



CITY OF JURUPA VALLEY, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016



CITY OF JURUPA VALLEY
Jurupa Valley, California

Comprehensive Annual Financial Report

Year Ended June 30, 2016

Prepared by

FINANCIAL SERVICES

ALAN KREIMEIER

Director of Administrative Services



CITY OF JURUPA VALLEY

Comprehensive Annual Financial Report

Year Ended June 30, 2016

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INTRODUCTORY SECTION

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City of Jurupa Valley

January 6, 2017

Honorable Mayor, City Council,
And Citizens of the City of Jurupa Valley
City of Jurupa Valley
Jurupa Valley, CA 92509

Letter of Transmittal Fiscal Year 2015-16 Comprehensive Annual Financial Report (CAFR)

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Jurupa Valley, California:

It is with great pleasure that we present to you the City of Jurupa Valley's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. This report gives its readers a comprehensive view of the City's financial activities during the fiscal year and the financial position at the end of the fiscal year. The basic financial statements are presented in conformity with Generally Accepted Accounting Principles (GAAP). They were audited in accordance with Generally Accepted Auditing Standards (GAAS) by a firm of licensed certified public accountants.

This report consists of management representations concerning the finances of the City of Jurupa Valley in its fifth year of incorporation. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in the report. To provide a reasonable basis for making these representations, management has implemented a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information to prepare the City's financial statements in conformity to GAAP. The City's internal control procedures are established on the principle that the cost of internal controls should not outweigh their benefits. As a result the City has designed the internal control systems to provide reasonable rather than absolute assurance that the financial statements are free from material misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Management also recognizes that the internal control environment changes over time due to changes in operation or the personnel performing various duties. As a result, the internal control environment is continuously being assessed to ensure that adequate controls still exist within the City to achieve the City's objectives.

The City's financial statements have been audited by Davis, Farr, Certified Public Accountants, an independent firm of certified public accountants. The purpose of an independent audit is to provide reasonable assurance that the financial statements of the City of Jurupa Valley for the fiscal year ended June 30, 2016, are free of any material misstatements. The independent auditors' report is presented as the first component of the financial section of this report. GAAP require that management provide a narrative of introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A).

This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The 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 Jurupa Valley, California was incorporated as a general law city effective July 1, 2011. Jurupa Valley is the 28th city in Riverside County and newest city in California. The City is located approximately 50 miles southeast of Los Angeles. Located in Western Riverside County, in an area also known as the Inland Empire, the city covers approximately 46 square miles, with the borders running along the 15 freeway to the west, the Santa Ana River to the south and east and San Bernardino County to the north.

A community of communities the City of Jurupa Valley joined together the unincorporated areas of Riverside County previously known as Mira Loma, Glen Avon, Pedley, Indian Hills, Jurupa Hills, Sunnyslope, Crestmore Heights, Rubidoux, and Belltown.

The City operates under a Council-Manager form of government. Under this form of government, policy-making and legislative authority are vested in the City Council consisting of five (5) members elected at-large. The City Council responsibilities include, but are not limited to, passing ordinances, adopting the budget, appointing committees and commissions, and hiring both the City Manager and City Attorney. The Council Members serve four (4) year terms and the Mayor is appointed annually by and from the City Council. As Chief Executive Officer, the City Manager is responsible for administering programs in accordance with policies established by the City Council and within the guidelines of the annual budget adopted by the City Council.

This report includes all funds of the City. It includes all governmental organizations and activities for which the City of Jurupa Valley'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 library, police, animal control and fire protection are also provided to the City and its citizens through contracts with the County of Riverside. Other services are provided directly through other agencies. Water and sewer services are delivered by the Jurupa Community Services District, the Rubidoux Community Services District and Santa Ana River Water Company. Parks and recreation services are provided by the Jurupa Area Recreation and Parks District. Public transit is provided 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), and Charter Communications.

City Milestones

At the November 5, 2015 City Council meeting the Council approved the Agreement with Riverside County Providing for Satisfaction of Certain City Monetary Obligations to the County as Provided in SB107. This agreement satisfied the monetary obligations to Riverside County that the City had incurred from incorporation through June 30, 2015. These obligations included Sheriff Cost Deferment, Revenue Neutrality Deferment and Transitional Year Cost Deferment in the amount of \$21,325,467.

On November 1, 2015 the City continued to develop the City staff by converting 11 (eleven) administrative contract employees to city staff. Previously, the City Manager had been the only city employee. This allowed the City to develop and improve internal control policies and procedures as well as reducing staffing costs.

The City Council approved the Execution and Delivery of Local Measure A Sales Tax Revenue Certificates of Participation, Series 2016 to begin the process of issuing Certificates of Participation to finance \$9,000,000 in much needed road improvements throughout the City.

The planning and engineering related to the Limonite Widening project was completed in the fiscal year ended June 30, 2016. On May 5, 2016 the Council authorized the bid documents and directed the Public Works department to put the project out to bid.

Relevant Financial Policies

The City has a set of financial policies that it abides by and continually reviews and updates the policies as the needs of the City change and, when necessary, to comply with any new and applicable legislation. Initially following incorporation, the City adopted all of Riverside County's Ordinances. As the City develops its own unique needs, it will continue to create and tailor these former County Ordinances 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 beginning in the spring with a discussion of the City Council goals and priorities. The annual budget serves as the foundation for the City of Jurupa Valley's financial planning and control of both operating and capital expenditures.

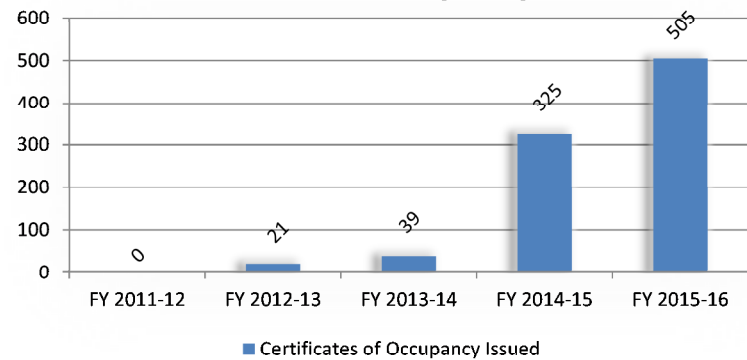
The City maintains budgetary controls to ensure compliance with the legal provisions embodied in the annual appropriated budget approved by the City Council. The proposed budget is submitted to the City Council and a public meeting is conducted to allow taxpayers the opportunity to comment on the proposed budget. Subsequently, the budget is adopted by the City Council through the passage of resolutions. Throughout the year the City Council may amend the budget to add or remove appropriations, transfer appropriations within a fund or change appropriations between funds.

Local Economy

This information presented in the financial statements is perhaps best understood when it is considered within the specific environment that the City of Jurupa Valley operates.

The Center for Economic Forecasting and Development at the University of California Riverside reported that the Inland Empire has had a 5-year trend of outpacing the state and nation in job growth. Unemployment remained unchanged when comparing June 2015 to June 2016 at 6.2%. In the same period the Inland Empire experienced 2.0% growth in employee payroll.

The City of Jurupa Valley saw a 36% increase in the Certificates of Occupancy issued in Fiscal Year 2015-16. Riverside County saw a 4.3% increase in new home sales. 1,344 new homes sold in the second quarter of 2016 as compared with 1,289 in 2015.

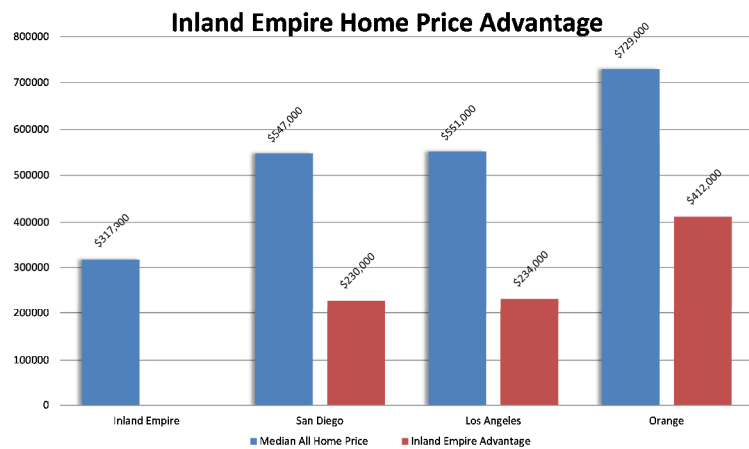


Increases in new home sales volume indicate that builders are taking advantage of the Inland Empire home price advantage and offering new homes at lower prices than the surrounding counties.

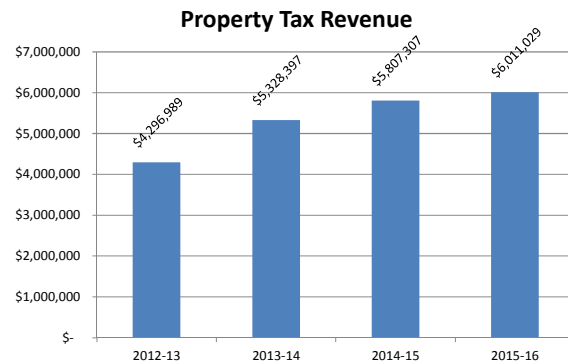
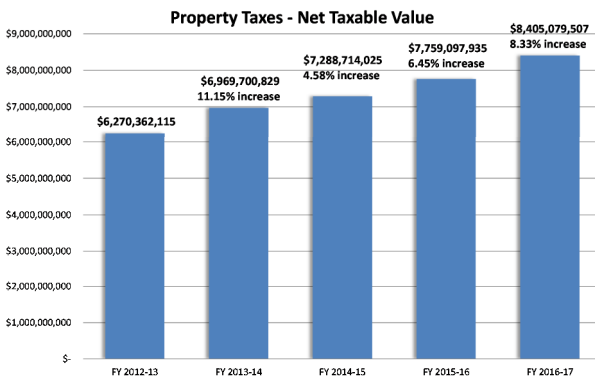
Riverside County new home sales

realized a median home price of \$404,500 for the second quarter of 2016. This was 4.8% higher than the second quarter of 2015 when the median price was \$386,000.

Riverside County also experienced an increase in the median existing home price of 6.5% in the second quarter of 2016 to as compared to second quarter 2015, from \$310,000 and \$330,000.

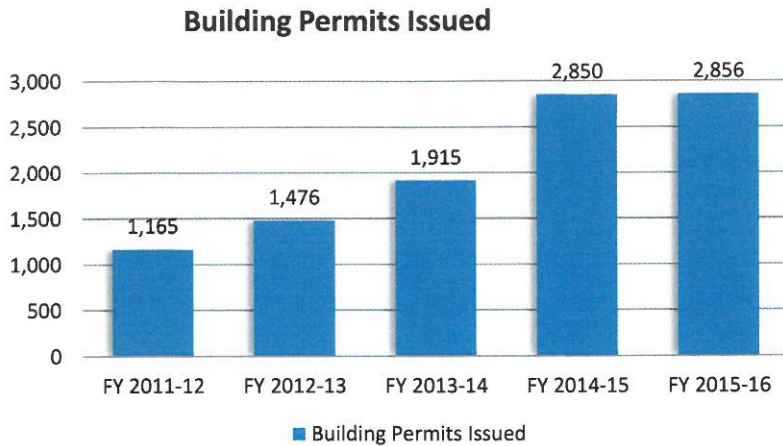


Data Source: Inland Empire Economic Partnership Quarterly Economic Report July 2016



Data Source: Riverside County Auditor Controller

The City will continue to realize increases in property tax revenues. This is primarily due to the land previously used for agricultural purposes being transformed into residential and commercial properties and the increase in existing home sale prices.



Since incorporation the City has experienced a steady increase in the number of Building Permits issued each year with 1,165 issued in Fiscal Year 2011-2012, 1,476 issued in Fiscal Year 2012-13 a 27% increase, 1,915 issued in Fiscal Year 2013-14 a 19% increase and 2,850 issued in Fiscal Year 2014-15 a 49% increase of the previous year. Building Permits remained relatively unchanged in Fiscal Year 2015-16 indicating that individuals and companies are continuing to

invest in new construction as well as improving the existing commercial and residential buildings within the City.

Long-term Financial and Strategic Planning

The General Plan sets forth the goals, policies and directions the City will take in managing its future. The General Plan is the citizens' "blueprint" for development; the guide to achieving our vision. California law requires each local government to adopt a local General Plan, which must contain at least seven elements: Land Use, Transportation, Housing, Conservation, Noise, Open Space and Safety.

The City of Jurupa's City Council, Planning Commission, Planning Department and Citizens are in the second year of developing the City's General Plan.

The Engineering Department has developed a five year Capital Improvement Plan that includes plans for Street, Traffic and Transportation, Drainage and other miscellaneous infrastructure improvements.

