



Mark Arapostathis
Mayor

Bill Baber
Vice Mayor

Ruth Sterling
Councilmember

Kristine Alessio
Councilmember

Guy McWhirter
Councilmember

David Witt
City Manager

Glenn Sabine
City Attorney

Mary Kennedy
City Clerk

Eldon Vogt
City Treasurer

City of La Mesa
8130 Allison Avenue
La Mesa, California 91942
Tel: 619.463.6611
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LA MESA CITY COUNCIL

AGENDA

A Regular Meeting of the City Council
and a Special Meeting of the La Mesa
Public Financing Authority

Tuesday, January 12, 2016

4:00 p.m.

**City Council Chambers
La Mesa City Hall
8130 Allison Avenue
La Mesa, California**

The purpose of a Council meeting is to accomplish the public's business as productively, efficiently and professionally as possible.

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Welcome to the La Mesa City Council meeting.

The City of La Mesa is a community working together toward a common goal which includes a safe and healthy environment, state-of-the-art resources and technology, unsurpassed quality of life and an efficient and effectively run government organization.

- ✓ Agenda reports for items on this agenda are available for public review at the City Clerk's Office, 8130 Allison Avenue, and at the La Mesa library reference desk, 8074 Allison Avenue, during normal business hours.
- ✓ Materials related to an item on this agenda submitted to the Council after distribution of the agenda packet are available for public inspection in the City Clerk's Office, 8130 Allison Avenue, during normal business hours.
- ✓ As a courtesy to others, **PLEASE TURN OFF, OR PLACE IN SILENT MODE**, all cell phones, pagers and other communication devices while in the Council Chambers.
- ✓ If you wish to speak concerning any item on the agenda, please complete a "Request to Speak" card and submit it to the Council Hostess. When the Mayor calls your name, step to the podium and state your name for the record. In order that all who wish to speak may be heard, it is requested that you limit your presentation to three minutes.
- ✓ Should you wish to speak concerning an item that is not listed on the agenda, you may be heard during that part of the agenda listed as "Public Comments." Please complete a "Request to Speak" card and submit it to the Council Hostess. When the Mayor calls your name, step to the podium and state your name for the record. **NOTE**: If appropriate, the item may be referred to staff or placed on a future agenda.
- ✓ Citizens who wish to make an audio/visual presentation pertaining to an item on the agenda, or during Public Comments, should contact the City Clerk's office at 619.667.1120, no later than 12:00 noon, one business day prior to the start of the meeting. Advance notification will ensure compatibility with City equipment and allow Council meeting presentations to progress smoothly and in a consistent and equitable manner. **Please note** that all presentations/digital materials are considered part of the maximum time limit provided to speakers.
- ✓ For more specific information about the City Council meetings, please take a *Welcome to Your City of La Mesa City Council Meeting* brochure located at the back of the Council Chambers, or call the City Clerk's office at 619.667.1120.
- ✓ The City of La Mesa encourages the participation of disabled individuals in the services, activities and programs provided by the City. Individuals with disabilities, who require reasonable accommodation in order to participate in the City Council meetings, should contact the City's Americans with Disabilities Act (ADA) Coordinator, Rida Freeman, Human Resources Manager, 48 hours prior to the meeting at 619.667.1175, fax 619.667.1163, or rfreeman@ci.la-mesa.ca.us.
- ✓ Hearing assisted devices are available for the hearing impaired. A City staff member is available to provide these devices upon entry to City Council meetings, commission meetings or public hearings held in the City Council Chambers. A photo i.d. or signature will be required to secure a device for the meeting.
- ✓ This meeting can be viewed live on Cox Cable Channel 24 (within La Mesa City limits) and on AT&T U-Verse Channel 99 (in the San Diego Region).
- ✓ Information about the services and programs offered by the City of La Mesa can be found on our website at www.cityoflamesa.com.

AGENDA

JANUARY 12, 2016

4:00 P.M.

**ROLL CALL: CITY COUNCIL
LA MESA PUBLIC FINANCING AUTHORITY**

INVOCATION – VICE MAYOR BABER

PLEDGE OF ALLEGIANCE

CITY MANAGER COMMENTS

COMMUNITY BULLETIN REPORTS

PRESENTATION

MAYOR’S STATE OF THE CITY REPORT

ADDITIONS AND/OR DELETIONS TO THE AGENDA

PUBLIC COMMENTS – (TOTAL TIME – 15 MINUTES)

NOTE: In accordance with state law, an item not scheduled on the agenda may be brought forward by the general public for comment; however, the City Council will not be able to discuss or take any action on the item at this meeting. If appropriate, the item will be referred to Staff or placed on a future agenda.

CONSENT CALENDAR – CITY COUNCIL
(Items 1 through 8)

The Consent Calendar includes items previously considered by the Council. Unless discussion is requested by members of the Council or audience, all Consent Calendar items may be approved by one motion.

- 1. APPROVAL OF MOTION TO WAIVE THE READING OF THE TEXT OF ALL ORDINANCES AND RESOLUTIONS AT THIS MEETING**
- 2. APPROVAL OF MINUTES OF A REGULAR MEETING HELD DECEMBER 8, 2015**
- 3. RATIFICATION OF THE DESIGN REVIEW BOARD’S APPROVAL OF DRB-15-09 (VOGT) – A PROPOSED SINGLE-FAMILY RESIDENCE ON A VACANT LOT ADDRESSED AS 8255 FINLEY AVENUE IN THE R1 (URBAN RESIDENTIAL) ZONE**

Staff Reference: Ms. Dick

- 4. RESOLUTION WAIVING COMPETITIVE BIDDING AND AWARDED A WATERPROOFING MAINTENANCE CONTRACT FOR THE LA MESA POLICE STATION**

Staff Reference: Mr. Humora

CONSENT CALENDAR – CITY COUNCIL – Continued

5. **RESOLUTION APPROVING A FIRST AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT BETWEEN THE CITY OF LA MESA AND ELITE SHOW SERVICES, INC. FOR SPECIAL EVENT SECURITY**

Staff Reference: Ms. Garrett

6. **RESOLUTION AWARDING A CONTRACT EXTENSION TO BUREAU VERITAS FOR BUILDING INSPECTION SERVICES THROUGH THE END OF FISCAL YEAR 2015-2016**

Staff Reference: Ms. Dick

7. **RESOLUTION OF THE CITY OF LA MESA AUTHORIZING THE ACCEPTANCE OF THE FY15 STATE HOMELAND SECURITY GRANT PROGRAM (SHSGP) GRANT OF \$47,725 FOR TERRORISM PREPAREDNESS**

Staff Reference: Chief Sitta

8. **RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE THE STATE REVOLVING FUND AGREEMENT FOR THE ALVARADO TRUNK SEWER IMPROVEMENT PROJECT**

Staff Reference: Mr. Humora

CONSENT CALENDAR – CITY COUNCIL AND LA MESA PUBLIC FINANCING AUTHORITY
(Items 9 through 10)

The Consent Calendar includes items previously considered by the Council, Successor Agency and Financing Authority. Unless discussion is requested by members of the Council, Successor Agency, Financing Authority or audience, all Consent Calendar items may be approved by one motion.

9. **APPROVAL OF MOTION TO WAIVE THE READING OF THE TEXT OF ALL ORDINANCES AND RESOLUTIONS AT THIS MEETING**
10. **ACCEPTANCE OF THE BASIC FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR’S REPORT FOR THE CITY OF LA MESA AND THE LA MESA PUBLIC FINANCING AUTHORITY FOR THE YEAR ENDING JUNE 30, 2015**

ORDINANCES: SECOND READING

11. A. **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LA MESA RE-AFFIRMING AND CONFIRMING THAT THE CULTIVATION OF MARIJUANA AND ANY RELATED USES IS PROHIBITED PURSUANT TO THE PERMISSIVE ZONING CODE ENACTED IN THE LA MESA MUNICIPAL CODE; AND, THEREFORE, THE STATE IS PROHIBITED FROM ISSUING A LICENSE FOR THE CULTIVATION OF MEDICAL MARIJUANA AND ANY RELATED USES IN THE CITY OF LA MESA; AND**

ORDINANCES: SECOND READING – Continued

11. B. AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LA MESA ADDING CHAPTER 10.39 TO THE LA MESA MUNICIPAL CODE FOR THE PURPOSE OF EXPRESSLY PROHIBITING MOBILE DISPENSING AND DELIVERY OF MARIJUANA

Staff recommends the Council approve the second reading and adoption of the Ordinances.

