>17,059</u>
EXPENDITURES				
Current:				
Public safety	<u>6,620</u>	<u>6,620</u>	<u>23,679</u>	<u>(17,059)</u>
Total expenditures	<u>6,620</u>	<u>6,620</u>	<u>23,679</u>	<u>(17,059)</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

City of Eastvale
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Landscape Maintenance Fund
For the year ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Assessments	\$ 204,117	\$ 204,117	\$ 769,023	\$ 564,906
Investment earnings	612	612	270	(342)
Total revenues	<u>204,729</u>	<u>204,729</u>	<u>769,293</u>	<u>564,564</u>
EXPENDITURES				
Current:				
Public works	<u>201,209</u>	<u>201,209</u>	<u>26,912</u>	<u>174,297</u>
Total expenditures	<u>201,209</u>	<u>201,209</u>	<u>26,912</u>	<u>174,297</u>
Net change in fund balance	3,520	3,520	742,381	738,861
Fund balance, beginning of year	<u>(3,521)</u>	<u>(3,521)</u>	<u>(3,521)</u>	<u>-</u>
Fund balance, end of year	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ 738,860</u>	<u>\$ 738,861</u>

City of Eastvale
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Development Impact Fees Fund
For the year ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Development impact fees	\$ 588,000	\$ 588,000	\$ 1,225,425	\$ 637,425
Investment earnings	1,700	1,700	2,301	601
Total revenues	<u>589,700</u>	<u>589,700</u>	<u>1,227,726</u>	<u>638,026</u>
EXPENDITURES				
Current:				
Community development	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	589,700	589,700	1,227,726	638,026
Fund balance, beginning of year	<u>402,995</u>	<u>402,995</u>	<u>402,995</u>	<u>-</u>
Fund balance, end of year	<u>\$ 992,695</u>	<u>\$ 992,695</u>	<u>\$ 1,630,721</u>	<u>\$ 638,026</u>

City of Eastvale
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual
Community Development Block Grant Fund
For the year ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 200,000	\$ 200,000	\$ 26,428	\$ (173,572)
Investment earnings	600	600	-	(600)
Total revenues	<u>200,600</u>	<u>200,600</u>	<u>26,428</u>	<u>(174,172)</u>
EXPENDITURES				
Current:				
General government	45,000	45,000	26,428	18,572
Capital outlay	150,000	150,000	3,384	146,616
Total expenditures	<u>195,000</u>	<u>195,000</u>	<u>29,812</u>	<u>165,188</u>
Net change in fund balance	5,600	5,600	(3,384)	(8,984)
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit), end of year	<u><u>\$ 5,600</u></u>	<u><u>\$ 5,600</u></u>	<u><u>\$ (3,384)</u></u>	<u><u>\$ (8,984)</u></u>

**FIDUCIARY FUND –
AGENCY FUND**

Agency Fund - To account for developer deposits received for various planning projects.

City of Eastvale
Statement of Changes in Fiduciary Assets and Liabilities
For the year ended June 30, 2013

Agency Fund	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
ASSETS				
Cash and investments	\$ 2,468,338	\$ 7,596,124	\$ 6,724,949	\$ 3,255,337
Total assets	<u>\$ 2,468,338</u>	<u>\$ 7,596,124</u>	<u>\$ 6,724,949</u>	<u>\$ 3,255,337</u>
LIABILITIES				
Accounts payable	\$ 135,821	\$ 4,406,633	\$ 4,490,810	\$ 51,644
Deposits	<u>2,332,517</u>	<u>3,189,491</u>	<u>2,234,139</u>	<u>3,203,693</u>
Total liabilities	<u>\$ 2,468,338</u>	<u>\$ 7,596,124</u>	<u>\$ 6,724,949</u>	<u>\$ 3,255,337</u>

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STATISTICAL SECTION

STATISTICAL SECTION

This part of the City of Eastvale's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
<u>Financial Trends</u> - These schedules contain trend information to help the reader understand how the city's financial performance and position have changed over time.	59
<u>Revenue Capacity</u> - These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property and sales taxes.	63
<u>Debt Capacity</u> - These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future. The City maintains no outstanding debt and does not have any pledged revenues to report.	67
<u>Demographic and Economic Information</u> - These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other government agencies.	72
<u>Operating Information</u> - These schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.	75

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City incorporated on October 1, 2010 with a nine month fiscal year ending June 30, 2011 and does not have any historical data beyond that year.