Acknowledgements

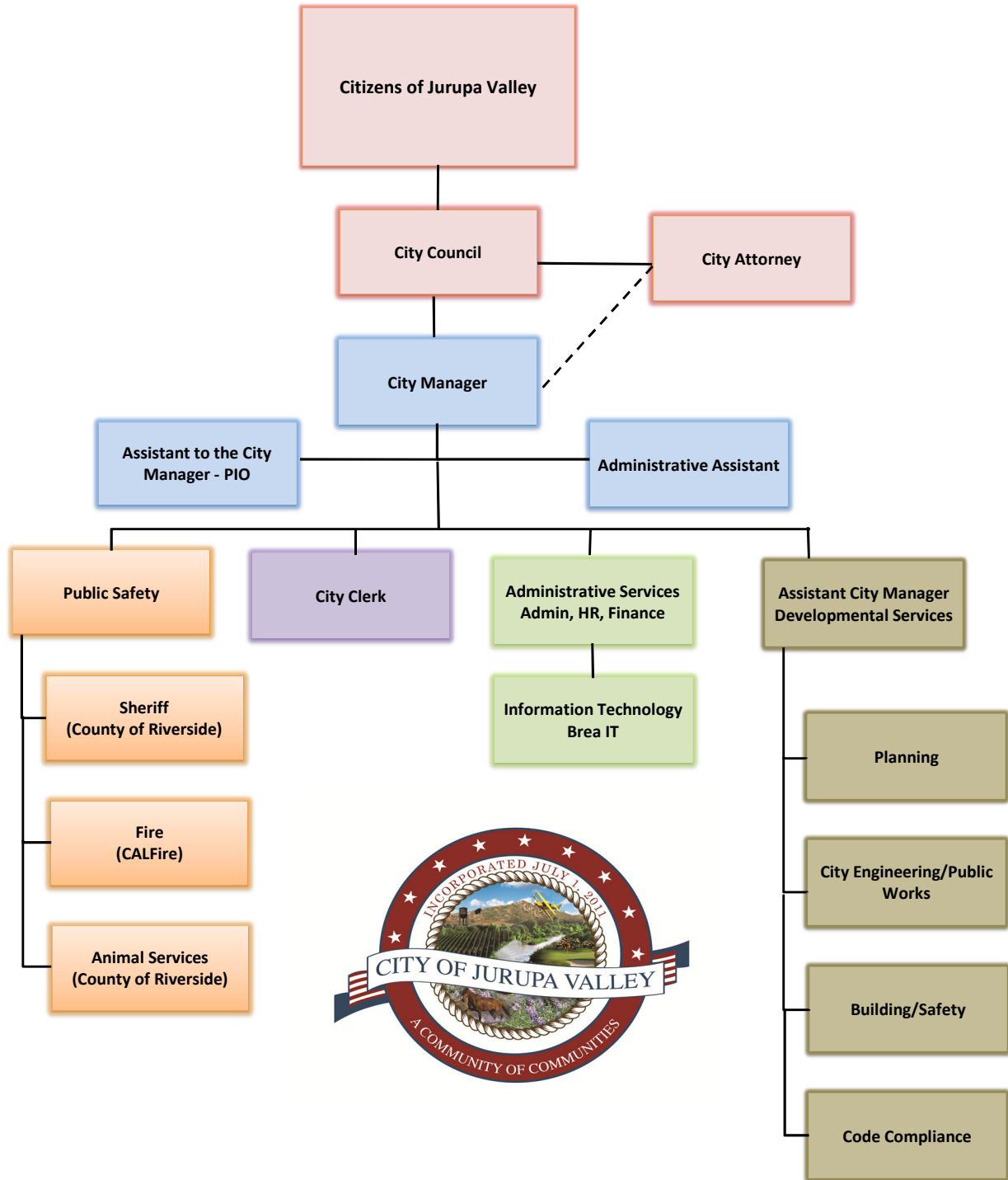
The preparation of the Comprehensive Annual Financial Report could not have been accomplished without the dedication and effort of the entire Administrative Services Department's staff and the independent auditors, Davis, Farr, Certified Public Accountants. We would like to express our appreciation to the City Council and City staff for their effort and support throughout the year.

Respectfully submitted,

Gary Thompson, City Manager

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CITY OF JURUPA VALLEY
Organization Chart
June 30, 2016



CITY OF JURUPA VALLEY
LIST OF PRINCIPAL OFFICIALS

Council – Manager Form of Government

CITY COUNCIL

LAURA ROUGHTON
Mayor

VERNE LAURITZEN
Mayor Pro Tem

FRANK JOHNSTON
Council Member

BRAD HANCOCK
Council Member

BRIAN BERKSON
Council Member

CITY ADMINISTRATION

Gary Thompson, City Manager
George Wentz, Assistant City Manager
Peter Thorson, City Attorney
Alan Kreimeier, Director of Administrative Services
Vicki Wasko, City Clerk
Thomas Merrell, Director of Planning Services
Jim Smith, City Engineer

JURUPA VALLEY CITY COUNCIL



**MAYOR
LAURA ROUGHTON**



**MAYOR PRO TEM
VERNE LAURITZEN**



**COUNCILMEMBER
BRIAN BERKSON**



**COUNCILMEMBER
BRADLEY HANCOCK**



**COUNCILMEMBER
FRANK JOHNSTON**

FINANCIAL SECTION

City Council
City of Jurupa Valley
Jurupa Valley, California

Independent Auditor's Report

Report on the 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 Jurupa Valley, California, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Jurupa Valley's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Jurupa Valley, California, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows and the statement of revenues, expenditures and changes in fund balance - budget to actual of the general fund and major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *management's discussion and analysis* and *budgetary comparison information* for the general fund and each major special revenue funds 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 an opinion on the financial statements that collectively comprise the City of Jurupa Valley's basic financial statements. The *combining and individual nonmajor fund financial statements and schedules*, the *introductory section* and the *statistical section* are presented for purposes of additional analysis and are not a required part of the basic financial statements. The *combining and individual nonmajor fund financial statements and schedules* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *combining and individual nonmajor fund financial statements and schedules* are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The information in the *introductory section* and the *statistical section* 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 it.

Honorable Mayor and City Council
Page Three

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 6, 2017, on our consideration of the City of Jurupa Valley'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 of Jurupa Valley's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Davis Fan" followed by a stylized flourish.

Irvine, California
January 6, 2017

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Management's Discussion and Analysis

The following Management Discussion and Analysis (MD&A) of the City of Jurupa Valley's (City) financial condition and performance provides an introduction and overview of the financial activities for the fiscal year ended June 30, 2016. Since the Management's Discussion and Analysis (MD&A) is designed to be condensed, we encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal and the basic financial statements including the accompanying notes to the basic financial statements.

Financial Highlights

- Total assets of the City at June 30, 2016 were \$46.61 million and exceeded total liabilities of \$7.70 million by \$38.91 million. The difference between total assets and total liabilities is referred to as total net position.
- As of June 30, 2016, the City's governmental funds reported combined fund balances of \$16.45 million. This does not include Investments in capital assets of \$22.16 million. Approximately \$7.94 million of the governmental funds' fund balance is nonspendable or restricted. The remaining fund balance of \$8.50 million, or 51.68%, is unassigned.
- The City invested approximately \$3.08 million dollars into street and road improvements and \$0.44 million into city owned vehicles.
- Due to other governments increased by \$1.90 million as the revenue neutrality payment to the County of Riverside for fiscal year ended June 30, 2016 was properly accrued in accordance with the Revenue and Neutrality Agreement by and between the County of Riverside and the City of Jurupa Valley.

Overview of the Financial Statements

The financial statements presented herein include all of the activities of the City of Jurupa Valley as prescribed by GASB Statement No. 34. The MD&A is intended to serve as an introduction to the City's financial statements. The City's basic financial statements are comprised of the following three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic 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, community development, public works, and public safety. 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.

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 ten 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, Gas Tax Special Revenue Fund, Measure A Special Revenue Fund, and Development Impact Fee Capital Projects 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 funds. A budgetary comparison statement has been provided for the General Fund 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.

Proprietary Funds: *Proprietary funds* account for two types of services – enterprise and internal services funds. The City maintains only internal service funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City’s various functions and departments. The City uses internal service funds to account for self-funded insurance and information services activities. Because these funds predominantly benefit governmental activities rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found 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. In these cases, the City has a fiduciary responsibility and is acting as a trustee. The Statement of Fiduciary Assets and Liabilities separately reports all of the City’s fiduciary activities. 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 City uses a fiduciary fund to account for development deposits made in conjunction with certain building, planning and engineering permits issued.

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 Basic 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, the Gas Tax Fund, the Measure A Fund, and the Development Impact Fees Projects Fund budgetary comparisons. The combining statements referred to earlier in connection with nonmajor governmental funds are presented for all non-major Special Revenue 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 Basic 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, 2016, City assets exceeded liabilities by \$38.91 million as summarized below:

City of Jurupa Valley
Statement of Net Position
As of the Years Ended June 30, 2016 and June 30, 2015
(\$ in thousands)

	Governmental Activities		Variance
	2016	2015	
Assets:			
Current and other assets	\$ 24,442	\$ 27,466	\$ (3,024)
Capital assets (net of depreciation)	22,163	20,858	1,305
Total assets	<u>\$ 46,605</u>	<u>\$ 48,324</u>	<u>\$ (1,719)</u>
Liabilities:			
Current and other liabilities	\$ 7,707	\$ 8,364	\$ (657)
Long-term liabilities	-	-	-
Total liabilities	<u>\$ 7,707</u>	<u>\$ 8,364</u>	<u>\$ (657)</u>
Net position:			
Net investment in capital assets	\$ 22,163	\$ 20,858	\$ 1,305
Restricted	8,091	7,385	706
Unrestricted	8,644	11,718	(3,074)
Total net position	<u>\$ 38,898</u>	<u>\$ 39,961</u>	<u>\$ (1,063)</u>

Total assets decreased \$1.72 million as a result of a \$4.59 million decrease in cash and investments at June 30, 2016 as resources are utilized for investment in infrastructure and city vehicles. Depreciation expense for the fiscal year ended June 30, 2016 was \$3.13 million.

Current liabilities decreased by \$0.68 million primarily due to a decrease in accounts payable for the year end accruals. For the fiscal year ended June 30, 2016 the City had no long-term debt.

Net investment in capital assets represents 56.98% of the City's net position due to the initial transfer of fixed assets from the County of Riverside and the subsequent accounting for donated assets and fixed assets acquired since incorporation. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Statement of Activities: The statement of activities shows how the City's net position changed during the fiscal year 2015-2016. Provided below is a summary of changes in net position:

**City of Jurupa Valley
Statement of Activities
As of the Years Ended June 30, 2016 and June 30, 2015
(\$ in thousands)**

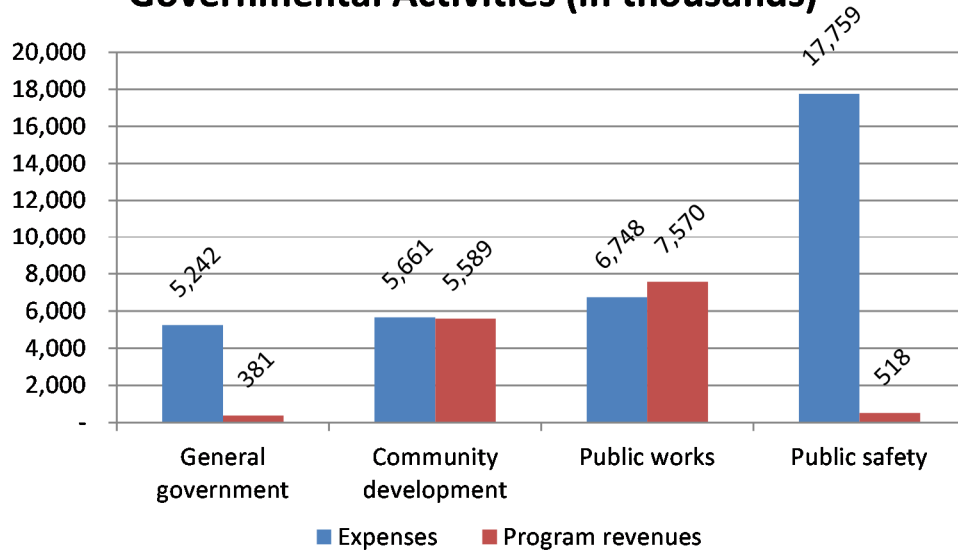
	Governmental Activities		Variance
	2016	2015	
Revenues:			
Program revenues:			
Charges for services	\$ 6,198	\$ 4,311	\$ 1,887
Operating grants and contributions	7,828	7,570	258
Capital grants and contributions	289	232	57
General revenues	20,031	33,054	(13,023)
Total revenues	<u>\$ 34,346</u>	<u>\$ 45,167</u>	<u>\$ (10,821)</u>
Expenses:			
General government	\$ 5,242	\$ 3,511	\$ 1,731
Community development	5,661	4,429	1,232
Public works	6,748	4,999	1,749
Public safety	17,759	15,997	1,762
Total expenses	<u>\$ 35,410</u>	<u>\$ 28,936</u>	<u>\$ 6,474</u>
Change in net position:	<u>\$ (1,064)</u>	<u>\$ 16,231</u>	<u>\$ (17,295)</u>
Net position, beginning of year	<u>\$ 39,962</u>	<u>\$ 23,731</u>	<u>\$ 16,231</u>
Net position, end of year	<u>\$ 38,898</u>	<u>\$ 39,962</u>	<u>\$ (1,064)</u>

Total revenues decreased by \$10.82 million over the prior year. In the fiscal year ended June 30, 2015, the City had revenues of \$15.080 million that were directly related to the passage of SB 107 and the retirement of debt by the County of Riverside, this was a one-time revenue. Overall the City saw increases in property taxes of \$0.37 million and sales taxes of \$1.66 million. Charges for services increased \$1.89 million due to increased developer activity within the City and operating grant and contributions increased by \$0.26 million.