Staff Reference: Mr. Sabine

STAFF REPORT

12. CONSIDERATION OF APPOINTING AND/OR REAPPOINTING COUNCILMEMBERS TO OUTSIDE BOARDS, COMMISSIONS AND COMMITTEES

Staff recommends the Mayor and Council appoint and/or reappoint Councilmembers to the outside boards, commissions and committees.

Staff Reference: Ms. Kennedy

COUNCIL COMMITTEE REPORTS (3 MINUTE LIMIT)

AB 1234 REPORTS (GC 53232.3(d))

CITY ATTORNEY REMARKS

ADJOURNMENT

**CITY COUNCIL - FY 15-16
TRAVEL, CONFERENCES AND MEETINGS**

EVENT DATE	MEMBER NAME	Airfare	PURPOSE (Reason for attendance)	PAYMENT TO: (Host of event)	ALESSIO	BABER	DR. A	MCWHIRTER	STERLING	TOTALS
9/30/15	Baber	League of CA Cities Annual Conference, San Jose, CA, Sept 30 - Oct 2, Registration, Airfare, Hotel & Shuttle	Designated Voting Delegate	League of CA Cities, Southwest Airlines, Hilton San Jose		1,300.56				
		BUDGETED AMOUNT								5,000.00
		TOTAL EXPENSES			0.00	1,300.56	0.00	0.00	0.00	1,300.56
		AVAILABLE BALANCE								3,699.44

**CITY COUNCIL - FY 15-16
PERSONAL EXPENSES**

EVENT DATE	MEMBER NAME	DESCRIPTION AND ATTENDEES (Explanation of expense: lunch, parking, educational seminar, business expense), name of attendees	PURPOSE (Reason for expenditure)	PAYMENT TO: (Vendor's Name)	ALESSIO	DR. A	BABER	MCWHIRTER	STERLING	TOTALS
12/7/15	Sterling	Wreath for Pearl Harbor Ceremony	Attend Event	Allen's Flowers					142.45	
BUDGETED AMOUNT					1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	5,000.00
TOTAL EXPENSES					0.00	0.00	0.00	0.00	142.45	142.45
AVAILABLE BALANCE					1,000.00	1,000.00	1,000.00	1,000.00	857.55	4,857.55

CITY COUNCIL MEMBERSHIPS

Arbor Day Foundation
 East County Economic Development Council
 League of CA Cities
 League of CA Cities-San Diego Division
 National League of Cities

COUNCIL REPRESENTATIVE FOR OUTSIDE ORGANIZATION

Harry Griffen Park JPA
 Heartland Communications Facility Authority
 Heartland Fire Training Facility Authority
 La Mesa-Spring Valley School District/City Joint Steering Committee
 Metro Wastewater JPA/Commission
 MTS
 Mission Trails Regional Park Task Force
 SANDAG

Minutes of a Regular Meeting of the La Mesa City Council
Tuesday, December 8, 2015 at 4:00 p.m.
City Council Chambers, 8130 Allison Avenue, La Mesa, California

Mayor Arapostathis called the meeting to order at 4:00 p.m.

ROLL CALL

PRESENT: Mayor Arapostathis; Vice Mayor Baber; Councilmembers Alessio, McWhirter and Sterling.

ABSENT: None.

STAFF: City Manager Witt; City Attorney Sabine; Assistant City Manager/Community Services Director Garrett; City Clerk Kennedy.

INVOCATION – COUNCILMEMBER ALESSIO

PLEDGE OF ALLEGIANCE

CITY MANAGER COMMENTS

There were no comments.

COMMUNITY BULLETIN REPORTS

The Mayor, Council and staff made announcements and reported on various events taking place in the City. No action was taken.

PRESENTATION

PRESENTATION REGARDING SAN DIEGO GAS & ELECTRIC'S VEHICLE GRID INTEGRATION PROGRAM

Mr. Kevin O'Beirne, San Diego Gas & Electric, Customer Solutions Manager, gave a brief presentation regarding SDG&E's goal to install 2,000 electronic vehicle charging stations at workplaces and multi-family communities throughout the region by 2020. Mr. O'Beirne also discussed the importance of using charging stations when energy cost was low and supply was plentiful.

Following questions, no action was taken.

ADDITIONS AND/OR DELETIONS TO THE AGENDA

There were no additions or deletions to the agenda.

PUBLIC COMMENTS

There were no comments.

CONSENT CALENDAR
(Items 1 through 3)

1. APPROVAL OF MOTION TO WAIVE THE READING OF THE TEXT OF ALL ORDINANCES AND RESOLUTIONS AT THIS MEETING

Approved.

2. APPROVAL OF MINUTES OF A REGULAR MEETING HELD NOVEMBER 24, 2015

Approved.

3. ACCEPTANCE OF THE CITY OF LA MESA HOUSING ASSET FUND FINANCIAL STATEMENTS AND ADDENDUM TO THE ANNUAL PROGRESS REPORT

Accepted.

ACTION: Motioned by Vice Mayor Baber and seconded by Councilmember McWhirter to approve Consent Calendar items 1 through 3.

Vote: 5-0

Yes: Mayor Arapostathis, Vice Mayor Baber, Councilmember Alessio, Councilmember McWhirter, Councilmember Sterling

No: None

Abstained: None

Absent: None

Motion passed.

STAFF REPORT/ORDINANCES: FIRST READING

4. REPORT REGARDING THE MEDICAL MARIJUANA REGULATION AND SAFETY ACT (COMPRISED OF AB 266, AB 243 AND SB 643); THE IMPACT ON LOCAL CONTROL OF MEDICAL MARIJUANA RELATED ACTIVITIES; AND, THE CONSIDERATION AND POSSIBLE ADOPTION OF THE FOLLOWING ORDINANCES:

A. AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LA MESA RE-AFFIRMING AND CONFIRMING THAT THE CULTIVATION OF MARIJUANA AND ANY RELATED USES IS PROHIBITED PURSUANT TO THE PERMISSIVE ZONING CODE ENACTED IN THE LA MESA MUNICIPAL CODE; AND, THEREFORE, THE STATE IS PROHIBITED FROM ISSUING A LICENSE FOR THE CULTIVATION OF MEDICAL MARIJUANA AND ANY RELATED USES IN THE CITY OF LA MESA; AND

B. AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LA MESA ADDING CHAPTER 10.39 TO THE LA MESA MUNICIPAL CODE FOR THE PURPOSE OF EXPRESSLY PROHIBITING MOBILE DISPENSING AND DELIVERY OF MARIJUANA

STAFF REPORT/ORDINANCES: FIRST READING – (Continued)

City Attorney Sabine gave a brief overview of the Medical Marijuana Regulation and Safety Act, comprised of three pieces of legislation that had recently been signed into law. City Attorney Sabine discussed the essential components that impacted the City's existing law, and provided options to consider for purposes of retaining local control over medical Marijuana dispensaries and related uses. Mr. Sabine also explained each proposed Ordinance. City Attorney Sabine said staff recommended the Council consider the options identified and independently consider the possibility of the introduction and first reading of each Ordinance.

Ms. Lisa Bridges, La Mesa, spoke in support of maintaining local control and prohibiting the cultivation, dispensing and delivery services of marijuana.

Mr. Lorenzo Higley, Safe and Healthy Neighborhoods (formerly Communities Against Substance Abuse (CASA)), also spoke in support of the prohibition of medical marijuana dispensaries, as well as the cultivation and delivery services.

Mr. Vey Linville, Americans for Safe Access, spoke in support of regulating medical marijuana dispensaries, not prohibiting them. Mr. Linville suggested the Council adopt an Ordinance promoted by his organization to maintain positive control.

Council questions and comments ensued.

Councilmember Sterling read the title of Ordinance 4A: an Ordinance of the City Council of the City of La Mesa re-affirming and confirming that the cultivation of marijuana and any related uses is prohibited pursuant to the Permissive Zoning Code enacted in the La Mesa Municipal Code; and, therefore, the State is prohibited from issuing a license for the cultivation of medical marijuana and any related uses in the City of La Mesa.

ACTION: Motioned by Councilmember Sterling and seconded by Councilmember Alessio to approve the introduction and first reading of the Ordinance.

Vote: 5-0

Yes: Mayor Arapostathis, Vice Mayor Baber, Councilmember Alessio, Councilmember McWhirter, Councilmember Sterling.

No: None

Abstained: None

Absent: None

Motion passed.