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City of Eastvale
Net Position by Component
Last Three Fiscal Years
(accrual basis of accounting)
(amount expressed in thousands)

	Fiscal Year		
	2011	2012	2013
Governmental activities			
Net investment in capital assets	\$ 175,187	\$ 179,845	\$ 194,527
Restricted	2,098	4,306	11,403
Unrestricted	3,743	5,316	7,894
Total governmental activities net position	<u>\$ 181,028</u>	<u>\$ 189,467</u>	<u>\$ 213,824</u>

Note: Due to the City's incorporation on October 1, 2010, fiscal year 2010-11 is a nine month transitional fiscal year.

The City was incorporated during fiscal year 2010-2011. No information prior to that year is available.

Source: City of Eastvale Finance Department

City of Eastvale
Changes in Net Position
Last Three Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year		
	2011	2012	2013
Expenses			
Governmental activities:			
General government	\$ 903	\$ 1,391	\$ 1,736
Public safety	4,459	6,107	6,689
Public works	3,928	5,629	6,501
Community development	1,022	1,991	2,067
Revenue Neutrality	-	1,804	421
Total governmental activities expenses	<u>10,312</u>	<u>16,922</u>	<u>17,414</u>
Total primary government expenses	\$ 10,312	\$ 16,922	\$ 17,414
Program Revenues			
Governmental activities:			
Charges for services			
General government	-	74	55
Public safety	22	221	413
Community development	893	2,174	2,347
Operating contributions and grants	1,899	2,940	3,571
Capital contributions and grants	179,045	9,533	20,651
Total primary government program revenues	<u>181,859</u>	<u>14,942</u>	<u>27,037</u>
Total primary government program revenues	<u>\$ 181,859</u>	<u>\$ 14,942</u>	<u>\$ 27,037</u>
Total primary government net expense	<u>\$ 171,547</u>	<u>\$ (1,980)</u>	<u>\$ 9,623</u>
General Revenues and Other Changes in Net Position			
Governmental activities:			
Taxes			
Property tax	\$ 3,871	\$ 4,620	\$ 6,189
Franchise tax	594	1,346	1,330
Sales tax	1,487	3,885	5,720
Motor Vehicle in Lieu tax	3,235	38	37
Other taxes	290	310	448
Investment income	4	9	24
Other	-	1	1
Total governmental activities	<u>9,481</u>	<u>10,209</u>	<u>13,749</u>
Total primary government	<u>\$ 9,481</u>	<u>\$ 10,209</u>	<u>\$ 13,749</u>
Total Change in Net Position	<u>\$ 181,028</u>	<u>\$ 8,229</u>	<u>\$ 23,372</u>

Note: Due to the City's incorporation on October 1, 2010, fiscal year 2010-11 is a nine month transitional fiscal year.

The City was incorporated during fiscal year 2010-2011. No information prior to that year is available.

Source: City of Eastvale Finance Department

City of Eastvale
Fund Balances of Governmental Funds
Last Three Fiscal Years
(modified accrual basis of accounting)
(amount expressed in thousands)

	Fiscal Year		
	2011	2012	2013
General fund			
Nonspendable	\$ 26	\$ 30	\$ 2
Restricted	-	-	4,123
Unassigned	3,932	7,227	9,214
Total general fund	<u>3,958</u>	<u>7,257</u>	<u>13,339</u>
All other governmental funds			
Nonspendable	-	-	-
Restricted	2,099	4,195	7,280
Unassigned	-	(4)	(41)
Total all other governmental funds	<u>2,099</u>	<u>4,191</u>	<u>7,239</u>
Total fund balances of governmental funds	<u>\$ 6,057</u>	<u>\$ 11,448</u>	<u>\$ 20,578</u>

Note: Due to the City's incorporation on October 1, 2010, fiscal year 2010-11 is a nine month transitional fiscal year.

The City was incorporated during fiscal year 2010-2011. No information prior to that year is available.