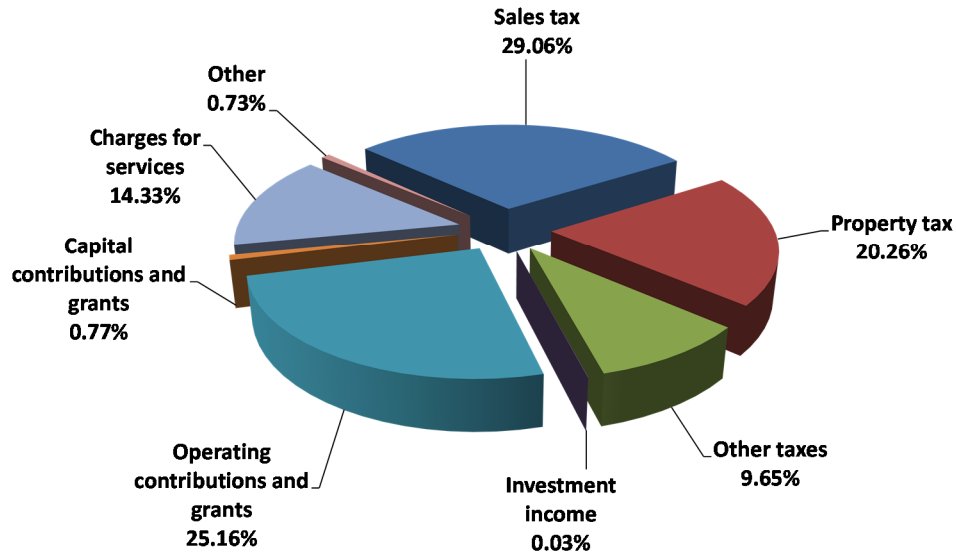
Total expenses increased by \$6.47 million over the prior year. Increases in Public Works and Community Development were due to an increase in infrastructure engineering and planning as well as increase housing and commercial development within the city. The increase in Public Safety expenditures of \$1.75 was primarily due to the increased cost of the contract with the Riverside County Sheriff's Department.

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

Expenses and Program Revenues - Governmental Activities (in thousands)



Revenues by Source - Governmental Activities



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 general revenues (i.e. property tax, sales tax, other taxes) represent 57.66% of governmental activities revenues.

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 ability to meet financial obligations in the short-term. As example, assigned and unassigned fund balance could 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, 2016, the City's governmental funds reported combined ending fund balances of \$24.78 million. Of the \$24.78 million, \$7.94 million or 32.0% constitutes restricted fund balance which can only be used for specific purposes due to external restrictions or enabling legislation. The remainder of fund balance is unassigned which represents the amount that is available for any purpose.

Proprietary Funds: Proprietary funds provide the same type of information found in the governmental-wide financial statements, but in more detail. The City's Proprietary funds consist of two Internal Service funds. The Internal Service funds are presented as Governmental Activities in the Statement of Net Position and Statement of Activities. The City uses the two funds to allocate the cost of the City's information systems and risk management activities to various departments.

Fiduciary Funds: The City uses Fiduciary funds to account for development deposits made in conjunction with certain building permits issued.

General Fund Financial and Budgetary Highlights

The General Fund is the chief operating fund of the City. At June 30, 2016 unassigned fund balance was \$8.68 million. 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 30.4% of the General Fund expenditures.

Overall, General Fund revenues for fiscal year ended June 30, 2016 totaled \$25.40 million, compared to \$23.07 million in the prior year. The major components are property taxes (\$6.47 million), sales taxes (\$10.41 million), licenses and fees (\$1.36 million), charges for services (\$3.17 million) and franchise taxes (\$2.68 million).

General Fund expenditures total \$28.58 million for the fiscal year ended June 30, 2016 compared to \$24.49 million in the prior year. The major expenditure components are General government (\$5.22 million), Community development (\$4.62 million), Public works (\$1.07 million) and Public safety (\$17.67 million).

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

City of Jurupa Valley
General Fund - Budgetary Comparison Schedule
As of the Year Ended June 30, 2016
(\$ in thousands)

	Governmental Activities		Variance
	Budget	Actual	
Revenues:			
Total revenues	\$ 23,417	\$ 25,398	\$ 1,981
Expenses:			
Total expenses	\$ 25,151	\$ 28,577	\$ 3,426
Other financing sources (uses):			
Transfers in	\$ 325	\$ 306	\$ (19)
Transfers out	(368)	(188)	\$ 180
Total other financing sources	\$ (43)	\$ 118	\$ 161
Net change in fund balances	(1,777)	(3,061)	(1,284)
Net position, beginning of year	\$ 11,741	\$ 11,741	\$ -
Net position, end of year	\$ 9,964	\$ 8,680	\$ (1,284)

- Actual revenues were above budget by \$1.98 million.
 - Property tax revenues were \$.38 million over budget due to an increase in housing activity in the City.
 - Franchise fees for utilities and solid waste companies were \$.14 million over budget due to an increase in housing activity in the City.
- Actual expenditures were above budget by \$3.43 million. The detailed variances are:
 - General Government expenditures were \$3.69 million over budget primarily due to an increase in activity in legal consulting and litigation.
 - Public Works expenditures were \$.034 million under budget primarily due to less than expected expenditures in NPDES consulting services.
 - Community Development was over budget by \$.11 million due to increases in consulting services in both the building and planning departments. These expenditures corresponded to the increase in charges for services in those departments.
 - Public Safety expenditures were \$.34 million under budget due to cost savings achieved in some of the services provided by the County of Riverside Sheriff.

Capital Assets and Debt Administration

Capital Assets: City investment in capital assets for its governmental type activities as of June 30, 2016, amounted to \$22,163 million (net of accumulated depreciation). Investment in capital assets includes infrastructure assets as well as land, buildings, improvements, equipment and vehicles.

Additional information on the City's capital assets can be found in the notes to basic financial statements and a summary is provided below.

City of Jurupa Valley
Capital Assets (net of depreciation)
As of the Years Ended June 30, 2016 and June 30, 2015
(\$ in thousands)

	<u>Governmental Activities</u>		<u>Variance</u>
	<u>2016</u>	<u>2015</u>	
Construction in progress	\$ 2,607	\$ 6,067	\$ (3,460)
Infrastructure	18,614	14,253	4,361
Leasehold improvements	470	464	6
Furniture and equipment	62	73	(11)
Vehicles	410	-	410
Total assets	<u>\$ 22,163</u>	<u>\$ 20,857</u>	<u>\$ 1,306</u>

Long-term debt: At the end of fiscal year 2015-2016, the City had no outstanding long-term debt.

Economic Factors and Fiscal Year 2016-2017 Budget

The fiscal year 2016-2017 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 fiscal year 2016-2017 budget.

The General Fund budget for fiscal year 2016-2017 anticipated using \$1,070,333 of available reserves.

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 Jurupa Valley, 8930 Limonite Avenue, Jurupa Valley, CA 92509, or call (951) 332-6464.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF JURUPA VALLEY

Statement of Net Position

June 30, 2016

	<u>Governmental Activities</u>
Assets:	
Cash and investments (note 2)	\$ 20,418,576
Receivables:	
Due from other governments	3,551,307
Accounts	78,401
Deposits	383,000
Interest	10,635
Capital assets, not depreciated (note 4)	2,607,102
Capital assets, net (note 4)	<u>19,556,035</u>
Total assets	<u>46,605,056</u>
Liabilities:	
Accounts payable	5,543,262
Due to other governments	1,900,000
Accrued liabilities	92,173
Deposits payable	<u>171,354</u>
Total liabilities	<u>7,706,789</u>
Net Position:	
Investment in capital assets	22,163,137
Restricted for:	
Community development	665,040
Public works	7,426,368
Unrestricted	<u>8,643,722</u>
Total net position	<u>\$ 38,898,267</u>

See accompanying notes to basic financial statements.

CITY OF JURUPA VALLEY

Statement of Activities

Year Ended June 30, 2016

	Program Revenues			Net (expense) revenue and changes in net position	
	Expenses	Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	Governmental Activities
Governmental activities:					
General government	\$ 5,242,208	90,690	-	289,791	(4,861,727)
Community development	5,661,232	5,589,390	-	-	(71,842)
Public works	6,747,729	-	7,828,244	-	1,080,515
Public safety	<u>17,759,031</u>	<u>517,946</u>	<u>-</u>	<u>-</u>	<u>(17,241,085)</u>
Total governmental activities	<u>\$ 35,410,200</u>	<u>6,198,026</u>	<u>7,828,244</u>	<u>289,791</u>	<u>(21,094,139)</u>
General revenues:					
Taxes:					
Property taxes					6,468,405
Sales taxes					10,407,136
Franchise taxes					2,680,461
Transient occupancy taxes					250,187
Investment income, unrestricted					23,488
Other					<u>201,731</u>
Total general revenues					<u>20,031,408</u>
Change in net position					(1,062,731)
Net position, beginning of year					<u>39,960,998</u>
Net position, end of year					<u>\$ 38,898,267</u>

See accompanying notes to basic financial statements.

GENERAL FUND

The General Fund has been classified as a major fund and is used to account for revenues and expenditures that are not required to be accounted for in another fund.

MAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for a particular purpose. The following funds have been classified as major funds. The budget-actual comparison for these funds have been presented in the accompanying financial statements as Required Supplementary Information:

Gas Tax Fund

To account for revenue received for gasoline taxes under Sections 2105, 2106, 2107 and 2107.5 of the Street and Highway Code to be used solely for transportation related purposes.

Measure A Fund

To account for revenue received from the State of California from a special ½% sales tax to be used for street maintenance and improvements only.

MAJOR CAPITAL PROJECT FUNDS

Development Impact Fees

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

CITY OF JURUPA VALLEY
 Governmental Funds
 Balance Sheet
 June 30, 2016

	Special Revenue Funds			Capital Projects Fund	Non-Major Governmental Funds	Totals
	General	Gas Tax	Measure A	Developer Impact Fees		
Assets						
Cash and investments	\$ 12,092,784	1,553,454	446,885	4,478,902	1,802,242	20,374,267
Accounts receivable	-	-	-	-	78,401	78,401
Intergovernmental receivable	3,016,684	156,768	344,022	-	33,833	3,551,307
Due from other funds (note 3)	385,128	-	-	-	-	385,128
Deposits receivable	-	-	-	-	383,000	383,000
Interest receivable	7,016	680	193	1,921	825	10,635
Total assets	<u>\$ 15,501,612</u>	<u>1,710,902</u>	<u>791,100</u>	<u>4,480,823</u>	<u>2,298,301</u>	<u>24,782,738</u>
Liabilities						
Accounts payable	\$ 4,556,215	696,733	55,883	-	190,122	5,498,953
Accrued liabilities	92,173	-	-	-	-	92,173
Due to other governments	1,900,000	-	-	-	-	1,900,000
Due to other funds (note 3)	-	-	-	-	385,128	385,128
Deposits payable	77,435	40,593	48,143	-	5,183	171,354
Total liabilities	<u>6,625,823</u>	<u>737,326</u>	<u>104,026</u>	<u>-</u>	<u>580,433</u>	<u>8,047,608</u>
Deferred Inflows of Resources:						
Unavailable revenue	195,343	-	53,587	-	39,917	288,847
Total deferred inflows of resources	<u>195,343</u>	<u>-</u>	<u>53,587</u>	<u>-</u>	<u>39,917</u>	<u>288,847</u>
Fund balances						
Restricted for:						
Community development	-	-	-	-	665,040	665,040
Public works	-	973,576	633,487	4,480,823	1,190,800	7,278,686
Unassigned	8,680,446	-	-	-	(177,889)	8,502,557
Total fund balances	<u>8,680,446</u>	<u>973,576</u>	<u>633,487</u>	<u>4,480,823</u>	<u>1,677,951</u>	<u>16,446,283</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,501,612</u>	<u>1,710,902</u>	<u>791,100</u>	<u>4,480,823</u>	<u>2,298,301</u>	<u>24,782,738</u>

See accompanying notes to basic financial statements.

