

**CITY OF CANYON LAKE,  
CALIFORNIA**

**ANNUAL FINANCIAL REPORT**

**Year Ended June 30, 2013**

**City of Canyon Lake**  
**Annual Financial Report**  
**June 30, 2013**  
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## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council  
City of Canyon Lake, California

### **Report on Financial Statements**

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' 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 Canyon Lake, California, as of June 30, 2013, and, the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***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 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



To the Honorable Mayor and Members of the City Council  
City of Canyon Lake, California

Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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

The combining and individual nonmajor fund financial statements 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 are fairly stated, in all material respects, in relation to the basic financial statements and schedules as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2013 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Brea, California  
December 23, 2013

## Management's Discussion and Analysis

As management of the City of Canyon Lake, California (City), we are pleased to offer to the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2013.

### Financial Highlights

- The assets of the City exceeded its liabilities at the end of fiscal year 2013 by \$13,050,595. The difference between assets and liabilities is referred to as net position.
- The City's total net position increased by \$3,909,383 during fiscal year 2012-2013.
- As of June 30, 2013, the City's governmental funds reported combined fund balances of \$4,033,631, a decrease of \$35,130 from the prior fiscal year, and \$1,113,254 of the governmental funds' fund balances are assigned and unassigned.
- As of June 30, 2013, assigned and unassigned fund balances for the General Fund was \$1,113,254 or 29.75 percent of total General Fund expenditures.
- The City's total debt increased by \$371,118 during the fiscal year as a result of the addition of a new loan payable of \$557,000 with Riverside County Transportation Commission offset by payments during the year of \$191,895.

### Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, economic development, building and planning, animal control, and public works. The City does not have any business-type activities.

The government-wide financial statements can be found on pages 11 - 12 of this report.

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

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

Because the focus of governmental funds is more narrow 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 balances for the General Fund and 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, Debt Service Fund and Capital Projects Fund. A budgetary comparison statement has been provided for the General Fund and Capital Projects Fund in order to demonstrate compliance with this budget.

The governmental fund financial statements can be found on pages 13 - 16 of this report.

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

The basic fiduciary fund financial statement can be found on page 17 of this report.

**Notes to the basic financial statements:** The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 18 - 38 of this report.

**Other information:** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI), which includes the budgetary comparison schedule for the General Fund, which can be found on page 39.

Combining statements for nonmajor governmental funds are presented immediately following the required supplementary information. Combining financial statements and schedules can be found on pages 41 - 44 of this report.

### **Government-wide financial analysis**

As noted earlier, net position may, over time, serve as a useful indicator of the City's financial position. For the fiscal year ended June 30, 2013, the City's assets exceeded its liabilities by \$13,050,595 as summarized below:

#### **Statement of Net position**

	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
<b>Assets:</b>		
Current and other assets	\$ 4,764,982	\$ 4,946,161
Capital assets (net of depreciation)	10,037,990	5,579,992
Total assets	<u>14,802,972</u>	<u>10,526,153</u>
<b>Liabilities:</b>		
Current and other liabilities	1,006,458	880,348
Long-term liabilities	745,919	504,593
Total liabilities	<u>1,752,377</u>	<u>1,384,941</u>
<b>Net position:</b>		
Net investment in capital assets	9,137,428	5,040,039
Restricted	1,047,022	658,894
Unrestricted	2,866,145	3,442,279
Total net position	<u>\$ 13,050,595</u>	<u>\$ 9,141,212</u>

The City's net position only include infrastructure assets such as roads, streets, lighting systems, drainage systems, bridges, etc. that were added in the fiscal years ending June 30, 2004 through 2013. Historically, the City has not recorded these assets. Under GASB 34, the City has elected not to retroactively include the value of major infrastructure assets in the statement of net position.

Excluding the unknown value of infrastructure assets, net investment in capital assets represents 70.0 percent of the City net position. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. An additional portion of the City's net position, \$1,047,022 or 8.0 percent, represent resources that are subject to restrictions on how they may be used. The remaining balance, (unrestricted net position), is \$2,866,145.

**Statement of Activities:** The statement of activities shows how the City's net position changed during the fiscal years 2012-13 and 2011-12. Provided below is a summary of changes in net position.

### Statement of Changes in Net position

	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
Revenues:		
Program Revenues:		
Charges for services	\$ 215,006	\$ 170,177
Operating grants and contributions	835,718	879,177
Capital grants and contributions	4,095,983	2,642,449
General revenues	<u>2,866,420</u>	<u>2,776,599</u>
Total revenues	<u>8,013,127</u>	<u>6,468,402</u>
Expenses:		
General government	640,412	687,260
Public safety	3,022,507	2,887,560
Public works	277,214	268,360
Community development	142,389	120,540
Interest on long-term debt	21,222	25,000
Total expenses	<u>4,103,744</u>	<u>3,988,720</u>
Change in net position	3,909,383	2,479,682
Net position - beginning, as restated	<u>9,141,212</u>	<u>6,661,530</u>
Net position - ending	<u>\$ 13,050,595</u>	<u>\$ 9,141,212</u>