Source: City of Eastvale Finance Department

City of Eastvale
Changes in Fund Balances of Governmental Funds
Last Three Fiscal Years
(modified accrual basis of accounting)
(amount expressed in thousands)

	Fiscal Year		
	2011	2012	2013
Revenues			
Taxes			
Property tax	\$ 3,871	\$ 4,620	\$ 6,189
Franchise tax	594	1,346	1,330
Sales tax	1,487	3,885	5,720
Other taxes	290	310	448
Licenses and permits	893	2,251	2,541
Fines and forfeitures	22	205	269
Intergovernmental	5,132	2,974	2,830
Special use fees	338	102	1,225
Assessments	-	-	769
Investment income	6	15	35
Other	-	13	7
Total revenues	12,633	15,721	21,363
Expenditures			
Current:			
General government	955	1,351	1,823
Public safety	4,481	6,102	6,681
Public works	328	710	772
Community Development	1,022	1,992	2,066
Debt service			
Interest	-	-	-
Capital outlay	-	175	890
Total expenditures	6,786	10,330	12,232
 Excess of revenues over expenditures	 5,847	 5,391	 9,131
Other financing sources			
Proceeds of long-term debt	210	-	-
Total other financing sources	210	-	-
 Net change in fund balance	 \$ 6,057	 \$ 5,391	 \$ 9,131
 Debt service as a % of noncapital expenditures	 0.0%	 0.0%	 0.0%

Note: Due to the City's incorporation on October 1, 2010, fiscal year 2010-11 is a nine month transitional fiscal year.

The City was incorporated during fiscal year 2010-2011. No information prior to that year is available

Source: City of Eastvale Finance Department

City of Eastvale
Assessed Value and Estimated Actual Value of Taxable Property
Last Two Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Other	Total Assessed Valuation	Less Tax Exempt Property	Total Taxable Assessed Value	Direct Tax Rate (City)
2012	\$ 5,084,826	\$ 207,045	\$ 418,137	\$ 317,720	\$ 6,027,728	\$ (18,826)	\$ 6,008,902	1.13611
2013	5,190,205	225,586	402,370	408,069	6,226,230	(19,753)	6,206,477	1.13378

Note: Fiscal Year 2011-12 is the first fiscal year since the incorporation of Eastvale on October 1, 2010. California Revenue and Taxation Code Section 2905 states that taxes on unsecured property are to be taxed at tax rates fixed prior to the lien date (prior year). No unsecured value is included in the report above for the 2011-12 roll year as the County received taxes on the unsecured value in that year. Estimated Actual Value amounts are not available.

Source: County of Riverside, Auditor-Controller/HdL, Coren & Cone

City of Eastvale
Direct and Overlapping Property Tax Rates
Last Two Fiscal Years
(rate per \$100 of assessed value)

City Direct Rates					
Fiscal Year	Basic County, City, and School Levy	Community College District	Water District	School District	Total
2012	1.00000	0.01700	0.00370	0.11541	1.13611
2013	1.00000	0.01702	0.00350	0.11326	1.13378

Note: Due to the City's incorporation on October 1, 2010, fiscal year 2010-11 is a nine month transitional fiscal year.

The City was incorporated during fiscal year 2010-2011. No information prior to that year is available.

Source: County of Riverside, Auditor-Controller/HdL, Coren & Cone

**City of Eastvale
Principal Property Tax Payers
Last two Fiscal Years**

Taxpayer	2012		2013	
	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
LBA Riv Company IV	\$ 71,860,000	1.20%	\$ 73,297,200	1.22%
AMB Institutional Alliance Fund	81,045,851	1.35%	59,318,548	0.99%
Homecoming III at Eastvale	52,048,559	0.87%	53,232,000	0.89%
SC Eastvale Development Company	49,594,287	0.83%		0.00%
Homecoming II at Eastvale	43,375,919	0.72%	44,154,995	0.73%
Prologis California I	41,282,996	0.69%	42,108,655	0.70%
Tarpon Property Ownership 2 LLC			38,515,967	0.64%
Eastvale Gateway II	52,226,362	0.87%	36,298,111	0.60%
Hamner Park Associates	33,769,695	0.56%	35,183,190	0.59%
J W Mitchell Company	31,541,228	0.52%	32,172,051	0.54%
WW Grainer Inc.	28,849,600	0.48%	29,268,006	0.49%
Total	\$ 485,594,497	8.08%	\$ 443,548,723	7.38%

The City was incorporated during fiscal year 2010-2011. No information for that year and prior to that year are available.

Source: HdL, Coren & Cone

**City of Eastvale
Property Tax Levies and Collections
Last Two Fiscal Years**

Fiscal Year	Taxes Levied For the Fiscal Year	Collected within the Fiscal Year of the Levy		Collection in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	\$ 4,902,083	\$ 4,619,832	94.24%	-	\$ 4,619,832	94.24% (1)
2013	5,314,450	6,035,352	113.56%	153,263	6,188,615	116.45% (2)

Notes:

(1) Fiscal Year 2011-12 is the first full fiscal year since incorporation of Eastvale on October 1, 2010. California Revenue and Taxation Code Section 2905 states that taxes on unsecured property are to be taxed at rates fixed prior to the lien date (prior year). The City had no collections in prior fiscal year of which taxes were collected in subsequent years.