CITY OF JURUPA VALLEY

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position

June 30, 2016

Fund balances of governmental funds	\$ 16,446,283
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.	
Capital assets	35,244,520
Accumulated depreciation	(13,081,383)
Receivable amounts that were earned in the audit period but not collected within the availability period have not been reported in the governmental funds.	<u>288,847</u>
Net position of governmental activities	<u>\$ 38,898,267</u>

See accompanying notes to basic financial statements.

CITY OF JURUPA VALLEY
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2016

	Special Revenue Funds			Capital Projects Fund	Non-Major Governmental Funds	Totals
	General	Gas Tax	Measure A	Developer Impact Fees		
Revenues:						
Taxes	\$ 19,806,189	-	-	-	-	19,806,189
Licenses and permits	1,355,532	-	-	-	-	1,355,532
Intergovernmental	43,888	2,233,869	1,808,169	-	385,398	4,471,324
Charges for services	3,168,253	-	-	-	-	3,168,253
Developer impact fees	-	-	-	2,604,035	513,658	3,117,693
Operating contributions and grants	-	-	-	-	189,611	189,611
Fines and forfeitures	517,946	-	-	-	-	517,946
Developer contributions	289,791	-	-	-	-	289,791
Assessments revenue	-	-	-	-	923,471	923,471
Investment income	15,510	1,580	1,028	3,753	1,617	23,488
Other	201,731	-	-	-	-	201,731
Total revenues	<u>25,398,840</u>	<u>2,235,449</u>	<u>1,809,197</u>	<u>2,607,788</u>	<u>2,013,755</u>	<u>34,065,029</u>
Expenditures:						
Current:						
General government	5,215,319	-	-	-	-	5,215,319
Community development	4,623,606	-	-	-	1,008,587	5,632,193
Public works	1,070,294	4,339,257	2,523,298	-	79,012	8,011,861
Public safety	17,667,938	-	-	-	-	17,667,938
Total expenditures	<u>28,577,157</u>	<u>4,339,257</u>	<u>2,523,298</u>	<u>-</u>	<u>1,087,599</u>	<u>36,527,311</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,178,317)</u>	<u>(2,103,808)</u>	<u>(714,101)</u>	<u>2,607,788</u>	<u>926,156</u>	<u>(2,462,282)</u>
Other financing sources (uses):						
Transfers in (note 3)	306,151	-	-	-	18,820	324,971
Transfers out (note 3)	(188,329)	(18,820)	(129,098)	-	(177,053)	(513,300)
Total other financing sources (uses)	<u>117,822</u>	<u>(18,820)</u>	<u>(129,098)</u>	<u>-</u>	<u>(158,233)</u>	<u>(188,329)</u>
Net change in fund balances	<u>(3,060,495)</u>	<u>(2,122,628)</u>	<u>(843,199)</u>	<u>2,607,788</u>	<u>767,923</u>	<u>(2,650,611)</u>
Fund balances, beginning of year	<u>11,740,941</u>	<u>3,096,204</u>	<u>1,476,686</u>	<u>1,873,035</u>	<u>910,028</u>	<u>19,096,894</u>
Fund balances, end of year	<u>\$ 8,680,446</u>	<u>973,576</u>	<u>633,487</u>	<u>4,480,823</u>	<u>1,677,951</u>	<u>16,446,283</u>

See accompanying notes to basic financial statements.

CITY OF JURUPA VALLEY

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended June 30, 2016

Net change in fund balances - total governmental funds	\$ (2,650,611)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense.	
Capital asset additions	4,435,790
Depreciation	(3,130,350)
Revenues that are measurable but not available are not recorded as revenues in the funds.	<u>282,440</u>
Change in net position of governmental activities	<u>\$ (1,062,731)</u>

See accompanying notes to basic financial statements.

CITY OF JURUPA VALLEY

Proprietary Funds

Statement of Net Position

June 30, 2016

	<u>Governmental Activities</u>
	<u>Internal Service Funds</u>
Assets	
Current assets:	
Cash and investments	\$ <u>44,309</u>
Interest receivable	
Total assets	<u>44,309</u>
Liabilities	
Current liabilities:	
Accounts payable	<u>44,309</u>
Total liabilities	<u>44,309</u>
Fund net position	
Unrestricted	<u>-</u>
Total fund net position	<u>-</u>

See accompanying notes to basic financial statements.

CITY OF JURUPA VALLEY
Proprietary Funds

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2016

	<u>Governmental Activities</u>
	<u>Internal Service Funds</u>
Operating revenues	
Charges for services	<u>\$ -</u>
Total operating revenues	<u>-</u>
Operating expenses	
Contractual services	<u>188,329</u>
Total operating expenses	<u>188,329</u>
Operating income (loss)	(188,329)
Transfers in (note 3)	<u>-</u>
Change in fund net position	(188,329)
Fund net position at beginning of year	<u>-</u>
Fund net position at end of year	<u><u>(188,329)</u></u>

See accompanying notes to basic financial statements.

CITY OF JURUPA VALLEY
Proprietary Funds
Statement of Cash Flows
Year Ended June 30, 2016

	<u>Governmental Activities</u>
	Internal Service Funds
	Totals
Cash flows from operating activities	
Cash payments to suppliers of goods and services	\$ (188,329)
Net cash provided by (used for) operating activities	(188,329)
Cash flows from noncapital financing activities	
Cash received from other funds	188,329
Net cash provided by (used for) noncapital financing activities	188,329
Net increase (decrease) in cash and cash equivalents	-
Cash and cash equivalents at beginning of year	-
Cash and cash equivalents at end of year	-
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	(188,329)
Adjustments to reconcile operating income (loss) to net income provided by (used for) operating activities:	
Total adjustments	-
Net cash provided by (used for) operating activities	(188,329)

There were no significant noncash capital, financing or investing activities for the year ended June 30, 2016.

See accompanying notes to basic financial statements.

CITY OF JURUPA VALLEY
Agency Funds

Statement of Fiduciary Assets and Liabilities

June 30, 2016

Assets

Cash and investments (note 2)	\$ 4,150,202
Total assets	<u>\$ 4,150,202</u>

Liabilities

Accounts payable	\$ 914,471
Deposits payable	<u>3,235,731</u>
Total liabilities	<u>\$ 4,150,202</u>

See accompanying notes to basic financial statements.

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CITY OF JURUPA VALLEY

Notes to Basic Financial Statements

Year Ended June 30, 2016

(1) Summary of Significant Accounting Policies

The accounting policies of the City of Jurupa Valley (the "City") conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

(a) Reporting Entity

The City was incorporated July 1, 2011, under the general laws of the State of California. The City operates under the Council-Manager form of government. The City provides the following services as authorized by its general laws: public safety, public works, community development and general administrative services.

Generally Accepted Accounting Principles require that these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. As of the end of the reporting period the City had no component units as defined by the GASB.

(b) Basis of Accounting, Measurement Focus and Financial Statement Presentation

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

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

Government-Wide Financial Statements

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

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

CITY OF JURUPA VALLEY

Notes to Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies. (Continued)

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

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

Fund Financial Statements

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

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

Governmental Funds

In the fund financial statements, governmental funds are presented using the *modified-accrual basis of accounting*. Their revenues are recognized when they become *measurable* and *available* as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 60 days.

CITY OF JURUPA VALLEY

Notes to Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies. (Continued)

Governmental Funds (Continued)

Sales taxes, property taxes, franchise taxes, gas taxes, motor vehicle license fee, transient occupancy taxes, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period to the extent normally collected within the availability period. Other revenue items are considered to be measurable and available where cash is received by the government.

Revenue recognition is subject to the *measurable* and *availability* criteria for the governmental funds in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed non-exchange transactions* are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary non-exchange transactions* are recognized as revenues when all applicable eligibility requirements have been met. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, which requires that local governments defer grant revenue that is not received within 60 days after the fiscal year ends to meet the “available” criteria of revenue recognition.

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

Non-current portions of long-term receivables due to governmental funds are reported on their balance sheets in spite of their spending measurement focus. However, special reporting treatments are used to indicate that they should not be considered “available spendable resources,” since they do not represent net current assets.

CITY OF JURUPA VALLEY

Notes to Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies. (Continued)

Governmental Funds. (Continued)

Recognition of governmental fund type revenue represented by non-current receivables are deferred until they become current receivables. Non-current portions of other long-term receivables are offset by fund balance reserve accounts.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

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

Proprietary and Fiduciary Funds

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, taxes, and investment earnings result from nonexchange transactions or ancillary activities. Amounts paid to acquire capital assets are capitalized as assets in the proprietary fund financial statements, rather than reported as an expense. Proceeds of long-term debt are recorded as a liability in the proprietary fund financial statements, rather than as another financing source. Amounts paid to reduce long-term indebtedness of the proprietary fund are reported as a reduction of the related liability, rather than as an expense. Agency funds are custodial in nature (assets equal liabilities) and do not involve the recording of City revenues and expenses.

CITY OF JURUPA VALLEY

Notes to Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies. (Continued)

(c) Fund Classifications

The City reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Gas Tax Special Revenue Fund - To account for revenue received for gasoline taxes under Sections 2105, 2106, 2107 and 2107.5 of the Street and Highway Code to be used solely for transportation related purposes.

Measure A Special Revenue Fund - To account for revenue received from the State of California from a special ½% sales tax to be used for street maintenance and improvements only.

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

The City's fund structure also includes the following fund type:

Internal Service Funds - These funds are used to account for self-funded insurance and information services activities.

Agency Funds - To account for development deposits made in conjunction with certain building permits issued. Upon satisfactory completion of the project, the deposit is returned to the depositor.

(d) Cash and Investments

Investments are reported in the accompanying statement of net position at fair value. Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings and changes in fair value. The City pools cash and investments of all funds. Each fund's share in this pool is displayed in the accompanying financial statements as *cash and investments*. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance, except for investment income associated with funds not legally required to receive pooled investment income which has been assigned to and recorded as revenue of the general fund, as provided by California Government Code Section 53647.

CITY OF JURUPA VALLEY

Notes to Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies. (Continued)

(e) Capital Assets

Capital assets (including infrastructure) are recorded at cost where historical records are available and at an estimated original cost where no historical records exist. Contributed capital assets are valued at their estimated fair market value at the date of the contribution. Generally, capital asset purchases in excess of \$5,000 are capitalized if they have an expected useful life of three years or more.

Capital assets include public domain (infrastructure) general capital assets consisting of certain improvements including roads, streets, sidewalks, medians, and storm drains.

Capital assets used in operations are depreciated over their estimated useful lives. The City uses the straight-line method in the government-wide financial statements. Depreciation is charged as an expense against operations and accumulated depreciation is reported on the respective statement of net position. The range of lives used for depreciation purposes for each capital asset class are as follows:

<u>Item</u>	<u>Useful Life</u>
Infrastructure	20-30 years
Buildings	30 years
Leasehold Improvements	5-20 years
Furniture	5 years
Vehicles	7 years

(f) Fair Value Measurements

Certain assets and liabilities are required to be reported at fair value. The fair value framework provides a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and fair value is determined through the use of models or other valuation methodologies including:

CITY OF JURUPA VALLEY

Notes to Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies. (Continued)

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in markets that are inactive; inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable input reflect the City's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). These unobservable inputs are developed based on the best information available in the circumstances and may include the City's own data.

(g) Property Taxes

Under California law, property taxes are assessed and collected by the counties up to 1% of assessed value, plus other increases approved by the voters. The property taxes go into a pool, and are then allocated to the cities based on complex formulas.

Accordingly, the City accrues only those taxes that are received within 60 days after year-end. Property taxes are attached as a lien on property as of March 1. Taxes are levied on July 1 and are payable in two installments on December 10 and April 10.

(h) Fund Equity

Fund balances are reported in the fund statements in the following classifications:

Nonspendable Fund Balance – this includes amounts that cannot be spent because they are either not spendable in form (such as inventory) or legally or contractually required to be maintained intact (such as endowments).

Restricted Fund Balance – this includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers, or through enabling legislation. If the Council action limiting the use of funds is included in the same action (legislation) that created (enables) the funding source, then it is restricted.

CITY OF JURUPA VALLEY

Notes to Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies. (Continued)

Committed Fund Balance – this includes amounts that can be used only for the specific purposes determined by a formal action of the Council. It includes legislation (Council action) that can only be overturned by new legislation requiring the same type of voting consensus that created the original action. Therefore, if the Council action limiting the use of the funds is separate from the action (legislation) that created (enables) the funding source, then it is committed, not restricted. The City considers a resolution to constitute a formal action of City Council for the purposes of establishing committed fund balance.

Assigned Fund Balance – this includes amounts that are designated or expressed by the Council, but does not require a formal action like a resolution or ordinance. The Council may delegate the ability of an employee or committee to assign uses of specific funds, for specific purposes. Such delegation of authority has not yet been granted to persons or bodies other than City Council.

Unassigned Fund Balance – this includes the remaining spendable amounts which are not included in one of the other classifications.