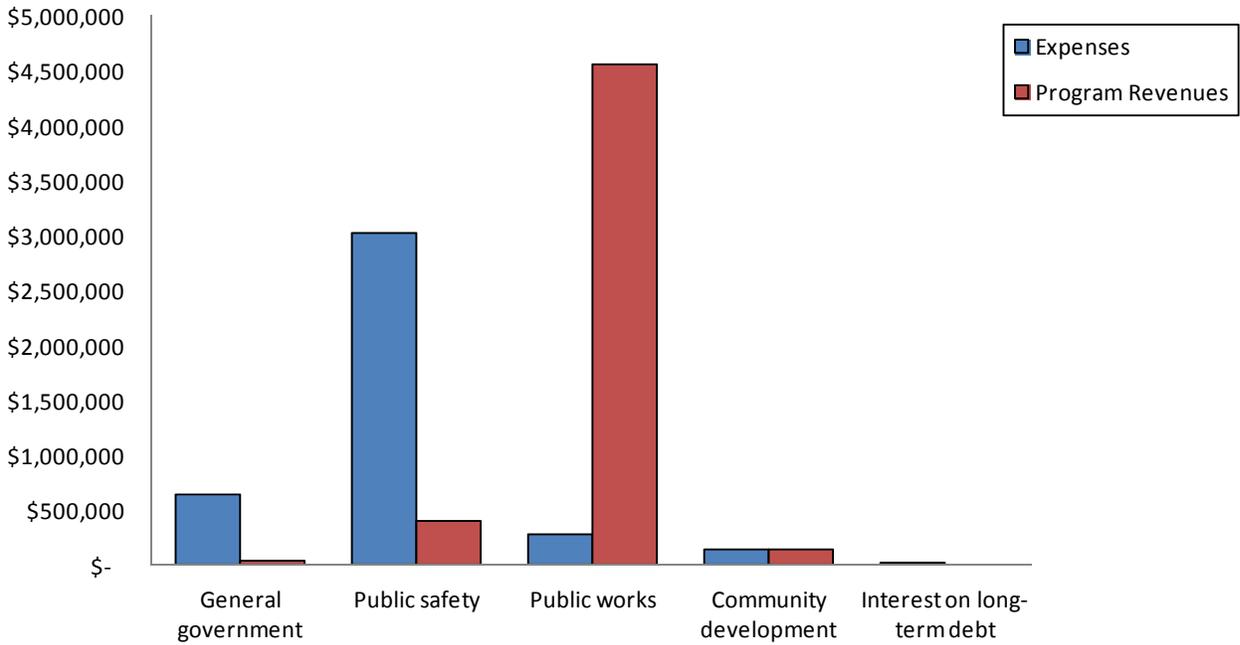
The City's net position increased overall by \$3,909,383 during the current fiscal year. The reason for the increase is explained in the governmental activities discussion below.

**Governmental activities:** Net position from governmental activities assets increased by \$3,909,383. Key element of the increase is as follows:

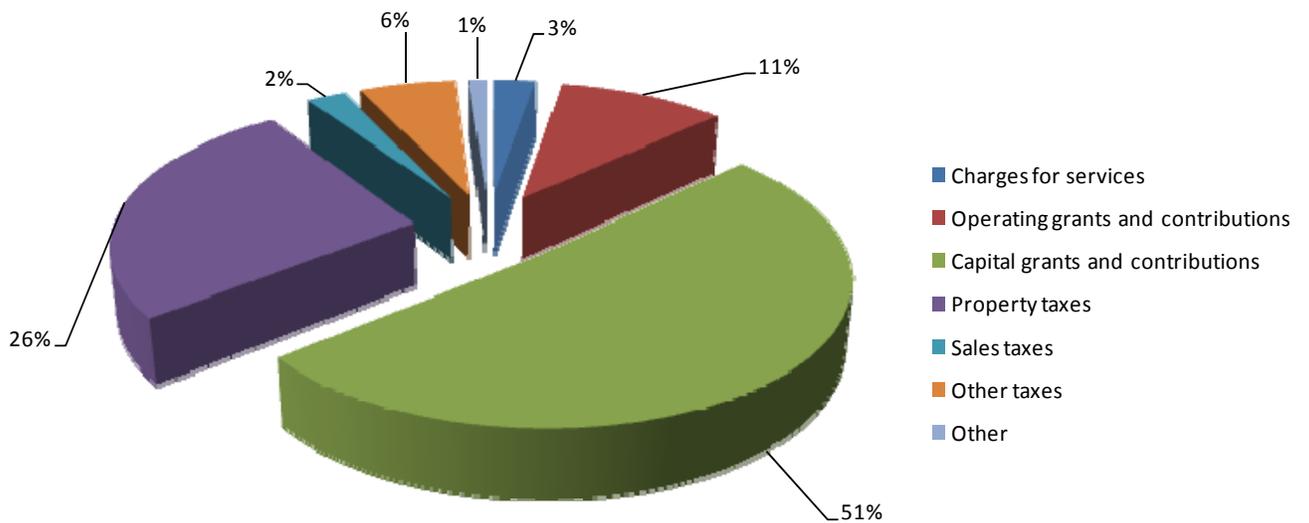
- Capital grants and contributions significantly increased due to the Railroad Canyon Road project being funded by the Transportation Uniform Mitigation Fee (TUMF) program operated by Western Riverside Council of Governments (WRCOG).

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



### Revenues by Source - Governmental Activities



The governmental activities expenses and program revenues 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 51 percent of governmental activities revenues came from capital grants and contributions, which has increased by 10 percent from the previous fiscal year.

## **Financial Analysis of City's Funds**

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

**Governmental Funds:** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year. Please refer to pages 13 - 16 for more detail on governmental funds.

As of June 30, 2013, the City's governmental funds reported combined ending fund balances of \$4,033,631, a decrease of \$35,130 in comparison with the prior year. Of the \$4,033,631, \$1,113,254 or 27.6 percent constitutes assigned and unassigned fund balance. The remainder of fund balance is nonspendable, restricted or committed to indicate that it is not available for new spending or constraints are placed on the use of resources, respectively. The decrease in governmental fund balance is due to a decrease in the fund balance of the General Fund of \$368,995 as a result of increased fire protection costs and an increase in fund balance of the Capital Projects Fund Major Governmental Fund of \$360,114, due to the timing of the revenue recognition of the TUMF Program reimbursements.

## **General Fund Financial and Budgetary Highlights**

The General Fund is the chief operating fund of the City. At June 30, 2013, assigned and unassigned fund balance was \$1,113,254. As a measure of the General Fund's financial condition, it may be useful to compare the unassigned fund balance to total expenditures. Assigned and unassigned fund balances represent 29.75 percent of General Fund expenditures. For the fiscal year, the General Fund's fund balance decreased \$368,995 from the prior year. The differences between the General Fund budget and actual are summarized below:

- General Fund actual revenues were above budget by \$163,500 mainly due to higher than anticipated property taxes and building permit revenues.
- Actual expenditures were \$165,077 more than the budgeted amount of \$3,577,498, with only Public Safety and Public Works being more than anticipated. This increase in expenditures was offset by decreased expenditures for the other functions of the City, namely the General Government and Community Development functions.

## Capital Assets and Debt Administration

**Capital Assets:** City investment in capital assets for its governmental type activities as of June 30, 2013, amounted to \$10,037,990 (net of accumulated depreciation). This investment in capital assets includes additions to Construction in progress and machinery and equipment. During the year, \$4,620,615 of capital assets were added for the governmental activities.

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

- Construction in progress for structural repairs to Railroad Canyon Road \$4,600,924.

Additional information on the City's capital assets can be found on page 31 in the notes to the basic financial statements and a summary is provided below.