Councilmember Alessio read the title of Ordinance 4B: an Ordinance of the City Council of the City of La Mesa adding Chapter 10.39 to the La Mesa Municipal Code for the purpose of expressly prohibiting mobile dispensing and delivery of marijuana.

ACTION: Motioned by Councilmember Alessio and seconded by Councilmember McWhirter to approve the introduction and first reading of the Ordinance.

STAFF REPORT/ORDINANCES: FIRST READING – (Continued)

Vote: 5-0

Yes: Mayor Arapostathis, Vice Mayor Baber, Councilmember Alessio, Councilmember McWhirter, Councilmember Sterling.

No: None

Abstained: None

Absent: None

Motion passed.

COUNCIL COMMITTEE REPORTS

The Mayor and Council reported on various outside board, commission and committee meetings they attended. No action was taken.

AB 1234 REPORTS (GC 53232.3(d))

There were no reports.

CITY ATTORNEY REMARKS

There were no remarks.

ADJOURNMENT

Mayor Arapostathis adjourned the meeting at 4:42 p.m. and announced the next Regular meeting would be held on Tuesday, January 12, 2016 at 4:00 p.m.

Mary J. Kennedy, CMC
City Clerk



REPORT to the MAYOR and MEMBERS of the CITY COUNCIL
From the CITY MANAGER

DATE: January 12, 2016

SUBJECT: Ratification of the Design Review Board’s approval of DRB-15-09 (Vogt) – A proposed single-family residence on a vacant lot addressed as 8255 Finley Avenue in the R1 (Urban Residential) zone.

ISSUING DEPARTMENT: Community Development

SUMMARY:

Issues:

1. Does the proposal meet the intent of the Urban Design Program and Downtown Village Specific Plan policies?
2. Is the project consistent with the policies and objectives of the General Plan?

Recommendation:

Staff recommends that the City Council ratify the Design Review Board’s approval of DRB-15-09 as set forth in the Certification of Action (**Attachment D**).

Fiscal Impact:

There would be no impact to the General Fund related to this project. City of La Mesa policy is to recover 100% of the cost of staff time through discretionary application and building permit fees. The City would collect increased property tax revenue from the project upon completion.

Environmental Review:

The project is Categorically Exempt from review under the California Environmental Quality Act Section 15303, Class 3. A Class 3 exemption applies to new construction of a single-family residence in a residential zone.

BACKGROUND:

In 2005, this vacant lot was created by subdividing a larger parcel that included an adjacent duplex at 4587 Date Avenue. The property is located on the south side of Finley Avenue, between Date Avenue and a public alley that runs between Date Avenue and Nebo Drive (**Attachment A**). There is a gentle uphill cross slope from northeast to southwest across the lot (**Attachment B**).

The site is located within the Date Avenue Historic District, which has a concentration of well-preserved older structures from the early and mid-twentieth century. The neighborhood is characterized by a traditional, pedestrian-friendly streetscape, with front porches and windows oriented toward the sidewalk. Driveways and parking take access from rear alleys.

A 1,561 square foot single-story residence with attached two-car garage is proposed for the site. Due to its location in the historic area, the Historic Preservation Commission (HPC) reviewed the project and on December 1, 2015 issued a Certificate of Appropriateness, with one condition (**Attachment C**). The Design Review Board (DRB) also considered and approved the proposal, without conditions, on January 4, 2016 (**Attachment D**). No other discretionary approvals are required for development.

DISCUSSION:

COMMUNITY IMAGE:

Design review is required for new development in the Date Avenue Historic District per the Downtown Village Specific Plan (DVSP). The goal of the Urban Design Program is to enhance community character and sense of place through projects that build upon positive design. The program's objectives include the following:

- Promote and protect the identity of the City's unique neighborhoods and districts.
- Ensure high quality design for new construction and renovation, and conservation of historically and architecturally important districts, groupings, streetscapes, and structures.

These objectives are furthered through the use of development guidelines on pages 29-69 of the Urban Design Program and Design Guidelines in the DVSP. Both site and architectural designs are considered, with emphasis on site suitability and building form, finishes, and details. For this project, guidelines related to neighborhood compatibility, form and scale, architectural theme, building entries, and front yard treatment were considered.

DESIGN ANALYSIS:

The residence would be situated on a raised foundation with the front porch and entry oriented toward Finley Avenue and an attached two-car garage facing the alley (**Attachment E**). Due to the slope of the site, the finished floor of the house will be approximately 5.5 feet higher than the garage floor. A trellis-covered deck planned on the west side of the house will be visible from the street.

Proposed site improvements include retaining walls, paved walkways, stairs, RV parking, fencing, and stormwater detention basins. Although much of the existing cross-slope on the site will remain, retaining walls are planned along the alley and at the rear to create yard areas. A retaining wall with a vertical cut of up to six feet would be offset a distance of two feet from the south and east property lines. Along the alley, a smaller wall retaining up to three feet of fill is proposed. In the front yard, facing Finley Avenue,

the existing cross-slope condition that follows the street grade will be largely unaffected. Grading quantities are estimated to be 200 cubic yards of cut/export.

Unpaved yard areas would be covered with mocha brown rubber mulch. In the front yard, three New Zealand flax, three yucca, and two grevillea are proposed. Of these, two would be located in the parkway between the curb and sidewalk. A mature on-site Canary Island date palm will remain; the HPC has imposed a condition (**Attachment C**) to ensure that it be protected in place. The DRB discussed whether additional planter areas and landscaping would help achieve a "richly-planted front yard" described in the DVSP Design Guidelines, but it was agreed that the design is consistent with neighboring landscaping that is attractive and well-maintained.

The form of the building footprint is generally rectangular, with a projection at the northeast corner that would be emphasized through the use of horizontal siding. This pop-out provides visual interest on the front and side elevations. The attached garage is also formed as a distinct component. These breaks in massing create variation in the front-gabled roofline.

On the front elevation, a picture window flanked by single-hung windows is proposed on both sides of the entry. The windows, porch, and overall composition give the house a Craftsman feel. Architectural details include decorative attic vents in the gables, corner trim, and wood trim around the windows. Stucco would be applied to the exterior walls, except in areas where horizontal siding is used. Most of the windows are proposed to be single-hung, white vinyl. The color palette is a medium gray base for the walls with dark gray/blue gray trim. The DRB offered suggestions to the applicant regarding the design of the porch and deck, the size and orientation of the windows, and the foundation treatment. There was also some discussion about finish materials and architectural details, but the DRB concluded that the project was acceptable as designed.

CONCLUSION:

Staff recommends that the City Council ratify the Design Review Board's approval of DRB 15-09, as shown on the attached Certification of Action (**Attachment D**).

Reviewed by:



David E. Witt
City Manager

Respectfully submitted by:



Carol Dick
Director of Community Development

- Attachments:
- A – Location map/aerial photograph
 - B – Site photographs
 - C – Historic Preservation Commission Certificate of Appropriateness
 - D – Design Review Board Certification of Action
 - E – Proposed development plans

Vicinity Map

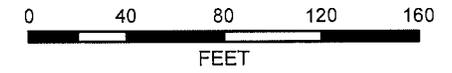


**CITY OF
LA MESA**
JEWEL of the HILLS

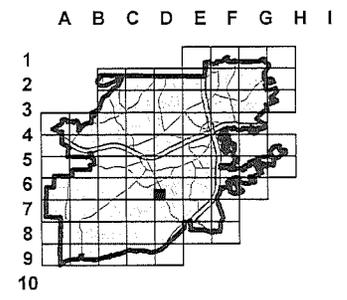
Design Review
Historic Preservation Committee
DRB 15-09 / HPC 15-03

PROPERTY INFORMATION

Applicant	Eldon & Darlene Vogt
Site Address	8255 Finley Ave La Mesa, CA 91941
APN	470-614-12-00
Lot Size	.138 acres
General Plan	Urban Residential
Zoning	R1 Urban Residential



DATA SOURCES:
City boundary, SanGIS, 2011
Roads, SanGIS, 2011



Aerial Map



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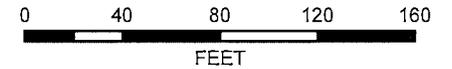


**CITY OF
LA MESA**
JEWEL of the HILLS

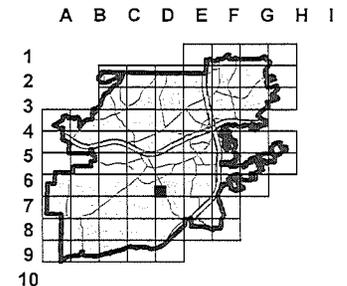
Design Review
Historic Preservation Committee
DRB 15-09 / HPC 15-03

PROPERTY INFORMATION

Applicant	Eldon & Darlene Vogt
Site Address	8255 Finley Ave La Mesa, CA 91941
APN	470-614-12-00
Lot Size	.138 acres
General Plan	Urban Residential
Zoning	R1 Urban Residential



DATA SOURCES:
City boundary, SanGIS, 2011
Roads, SanGIS, 2011





View looking southeast from Finley Avenue



View looking north from the rear (alley)



View looking southwest from Finley Avenue

HPC 15-03 8255 Finley Avenue



**CERTIFICATE OF APPROPRIATENESS
BY THE HISTORIC PRESERVATION COMMISSION**

FILE: HPC-15-03 (Vogt)

MEETING DATE: December 1, 2015

SUBJECT: Reconsideration of a proposed single-family residence on a vacant lot addressed as 8255 Finley Avenue in the R1 (Urban Residential) zone. This property is located in the Date Avenue Historic District.