It is the City's policy that restricted resources will be applied first, followed by (in order of application) committed, assigned, and unassigned resources, in the absence of a formal policy adopted by the Council.

(i) Deferred Outflows and Deferred Inflows of Resources

When applicable, the statement of net position and balance sheet will report a separate section for deferred outflows of resources. Deferred outflows of resources represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, are not recognized as an expense or expenditure until that time.

When applicable, the statement of net position and the balance sheet will report a separate section for deferred inflows of resources. Deferred inflows of resources represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, are not recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category. The government funds report unavailable revenues for certain revenue sources not received during the availability period.

CITY OF JURUPA VALLEY

Notes to Basic Financial Statements

(Continued)

(1) Summary of Significant Accounting Policies, (Continued)

(j) Use of Estimates

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

(2) Cash and Investments

Cash and investments as of June 30, 2016, are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$20,418,576
Statement of Fiduciary Assets and Liabilities:	
Cash and investments	<u>4,150,202</u>
Total cash and investments	<u>\$24,568,778</u>

Cash and investments as of June 30, 2016, consist of the following:

Cash on hand	\$ 234
Deposits with financial institutions	6,521,380
Investments	<u>18,047,164</u>
Total cash and investments	<u>\$24,568,778</u>

CITY OF JURUPA VALLEY

Notes to Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Investments Authorized by the California Government Code and the City's Investment Policy

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

<u>Investment Types Authorized by State Law</u>	<u>Authorized by Investment Policy</u>	<u>Maximum Maturity*</u>	<u>Maximum Percentage of Portfolio*</u>	<u>Maximum Investment In-One Issuer*</u>
Local Agency Bonds	No	5 years	None	None
U.S. Treasury Obligations	Yes	5 years	None	None
U.S. Agency Securities	No	5 years	60%	None
Banker's Acceptances	No	180 days	30%	5%
Commercial Paper	No	270 days	15%	5%
Negotiable Certificates of Deposit	Yes	5 years	30%	5%
Repurchase Agreements	No	1 year	None	None
Reverse Repurchase Agreements	No	92 days	20% of base value	None
Medium-Term Notes	No	5 years	30%	5%
Mutual Funds	Yes	None	15%	10%
Money Market Mutual Funds	Yes	None	15%	10%
Mortgage Pass-Through Securities	No	5 years	20%	5%
County Pooled Investment Funds	No	None	None	None
Local Agency Investment Fund	Yes	None	None	None
JPA Pools (other investment pools)	No	None	None	None

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

CITY OF JURUPA VALLEY

Notes to Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

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 is to changes in market interest rates.

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

<u>Investment Type</u>	<u>Total</u>	<u>Remaining Maturing (in Months)</u>	
		<u>12 Months Or Less</u>	<u>More Than 12 Months</u>
State investment pool	<u>\$18,047,164</u>	<u>18,047,164</u>	<u>-</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year end for each investment type:

<u>Investment type</u>	<u>Total</u>	<u>Minimum Legal Rating</u>	<u>Rating as of Year End</u>	
			<u>AAA</u>	<u>Not Rated</u>
State investment pool	<u>\$ 18,047,164</u>	N/A	<u>-</u>	<u>18,047,164</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.

CITY OF JURUPA VALLEY

Notes to Basic Financial Statements

(Continued)

(2) Cash and Investments, (Continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

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 an amount 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. Currently, LAIF does not have an investment rating.

Based upon the fair value measurements described above, the City held the following investments as of June 30, 2016

<u>Investment Type</u>	<u>Total</u>	<u>Fair Value Hierarchy</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Local Agency Investment Fund (LAIF)	\$ 18,047,164	-	18,047,164	-
	<u>\$ 18,047,164</u>	<u>-</u>	<u>18,047,164</u>	<u>-</u>

CITY OF JURUPA VALLEY

Notes to Basic Financial Statements

(Continued)

(3) Interfund Transfers

Interfund transfers at June 30, 2016, consisted of the following:

<u>Transfers in</u>	<u>Transfers out</u>	<u>Amount</u>
Internal Services Funds	General Fund	\$ 188,329
General Fund	Measure A Fund	129,098
General Fund	Non-Major Governmental Funds	177,053
Non-Major Governmental Funds	Gas Tax Fund	<u>18,820</u>
	Total	<u>\$ 513,300</u>

Interfund transfers from the General Fund to the Internal Service Funds were to close out the Internal Services Funds at year-end. The interfund transfer from Measure A to the General Fund was to cover administrative expenses. The interfund transfer from the COPS Fund to the General Fund took place to reimburse the General Fund for police services reimbursed by the COPS grant. The interfund transfer from the Gas Tax Fund to Non-Major Governmental Funds was to cover excess expenditures related to the LLMD administration and operations.

Due From/Due To Other Funds

The composition of current interfund balances as of June 30, 2016, was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Non-Major Governmental Funds	<u>\$ 385,128</u>

The interfund balances reflected above represent short-term borrowings of cash pending receipt of reimbursements.

CITY OF JURUPA VALLEY

Notes to Basic Financial Statements

(Continued)

(4) Capital Assets

Capital asset activity for the year ended June 30, 2016, was as follows:

	<u>Balance at June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2016</u>
Capital assets not being depreciated:				
Construction in progress	\$ 6,067,004	885,319	(4,345,221)	2,607,102
Total capital assets not being depreciated	<u>6,067,004</u>	<u>885,319</u>	<u>(4,345,221)</u>	<u>2,607,102</u>
Capital assets being depreciated:				
Infrastructure	24,186,474	7,424,152	-	31,610,626
Leasehold improvements	476,320	29,867	-	506,187
Furniture and equipment	78,932	-	-	78,932
Vehicles	-	441,673	-	441,673
Total capital assets being depreciated	<u>24,741,726</u>	<u>7,895,692</u>	<u>-</u>	<u>32,637,418</u>
Less accumulated depreciation for:				
Infrastructure	(9,933,487)	(3,062,963)	-	(12,996,450)
Leasehold improvements	(11,908)	(24,563)	-	(36,471)
Furniture and equipment	(5,638)	(11,276)	-	(16,914)
Vehicles	-	(31,548)	-	(31,548)
Total accumulated depreciation	<u>(9,951,033)</u>	<u>(3,130,350)</u>	<u>-</u>	<u>(13,081,383)</u>
Total capital assets being depreciated	<u>14,790,693</u>	<u>4,765,342</u>	<u>-</u>	<u>19,556,035</u>
Capital assets, net	<u>\$ 20,857,697</u>	<u>5,650,661</u>	<u>(4,345,221)</u>	<u>22,163,137</u>

Depreciation expense in the amount of \$3,130,350 was charged to Public Works.

CITY OF JURUPA VALLEY

Notes to Basic Financial Statements

(Continued)

(5) 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 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.

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 mariner 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.

(6) Contingent Liabilities

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

CITY OF JURUPA VALLEY

Notes to Basic Financial Statements

(Continued)

(7) Lease Commitments

During the fiscal year ended June 30, 2016, the City entered into a lease for a building on Limonite Ave under a lease expiring on June 30, 2018. Minimum required future rental payments under lease as of June 30, 2016 are:

Fiscal year:	
2017	\$ 90,000
2018	<u>96,000</u>
Total minimum future rental payments	<u>\$186,000</u>

Rental expense on lease agreements were \$120,000 for the year ending June 30, 2016.

(8) Revenue Neutrality Payment Commitments

As part of the Comprehensive Fiscal Analysis prepared as part of the formation documents for the City, the County of Riverside ("County") approved a revenue neutrality agreement to be paid to the County annually. The terms of the agreement included 100% deferral of the revenue neutrality payment owed to the County in the first transition year, payment of \$2,250,000 million in year 2, payments of \$1,900,000 in years 3-6, or until the sum of property and sales taxes in the incorporation area reaches \$15,840,000.

During the fiscal year-ended June 30, 2015, the Governor signed SB 107 to provide a one-time funding to the County in exchange for the County retiring approximately \$21 million in first year service cost reimbursements, deferred revenue neutrality payments and deferred sheriff payments, which included a portion of the amounts above. Under the Revenue Neutrality Agreement, the City shall continue to pay the County each year a portion of its tax revenues as follows:

<u>Fiscal Year Ended</u>	<u>Amount</u>
2017	\$1,900,000
2018	\$1,900,000
2019-2020	16% of total property and sales tax received

Per the agreement, section 3.1.9, the City shall pay the County the total annual amount owed no later than 60 days following the end of the City's fiscal year.

At June 30, 2016, the City reports due to other governments of \$1,900,000 for the fiscal year ended June 30, 2016 Revenue Neutrality payment that was paid in August 2016.

CITY OF JURUPA VALLEY

Notes to Basic Financial Statements

(Continued)

(9) Excess of Expenditures Over Appropriations

Expenditures for the year ended June 30, 2016, exceeded appropriations in the following funds:

	<u>Final Budget</u>	<u>Actual</u>	<u>Excess over Appropriations</u>
General Fund	\$25,150,674	28,577,157	(3,426,483)
Non-Major Funds:			
AQMD	91,335	506,352	(415,017)
EMPG	-	30,038	(30,038)
CalRecycle	-	34,018	(34,018)

(10) Accumulated Fund Deficits

The following funds reported deficits in fund balances/net position as of June 30, 2016:

	<u>Deficit Balance</u>
Non-Major Funds:	
Community Development Block Grant	\$(103,665)
TUMF	(37,159)
CalRecycle Grant	(34,018)
Beyond Initiative Grant	(3,047)

These deficits are due to a receivable collected after the availability period and thus not recognized as revenue during the fiscal year ended June 30, 2016.

(11) Subsequent Events

On October 1, 2016, the City issued \$9,000,000 of Local Measure A Sales Tax Revenue Certificates of Participation, Series 2016 to finance road improvements throughout the City.

The City also entered into a number of contracts for construction-related projects related to road improvements. The most significant agreements ranged from approximately \$600,000 to approximately \$4,700,000.

CITY OF JURUPA VALLEY
General Fund
Budgetary Comparison Schedule
Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 18,075,875	18,075,875	19,806,189	1,730,314
Licenses and permits	1,542,129	1,542,129	1,355,532	(186,597)
Intergovernmental	156,000	156,000	43,888	(112,112)
Charges for services	3,169,682	3,169,682	3,168,253	(1,429)
Fines and forfeitures	428,500	428,500	517,946	89,446
Investment income	5,000	5,000	15,510	10,510
Developer contributions	-	-	289,791	289,791
Other	40,000	40,000	201,731	161,731
Total revenues	23,417,186	23,417,186	25,398,840	1,981,654
Expenditures:				
Current:				
General government	1,551,438	1,520,431	5,215,319	(3,694,888)
Community development	4,523,727	4,514,321	4,623,606	(109,285)
Public works	1,016,590	1,103,790	1,070,294	33,496
Public safety	18,112,132	18,012,132	17,667,938	344,194
Total expenditures	25,203,887	25,150,674	28,577,157	(3,426,483)
Excess (deficiency) of revenues over (under) expenditures	(1,786,701)	(1,733,488)	(3,178,317)	(1,444,829)
Other financing sources (uses):				
Transfers in	325,325	325,325	306,151	(19,174)
Transfers out	(368,170)	(368,170)	(188,329)	179,841
Total other financing sources (uses)	(42,845)	(42,845)	117,822	160,667
Net change in fund balances	(1,829,546)	(1,776,333)	(3,060,495)	(1,284,162)
Fund balances, beginning of year	11,740,941	11,740,941	11,740,941	-
Fund balances, end of year	\$ 9,911,395	9,964,608	8,680,446	(1,284,162)

See accompanying notes to basic financial statements.

CITY OF JURUPA VALLEY
Major Special Revenue Fund

Gas Tax Fund

Budgetary Comparison Schedule

Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 2,683,949	2,683,949	2,233,869	(450,080)
Investment income	2,000	2,000	1,580	(420)
Total revenues	2,685,949	2,685,949	2,235,449	(450,500)
Expenditures:				
Current:				
Public works	6,374,452	6,374,452	4,339,257	2,035,195
Total expenditures	6,374,452	6,374,452	4,339,257	2,035,195
Excess (deficiency) of revenues over expenditures	(3,688,503)	(3,688,503)	(2,103,808)	1,584,695
Other financing sources (uses):				
Transfers out	-	-	(18,820)	(18,820)
Total other financing sources (uses)	-	-	(18,820)	(18,820)
Net change in fund balances	(3,688,503)	(3,688,503)	(2,122,628)	1,565,875
Fund balances, beginning of year	3,096,204	3,096,204	3,096,204	-
Fund balances (deficit), end of year	\$ (592,299)	(592,299)	973,576	1,565,875

See accompanying notes to basic financial statements.