### City of Canyon Lake Capital Assets (net of depreciation)

	Governmental Activities	
	2013	2012
Land	\$ 130,000	\$ 130,000
Building and improvements	538,679	560,701
Machinery, equipment and vehicles	74,041	116,026
Infrastructure	866,699	945,618
Construction in progress	8,428,571	3,827,647
Total	<u>\$ 10,037,990</u>	<u>\$ 5,579,992</u>

**Long-term debt:** At the end of fiscal year 2013, the City's total long-term debt outstanding was \$1,020,350. This amount was comprised of \$110,000 of certificates of participation which are secured by future revenue sources of the Gas Tax Fund, \$392,017 in loans from Riverside County which are secured by several different sources of revenues, \$508,545 in loans from RCTC which are secured by Measure A revenues, and \$9,788 in compensated absences.

Outstanding long-term debt of the City is summarized below, and additional information can be found on pages 32 - 34 in the notes to basic financial statements.

### City of Canyon Lake Outstanding Long-Term Debt

	Governmental Activities	
	2013	2012
Compensated absences	\$ 9,788	\$ 9,279
Certificates of participation	110,000	210,000
Loan payable County of Riverside	392,017	429,953
Loan payable RCTC	508,545	-
Total long-term debt	<u>\$ 1,020,350</u>	<u>\$ 649,232</u>

## **Economic Factors and Next Year's Budgets and Rates**

In preparing the budget for fiscal year 2013-14, management looked at the possible impact to the City's revenue due to the State of California's budget deficit and continued economic downturn.

The Operating Budget for fiscal year 2013-14 anticipates using \$784,977 of the General Fund fund balance reserve.

- Anticipated General Fund Revenues of \$3,180,700, a decrease of approximately 1.01 percent from the previous year.
- Proposed General Fund Expenditures of \$3,965,677, an increase of approximately 10.85 percent, or \$388,179 above the previous year.

Detailed information about the economic analysis, revenue assumptions, and other budgetary process parameters utilized in the annual budget preparation, can be obtained from the City's 2013-14 Budget which is available at City Hall.

## **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 Canyon Lake, 31516 Railroad Canyon Road, Canyon Lake, California 92587, or call (951) 244-2955.

**City of Canyon Lake  
Statement of Net Position  
June 30, 2013**

**ASSETS**

Cash and investments	\$	4,286,966
Receivables:		
Accounts		67,096
Interest		8,297
Intergovernmental		280,787
Prepaid items		1,391
Restricted assets:		
Cash and investments with fiscal agent		120,445
Capital assets, net of accumulated depreciation		<u>10,037,990</u>
Total assets		<u>14,802,972</u>

**LIABILITIES**

Accounts payable and accrued liabilities		731,351
Interest payable		676
Noncurrent liabilities:		
Due within one year		274,431
Due in more than one year		<u>745,919</u>
Total liabilities		<u>1,752,377</u>

**NET POSITION**

Net investment in capital assets		9,137,428
Restricted:		
Public works		828,809
Community development		49,721
Equipment		48,723
Debt service		119,769
Unrestricted		<u>2,866,145</u>
Total net position	\$	<u><u>13,050,595</u></u>

The accompanying notes are an integral part of these financial statements

**City of Canyon Lake  
Statement of Activities  
For the Year Ended June 30, 2013**

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 640,412	\$ 39,210	\$ -	\$ -	\$ (601,202)
Public safety	3,022,507	24,311	377,654	-	(2,620,542)
Public works	277,214	-	458,064	4,095,983	4,276,833
Community development	142,389	151,485	-	-	9,096
Interest on long-term debt	21,222	-	-	-	(21,222)
<b>Total governmental activities</b>	<b>\$ 4,103,744</b>	<b>\$ 215,006</b>	<b>\$ 835,718</b>	<b>\$ 4,095,983</b>	<b>1,042,963</b>
General revenues:					
Taxes:					
Property tax, levied for general purpose					2,110,972
Transient occupancy tax					36,090
Franchise tax					314,061
Sales tax					191,058
Other taxes					132,023
Motor vehicle license fees					10,541
Use of money and property					(8,193)
Other					79,868
<b>Total general revenues</b>					<b>2,866,420</b>
Change in net position					3,909,383
Net position, beginning of year, as restated (see Note 13)					9,141,212
Net position, end of year					<b>\$ 13,050,595</b>

The accompanying notes are an integral part of these financial statements

**City of Canyon Lake  
Balance Sheet  
Governmental Funds  
June 30, 2013**

	General	Capital Projects Fund	Total Non-major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments	\$ 3,418,613	\$ 381,795	\$ 486,558	\$ 4,286,966
Cash with fiscal agent	-	-	120,445	120,445
Receivables:				
Accounts	67,096	-	-	67,096
Interest	8,297	-	-	8,297
Intergovernmental	142,334	70,834	67,619	280,787
Prepaid items	1,391	-	-	1,391
Due from other funds	6,112	-	-	6,112
	<u>6,112</u>	<u>-</u>	<u>-</u>	<u>6,112</u>
Total assets	<u>\$ 3,643,843</u>	<u>\$ 452,629</u>	<u>\$ 674,622</u>	<u>\$ 4,771,094</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 657,910	\$ 52,302	\$ 21,139	\$ 731,351
Due to other funds	-	-	6,112	6,112
	<u>-</u>	<u>-</u>	<u>6,112</u>	<u>6,112</u>
Total liabilities	<u>657,910</u>	<u>52,302</u>	<u>27,251</u>	<u>737,463</u>
Fund Balances:				
Nonspendable	1,391	-	-	1,391
Restricted	-	400,327	647,371	1,047,698
Committed	1,871,288	-	-	1,871,288
Assigned	75,000	-	-	75,000
Unassigned	1,038,254	-	-	1,038,254
	<u>1,038,254</u>	<u>-</u>	<u>-</u>	<u>1,038,254</u>
Total fund balances	<u>2,985,933</u>	<u>400,327</u>	<u>647,371</u>	<u>4,033,631</u>
Total liabilities and fund balances	<u>\$ 3,643,843</u>	<u>\$ 452,629</u>	<u>\$ 674,622</u>	<u>\$ 4,771,094</u>

The accompanying notes are an integral part of these financial statements

**City of Canyon Lake  
 Reconciliation of the Balance Sheet of  
 Governmental Funds to the Statement of Net Position  
 June 30, 2013**

Fund balances of governmental funds \$ 4,033,631

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

Capital assets used in governmental activities are not financial resources and , therefore, are not reported in the funds. 10,037,990

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term are reported in the statement of net position.