DETERMINATION: Commissioner Jones made a motion to issue a Certificate of Appropriateness for the proposed improvements shown on the plans dated November 19, 2015, replacing a prior Certificate of Appropriateness adopted on August 10, 2015 in its entirety and subject to one condition:

1. The applicant shall protect the Canary Island date palm in place.

Commissioner Schmitz seconded the motion.

The vote on the motion was as follows:

Aye: Commissioners Hart, Jones, Niemeier, Schmitz, Sherman, Swanson, and Wilson.
Nay: None.
Abstain: None.
Absent: None.

ATTEST:

Allyson Kinnard
Associate Planner



**CERTIFICATION OF
DESIGN REVIEW BOARD ACTION**

FILE: DRB-15-09 (Vogt)

MEETING DATE: January 4, 2016

SUBJECT: Review and recommendation to the City Council of a proposed single-family residence on a vacant lot addressed as 8255 Finley Avenue in the R1 (Urban Residential) zone.

DETERMINATION: After reviewing the proposal, the Board made a motion to recommend approval of DRB-15-09 based on plans dated November 19, 2015 and a finding that the project is consistent with the City's Urban Design Program and the Downtown Village Specific Plan.

The vote on the motion was as follows:

AYES: Dick, Hulitt, Jacobs, McCullough, and Podeswik.
NOES: None.
ABSENT: None.
ABSTAIN: None.

ATTEST:

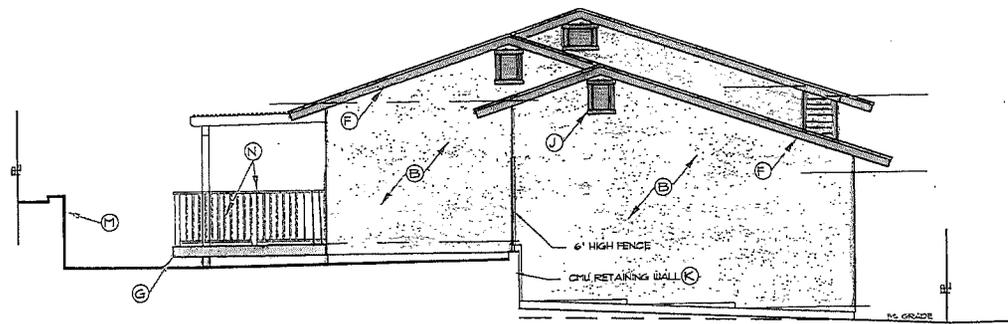
Allyson Kinnard
Associate Planner

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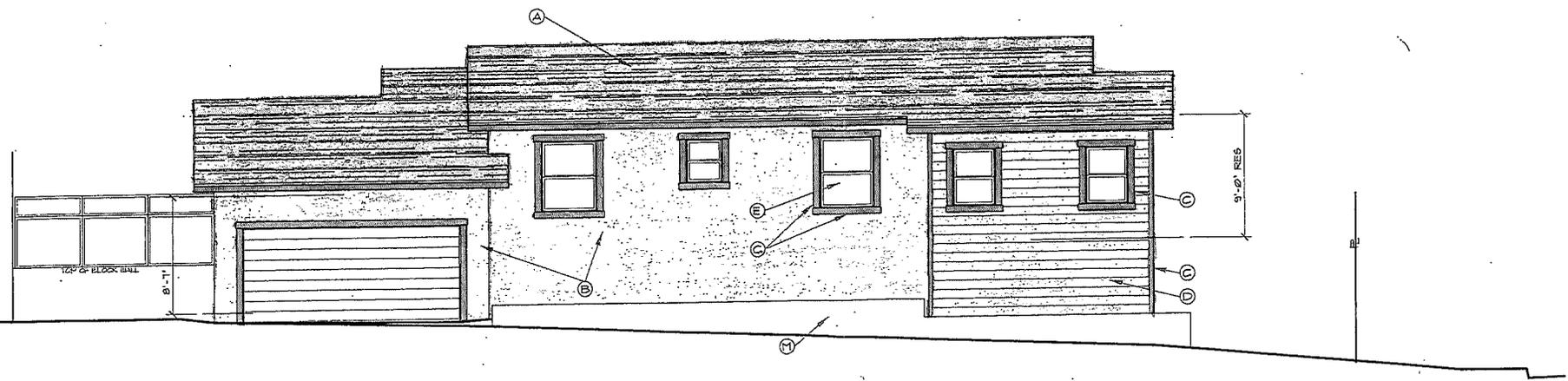
CLIPPONDESIGNDRAFTING
 7823 UNIVERSITY AVE
 SUITE 100A
 LA MESA, CALIFORNIA 91942
 619-456-7550
 WWW.CLIPPONDESIGN.COM

VOGT RESIDENCE
NEW RESIDENCE
 8255 FINLEY AVE
 LA MESA, CALIFORNIA 91941



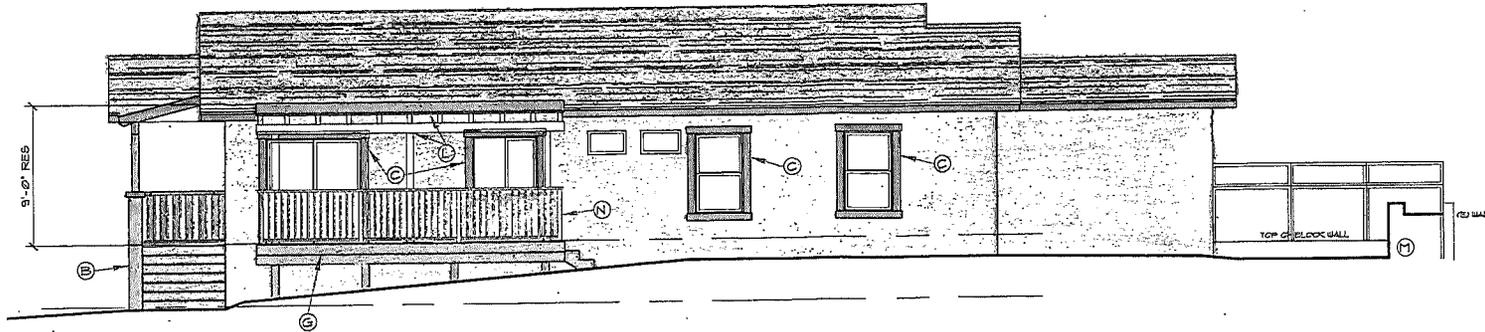
SOUTH ELEVATION - 2
 1/4" = 1'-0"

- COLOR AND MATERIALS SCHEDULE**
- (A) ROOFING
TRU-DEFINITION "SIERRA GRAY" ASPHALT SHINGLES
 - (B) STUCCO
EXPO STUCCO - FRENCH SILVER
 - (C) TRIM
HARDI-PLANK - "SOUTH PACIFIC BLUE", 5.5"
 - (D) SIDING
HARDI-PLANK - SELECT CEDARMILL 8", "FRENCH SILVER"
 - (E) WINDOW
MILGARD VINYL - WHITE
 - (F) FASCIA
HARDI-PLANK 8" "SOUTH PACIFIC BLUE"
 - (G) DECKING AND DECK RAILS
TREX - TRANSCEND, "ISLAND MIST"
 - (H) 4x12 FAUX BEAM ENDS
"SOUTH PACIFIC BLUE"
 - (J) ATTIC VENTS - 12x18
HARDI-TRIM 3" "SOUTH PACIFIC BLUE"
 - (K) CMU WALL
 - (L) TRELLIS- BEAM JOISTS, POSTS, 2x2
VINYL CLAD - WHITE
 - (M) KEYSTONE WALL
 - (N) DECK RAILS WHITE @ PATIO
 - (O) ROOFING METAL WHITE