CITY OF JURUPA VALLEY
Major Special Revenue Fund

Measure A Fund

Budgetary Comparison Schedule

Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variances with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues:				
Intergovernmental	\$ 1,830,000	1,802,000	1,808,169	6,169
Investment income	2,000	2,000	1,028	(972)
Total revenues	<u>1,832,000</u>	<u>1,804,000</u>	<u>1,809,197</u>	<u>5,197</u>
Expenditures				
Public works	<u>1,677,930</u>	<u>3,082,711</u>	<u>2,523,298</u>	<u>559,413</u>
Total expenditures	<u>1,677,930</u>	<u>3,082,711</u>	<u>2,523,298</u>	<u>559,413</u>
Excess (deficiency) of revenues over (under) expenditures	<u>154,070</u>	<u>(1,278,711)</u>	<u>(714,101)</u>	<u>564,610</u>
Other financing sources (uses):				
Transfers out	<u>-</u>	<u>-</u>	<u>(129,098)</u>	<u>(129,098)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(129,098)</u>	<u>(129,098)</u>
Net change in fund balances	154,070	(1,278,711)	(843,199)	435,512
Fund balances, beginning of year	<u>1,476,686</u>	<u>1,476,686</u>	<u>1,476,686</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,630,756</u>	<u>197,975</u>	<u>633,487</u>	<u>435,512</u>

See accompanying notes to basic financial statements.

CITY OF JURUPA VALLEY
Major Capital Project Fund

Development Impact Fees Fund

Budgetary Comparison Schedule

Year Ended June 30, 2016

	Final Budget	Actual	Variances with Final Budget Positive (Negative)
Revenues:			
Developer impact fees	\$ -	2,604,035	2,604,035
Investment income	-	<u>3,753</u>	<u>3,753</u>
Total revenues	-	<u>2,607,788</u>	<u>2,607,788</u>
Other financing sources (uses):			
Transfers out	<u>\$ -</u>	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	2,607,788	2,607,788
Fund balances, beginning of year	<u>1,873,035</u>	<u>1,873,035</u>	-
Fund balances, end of year	<u>\$ 1,873,035</u>	<u>4,480,823</u>	<u>2,607,788</u>

See accompanying notes to basic financial statements.

CITY OF JURUPA VALLEY

Notes to Required Supplementary Information

Year Ended June 30, 2016

Budgetary Accounting

The City Manager shall prepare and submit the proposed annual budget to the City Council for its approval for all governmental funds. The agenda for the budget workshops and budget meetings are noted in accordance with the Brown Act. After reviewing the same and making such revisions as it may deem advisable and public input, the budget is then adopted annually by the Council at a regularly held meeting. The budget is adopted prior to the beginning of the fiscal year and serves as the foundation for the City's financial plan.

The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. Transfers of appropriations between department budgets can be made with the City Manager/Director of Administrative Services approval. City Council's approval is required for all budget amendments that result in a change to the adopted budget of the fund.

Budgets are prepared in accordance with generally accepted accounting principles using the modified accrual basis of accounting.

Appropriations lapse at the end of the fiscal year unless they are re-appropriated through the formal budget process. Open encumbrances will be paid by subsequent year's budget appropriations. Encumbrances do not constitute expenditures or liabilities of the City.

Budgeted amounts are as originally adopted, or as amended in accordance with prescribed procedures throughout the fiscal year.

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NON-MAJOR GOVERNMENTAL FUNDS

NON-MAJOR SPECIAL REVENUE FUNDS

Air Quality Improvement Fund

To account for the City's share of vehicle registration fees that the State of California has allocated to address air quality concerns in Southern California. These monies are to be used in air quality maintenance programs locally and/or regionally.

Community Development Block Grant Fund

To account for receipt and disbursement of the Upland Community Development Block Grant Program of the United States Department of Housing and Urban Development Program accountability follows the guidelines of Office Management and Budget Circulars A102 and A87.

COPS Fund

To account for revenue received from the State of California for front line public safety purposes.

TUMF Project Fund

To account for revenues and expenditures associated with the Transportation Uniform Mitigation Fee Program's agreement to reimburse a portion of the improvements to Limonite Avenue.

Alternative Transportation Program (ATP) Grant Fund

To account for revenues and expenditures related to alternative transportation capital projects, specifically sidewalks on Troth Street and Pyrite Street that are partially funded by the State of California ATP grant.

Emergency Management Performance (EMP) Grant Fund

To account for revenues and expenditures associated with the Emergency Management Performance Grant that are utilized to support the building, sustainment, and delivery of core capabilities essential to achieving security and resilience at the City.

CalRecycle Grant

To account for revenues and expenditures associated with the various CalRecycle Grants received from the State of California for use by local governments. The City was granted funds to construct pavement projects using rubberized pavement, to assist in the removal and disposal of materials illegally dumped in the public right of way, to enhance public outreach and education, and to incorporate preventative security measures.

Beyond Initiative Grant

To account for revenue and expenditures associated with The Western Riverside Council of Governments (WRCOG) grants to member cities for Economic Development and Sustainability Framework Goals.

NON-MAJOR GOVERNMENTAL FUNDS (CONTINUED)

NON-MAJOR SPECIAL REVENUE FUNDS (CONTINUED)

Community Facilities District

To account for the revenues and expenditures associated with a geographic area where a special property tax on real estate (a parcel tax) is assessed for the services within the district. The City currently has three CFDs: CFD 13-001 Bellegrave, CFD 14-001 Harvest and CFD 14-002 Mission Estates.

Landscape and Lighting Maintenance Districts

To account for the revenues and expenditures associated with a geographic area where a special assessment on real estate is assessed for the services within the district. In the fiscal year ended June 30, 2016 the City assumed responsibility of the administration for the districts, which includes managing the required services to be provided within the LLMDs.

NON-MAJOR CAPITAL PROJECT FUND

Road and Bridge Benefit District

To account for the receipt of fees for development related activities such as road & bridge projects.

CITY OF JURUPA VALLEY
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2016

	Special Revenue Funds				
	AQMD	CDBG	COPS	TUMF Grant	ATP Grant
Assets					
Cash and investments	\$ 26,101	-	-	6,769	-
Accounts receivable	-	-	-	44,827	-
Intergovernmental receivable	33,833	-	-	-	-
Deposits receivable	-	-	-	-	383,000
Interest receivable	11	-	-	3	-
Total assets	\$ 59,945	-	-	51,599	383,000
Liabilities					
Accounts payable	\$ 6,256	5,372	-	51,888	-
Due to other funds	-	93,110	-	-	258,000
Deposits payable	-	5,183	-	-	-
Total liabilities	6,256	103,665	-	51,888	258,000
Deferred Inflows of Resources:					
Unavailable revenue	-	-	-	36,870	-
Total deferred inflows of resources	-	-	-	36,870	-
Fund balances					
Restricted for:					
Community development	53,689	-	-	-	-
Public works	-	-	-	-	125,000
Unassigned	-	(103,665)	-	(37,159)	-
Total fund balances	53,689	(103,665)	-	(37,159)	125,000
Total liabilities, deferred inflows of resources and fund balances	\$ 59,945	-	-	51,599	383,000

See accompanying notes to basic financial statements.

CITY OF JURUPA VALLEY
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2016

Special Revenue Funds					Capital Project Fund	
EMP Grant	CalRecycle Grant	Beyond Initiative Grant	Community Facilities District	Landscape & Lighting Maint. Districts	Road and Bridge Benefit District	Totals
2,125	-	-	140,567	577,499	1,049,181	1,802,242
14,039	-	3,047	2,765	13,723	-	78,401
-	-	-	-	-	-	33,833
-	-	-	-	-	-	383,000
1	-	-	108	248	454	825
<u>16,165</u>	<u>-</u>	<u>3,047</u>	<u>143,440</u>	<u>591,470</u>	<u>1,049,635</u>	<u>2,298,301</u>
-	-	3,047	7,521	116,038	-	190,122
-	34,018	-	-	-	-	385,128
-	-	-	-	-	-	5,183
-	<u>34,018</u>	<u>3,047</u>	<u>7,521</u>	<u>116,038</u>	<u>-</u>	<u>580,433</u>
-	-	<u>3,047</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,917</u>
-	-	<u>3,047</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,917</u>
-	-	-	135,919	475,432	-	665,040
16,165	-	-	-	-	1,049,635	1,190,800
-	(34,018)	(3,047)	-	-	-	(177,889)
<u>16,165</u>	<u>(34,018)</u>	<u>(3,047)</u>	<u>135,919</u>	<u>475,432</u>	<u>1,049,635</u>	<u>1,677,951</u>
<u>16,165</u>	<u>-</u>	<u>3,047</u>	<u>143,440</u>	<u>591,470</u>	<u>1,049,635</u>	<u>2,298,301</u>

See accompanying notes to basic financial statements.

CITY OF JURUPA VALLEY
 Non-Major Governmental Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Year Ended June 30, 2016

	Special Revenue Funds				
	AQMD	CDBG	COPS	TUMF Grant	ATP Grant
Revenues:					
Intergovernmental	\$ 155,822	-	176,976	-	-
Developer impact fees	-	-	-	-	-
Operating contributions and grants	-	-	-	189,611	-
Assessments revenue	-	-	-	-	-
Investment income	115	-	77	3	-
Total revenues	155,937	-	177,053	189,614	-
Expenditures:					
Current:					
Community development	506,352	103,665	-	-	-
Public works	-	-	-	79,012	-
Total expenditures	506,352	103,665	-	79,012	-
Excess (deficiency) of revenues over (under) expenditures	(350,415)	(103,665)	177,053	110,602	-
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	(177,053)	-	-
Total other financing sources (uses)	-	-	(177,053)	-	-
Net change in fund balances	(350,415)	(103,665)	-	110,602	-
Fund balances (deficits), beginning of year	404,104	-	-	(147,761)	125,000
Fund balances (deficits), end of year	\$ 53,689	(103,665)	-	(37,159)	125,000

See accompanying notes to basic financial statements.

CITY OF JURUPA VALLEY
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Year Ended June 30, 2016

Special Revenue Funds					Capital Project Fund	
EMP Grant	CalRecycle Grant	Beyond Initiative Grant	Community Facilities District	Landscape & Lighting Maint. Districts	Road and Bridge Benefit District	Totals
52,600	-	-	-	-	-	385,398
-	-	-	-	-	513,658	513,658
-	-	-	-	-	-	189,611
-	-	-	166,660	756,811	-	923,471
10	-	-	137	390	885	1,617
<u>52,610</u>	<u>-</u>	<u>-</u>	<u>166,797</u>	<u>757,201</u>	<u>514,543</u>	<u>2,013,755</u>
30,038	34,018	3,047	30,878	300,589	-	1,008,587
-	-	-	-	-	-	79,012
<u>30,038</u>	<u>34,018</u>	<u>3,047</u>	<u>30,878</u>	<u>300,589</u>	<u>-</u>	<u>1,087,599</u>
22,572	(34,018)	(3,047)	135,919	456,612	514,543	926,156
-	-	-	-	18,820	-	18,820
-	-	-	-	-	-	(177,053)
-	-	-	-	18,820	-	(158,233)
22,572	(34,018)	(3,047)	135,919	475,432	514,543	767,923
(6,407)	-	-	-	-	535,092	910,028
<u>16,165</u>	<u>(34,018)</u>	<u>(3,047)</u>	<u>135,919</u>	<u>475,432</u>	<u>1,049,635</u>	<u>1,677,951</u>

See accompanying notes to basic financial statements.

CITY OF JURUPA VALLEY
 Non-Major Special Revenue Fund

Air Quality Improvement Fund ("AQMD")

Budgetary Comparison Schedule

Year Ended June 30, 2016

	Final Budget	Actual	Variances with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 120,000	155,822	35,822
Investment income	-	115	115
Total revenues	120,000	155,937	35,937
Expenditures:			
Current:			
Community development	91,335	506,352	(415,017)
Total expenditures	91,335	506,352	(415,017)
Net change in fund balances	28,665	(350,415)	(379,080)
Fund balances, beginning of year	404,104	404,104	-
Fund balances, end of year	\$ 432,769	53,689	(379,080)

See accompanying notes to basic financial statements.

CITY OF JURUPA VALLEY
 Non-Major Special Revenue Fund

Community Development Block Grant (CDBG)

Budgetary Comparison Schedule

Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variances with Final Budget Positive (Negative)</u>
Revenues:			
Intergovernmental	\$ 115,000	-	(115,000)
Total revenues	<u>115,000</u>	<u>-</u>	<u>(115,000)</u>
Expenditures:			
Current:			
Public Works	<u>115,000</u>	<u>103,665</u>	<u>11,335</u>
Total expenditures	<u>115,000</u>	<u>103,665</u>	<u>11,335</u>
Net change in fund balances	-	(103,665)	(103,665)
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficit), end of year	<u><u>\$ -</u></u>	<u><u>(103,665)</u></u>	<u><u>(103,665)</u></u>

See accompanying notes to basic financial statements.