Balances at June 30, are:

Certificates of Participation	\$	(110,000)	
Compensated absences		(9,788)	
Loan payable - County of Riverside		(392,017)	
Loan payable- RCTC		(508,545)	
Accrued interest payable		(676)	
		(1,021,026)	(1,021,026)

Net position of governmental activities \$ 13,050,595

The accompanying notes are an integral part of these financial statements

**City of Canyon Lake**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2013**

	General	Capital Projects Fund	Non-major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Taxes	\$ 2,728,806	\$ -	\$ -	\$ 2,728,806
Licenses and permits	223,520	-	-	223,520
Fines and forfeitures	24,311	-	-	24,311
Intergovernmental	288,195	4,238,966	559,086	5,086,247
Use of money and property	31,017	-	(1,022)	29,995
Other	63,231	-	-	63,231
	<u>3,359,080</u>	<u>4,238,966</u>	<u>558,064</u>	<u>8,156,110</u>
<b>EXPENDITURES</b>				
Current:				
General government	622,350	-	-	622,350
Public safety	2,906,258	-	88,000	2,994,258
Public works	71,578	3,878,852	840,160	4,790,590
Community development	142,389	-	-	142,389
Capital outlay	-	-	4,925	4,925
Debt service:				
Principal	-	-	186,391	186,391
Interest and fiscal charges	-	-	21,837	21,837
	<u>3,742,575</u>	<u>3,878,852</u>	<u>1,141,313</u>	<u>8,762,740</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(383,495)</u>	<u>360,114</u>	<u>(583,249)</u>	<u>(606,630)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued	-	-	557,000	557,000
Sale of capital assets	14,500	-	-	14,500
Transfers in	-	-	118,577	118,577
Transfers out	-	-	(118,577)	(118,577)
	<u>14,500</u>	<u>-</u>	<u>557,000</u>	<u>571,500</u>
Net change in fund balances	(368,995)	360,114	(26,249)	(35,130)
Fund balances, beginning of year	<u>3,354,928</u>	<u>40,213</u>	<u>673,620</u>	<u>4,068,761</u>
Fund balances, end of year	<u>\$ 2,985,933</u>	<u>\$ 400,327</u>	<u>\$ 647,371</u>	<u>\$ 4,033,631</u>

The accompanying notes are an integral part of these financial statements

**City of Canyon Lake**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances of**  
**Governmental Funds to the Statement of Activities**  
**For the Year Ended June 30, 2013**

Net change in fund balances - total governmental funds	\$ (35,130)
<p>Amounts reported for governmental activities in the statement of activities different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense or are allocated to the appropriate functional expense when the cost is below capitalization threshold. This activity is reconciled as follows:</p>	
Cost of assets capitalized	4,620,615
Depreciation expense	(138,415)
Net book value of assets disposed	(24,202)
<p>Debt proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net position. In the current period proceeds were received from:</p>	
Loan Payable - RCTC	(557,000)
<p>Governmental funds report principal payments as expenditures. In the statement of activities, principal payments are applied to the appropriate long-term liability.</p>	
	186,391
<p>Revenues reported as deferred revenue in the governmental funds are recognized in the Statement of Activities.</p>	
	(142,983)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:</p>	
Increase in compensated absences payable	(508)
Decrease in accrued interest payable on long-term liabilities	615
	615
Change in net position of governmental activities	\$ 3,909,383

The accompanying notes are an integral part of these financial statements

**City of Canyon Lake**  
**Statement of Fiduciary Assets and Liabilities**  
**June 30, 2013**

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and investments	\$ -
Due from other governments	<u>40,511</u>
Total assets	<u><u>\$ 40,511</u></u>
<b>LIABILITIES</b>	
Deposits	<u>\$ 40,511</u>
Total liabilities	<u><u>\$ 40,511</u></u>

The accompanying notes are an integral part of these financial statements

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Note 1: Organization and Summary of Significant Accounting Policies**

**a. Description of the reporting entity**

The City of Canyon Lake was incorporated on December 1, 1990 under the laws of the State of California and enjoys all the rights and privileges pertaining to "General Law" cities. The City operates under a council-manager form of government and currently provides a wide variety of services to its citizens, including public safety, public services, community development, general administrative and other services.

There are no separate legal entities over which the City is financially accountable for.

**b. Government-wide and fund financial statements**

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

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

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

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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

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

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

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

The City reports the following major governmental funds:

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

The *Capital Projects Fund* accounts for city-wide capital improvement projects.

Additionally, the City reports the following fund types:

The *Special Revenue Funds* are used to account for the proceeds of specific revenue resources that are restricted or committed to expenditures for specific purposes other than debt service and capital projects.

The *Debt Service Fund* is used to account for all financial resources that are restricted, committed, or assigned to expenditure for principal, interest, and related costs.

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

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

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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

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

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

**Other Accounting Policies**

***Deposits and investments***

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

Investments are reported at fair value. The City's policy is to hold investments until maturity or until market values equal or exceed cost. The State Treasurers Investment Pool operates in accordance with appropriate State laws and regulations. The reported value of the Pool is the same as the fair value of the Pool shares.

***Receivables and payables***

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

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

***Property taxes***

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

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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

***Restricted assets***

Certain proceeds of the City's certificates of participation, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because they are maintained in separate bank accounts and their use is limited by applicable debt covenants.

***Capital assets***

Capital assets, which include property, plant and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are, reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than or equal to \$1,000 (amount not rounded) and an estimated useful life of at least two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

Assets	Years
Buildings	39
Building improvements	10
Infrastructure	20 - 50
Vehicles	5 - 10
Office equipment	5 - 10
Computer equipment	5

***Use of estimates***

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

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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

***Compensated absences***

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

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

***Long-term obligations***

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

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

***Unearned revenues***

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

***Fund equity***

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

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

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

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

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

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

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

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

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

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

***Implementation of new GASB pronouncements***

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

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Note 2:        Budgetary Information**

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

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

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

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

Formal budgetary integration is employed as a management control device during the year for all the governmental type funds. Budgets for all the governmental type funds are adopted on a basis consistent with generally accepted accounting principles, except for the Kangaroo Rat Fees Fund and the Miscellaneous Grants Fund which do not have legally adopted budgets. Budgeted amounts are as originally adopted and are further amended by the City Council.