EAST ELEVATION - 2
 1/4" = 1'-0"

DATE	11-10-15
SCALE	
DRAWN	MEP
JOB	14-1012
SHEET TITLE	
	1
	EXT ELEV
	OF SHEETS

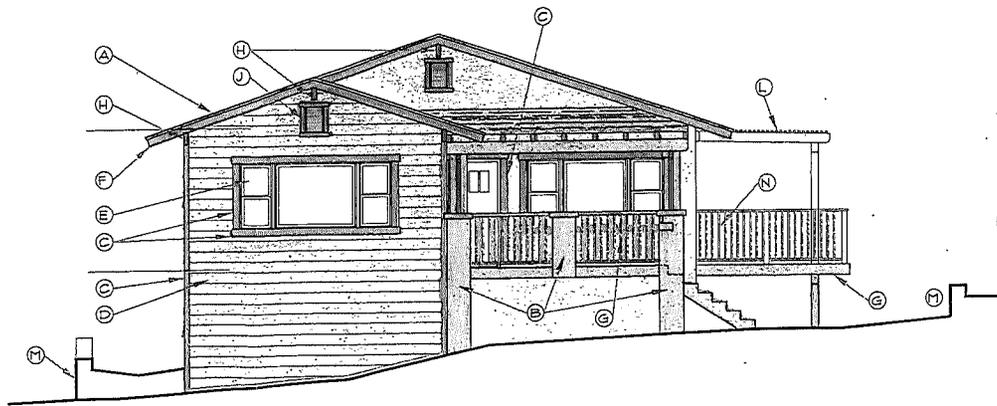


WEST ELEVATION - 2

1/4"=1'-0"

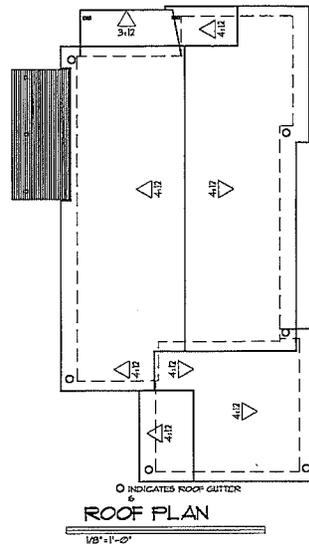
COLOR AND MATERIALS SCHEDULE

- (A) ROOFING
TRI-DEFINITION "SIERRA GRAY" ASPHALT SHINGLES
- (B) STUCCO
EXPO STUCCO - FRENCH SILVER
- (C) TRIM
HARD-PLANK - "SOUTH PACIFIC BLUE", 55'
- (D) SIDING
HARD-PLANK B' "SELECT CEDARMILL B", FRENCH SILVER'
- (E) WINDOW
MILGARD VINYL - WHITE
- (F) FASCIA
HARD-PLANK B' "SOUTH PACIFIC BLUE"
- (G) DECKING AND DECK RAILS
TREX - TRANSCEND, "ISLAND MIST"
- (H) 4x12 FAUX BEAM ENDS
"SOUTH PACIFIC BLUE"
- (J) ATTIC VENTS - 12x18
HARD-TRIM 3' "SOUTH PACIFIC BLUE"
- (K) CMU WALL
- (L) TRELLIS - BEAM, JOISTS, POSTS, 2x2
VINYL CLAD - WHITE
- (M) KEYSTONE WALL
- (N) DECK RAILS WHITE + PATIO
- (O) ROOFING METAL WHITE



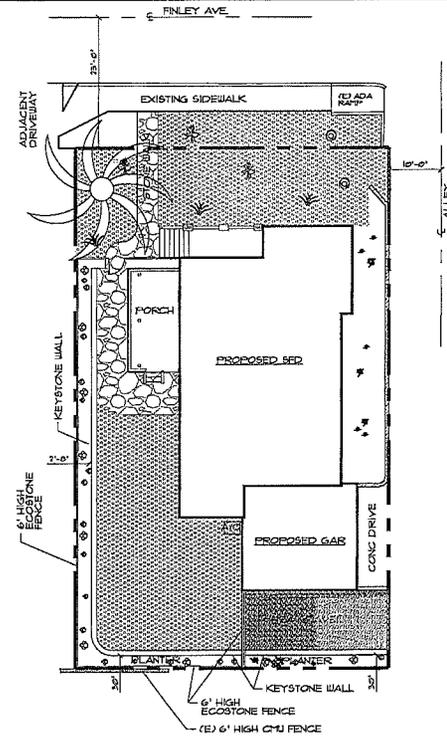
NORTH ELEVATION - 2

1/4"=1'-0"



ROOF PLAN

1/8" = 1'-0"



CONCEPTUAL LANDSCAPE PLAN

1/4" = 1'-0"

-  1 CANARY ISLAND PALM
4" DIA TRUNK (E)
-  3 NEW ZEALAND FLAX
-  2 GREVILLEA 'SUPERS'
-  3 'YELLOW-FLOWERED 'RED' YUCCA
-  10 ALOE - VARIOUS
-  10 SUCCULENTS - VARIOUS
-  RUBBER MULCH - MOCHA BROWN
-  FEA GRAVEL
-  ARCADIAN PORTAGE STONE
- KEYSTONE BLOCK
- ECCOSTONE COMPOSITE FENCE
BEIGE

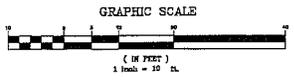
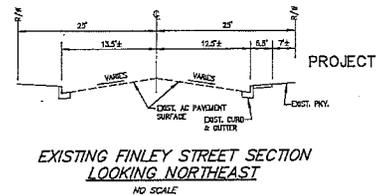
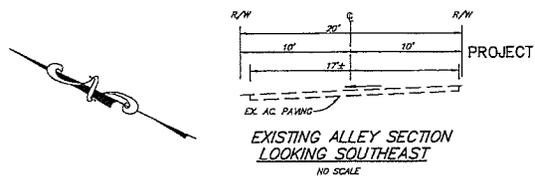
REVISIONS BY



VOGT RESIDENCE
NEW RESIDENCE
 8355 FINLEY AVE
 LA MESA, CALIFORNIA 91941

DATE	11-10-15
SCALE	
DRAWN	MEP
JOB	14-1012
SHEET TITLE	4
LANDSCAPE PLAN	
ROOF PLAN	
OF SHEETS	

CONCEPTUAL GRADING PLAN



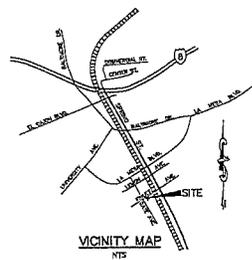
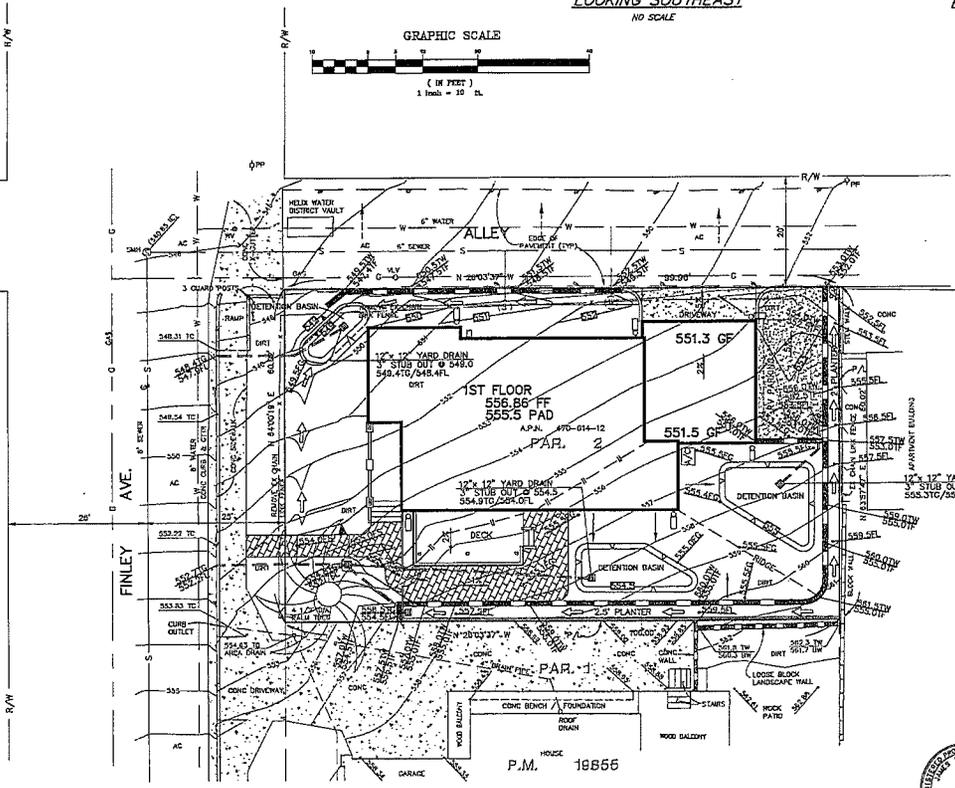
PROJECT INFORMATION