(2) Fiscal Year 2012-13 collected within the year of levy includes a one-time settlement amount of \$483,426 resulting from renegotiations with the County of Riverside of the Revenue Neutrality Agreement and Property Tax Allocation Factor.

The City was incorporated during fiscal year 2010-2011. No information prior to that year is available.

Source: City of Eastvale Finance Department, Riverside County Auditor-Controller's Office.

**City of Eastvale
Ratio of Outstanding Debt by Type
Last Two Fiscal Years**

Fiscal Year	General Obligation Bonds	Lease Revenue Bonds	Total Governmental Activities	% of Actual Assessed Value of Property (2)	Per Capita
2012	\$ -	\$ -	\$ -	0.000%	\$ -
2013	-	-	-	0.000%	-

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

The City was incorporated during fiscal year 2010-2011. No information prior to that year is available.

Source: City of Eastvale Finance Department

**City of Eastvale
Ratio of General Bonded Debt
Last Two Fiscal Years**

Fiscal Year	General Obligation Bonds	Tax Allocation Bonds	Certificates of Participation	Total Governmental Activities	Percent of Assessed Value	Debt per Capita
2012	\$ -	\$ -	\$ -	\$ -	0.00%	\$ -
2013	-	-	-	-	0.00%	-

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

The City was incorporated during fiscal year 2010-2011. No information prior to that year is available.

Source: City of Eastvale Finance Department

**City of Eastvale
Direct and Overlapping Bonded Debt
June 30, 2013**

2012-13 Assessed Valuation

\$ 6,206,980,952

	Outstanding Debt June 30, 2013	Percent Applicable (1)	Amount Applicable to City June 30, 2013
<u>Overlapping Tax and Assessment Debt</u>			
Metropolitan Water District	\$ 165,085,000	0.295%	\$ 487,001
Riverside Community College District	229,362,310	8.260%	18,945,327
Corona-Norco Unified School District	267,342,913	19.881%	53,150,445
Jurupa Unified School District	49,037,972	13.106%	6,426,917
Corona-Norco Unified School District Comm Facilities District (2)	91,552,776	100% - 91.724%	87,768,575
Jurupa Community Services District Comm Facilities District (3)	295,660,000	100% - 20.531%	<u>278,268,209</u>
Total Overlapping Tax and Assessment Debt			\$ 445,046,474
<u>Direct and Overlapping General Fund Debt</u>			
Riverside County General Fund Obligations	640,243,149	3.078%	19,706,684
Riverside County Pension Obligations	346,790,000	3.078%	10,674,196
Riverside County Board of Education Certificates of Participation	3,900,000	3.078%	120,042
Corona-Norco Unified School District General Fund Obligations	28,975,000	19.881%	5,760,520
Jurupa Unified School District Certificates of Participation	6,835,000	13.106%	895,795
City of Eastvale Certificates of Participation	-	100	-
Total Gross Direct and Overlapping General Fund Debt			<u>37,157,237</u>
Less: Riverside County supported obligations			<u>335,340</u>
Total Net Direct and Overlapping General Fund Debt			\$ 36,821,897
<u>Overlapping Tax Increment Debt (Successor Agency)</u>			\$ 53,593,479
Total Direct Debt			\$0
Gross Combined Total Debt (4)			\$ 535,797,190
Net Combined Total Debt			\$ 535,461,850

Ratios to 2012-13 Assessed Valuation

Direct Debt	0%
Total Overlapping Tax and Assessment Debt	7.17%

Ratios to 2011-12 Adjusted Assessed Valuation

Gross Combined Total Debt (4)	8.63%	\$ 535,797,190
Net Combined Total Debt	8.63%	\$ 535,461,850

Ratios to Redevelopment Successor Agency Incremental Valuation (\$766,861,734)

Total Overlapping Tax Increment Debt	6.99%
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Notes:

- (1) Percentage of overlapping agency's assessed valuation located within the boundaries of the City.
- (2) It is estimated that CFDs 98-1, 02-1, 03-1, 03-2, 03-4, 04-1, 04-2 I.A.2, and 06-1 are entirely within the City's boundaries.
- (3) CFDs 2, 3, 4, 5, 6, 7, 10, 11, 12, 14, 15, 16, 17, 18, 19, 21, 23, 24, 25, 29, 30, 32, 34, 35, 38 and 39 are entirely within the City's boundaries. It is estimated that 20.531% of CFD 1 is located within the City's boundaries.
- (4) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