The following funds had expenditures in excess of appropriations:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 3,577,498	\$ 3,742,575	\$ (165,077)
Measure A	557,000	773,786	(216,786)

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

**III. DETAILED NOTES ON ALL FUNDS**

**Note 3: Cash and Investments**

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

Statement of Net position	
Cash and investments	\$ 4,286,966
Restricted assets	
Cash and investments with fiscal agent	<u>120,445</u>
Total cash and investments	<u>\$ 4,407,411</u>

Cash and Investments as of June 30, 2013 consists of the following:

Deposits with financial institutions	\$ 1,324,959
Cash on hand	300
Investments	<u>3,082,152</u>
Total cash and investments	<u>\$ 4,407,411</u>

The City follows the practice of pooling cash and investments of all funds except for funds held by a fiscal agent. Interest income earned on pooled cash and investments is allocated quarterly to the various funds based on cash balances. Interest income from cash and investments with a fiscal agent is credited directly to the related fund.

The City adopted GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the City reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

**Note 3: Cash and Investments (continued)**

***Authorized investments***

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in one Issuer</u>
U. S. Treasuries	5 years	None	None
Money Market Accounts	N/A	10%	5%
Certificates of Deposit	5 years	None	None
Local Agency Investment Fund (LAIF)	N/A	50%	None
Federal Agency Securities	5 years	None	None
Bankers Acceptances	180 days	10%	5%
Commercial Paper	270 days	10%	10%
Medium-Term Notes	5 years	15%	5%
Negotiable Certificates of Deposit	5 years	30%	5%
Repurchase Agreements	1 year	10%	None

***Investments authorized by debt agreements***

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

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

**Note 3: Cash and Investments (continued)**

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
Government Obligations	None	None	None
FHLB's	None	None	None
FHLMC's	None	None	None
Farmers Home Administration	None	None	None
FNMA's	None	None	None
Federal Financing Bank	None	None	None
Export-Import Bank of U.S.	None	None	None
GNMA's	None	None	None
Federal Housing Administration	None	None	None
Private Export Funding Corp.	None	None	None
State Obligations	None	None	None
Certificates of Deposit	360 days	None	None
Deposits fully insured by FDIC	None	None	None
Corporate Debt	None	None	None
Public Housing Bonds	None	None	None
Investment Agreements	None	None	None
Municipal Obligations rated AAA	None	None	None
Commercial Paper rated P-1	270 days	None	None
Repurchase Agreements	30 days	None	None
Money Market Mutual Funds rated AA	N/A	None	None

***Disclosures relating to interest rate risk***

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

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

**Note 3: Cash and Investments (continued)**

Investment type	Total	12 months or less	13 to 24 months	25 to 60 months
Local Agency Investment Fund	\$ 9,492	\$ 9,492	\$ -	\$ -
Money market sweep	307,572	307,572	-	-
Certificates of deposit	105,913	105,913	-	-
Federal agency securities	2,087,427	211,730	662,329	1,213,368
Corporate debt securities	391,179	-	-	391,179
Money market	60,124	60,124	-	-
Held by bond trustee:				
Money market funds	120,445	120,445	-	-
<b>Totals</b>	<b>\$ 3,082,152</b>	<b>\$ 815,276</b>	<b>\$ 662,329</b>	<b>\$ 1,604,547</b>

***Disclosures relating to credit risk***

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Information about the minimum rating required by the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year-end for each type of investment held by the City can be found below.

Investment type	Total	Minimum legal rating	Ratings as of year end
Local Agency Investment Fund	\$ 9,492	N/A	Not rated
Money market sweep	307,572	N/A	Not rated
Certificates of deposit	105,913	N/A	Not rated
Federal agency securities	2,087,427	AA-a2	AAA AA+
Corporate debt securities	391,179	A	A
Money market	60,124	N/A	Not rated
Held by bond trustee:			
Money market funds	120,445	AA	AA
<b>Totals</b>	<b>\$ 3,082,152</b>		

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

**Note 3: Cash and Investments (continued)**

***Concentration of credit risk***

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

Issuer	Investment Type	Reported Amounts
Federal Home Loan Bank	Federal agency securities	\$ 1,348,505
GE Capital Corp	Corporate debt securities	186,573
Federal Farm Credit Bank	Federal agency securities	607,824
Caterpillar Fin Services Corp	Corporate debt securities	204,606

***Custodial credit risk***

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2013, the City had deposits of \$1,640,013 with financial institutions in excess of federal depository insurance limits that were held in collateralized accounts.

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

**Note 3: Cash and Investments (continued)**

***Investments in State Investment Pool***

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this Pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

LAIF has reported to its participating agencies that, as of June 30, 2013, the carrying amount (at amortized cost) of the Pool was \$58,812,406,570 and the estimated fair value of the pool was \$50,828,474,533. The City's proportionate share of the Pool's market value (as determined by LAIF) as of June 30, 2013, was \$9,492. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations.

**Note 4: Interfund Receivables, Payables and Transfers**

The composition of Interfund balances at June 30, 2013 is as follows:

***Interfund receivables/payables:***

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Law Enforcement Grants	<u>\$ 6,112</u>

The above amount owed to the General Fund was a result of a temporary cash deficit in the Law Enforcement Grants Fund caused by the timing of the grant receipts.

***Interfund transfers:***

<u>Fund Receiving Transfers</u>	<u>Fund Making Transfers</u>	<u>Amount</u>
Debt Service	Gas Tax	<u>\$ 118,577</u>

The above transfers are for debt service.

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

**Note 5: Capital Assets**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 130,000	\$ -	\$ -	\$ 130,000
Construction in progress	3,827,647	4,600,924	-	8,428,571
Total capital assets, not being depreciated	<u>3,957,647</u>	<u>4,600,924</u>	<u>-</u>	<u>8,558,571</u>
Capital assets, being depreciated:				
Buildings	735,150	-	-	735,150
Machinery & equipment	226,610	19,691	-	246,301
Vehicles	298,731	-	(26,464)	272,267
Infrastructure	1,533,077	-	-	1,533,077
Total capital assets, being depreciated	<u>2,793,568</u>	<u>19,691</u>	<u>(26,464)</u>	<u>2,786,795</u>
Less accumulated depreciation for:				
Buildings	(174,449)	(22,022)	-	(196,471)
Machinery & equipment	(186,190)	(13,243)	-	(199,433)
Vehicles	(223,125)	(24,231)	2,262	(245,094)
Infrastructure	(587,459)	(78,919)	-	(666,378)
Total accumulated depreciation	<u>(1,171,223)</u>	<u>(138,415)</u>	<u>2,262</u>	<u>(1,307,376)</u>
Total capital assets, being depreciated, net	<u>1,622,345</u>	<u>(118,724)</u>	<u>(24,202)</u>	<u>1,479,419</u>
Governmental activities capital assets, net	<u>\$ 5,579,992</u>	<u>\$ 4,482,200</u>	<u>\$ (24,202)</u>	<u>\$ 10,037,990</u>