OWNERS: ELDON L. VOGT AND DARLENE VOGT

- TAX ASSESSOR'S NUMBER IS 470-014-12
- LEGAL DESCRIPTION: PARCEL 2 PM 10855
- PROJECT ADDRESS: 8253 FINLEY STREET LA MESA, CA 91941
- GROSS AREA OF PROJECT: 6,001 SF 0.138 ACRES
- GENERAL PLAN AREA: URBAN RESIDENTIAL
- EXISTING ZONING (USE REGULATION): R1 RESIDENTIAL
- PROPOSED USE: RESIDENTIAL-SINGLE FAMILY
- STATUS OF LEGAL ACCESS: PUBLIC ALLEY
- SOURCE OF DOMESTIC POTABLE WATER SUPPLY: HELIX WATER DISTRICT
- WASTE DISPOSAL (SANITARY): CITY OF LA MESA SEWER SYSTEM
- FIRE PROTECTION: CITY OF LA MESA FIRE DEPARTMENT
- TOPOGRAPHY: SURVEY PERFORMED BY AGURIC & ASSOCIATES 1-17-12, UPDATED 7-12-13.

LEGEND

DESCRIPTION	STANDARD	SYMBOL
PROPERTY LINE	---	---
LOT LINE	---	---
EXISTING WATERLINE	W	---
EXISTING SEWER MAIN	S	---
EXISTING GAS LINE	G	---
EXISTING WATER SERVICE	---	---
EXISTING SEWER LATERAL	---	---
FINISHED GROUND CONTOUR	---	---
EXISTING GROUND CONTOUR	---	---
PROPOSED CUT/FILL SLOPE	---	---
FUTURE SPOT ELEVATIONS	---	---
EXISTING SPOT ELEV.	---	---
FINISH SURFACE ELEV.	---	---
TOP OF CURB ELEV.	---	---
FLOW LINE	---	---
FINISH GRADE	---	---
TOP OF WALL	---	---
TOP OF FOOTING	---	---
6" CURB C-1	---	---
PROPOSED DRIVEWAY	---	---
PROPOSED SURFACE FLOW	---	---
EXISTING SURFACE FLOW	---	---
PROPOSED PVC DRAIN PIPE	---	---
PROPOSED VEGETATED/ROCK SWALE (PRIVATE)	---	---
PROPOSED 12" X 12" YARD DRAIN & GRATE	---	---
PROPOSED 3"x3" ENERGY DISSIPATOR D-40	---	---
PROPOSED DOWNDRAIN W/ SPLASH PAD	---	---
PROPOSED ROCK/PAVERS	---	---
PROPOSED PEA GRAVEL DRIVEWAY	---	---
RETAINING WALL (BY SEPARATE PERMIT) PER ARCHITECTURAL PLANS	---	---
SEWERING RETAINING WALL (BY SEPARATE PERMIT) PER ARCHITECTURAL PLANS	---	---



BASIS OF BEARINGS
THE NELY LINE OF PARCEL 2 AS SHOWN ON P.L. 10855, I.E. N 28°37' W.

BENCHMARK
BRASS DISC IN CONIC BASE NEAR SWLY CURB RETURN @ NWLY CORNER OF FINLEY AVENUE & NIBRO DRIVE (CITY OF LA MESA S&D) ELEV = 558.707 M.S.L.
(NOTE: THE B.M. WAS ORIGINALLY USED IN THE 1999 SURVEY, BUT HAS SINCE BEEN DESTROYED. THE DATUM FOR SAID B.M. HAS BEEN PERPETUATED IN THE 2013 SURVEY BASED ON FOUND POINTS SURVEYED IN 1999 FROM SAID B.M.)

GRADING NOTE:
1. THE GRADING PLAN SHOWN HEREON IS CONCEPTUAL AND IS NOT SUITABLE FOR CONSTRUCTION PURPOSES. PRECISE GRADING AND DRAINAGE PLAN SHALL BE APPROVED BY THE CITY ENGINEER PRIOR TO CONSTRUCTION.
2. CUT 200 CY
FILL 0 CY
EXPORT 200 CY



ENGINEER OF WORK
DRAPER ENGINEERING
9253 EDGEWOOD DRIVE, LA MESA, CA 91941
PH: (619) 464-5328 FAX: (619) 464-6753
JOB NO. 18715-1270-3
DWG. NO. concept-2.00g
James T. Draper, EIT 12-01-15
JAMES T. DRAPER JR., REC 28121



REPORT to the MAYOR and MEMBERS of the CITY COUNCIL
From the CITY MANAGER

DATE: January 12, 2016

SUBJECT: Resolution Waiving Competitive Bidding and Awarding a Waterproofing Maintenance Contract for the La Mesa Police Station

ISSUING DEPARTMENT: Public Works

SUMMARY:

Issue:

Should the City of La Mesa waive competitive bidding and award a waterproofing maintenance contract for the La Mesa Police Station to Saddleback Waterproofing for \$80,007?

Recommendation:

Approve a resolution waiving competitive bidding and awarding a waterproofing maintenance contract for the La Mesa Police Station to Saddleback Waterproofing for \$80,007.

Fiscal Impact:

Funds are available from CIP accounts 305122GF and 305166OT.

City's Strategic Goals:

Continue to improve high quality municipal services

BACKGROUND:

In 2008, the City Council awarded a contract to construct a new police station for the City of La Mesa located at 8085 University Avenue. The scope of work included construction of a new 83,606 square-foot police station with subterranean parking, office and essential service space, and new site improvements surrounding the building.

The original construction contract was awarded to a prime contractor, EDGE Development Inc., with Saddleback Waterproofing as a subcontractor providing and installing a waterproofing coating to the underground garage and areas surrounding the building. Construction spanned approximately 18-months and was completed in 2010.

Report to Mayor and Councilmembers

Date: January 12, 2015

Page: 2 of 2

DISCUSSION:

As a part of the maintenance schedule, several areas surrounding the existing building require a reapplication of the waterproofing coating. The areas identified include the existing concrete deck above parking, parking stalls, and hardscape near building access points. To match the existing surface material and extend the product warranty, the waterproofing coating should be reapplied by the original contractor, Saddleback Waterproofing, with the same product as originally used. The warranty period for the new application will be 5 years.

The maintenance work is essential to address and continue to preserve the moisture resistance of the structure, as well as to remain current with the structure's overall maintenance schedule. The total time needed to complete the work is 45 to 60 days.

A competitive bidding process is typically required for maintenance contracts in excess of \$50,000 but, La Mesa Municipal Code Section 2.40.070(a)(5) states that the Purchasing Officer may waive competitive bidding, with approval from the City Council, if the work is required to match, integrate or be compatible with the existing facility, and the contract is from the firm who previously satisfactorily performed the work. In order to match and be compatible with the previous waterproofing work it is recommended that the City utilize the services of Saddleback Waterproofing, the firm who originally did the work. The waterproofing over the concrete deck has performed satisfactory so far. Upon the City Council's approval, staff will issue a Notice to Proceed to the contractor to mobilize and complete the scope of work as defined in the agreement between the City and Saddleback Waterproofing.

CONCLUSION:

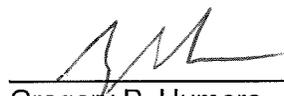
Staff recommends that the Council waive competitive bidding process for a waterproofing maintenance contract for the La Mesa Police Station in order to match the previously used materials and award the contract to Saddleback Waterproofing for \$80,007.