City of Eastvale
Legal Debt Margin Information
Last Two Fiscal Years
(amount expressed in thousands)

Fiscal Year	Assessed Valuation	Legal Debt Limit (15% of Assessed Value)	Amount of Debt Applicable to Debt Limit	Legal Debt Margin	Total Debt Applicable to the Limit as a Percentage of the Debt Limit
2012	\$ 6,027,728	\$ 904,159	\$ -	\$ 904,159	0.0%
2013	6,206,981	931,047	-	\$ 931,047	0.0%

Note: Section 43605 of the Government Code of the State of California limits the amount of general bonded indebtedness for public improvements to 15% of the assessed valuation of all real and personal property of the City. The City has no general obligation bonded debt.

The City was incorporated during fiscal year 2010-2011. No information prior to that year is available.

Source: City of Eastvale Finance Department

**City of Eastvale
Pledged Revenue Coverage
Last Two Fiscal Years**

Lease Revenue Bonds						
Fiscal Year	Revenue	Less Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2012	The City has no direct outstanding bonded debt					
2013	The City has no direct outstanding bonded debt					

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

The City was incorporated during fiscal year 2010-2011. No information prior to that year is available.

Source: City of Eastvale Finance Department

**City of Eastvale
Demographic and Economic Status
Last Two Fiscal Years**

Calendar Year	(1) Population	(2) Personal Income In Thousands	(2) Per Capita Personal Income	(3) Median Age	(4) Unemployment Rate
2012	55,602	\$ 1,514,209	\$ 27,233	30	(4)
2013	57,251	1,847,089	32,263	31	(4)

Note: The City was incorporated during fiscal year 2010-2011. No information prior to that year is available.

Sources: (1) Population - California Department of Finance
 (2) Personal/ Per Capita Income - US Census Bureau
 (3) Median Age - U.S. Census Bureau State of California
 (4) Unemployment Rate - Information not available

**City of Eastvale
Employment by Industry
Current Year**

Industry	2013	
	Labor Force	Percent of Total
Farm	13,900	2.44%
Goods Producing	74,100	12.99%
Trade, Transportation and Utilities	129,100	22.64%
Information	6,200	1.09%
Financial Activities	19,800	3.47%
Professional and Business Services	54,100	9.49%
Education and Health Services	67,500	11.84%
Leisure and Hospitality	75,400	13.22%
Other Services	19,500	3.42%
Government	110,700	19.41%
Total	570,300	100.00%

Note: Information on the largest employers for the City of Eastvale is not available. Presented above is the annual average of Industry Employment & Labor Force for Riverside County as of December 2012.

The City was incorporated during fiscal year 2010-2011. No information prior to that year is available.

Source: State of California Employment Development Department

**City of Eastvale
Full-time City Employees
by Function
Last Two Fiscal Years**

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Community Services</u>	<u>Total</u>
2011	4				4
2012	6				6
2013	6				6

Notes: The City of Eastvale contracts services for Public Works, Planning, Building & Safety, Police and Fire. Parks and Recreation is provided by the Jurupa Community Services District.

The City was incorporated during fiscal year 2010-2011. No information prior to that year is available.

Source: City of Eastvale Finance Department

**City of Eastvale
Operating Indicators
by Function
Last Three Fiscal Years**

	Fiscal Year		
	2011	2012	2013
Finance			
Business license applications	(1)	817	920
Building and Safety			
Construction valuation	\$ 71,690,823	\$ 133,358,335	\$ 201,070,031
Building permits issued	968	1,509	2,105
Public Safety			
Total arrests	512	648	746
Calls for service	1,311	22,154	27,826

Notes:

(1) Fiscal year 2011-12 is the first fiscal year the City provided the business license program. No business licenses were issued by the City during fiscal year 2010-11.

The City was incorporated during fiscal year 2010-2011. No information prior to that year is available.

Source: City of Eastvale, Various Departments

**City of Eastvale
Capital Asset Statistics
by Function
Last Three Fiscal Years**

	Fiscal Year		
	2011	2012	2013
Public Works			
Streets (miles)	291	307	320
Traffic signaled Intersections	40	41	42
Bridges	1	1	1

Note: The City was incorporated during fiscal year 2010-2011. No information prior to that year is available.

Source: City of Eastvale, Various Departments