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

Governmental activities:	
General government	\$ 17,554
Public safety	33,313
Public works	<u>87,548</u>
Total depreciation expense - governmental activities	<u>\$ 138,415</u>

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

**Note 6: Long-Term Liabilities**

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

**Governmental Activities:**

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Certificates of Participation	\$ 210,000	\$ -	\$ 100,000	\$ 110,000	\$ 110,000
Loan Payable - County of Riverside	429,953 *	-	37,936	392,017	79,833
RCTC Loan	-	557,000	48,455	508,545	79,704
Compensated Absences	9,279	6,013	5,504	9,788	4,894
	<u>9,279</u>	<u>6,013</u>	<u>5,504</u>	<u>9,788</u>	<u>4,894</u>
Governmental activities long-term liabilities	<u>\$ 649,232</u>	<u>\$ 563,013</u>	<u>\$ 191,895</u>	<u>\$ 1,020,350</u>	<u>\$ 274,431</u>

\* Beginning balance restated, see Note 13.

**Certificates of Participation:**

In June 1994 the City issued \$1,245,000 Certificates of Participation to finance the construction and acquisition of street improvements within the City. The certificates consist of \$555,000 serial certificates maturing in installments ranging from \$35,000 to \$65,000 from 1995 to 2006; and \$690,000 term certificates maturing in 2014. The debt service payments on the certificates are to be paid solely with Gas Tax Revenues. The certificates bear interest ranging from 4.5% to 7.375% payable semi-annually on June 1 and December 1 of each year, commencing December 1, 1994. The principal balance as of June 30, 2013 is \$110,000.

The annual requirements to amortize the outstanding Certificates of Participation as of June 30, 2013 are as follows:

Year Ending June 30,	Certificates of Participation	
	Principal	Interest
2014	\$ 110,000	\$ 8,112
Total	<u>\$ 110,000</u>	<u>\$ 8,112</u>

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

**Note 6: Long-Term Liabilities (continued)**

***Loan Payable - County of Riverside***

In June 2003, the City entered into an agreement with the County of Riverside (the County) to obtain a loan for \$1,000,000 to finance the costs of structural repairs to Railroad Canyon Road. The loan is interest free. The loan did not have a set debt service schedule and was due within ten (10) years of the agreement and no later than June 30, 2013. The agreement was amended subsequent to June 30, 2013 and is now due within seven years, and has a set schedule of repayment, and is due no later than October 15, 2019. The City has pledged all of its Proposition 12 and 40 park bond funds, Community Development Block Grant funds, and commencing in fiscal year 2010-2011 Measure A and/or Proposition 42 funds for repayment of the debt. The principal balance as of June 30, 2013 is \$392,017.

The annual requirements to amortize the outstanding County of Riverside Loan payable as of June 30, 2013 are as follows:

Year Ending June 30,	Loan County of Riverside Principal
2014	\$ 79,833
2015	48,000
2016	53,000
2017	58,000
2018	63,000
2019	63,000
2020	27,184
Total	\$ 392,017

***Loan Payable – Riverside County Transportation Commission***

In January 2013, the City entered into an agreement with the Riverside County Transportation Commission (RCTC) to obtain a loan for \$557,000 of Measure A Funds to finance construction costs for Railroad Canyon Road. The Loan bears interest at the rate of .91% per annum. Principal and interest are payable in monthly installments of \$7,000 commencing on January 18, 2013, until paid in full on December 18, 2019. The City has pledged its future Measure A revenues for the repayment of the Loan. The principal balance as of June 30, 2013 is \$508,545.

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

**Note 6: Long-Term Liabilities (continued)**

***Loan Payable – Riverside County Transportation Commission (continued)***

The annual requirements to amortize the outstanding RCTC Loan payable as of June 30, 2013 are as follows:

Year Ending June 30,	RCTC Loan Payable	
	Principal	Interest
2014	\$ 79,704	\$ 4,296
2015	80,432	3,568
2016	81,167	2,833
2017	81,909	2,091
2018	82,658	1,342
2019	83,413	587
2020	19,262	28
Total	<u>\$ 508,545</u>	<u>\$ 14,745</u>

**Note 7: Operating Lease**

The City leases equipment under a noncancelable operating lease. Total costs for the lease was \$1,586 for the fiscal year ended June 30, 2013. The future minimum annual lease payments for the lease are as follows:

Year Ending June 30,	Total
2014	\$ 5,708
2015	5,708
2016	5,708
2017	<u>4,122</u>
	<u>\$ 21,246</u>

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

**Note 8: Retirement Plan**

***Plan Description***

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

***Funding Policy***

Participants are required to contribute 7% of their annual covered salary. The City makes the contributions required of the employees on their behalf and for their account. Beginning July 1, 2010 all new employees are required to pay their own contributions, and as of June 30, 2013 the City had one such employee. The City is required to contribute at an actuarially determined rate; the current rate is 16.229% of annual covered payroll. The contribution requirements of Plan members and the City are established and may be amended by PERS.

***Required Contribution***

For 2013, the City's pension cost of \$14,312 for PERS was equal to the City's required contributions. The required contribution was determined as part of the June 30, 2010 actuarial valuation using the entry age normal actuarial cost method.

THREE YEAR TREND INFORMATION FOR PERS		
Fiscal Year	Required Contribution	Percentage Contributed
06/30/11	\$ 28,174	100%
06/30/12	\$ 27,031	100%
06/30/13	\$ 14,312	100%

***Plan Description: Defined Contribution Pension Plan***

The City provides pension benefits for all of its part-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. All part-time employees are eligible to participate from the date of employment. Federal legislation requires contributions of at least 7.5 percent to a retirement plan, and the employees contribute the full 7.5 percent, although certain employees contribute in excess of the requirement.