Reviewed by:



David E. Witt
City Manager

Respectfully submitted by:



Gregory P. Humora
Director of Public Works / City Engineer



Scott Munzenmaier
Purchasing Officer



Jeffrey R. Manchester
Associate Engineer

Attachments:

- A. Resolution
- B. Proposal dated 12/28/15 from Saddleback Waterproofing

RESOLUTION NO. 2016-

RESOLUTION WAIVING COMPETITIVE BIDDING AND AWARDING A WATERPROOFING MAINTENANCE CONTRACT FOR THE LA MESA POLICE STATION

WHEREAS, the City completed the La Mesa Police Station in 2010 and the construction contract was awarded to a prime contractor, Edge Development Inc., with Saddleback Waterproofing as a subcontractor providing and installing the waterproofing coating to areas surrounding the building;

WHEREAS, several areas surrounding the existing building require reapplication of the waterproofing coating to remain current with the building maintenance schedule and to continue to preserve the moisture resistance of the structure;

WHEREAS, in order to match the existing surface material and extend the product warranty, the waterproofing coating should be reapplied by the original contractor, Saddleback Waterproofing, with the same product as originally used; and

WHEREAS, competitive bidding process is required for maintenance contracts in excess of \$50,000, and La Mesa Municipal Code Section 2.40.070(a)(5) states that the Purchasing Officer may waive competitive bidding, with approval from the City Council, if the repair or contract service needed is required to match, integrate or be compatible with an existing structure or program presently in use by the city and the purchase or contract is made from the firm who previously satisfactorily performed/provided similar repair or contract services for the city.

NOW THEREFORE, BE IT AND IT IS HEREBY RESOLVED that the City Council, pursuant to Municipal Code Section 2.40.070 paragraph (a)(5), waives competitive bidding for the award of a waterproofing maintenance contract to Saddleback Waterproofing for \$80,007.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of La Mesa, California, held the 12th day of January 2016, by the following vote, to wit:

AYES:

NOES:

ABSENT:

CERTIFICATE OF CITY CLERK

I, MARY J. KENNEDY, CMC, City Clerk of the City of La Mesa, California, do hereby certify the foregoing to be a true and exact copy of Resolution No. 2016-, duly passed and adopted by the City Council of said City on the date and by the vote therein recited.

MARY J. KENNEDY, CMC, City Clerk

(SEAL OF CITY)



Contractors and Consultants

CA Lic. #627895

NV Lic. #32087

December 28, 2015

Mr. Jeff Manchester
City of La Mesa
8130 Allison Avenue
La Mesa, California 91942

Ref: La Mesa Police Headquarters Waterproofing Remediation

Dear Jeff:

Saddleback Waterproofing is pleased to quote \$ 80,007.00 for traffic coating remediation at the above location.

We shall furnish material, labor and equipment to perform the following, in accordance with the LMPD Waterproofing Priorities Work Plan and details prepared by TLS Laboratories, dated August 28, 2012.

The scope shall be identified as Phase I and will consist of the following:

- Power wash or degrease with warm pressure washing existing traffic coating to remove any surface contaminants that may inhibit adhesion of new coating.
- Furnish and install two coats of Neogard 7435-CA tan traffic coating (each at 100 square feet per gallon) at horizontal pedestrian and vehicular decks. Based on a maximum of three (3) move-ins.
- Sloping, elimination of ponding water and water for power washing shall be by others.

Please see page 2

Mr. Jeff Manchester
City of La Mesa
La Mesa Police Headquarters Waterproofing Remediation
December 28, 2015
Page 2

Qualifications & Exclusions

Striping or other markings (handicapped, etc.), removal or replacement of bumpers, sheet metal flashing, concrete or asphalt repair or replacement shall be excluded.

Saddleback Waterproofing is a union shop. All appropriate wages rates are included.

Very truly,

Saddleback Waterproofing

Larry Goldenberg
President

Lamesapdrepairs4rev.



REPORT to the MAYOR and MEMBERS of the CITY COUNCIL
From the CITY MANAGER

DATE: January 12, 2016

SUBJECT: Resolution Approving the First Amendment to the Professional Services Agreement between City Of La Mesa and Elite Show Services, Inc. for Security Guard Services

ISSUING DEPARTMENT: Community Services

SUMMARY:

Issue:

Should the City Council adopt a resolution approving a First Amendment to the Professional Services Agreement between City of La Mesa and Elite Show Services, Inc. for Special Event Security for up to an additional three years?

Recommendation:

That the City Council adopt a resolution approving a First Amendment to the Professional Services Agreement Between City of La Mesa and Elite Show Services, Inc. for Special Event Security for up to an additional three years.

Fiscal Impact:

This amendment would add options for up to three additional years to the original contract which was executed for one year with a renewal option of one additional year. The total estimated value of the contract over a potential five years is \$96,000. Based on anticipated use, the estimated amount for security guard services for the remainder of Fiscal Year 2015-2016 is \$8,200. Funds are currently budgeted in account number 5104-6430.

City's Strategic Goals:

- Safe community
- Enhanced recreation and quality of life opportunities

BACKGROUND:

Security guards are assigned to assist City staff at private rental functions at the La Mesa Community Center and other Community Services banquet facilities. Their duties include, but are not limited to, monitoring activities in parking lots to ensure the safety of staff and patrons, ensuring doors and windows remain closed when music is playing, and being alert to potential for underage drinking at functions where alcohol is served. The cost of security guards is included in the rental fees paid for private functions.

In January 2014 a Request for Proposal (RFP 14-06) was issued for contracted security guard services to be assigned to assist City staff with oversight of private rental functions held at City banquet facilities. The RFP requested proposals to be submitted for an initial one-year period with a potential for four optional one-year extensions.

During the proposal evaluation process, Elite Show Services was selected as the most qualified and cost effective vendor proposal. A Professional Services Agreement was negotiated with this new vendor for an initial period of one year beginning March 1, 2014, with an option for an additional one-year extension to that initial agreement. Upon highly satisfactory performance during the first year of the Agreement, the one-year extension option was exercised and that extension will expire on February 28, 2016.

DISCUSSION:

Staff is requesting that the City Council amend the Agreement with Elite Show Services based on the following reasons. Elite Show Services has demonstrated the ability to provide the requested number of professional guards for each weekly schedule since the beginning of the Agreement and has maintained an effort to assign the same guard staff to City facilities to ensure continuity of service and adherence to City policy. The organization has been diligent in their follow up with City staff whenever incidents have occurred or problems were noted during rental functions. The organization's invoicing has been timely and correct, thereby streamlining the payment process for City staff.

City purchasing staff has negotiated pricing for an additional one-year Agreement period at the rate of \$20.70 with options for two additional one-year extensions. Any increase in pricing to be aligned with potential increases in the CPI for All Urban Consumers (CPI-U)–West Region for the 12 months prior ending in December each year or by mandated increases in minimum wage rates affecting the City, whichever is greater. In the event the CPI declines, the current rates in existence at the time an extension is exercised will continue to apply for the duration of the extended term. This request to extend the Professional Services Agreement with Elite Show Services for up to an additional three (3) years represents the entire potential contract period total of five (5) years as indicated in RFP 14-06.

CONCLUSION:

Elite Show Services has performed in a highly satisfactory and highly professional manner and has demonstrated a continued ability to meet the City's requirements for security guard services. City staff considers it in the best interest of the City to amend a Professional Services Agreement with this vendor on an annual basis for up to an additional three (3) years. Staff recommends the City Council adopt a resolution (Attachment A) approving an extension to the Professional Services Agreement with Elite Show Services (Attachment B) for security guard services for an additional three years.

Reviewed by:



David E. Witt
City Manager

Respectfully submitted by:



Yvonne Garrett
Assistant City Manager/Director of
Community Services



Scott Munzenmaier
Purchasing Officer

YG:alg

- Attachment A: Resolution approving a First Amendment to the Professional Services Agreement between City of La Mesa and Elite Show Security Services, Inc. for Special Event Security.
- Attachment B: First Amendment to the Professional Services Agreement between the City of La Mesa and Elite Show Services, Inc. for Special Event Security.

RESOLUTION NO. 2016-

RESOLUTION APPROVING A FIRST AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT BETWEEN THE CITY OF LA MESA AND ELITE SHOW SERVICES, INC. FOR SPECIAL EVENT SECURITY

BE IT AND IT IS HEREBY RESOLVED by the City Council of the City of La Mesa, California, that the City Council approves a First Amendment to the Professional Services Agreement between the City of La Mesa and Elite Show Services, Inc. for special event security for up to an additional three years.