CITY OF JURUPA VALLEY
 Non-Major Special Revenue Fund

COPS

Budgetary Comparison Schedule

Year Ended June 30, 2016

	Final Budget	Actual	Variances with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 156,000	176,976	20,976
Investment income	-	77	77
Total revenues	156,000	177,053	21,053
Excess (deficiency) of revenues over expenditures	156,000	177,053	21,053
Other financing sources (uses):			
Transfers out	(156,000)	(177,053)	(21,053)
Total other financing sources (uses)	(156,000)	(177,053)	(21,053)
Net change in fund balances	-	-	-
Fund balances, beginning of year	-	-	-
Fund balances, end of year	\$ -	-	-

See accompanying notes to basic financial statements.

CITY OF JURUPA VALLEY
 Non-Major Special Revenue Fund

TUMF Grant

Budgetary Comparison Schedule

Year Ended June 30, 2016

	Final Budget	Actual	Variances with Final Budget Positive (Negative)
Revenues:			
Operating contributions and grants	\$ 189,611	189,611	-
Investment income	3	3	-
Total revenues	189,614	189,614	-
Expenditures:			
Current:			
Public works	79,012	79,012	-
Total expenditures	79,012	79,012	-
Excess (deficiency) of revenues over expenditures	110,602	110,602	-
Net change in fund balances	110,602	110,602	-
Fund balances (deficit), beginning of year	-	(147,761)	(147,761)
Fund balances (deficit), end of year	\$ 110,602	(37,159)	(147,761)

See accompanying notes to basic financial statements.

CITY OF JURUPA VALLEY
 Non-Major Special Revenue Fund

Alternative Transportation Program (ATP) Grant

Budgetary Comparison Schedule

Year Ended June 30, 2016

	Final Budget	Actual	Variances with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ -	-	-
Total revenues	-	-	-
Other financing sources (uses):			
Transfers In	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	-	-	-
Fund balances, beginning of year	125,000	125,000	-
Fund balances, end of year	<u>\$ 125,000</u>	<u>125,000</u>	<u>-</u>

See accompanying notes to basic financial statements.

CITY OF JURUPA VALLEY
 Non-Major Special Revenue Fund

Emergency Management Performance Grant

Budgetary Comparison Schedule

Year Ended June 30, 2016

	Final Budget	Actual	Variances with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ -	52,600	52,600
Investment income	-	10	10
	-	52,610	52,610
Total revenues			
Expenditures:			
Current:			
General government	-	30,038	(30,038)
	-	30,038	(30,038)
Total expenditures			
Excess (deficiency) of revenues over expenditures	-	22,572	22,572
Net change in fund balances	-	22,572	22,572
Fund balances (deficit), beginning of year	(6,407)	(6,407)	-
Fund balances (deficit), end of year	\$ (6,407)	16,165	22,572

See accompanying notes to basic financial statements.

CITY OF JURUPA VALLEY
 Non-Major Special Revenue Fund

CalRecycle Grant

Budgetary Comparison Schedule

Year Ended June 30, 2016

	Final Budget	Actual	Variances with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ -	-	-
Total revenues	-	-	-
Expenditures:			
Current:			
Public safety	-	34,018	(34,018)
Total expenditures	-	34,018	(34,018)
Net change in fund balances	-	(34,018)	(34,018)
Fund balances, beginning of year	-	-	-
Fund balances (deficit), end of year	\$ -	(34,018)	(34,018)

See accompanying notes to basic financial statements.

CITY OF JURUPA VALLEY
 Non-Major Special Revenue Fund

Beyond Initiative Grant

Budgetary Comparison Schedule

Year Ended June 30, 2016

	Final Budget	Actual	Variances with Final Budget Positive (Negative)
Revenues:			
Intergovernmental	\$ 88,942	-	(88,942)
Total revenues	88,942	-	(88,942)
Expenditures:			
Current:			
Community Development	88,942	3,047	85,895
Total expenditures	88,942	3,047	85,895
Net change in fund balances	-	(3,047)	85,895
Fund balances, beginning of year	-	-	-
Fund balances (deficit), end of year	\$ -	(3,047)	85,895

See accompanying notes to basic financial statements.

CITY OF JURUPA VALLEY
 Non-Major Special Revenue Fund

Community Facilities Districts

Budgetary Comparison Schedule

Year Ended June 30, 2016

	<u>Final Budget</u>	<u>Actual</u>	<u>Variances with Final Budget Positive (Negative)</u>
Revenues:			
Assessments revenue	\$ 864,832	166,660	(698,172)
Investment income	<u>-</u>	<u>137</u>	<u>137</u>
Total revenues	<u>864,832</u>	<u>166,797</u>	<u>(698,035)</u>
Expenditures:			
Current:			
Community development	<u>864,832</u>	<u>30,878</u>	<u>833,954</u>
Total expenditures	<u>864,832</u>	<u>30,878</u>	<u>833,954</u>
Excess (deficiency) of revenues over expenditures	-	135,919	135,919
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ -</u></u>	<u><u>135,919</u></u>	<u><u>833,954</u></u>

See accompanying notes to basic financial statements.

CITY OF JURUPA VALLEY
 Non-Major Special Revenue Fund

Landscape and Lighting Maintenance Districts

Budgetary Comparison Schedule

Year Ended June 30, 2016

	Final Budget	Actual	Variances with Final Budget Positive (Negative)
Revenues:			
Assessments revenue	\$ 1,010,105	756,811	(253,294)
Investment income	<u>-</u>	<u>390</u>	<u>390</u>
Total revenues	<u>1,010,105</u>	<u>757,201</u>	<u>(252,904)</u>
Expenditures:			
Current:			
Community development	<u>1,010,105</u>	<u>300,589</u>	<u>709,516</u>
Total expenditures	<u>1,010,105</u>	<u>300,589</u>	<u>709,516</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>456,612</u>	<u>456,612</u>
Other financing sources (uses):			
Transfers in	<u>-</u>	<u>18,820</u>	<u>18,820</u>
Total other financing sources (uses)	<u>-</u>	<u>18,820</u>	<u>18,820</u>
Net change in fund balances	-	475,432	475,432
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ -</u></u>	<u><u>475,432</u></u>	<u><u>475,432</u></u>

See accompanying notes to basic financial statements.

CITY OF JURUPA VALLEY
 Non-Major Capital Project Fund
 Road and Bridge Benefit District
 Budgetary Comparison Schedule
 Year Ended June 30, 2016

	Final Budget	Actual	Variances with Final Budget Positive (Negative)
Revenues:			
Developer impact fees	\$ -	513,658	513,658
Investment income	-	885	885
Total revenues	<u>-</u>	<u>514,543</u>	<u>514,543</u>
Net change in fund balances	-	514,543	514,543
Fund balances, beginning of year	<u>535,092</u>	<u>535,092</u>	<u>-</u>
Fund balances, end of year	<u>\$ 535,092</u>	<u>1,049,635</u>	<u>514,543</u>

See accompanying notes to basic financial statements.

CITY OF JURUPA VALLEY
Proprietary Funds
Statement of Fund Net Position
June 30, 2016

	Internal Service Funds		
	Risk Management	Information Systems	Totals
Assets			
Current assets:			
Cash and investments	\$ -	44,309	44,309
Interest receivable			
Total assets	-	44,309	44,309
Liabilities			
Current liabilities:			
Accounts payable	-	44,309	44,309
Total liabilities	-	44,309	44,309
Fund net position			
Unrestricted	-	-	-
Total fund net position	\$ -	-	-

See accompanying notes to basic financial statements.

CITY OF JURUPA VALLEY
Proprietary Funds

Statement of Revenues, Expenses and Changes in Fund Net Position
Year Ended June 30, 2016

	Internal Service Funds		Totals
	Risk Management	Information Systems	
Operating revenues			
Charges for services	\$ -	-	-
Total operating revenues	-	-	-
Operating expenses			
Contractual services	23,062	165,267	188,329
Total operating expenses	23,062	165,267	188,329
Operating income (loss)	(23,062)	(165,267)	(188,329)
Transfers in (note 3)	23,062	165,267	188,329
Change in fund net position	-	-	-
Fund net position at beginning of year	-	-	-
Fund net position at end of year	\$ -	-	-

See accompanying notes to basic financial statements.

CITY OF JURUPA VALLEY

Proprietary Funds

Statement of Cash Flows

Year Ended June 30, 2016

	Internal Service Funds		
	Risk Management	Information Systems	Totals
Cash flows from operating activities			
Cash payments to suppliers of goods and services	\$ (23,062)	(165,267)	(188,329)
Net cash provided by (used for) operating activities	(23,062)	(165,267)	(188,329)
Cash flows from noncapital financing activities			
Cash received from other funds	23,062	165,267	188,329
Net cash provided by (used for) noncapital financing activities	23,062	165,267	188,329
Net increase (decrease) in cash and cash equivalents	-	-	-
Cash and cash equivalents at beginning of year	-	-	-
Cash and cash equivalents at end of year	\$ -	-	-
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (23,062)	(165,267)	(188,329)
Adjustments to reconcile operating income (loss) to net income provided by (used for) operating activities:			
Total adjustments	-	-	-
Net cash provided by (used for) operating activities	\$ (23,062)	(165,267)	(188,329)

There were no significant noncash capital, financing or investing activities for the year ended June 30, 2016.

See accompanying notes to basic financial statements.

FIDUCIARY FUND

General Agency Fund

The General Agency Fund is used to account for assets held by a government in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

CITY OF JURUPA VALLEY

Statement of Changes in Assets and Liabilities

Agency Fund

Year Ended June 30, 2016

	<u>Balance at July 1, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2016</u>
<u>Assets</u>				
Cash and investments	\$ 3,509,919	1,527,512	(968,229)	4,150,202
Total assets	<u>3,509,919</u>	<u>1,527,512</u>	<u>(968,229)</u>	<u>4,150,202</u>
<u>Liabilities</u>				
Accounts payable	\$ 681,322	914,471	(681,322)	914,471
Deposits payable	<u>2,909,597</u>	<u>613,041</u>	<u>(286,907)</u>	<u>3,235,731</u>
Total liabilities	<u>3,590,919</u>	<u>1,527,512</u>	<u>(968,229)</u>	<u>4,150,202</u>

See accompanying notes to basic financial statements.

**STATISTICAL SECTION
(UNAUDITED)**

City of Jurupa Valley
Net Position by Component
Last Five Fiscal Years
(\$ in thousands)

	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
Governmental activities					
Net investment in capital assets	\$ 16,666	\$ 14,321	\$ 12,332	\$ 20,858	\$ 22,163
Restricted	5,264	8,132	7,617	7,385	8,091
Unrestricted	(5,825)	(4,206)	(2,203)	11,718	8,662
Total governmental activities net assets	<u>\$ 16,105</u>	<u>\$ 18,247</u>	<u>\$ 17,746</u>	<u>\$ 39,961</u>	<u>\$ 38,917</u>

Note: Due to the City's incorporation on July 1, 2011, there is no information available prior to FY 2012-2013.

Source: City of Jurupa Valley Finance Department

**City of Jurupa Valley
Changes in Net Position
Last Five Fiscal Years**
(\$ in thousands)

	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
Expenses					
Governmental activities:					
General government	\$ 1,715	\$ 1,746	\$ 2,207	\$ 3,511	\$ 5,343
Community development	710	199	194	4,429	5,453
Public works	5,606	6,974	11,806	4,999	6,852
Public safety	7,818	12,762	13,827	15,997	17,743
Total governmental activities expenses	<u>15,849</u>	<u>21,681</u>	<u>28,034</u>	<u>28,936</u>	<u>35,392</u>
Program Revenues					
Governmental activities:					
Charges for services					
General government	-	-	62	93	91
Community development	871	1,841	2,100	3,684	5,589
Public works	183	363	541	-	-
Public safety	66	183	336	534	518
Operating contributions and grants	5,566	5,204	6,697	7,570	7,828
Capital contributions and grants	18,958	-	-	232	290
Total governmental activities program revenues	<u>25,645</u>	<u>7,592</u>	<u>9,736</u>	<u>12,113</u>	<u>14,316</u>
Total government net (expense)/revenues	<u>\$ 9,796</u>	<u>\$ (14,089)</u>	<u>\$ (18,298)</u>	<u>\$ (16,823)</u>	<u>\$ (21,076)</u>
General Revenues and Other Changes in Net Position					
General revenues:					
Taxes:					
Property taxes	\$ 181	\$ 4,528	\$ 5,597	\$ 6,097	\$ 6,468
Sales taxes	4,220	9,316	8,969	8,744	10,407
Franchise taxes	1,679	1,981	2,793	2,695	2,680
Transient occupancy taxes	149	171	167	208	250
Investment income	3	8	9	9	23
Other	76	226	263	15,301	202
Total governmental activities	<u>6,309</u>	<u>16,230</u>	<u>17,799</u>	<u>33,054</u>	<u>20,031</u>
Total Change in Net Position	<u>\$ 16,105</u>	<u>\$ 2,141</u>	<u>\$ (500)</u>	<u>\$ 16,231</u>	<u>\$ (1,044)</u>

Note: Due to the City's incorporation on July 1, 2011, there is no information available prior to FY 2012-2013.