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

**Note 9: Risk Management**

The City is a member of the Public Entity Risk Management Authority (PERMA), a joint powers authority formed under Section 990 of the California Government Code for the purpose of jointly funding programs of insurance coverage for its members. PERMA is comprised of thirty-one participating member agencies: twenty-two cities, three transit agencies and six special districts. The City participates in the liability, employment practices 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 employment practices liability program provides up to \$1 million per occurrence. The City has selected a \$25,000 self-insured retention for this coverage. Coverage above \$25,000 is with Employment Risk Management Authority (ERMA) to a limit of \$1,000,000, followed by PERMA's membership in CSAC-EIA for \$49 million of excess employment practices liability coverage.

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

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

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

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

**Note 10: Commitments and Contingencies**

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. City management believes such disallowances, if any, would not have a material effect on the City's financial position.

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

**Note 11: Fund Equity**

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

	General Fund	Major Fund Capital Projects Fund	Non-Major Governmental Funds	Total
Fund Balances:				
Nonspendable:				
Prepaid items	\$ 1,391	\$ -	\$ -	\$ 1,391
Restricted for:				
Public works	-	-	428,482	428,482
Community development	-	-	49,721	49,721
Capital projects	-	400,327	-	400,327
Debt service	-	-	120,445	120,445
Equipment	-	-	48,723	48,723
Committed to:				
Economic stabilization	1,871,288	-	-	1,871,288
Assigned to:				
Self-insured retention	15,000	-	-	15,000
Litigation	25,000	-	-	25,000
Equipment replacement	35,000	-	-	35,000
Unassigned:	1,038,254	-	-	1,038,254
	<u>\$ 2,985,933</u>	<u>\$ 400,327</u>	<u>\$ 647,371</u>	<u>\$ 4,033,631</u>

**Note 12: Jointly Governed Organization**

The City, in conjunction with 4 other governmental entities, created the Southwest Communities Financing Authority (Authority) on November 30, 2004. The Authority was formed to issue bonds for the construction of an animal shelter to be used by the member agencies. The Authority's board is comprised of one member from each participating entity. The City has the following fiscal obligations: debt repayment of bonds issued, administrative costs and operation of the animal shelter. The debt service payments and the animal shelter operating costs will be prorated to each member based on the percentage of the animals housed at the facility, on an annual basis. The administrative costs will be borne equally by all members. The City incurred costs of \$83,714 for the fiscal year ended June 30, 2013, which included \$46,934 in interest on the bonds issued.

**City of Canyon Lake**  
**Notes to the Basic Financial Statements**  
**June 30, 2013**

**Note 13:      Prior Period Restatement**

Governmental Activities- Net position

Net position - beginning, as previously reported	\$ 9,031,212
Prior period adjustment	<u>110,000</u>
Net position - beginning, as restated	<u><u>\$ 9,141,212</u></u>

The prior period adjustment of \$110,000 is due to the correction of an error in the balance of the Riverside County Loan payable. The City did not receive credit for the Proposition 12, 2000 Park Bond Act State Grant assigned by the City to County of Riverside in fiscal year 2007/08.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**City of Canyon Lake**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 2,562,350	\$ 2,562,350	\$ 2,728,806	\$ 166,456
Licenses and permits	167,800	167,800	223,520	55,720
Fines and forfeitures	40,000	40,000	24,311	(15,689)
Intergovernmental	296,030	296,030	288,195	(7,835)
Use of money and property	79,400	79,400	31,017	(48,383)
Other	50,000	50,000	63,231	13,231
<b>Total revenues</b>	<b>3,195,580</b>	<b>3,195,580</b>	<b>3,359,080</b>	<b>163,500</b>
<b>EXPENDITURES</b>				
Current:				
General government	696,893	696,893	622,350	74,543
Public safety	2,543,306	2,543,306	2,906,258	(362,952)
Public works	21,800	21,800	71,578	(49,778)
Community development	315,499	315,499	142,389	173,110
<b>Total expenditures</b>	<b>3,577,498</b>	<b>3,577,498</b>	<b>3,742,575</b>	<b>(165,077)</b>
Excess (deficiency) of revenues over (under) expenditures	(381,918)	(381,918)	(383,495)	(1,577)
<b>OTHER FINANCING SOURCES</b>				
Sale of capital assets	21,000	21,000	14,500	(6,500)
<b>Total other financing sources</b>	<b>21,000</b>	<b>21,000</b>	<b>14,500</b>	<b>(6,500)</b>
Net change in fund balance	(360,918)	(360,918)	(368,995)	(8,077)
Fund balance, beginning of year	3,354,928	3,354,928	3,354,928	-
Fund balance, end of year	<u>\$ 2,994,010</u>	<u>\$ 2,994,010</u>	<u>\$ 2,985,933</u>	<u>\$ (8,077)</u>

## NONMAJOR GOVERNMENTAL FUNDS

### **Special Revenue Funds**

Kangaroo Rat Fees – This fund is used to account for the fees collected from developers to be used for mitigation measures for the Kangaroo Rat.

RSA – This fund is used to account for fees from developers to be used for the acquisition or construction of public buildings or facilities.

Gas Tax – This fund is to account for the repair and maintenance of streets and traffic signals of the City. Financing is through the State Highway Users Tax Sections 2103, 2105, 2106, 2107, and 2107.5 of the Streets and Highways Code.

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

AQMD – This fund is used to account for the receipt of AB 2766 funds to implement programs that reduce air pollution from motor vehicles. Local Governments receive forty percent of the motor vehicle registration fee surcharge of \$4 per vehicle collected by the Department of Motor Vehicles.

Law Enforcement Grants – This fund is used to account for the *Supplemental Law Enforcement Grant* funds used for front line law enforcement services, and for the *California Law Enforcement Equipment Program* for the purchase of equipment to assist law enforcement to prevent and reduce crime.

Miscellaneous Grants – This fund is used to account for specific revenue resources that are restricted or committed to expenditure for specific purposes other than capital projects.

### **Debt Service Fund**

Debt Service – This fund accounts for all financial resources that are restricted, committed, or assigned to meet the debt service requirements of the Certificates of Participation.