Source: City of Jurupa Valley Finance Department

City of Jurupa Valley
Fund Balances of Governmental Funds
Last Five Fiscal Years
(\$ in thousands)

	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
General Fund					
Nonspendable	\$ 36	\$ 5	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	3,219	10,479	11,934	11,712	8,699
Total general fund	<u>\$ 3,255</u>	<u>\$ 10,484</u>	<u>\$ 11,934</u>	<u>\$ 11,712</u>	<u>\$ 8,699</u>
All other governmental funds					
Nonspendable	-	-	-	-	-
Restricted	5,264	8,132	7,617	7,385	7,944
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	(11)	(95)	-	-	(178)
Total all other governmental funds	<u>\$ 5,253</u>	<u>\$ 8,037</u>	<u>\$ 7,617</u>	<u>\$ 7,385</u>	<u>\$ 7,766</u>
Total fund balances of governmental funds	<u>\$ 8,508</u>	<u>\$ 18,521</u>	<u>\$ 19,551</u>	<u>\$ 19,097</u>	<u>\$ 16,465</u>

Note: Due to the City's incorporation on July 1, 2011, there is no information available prior to FY 2012-2013.

Source: City of Jurupa Valley Finance Department

City of Jurupa Valley
Changes in Fund Balances of Governmental Funds
Last Five Fiscal Years
(\$ in thousands)

	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
Revenues					
Taxes:					
Property tax	\$ 181	\$ 4,528	\$ 5,597	\$ 6,096	\$ 6,468
Sales tax	4,220	9,316	8,969	8,744	10,407
Franchise tax	1,679	1,981	2,793	2,696	2,680
Transient occupancy tax	149	171	167	208	250
Other taxes	-	123	62	-	-
Licenses and permits	482	637	770	1,342	1,421
Intergovernmental	5,500	4,833	5,889	5,274	4,427
Charges for services	625	1,436	2,234	3,093	3,147
Developer impact fees	-	-	-	2,314	3,118
Operating contributions and grants	-	-	-	270	190
Fines and forfeitures	66	183	336	534	518
Developer contributions	-	-	-	232	290
Assessments revenue	-	-	-	-	923
Investment income	8	15	9	9	23
Other	76	104	263	221	202
Total revenues	<u>12,985</u>	<u>23,325</u>	<u>27,089</u>	<u>31,033</u>	<u>34,065</u>
Expenditures					
Current:					
General government	1,635	1,737	2,198	3,495	5,316
Community development	272	198	194	4,408	5,425
Public works	1,824	4,605	9,773	7,941	8,116
Public safety	604	12,698	13,766	15,922	17,652
Debt service:					
Interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
	<u>4,335</u>	<u>19,239</u>	<u>25,930</u>	<u>31,766</u>	<u>36,509</u>
Excess (deficit) of revenues over expenditures	8,650	4,087	1,159	(733)	(2,444)
Other financing sources/(uses)					
Proceeds of loan from County	-	6,019	-	-	-
Transfers in	-	155	96	1,079	325
Transfers out	(142)	(248)	(225)	(1,238)	(513)
Total other financing sources/(uses)	<u>(142)</u>	<u>5,926</u>	<u>(129)</u>	<u>(159)</u>	<u>(188)</u>
Net change in fund balance	<u>8,508</u>	<u>10,013</u>	<u>1,030</u>	<u>(892)</u>	<u>(2,632)</u>
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%	0.0%

Note: Due to the City's incorporation on July 1, 2011, there is no information available prior to FY 2012-2013.

Source: City of Jurupa Valley Finance Department

City of Jurupa Valley
Assessed Value and Estimated Actual Value of Taxable Property
Last Five Fiscal Years
(\$ 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	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2013	\$ 3,594,252	\$ 427,294	\$ 1,775,487	\$ 599,155	\$ 6,396,187	\$ (43,846)	\$ 6,352,341	0.06933
2014	3,786,080	429,880	1,828,067	1,050,966	7,094,992	(44,707)	7,050,285	0.10347
2015	4,057,872	433,123	1,855,743	1,067,843	7,414,581	(45,601)	7,368,980	0.10196
2016	4,359,971	446,341	1,972,845	1,105,654	7,884,812	(46,292)	7,838,519	0.10011

Note: Due to the City's incorporation on July 1, 2011, there is no data available prior to FY 2012-2013. The County of Riverside assessed and collected all property tax payments as a part of the County's assessment roll for FY 2011-2012. The first year for assessment and collections in the name of Jurupa Valley was FY 2012-2013.

Source: HdL, Coren & Cone

City of Jurupa Valley
Direct and Overlapping Property Tax Rates
Last Five 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	n/a	n/a	n/a	n/a	n/a
2013	1.00000	0.06292	0.16600	0.43349	1.66241
2014	1.00000	0.05958	0.16600	0.46506	1.69064
2015	1.00000	0.05721	0.16600	0.43363	1.65684
2016	1.00000	0.05755	0.16600	0.50210	1.72565

Note: Due to the City's incorporation on July 1, 2011, there is no historical data available prior to FY 2012-2013. The County of Riverside assessed and collected all property tax payments as a part of the County's assessment roll in FY 2011-2012. The first year for assessment and collections in the name of Jurupa Valley was FY 2012-2013.

Source: County of Riverside, Tax Rates by Tax Rate Areas (2014-2015) Schedule; HdL, Coren & Cone

**City of Jurupa Valley
Principal Property Tax Payers
Current Year and Three Years Ago**

Taxpayer	2016		2013	
	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Costco Wholesale Corporation	\$ 131,619,056	1.68%	\$ 103,947,782	1.64%
Teachers Insurance and Annuity Association	109,269,884	1.39%	104,554,198	1.65%
UPS Supply Chain Solutions General Services Inc.	98,821,786	1.26%	88,302,210	1.39%
Metal Container Corporation	67,321,278	0.86%	66,962,730	1.05%
Lineage CC California RE LLC	65,848,571	0.84%	63,163,277	0.99%
COMREF So California Industrial	63,224,455	0.81%	-	-
MGB X Vernola LLC (Vernola Marketplace)	-	-	57,098,070	0.90%
Ontario Warehouse 1 Inc.	52,966,704	0.68%	-	-
Millard Refrigerated Service Atlanta II Inc.	51,934,083	0.66%	-	-
Cella	51,694,830	0.66%	-	-
Home Depot USA Inc.	-	-	49,463,870	0.78%
Space Center Mira Loma Inc.	48,244,249	0.62%	46,221,295	0.73%
TCAM Core Properties Fund Operating	-	-	48,564,583	0.76%
Prefco XVIII Limited	-	-	44,295,358	0.70%
Total	\$ 740,944,896	9.45%	\$ 672,573,373	10.59%

Note: Due to the City's incorporation on July 1, 2011, there is no data available prior to FY 2012-2013. The County of Riverside assessed and collected tax payments as a part of the County's assessment roll in FY 2011-2012. FY 2012-2013 was the first year for assessment and collections in the name of Jurupa Valley.

Source: HdL, Coren & Cone

**City of Jurupa Valley
Property Tax Levies and Collections
Last Five 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	n/a	n/a	n/a	n/a	n/a	n/a
2013	\$ 4,146,481	\$ 4,030,936	97.21%	\$ 115,545	\$ 4,146,481	100.00%
2014	4,473,310	4,319,380	96.56%	153,930	4,473,310	100.00%
2015	4,611,753	4,593,320	99.60%	18,433	4,611,753	100.00%
2016	4,740,260	4,690,434	98.95%	-	4,690,434	98.95%

Note: Due to the City's incorporation on July 1, 2011, there is no data available prior to FY 2012-2013. The County of Riverside assessed and collected all property tax payments as a part of the County's assessment roll in FY 2011-2012. The first year for assessment and collections in the name of Jurupa Valley was FY 2012-2013.

Source: City of Jurupa Valley Finance Department; Riverside County Auditor-Controller's "2015 Statement of Original Charge"

**City of Jurupa Valley
Ratio of Outstanding Debt by Type
Last Five Fiscal Years**

Fiscal Year	General Obligation Bonds	Lease Revenue Bonds	Total Governmental Activities	% of Actual Assessed Value of Property	Per Capita
2012	\$ -	\$ -	\$ -	0.00%	\$ -
2013	-	-	-	0.00%	-
2014	-	-	-	0.00%	-
2015	-	-	-	0.00%	-
2016	-	-	-	0.00%	-

Note: Due to the City's incorporation on July 1, 2011, there is no information available prior to that date.

Source: City of Jurupa Valley Finance Department

**City of Jurupa Valley
Ratio of General Bonded Debt
Last Five Fiscal Years**

Fiscal Year	General Obligation Bonds	Tax Allocation Bonds	Certificates of Participation	Percent of Assessed Value	Debt per Capita
2012	\$ -	\$ -	\$ -	0.00%	\$ -
2013	-	-	-	0.00%	-
2014	-	-	-	0.00%	-
2015	-	-	-	0.00%	-
2016	-	-	-	0.00%	-

Note: Due to the City's incorporation on July 1, 2011, there is no information available prior to that date.

Source: City of Jurupa Valley Finance Department

City of Jurupa Valley
Legal Debt Margin Information
Last Five 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
2012	n/a	n/a	n/a	n/a	n/a
2013	\$ 6,407,560	\$ 961,134	\$ -	\$ 961,134	0.0%
2014	7,160,161	1,074,024	-	1,074,024	0.0%
2015	7,429,187	1,114,378	-	1,114,378	0.0%
2016	7,838,519	1,175,778	-	1,175,778	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.

Due to the City's incorporation on July 1, 2011, there is no data available prior to FY 2012-2013. The County of Riverside assessed and collected all property tax payments as a part of the County's assessment roll in FY 2011-2012. FY 2012-2013 was the first year for assessment and collections in the name of Jurupa Valley.

**City of Jurupa Valley
Pledged Revenue Coverage
Last Five Fiscal Years**

Fiscal Year	Lease Revenue Bonds			Principal	Interest	Coverage
	Revenue	Less Operating Expenses	Net Available Revenue			
2012	The City has no direct outstanding bonded debt					
2013	The City has no direct outstanding bonded debt					
2014	The City has no direct outstanding bonded debt					
2015	The City has no direct outstanding bonded debt					
2016	The City has no direct outstanding bonded debt					

Note: Due to the City's incorporation on July 1, 2011, there is no information available prior to that date.

Source: City of Jurupa Valley Finance Department

**City of Jurupa Valley
Demographic and Economic Status
Last Five Fiscal Years**

Calendar Year	Population	Personal Income in Thousands	Per Capita Personal Income	Median Age	Unemployment Rate
2012	96,745	\$ 1,002,805	\$ 10,365	27.4	12.2%
2013	97,246	1,039,993	10,694	29.9	11.2%
2014	97,774	1,743,702	17,834	30.4	11.2%
2015	97,738	1,797,500	18,391	30.8	10.7%
2016	98,177	1,806,787	18,403	30.9	8.8%

Note: Due to the City's incorporation on July 1, 2011, there is no information available prior to FY 2011-2012.

Sources:

- (1) Population - California Department of Finance
- (2) Personal Income - California Franchise Tax Board, adjusted gross income for zip code 92509
- (3) Median Age - U.S. Census Bureau State of California - for zip code 92509
- (4) Unemployment Rate - No individual information for City of Jurupa Valley available; percent represents average unemployment rate from California Employment Development Division for County of Riverside.

**City of Jurupa Valley
Employment by Industry
Current Year**

Industry	2016	
	Labor Force	Percent of Total
Farm	13,100	1.99%
Goods Producing	94,300	14.36%
Trade, Transportation and Utilities	146,000	22.23%
Information	6,400	0.97%
Financial Activities	20,800	3.17%
Professional and Business Services	62,100	9.46%
Education and Health Services	95,300	14.51%
Leisure and Hospitality	83,300	12.68%
Other Services	21,600	3.29%
Government	113,800	17.33%
Total	656,700	100.00%

Note: Information on the largest employers for the City of Jurupa Valley is not available. Presented above is the annual average of Industry Employment & Labor Force for Riverside County as of March 2015.

Due to the City's incorporation on July 1, 2011, there is no information available prior to that date.

Source: State of California Employment Development Department

**City of Jurupa Valley
Full-time City Employees by Function
Last Five Fiscal Years**

Fiscal Year	(1) General Government	(1) Public Works	(2) Public Safety	(3) Community Services	Total
2012	-	-	-	-	-
2013	-	-	-	-	-
2014	-	-	-	-	-
2015	1.00	-	-	-	1.00
2016	10.65	1.00	-	-	11.65

Notes:

- (1) The City of Jurupa Valley contracts all services for General Government and Public Works, except for the City Council, City Manager, Finance and Administration, through third party consultants.
- (2) The City of Jurupa Valley contracts Public Safety services through the County of Riverside, except for one supervisor position.
- (3) Community Services are provided by the Jurupa Community Services District.

Due to the City's incorporation on July 1, 2011, there is no information available prior to that date.

Sources: City of Jurupa Valley Finance Department