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

	Special Revenue Funds			
	Kangaroo Rat Fees	RSA	Gas Tax	Measure A
<b>ASSETS</b>				
Cash and investments	\$ 30,833	\$ -	\$ 259,312	\$ 92,008
Cash with fiscal agent	-	-	-	-
Receivables:				
Intergovernmental	-	-	23,967	15,276
	-	-	23,967	15,276
Total assets	\$ 30,833	\$ -	\$ 283,279	\$ 107,284
 <b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 5,941	15,198
Due to other funds	-	-	-	-
	-	-	5,941	15,198
Total liabilities	-	-	5,941	15,198
Fund Balances:				
Restricted for:				
Public works	-	-	277,338	92,086
Community development	30,833	-	-	-
Debt service reserve	-	-	-	-
Equipment	-	-	-	-
	-	-	-	-
Total fund balances	30,833	-	277,338	92,086
Total liabilities and fund balances	\$ 30,833	\$ -	\$ 283,279	\$ 107,284

<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>	<u>Total Non-major Governmental Funds</u>
<u>AQMD</u>	<u>Law Enforcement Grants</u>	<u>Miscellaneous Grants</u>	<u>Debt Service</u>	
\$ 55,682	\$ -	\$ 48,723	\$ -	\$ 486,558
-	-	-	120,445	120,445
<u>3,376</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>67,619</u>
<u>\$ 59,058</u>	<u>\$ 25,000</u>	<u>\$ 48,723</u>	<u>\$ 120,445</u>	<u>\$ 674,622</u>
\$ -	\$ -	\$ -	\$ -	\$ 21,139
-	6,112	-	-	6,112
<u>-</u>	<u>6,112</u>	<u>-</u>	<u>-</u>	<u>27,251</u>
59,058	-	-	-	428,482
-	18,888	-	-	49,721
-	-	-	120,445	120,445
-	-	48,723	-	48,723
<u>59,058</u>	<u>18,888</u>	<u>48,723</u>	<u>120,445</u>	<u>647,371</u>
<u>\$ 59,058</u>	<u>\$ 25,000</u>	<u>\$ 48,723</u>	<u>\$ 120,445</u>	<u>\$ 674,622</u>

**City of Canyon Lake**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2013**

	Special Revenue Funds			
	Kangaroo Rat Fees	RSA	Gas Tax	Measure A
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 257,680	\$ 150,576
Special use fees				
Use of money and property	-	-	(665)	(233)
Total revenues	-	-	257,015	150,343
<b>EXPENDITURES</b>				
Current:				
Public safety	-	-	-	-
Public works	-	8,994	109,095	722,071
Capital Outlay	-	-	-	-
Debt service:				
Principal	-	-	-	48,455
Interest and fiscal charges	-	-	-	3,260
Total expenditures	-	8,994	109,095	773,786
Excess (deficiency) of revenues over (under) expenditures	-	(8,994)	147,920	(623,443)
<b>OTHER FINANCING SOURCES (USES)</b>				
Long-term debt issued	-	-	-	557,000
Transfers in	-	-	-	-
Transfers out	-	-	(118,577)	-
Total other financing sources (uses)	-	-	(118,577)	557,000
Net change in fund balances	-	(8,994)	29,343	(66,443)
Fund balances, beginning of year	30,833	8,994	247,995	158,529
Fund balances, end of year	\$ 30,833	\$ -	\$ 277,338	\$ 92,086

<u>Special Revenue Funds</u>			<u>Debt Service</u>	<u>Total</u>
<u>AQMD</u>	<u>Law Enforcement Grants</u>	<u>Miscellaneous Grants</u>	<u>Fund</u>	<u>Non-major Governmental Funds</u>
			<u>Debt Service</u>	
\$ 12,894	\$ 100,000	\$ 37,936	\$ -	\$ 559,086
(124)	-	-	-	(1,022)
<u>12,770</u>	<u>100,000</u>	<u>37,936</u>	<u>-</u>	<u>558,064</u>
-	88,000	-	-	88,000
-	-	-	-	840,160
-	-	4,925	-	4,925
-	-	37,936	100,000	186,391
-	-	-	18,577	21,837
-	<u>88,000</u>	<u>42,861</u>	<u>118,577</u>	<u>1,141,313</u>
<u>12,770</u>	<u>12,000</u>	<u>(4,925)</u>	<u>(118,577)</u>	<u>(583,249)</u>
-	-	-	-	557,000
-	-	-	118,577	118,577
-	-	-	-	(118,577)
-	-	-	118,577	557,000
12,770	12,000	(4,925)	-	(26,249)
<u>46,288</u>	<u>6,888</u>	<u>53,648</u>	<u>120,445</u>	<u>673,620</u>
<u>\$ 59,058</u>	<u>\$ 18,888</u>	<u>\$ 48,723</u>	<u>\$ 120,445</u>	<u>\$ 647,371</u>

**City of Canyon Lake  
 Budgetary Comparison Schedule  
 Capital Projects Fund  
 For the Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
<b>REVENUES</b>				
Intergovernmental	<u>\$ 4,490,000</u>	<u>\$ 4,490,000</u>	<u>\$ 4,238,966</u>	<u>\$ (251,034)</u>
Total revenues	<u>4,490,000</u>	<u>4,490,000</u>	<u>4,238,966</u>	<u>(251,034)</u>
<b>EXPENDITURES</b>				
Current:				
Public works	<u>4,490,000</u>	<u>4,490,000</u>	<u>3,878,852</u>	<u>611,148</u>
Total expenditures	<u>4,490,000</u>	<u>4,490,000</u>	<u>3,878,852</u>	<u>611,148</u>
Net change in fund balance	-	-	360,114	360,114
Fund balance, beginning of year	<u>40,213</u>	<u>40,213</u>	<u>40,213</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 40,213</u></u>	<u><u>\$ 40,213</u></u>	<u><u>\$ 400,327</u></u>	<u><u>\$ 360,114</u></u>

## **AGENCY FUND**

Agency Fund - To account for collections from citizens for solid waste services by the City on behalf of CR&R and payments made by the City to CR&R. To account for TUMF and MSHCP fees received from developers and builders and paid to WRCOG. To account for developer deposits received for various planning projects.

**City of Canyon Lake**  
**Statement of Changes in Fiduciary Assets and Liabilities**  
**For the Year Ended June 30, 2013**

<b>Agency Fund</b>	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
<b>ASSETS</b>				
Cash and investments	\$ 3,915	\$ 1,126,012	\$ 1,129,927	\$ -
Due from other governments	39,167	40,511	39,167	40,511
Total assets	<u>\$ 43,082</u>	<u>\$ 1,166,523</u>	<u>\$ 1,169,094</u>	<u>\$ 40,511</u>
<b>LIABILITIES</b>				
Deposits	<u>\$ 43,082</u>	<u>\$ 1,166,523</u>	<u>\$ 1,169,094</u>	<u>\$ 40,511</u>
Total liabilities	<u>\$ 43,082</u>	<u>\$ 1,166,523</u>	<u>\$ 1,169,094</u>	<u>\$ 40,511</u>