PASSED AND ADOPTED at a Regular meeting of the City Council of the City of La Mesa, California, held the 12th day of January 2016, by the following vote, to wit:

AYES:

NOES:

ABSENT:

CERTIFICATE OF CITY CLERK

I, MARY J. KENNEDY, City Clerk of the City of La Mesa, California, do hereby certify the foregoing to be a true and exact copy of Resolution No. 2016-___, duly passed and adopted by the City Council of said City on the 12th of January 2016, and by the vote therein recited.

MARY J. KENNEDY, CMC, City Clerk

(SEAL OF CITY)

ATTACHMENT A

FIRST AMENDMENT TO THE PROFESSIONAL SERVICES AGREEMENT
BETWEEN CITY OF LA MESA AND
ELITE SHOW SERVICES, INC.
FOR SPECIAL EVENT SECURITY

THIS FIRST AMENDMENT TO AGREEMENT executed this ___ day of _____, 2016 by and between the City of La Mesa, a municipal corporation, hereinafter referred to as "City," and Elite Show Services, hereinafter referred to as "Contractor."

1. RECITALS:

1.1 The City and Contractor have entered into an agreement for professional services for security guard services in the City (the "Agreement"). The Agreement was executed on March 1, 2014 pursuant to the City's administrative award and acceptance of Contractor's proposal to RFP/Q 14-06. Pursuant to Section 3 – Contract Term, the Agreement was initially for a period of 12 months with an option to extend the Agreement for an additional 12-month period upon mutual agreement by both parties.

1.2 The City and Contractor desire to extend the Agreement for up to an additional three (3) years.

NOW, THEREFORE, IT IS AGREED by and between the parties that the Agreement shall be amended as follows:

Section 1. Section 3 of the Agreement for contract term is hereby amended to read:

"This Agreement shall be extended for a 12-month period through February 28, 2017 with options to renew for two additional 12-month periods upon written mutual consent by both parties. City Manager shall have sole and exclusive right to exercise any options contained in this agreement on behalf of the City."

Section 2. The hourly cost per hour per security guard for the first extended 12-month period March 1, 2016 through February 28, 2017 shall be \$20.70. Options for up to two additional extensions, if exercised, shall be limited to hourly rate increases based on the Consumer Price Index for All Urban Consumers (CPI-U) – West Region published for the for the 12 months prior ending in December each year or by mandated increases in minimum wage rates affecting the City, whichever is greater. In the event of a decline in the CPI-U – West Region, the hourly rate in effect at the time an extension is exercised will continue to apply for the duration of the extended term.

Section 3. All other terms, conditions and obligations contained in the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to Agreement.

Elite Show Services, Inc.

Date: _____

By:  _____
John Kontapulis, President/CEO

CITY OF LA MESA,
A Municipal Corporation

Date: _____

By: _____
Mark Arapostathis, Mayor

Date: _____

Attest: _____
City Clerk

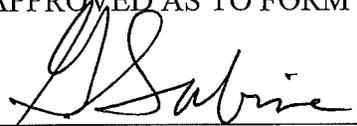
Date: _____

By: _____
David Witt, City Manager

Date: _____

By: _____
Yvonne Garrett, Assistant City
Manager/Director of Community Services

APPROVED AS TO FORM



CITY ATTORNEY

CERTIFICATE OF CITY/DIRECTOR OF FINANCE

Certification of Unappropriated Reserves

I HEREBY CERTIFY that the money required for the appropriation of funds for the purpose as docketed is available in the Treasury, or is anticipated to come into the Treasury, and is otherwise unappropriated.

Amount \$ _____ Fund _____

Purpose _____

Director of Finance
City of La Mesa

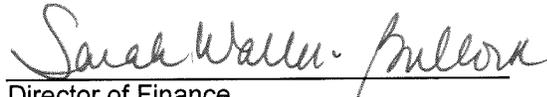
Date _____ By _____

Unappropriated Reserves Available Balance \$ _____

Certification of Unencumbered Balance

I HEREBY CERTIFY that the indebtedness and obligation as docketed can be incurred; that sufficient monies to meet the obligations are actually in the Treasury, or are anticipated to come into the Treasury to the credit of the appropriation from which the same are to be drawn; and that said monies now actually in the treasury, together with the monies anticipated to come into the Treasury, to the credit of said appropriation are otherwise unencumbered.

Amount Not to Exceed \$8,200.00



Director of Finance
City of La Mesa

Date: 01/05/16

By: Scott Munzenmaier

Fund: 5104 Dept./Activity: 5104-6430

\$8,200.00 from account 5104-6430
(available \$13,198.10)

Purpose: Provide Authorization for the Contract Amendment between the City of La Mesa and Elite Show Services for Security Guard Services for Private Rentals at City Facilities. Funds are Currently Budgeted in 5104-6430.

CERTIFICATE NO. 1483



**CITY OF
LA MESA**

JEWEL of the HILLS

INTEROFFICE MEMO

DATE: January 12, 2016

TO: Mayor and Members of the City Council

FROM: Carol Dick, Community Development Director

VIA: David E. Witt, City Manager *DW*

SUBJECT: Consideration of contract extension with Bureau Veritas for building inspection services (FY15/16)

On November 25, 2014 the Community Development Department received authorization from the City Council to contract with Bureau Veritas to assist in building inspection services for FY2014-15. In September 2015, due to continued high levels of permit activity, the Council approved a contract extension, with 6-month funding (\$40,000). Given the current construction climate, staff anticipates the increasing demand for building inspection service will likely to continue. It is therefore requested that the council authorize additional funding to extend the contract to maintain the contract services throughout FY2015/2016.

The attached resolution (**Attachment A**) would authorize contract extension of building inspection services with Bureau Veritas through FY2015/2016.

Having contract inspectors allows permanent Building Division staff more opportunity to provide needed customer service at the Community Development Department permit counter to support walk-in customers as well as the Building Division's "Quick Check" program for over-the-counter building permit requests.

The following City Council action is recommended.

RECOMMENDATION

1. Adopt a Resolution authorizing a contract extension, with funding not to exceed \$40,000 to Bureau Veritas for building inspection services covering entire FY 2015-16.

RESOLUTION NO. 2016-

RESOLUTION AWARDING A CONTRACT EXTENSION TO BUREAU VERITAS
FOR BUILDING INSPECTION SERVICES THROUGH THE END OF FISCAL
YEAR 2015-2016

WHEREAS, on November 25, 2014, the City Council of the City of La Mesa, California authorized and instructed the Mayor to execute for and on behalf of said City that certain agreement for professional services between the City of La Mesa and Bureau Veritas for an amount not to exceed \$ 45,000 for an agreement for building inspection services rendering through the end of Fiscal Year 2014-2015;

WHEREAS, on September 22, 2015, the City Council, due to high volume of permit activity, authorized additional funding (\$40,000) to extend the contract services into FY 2015-2016;

WHEREAS, the Community Development Department continues to experience increasing workload of construction activity and the need for providing timely service; and further, anticipates the same into the end of FY 2015-2016;

BE IT AND IT IS HEREBY RESOLVED by the City Council of the City of La Mesa, California, that the Mayor is hereby authorized and instructed to execute for and on behalf of said City that certain agreement extension for professional services between the City of La Mesa and Bureau Veritas for an amount not to exceed \$40,000 for building inspection services rendered through the end of Fiscal Year 2015-2016. Said contract is on file in the office of the City Clerk.

PASSED AND ADOPTED at a Regular meeting of the City Council of the City of La Mesa, California, held the 12th day of January 2016, by the following vote, to wit:

AYES:

NOES:

ABSENT:

CERTIFICATE OF CITY CLERK

I, MARY J. KENNEDY, City Clerk of the City of La Mesa, California, do hereby certify the foregoing to be true and exact copy of Resolution No. 2016-, duly passed and adopted by the City Council of said City on the date and by the vote therein recited.

MARY J. KENNEDY, CMC, City Clerk

(SEAL OF CITY



REPORT to the MAYOR and MEMBERS of the CITY COUNCIL
From the CITY MANAGER

DATE: January 12, 2016

SUBJECT: Resolution Authorizing Acceptance and Appropriation of FY15 State Homeland Security Grant Program (SHSGP) Funds

ISSUING DEPARTMENT: Fire

SUMMARY:

Issue:

1. Should the City Council accept the FY 15 SHSGP grant of \$47,725?

Recommendation:

That the City Council adopt a resolution to accept the FY 15 State Homeland Security Grant and appropriate the amount of the award.

Fiscal Impact:

\$47,725 to purchase terrorism preparedness equipment (\$37,266 for Fire and \$10,459 for Police). Funds will be appropriated to the FY 2015-2016 and/or FY 2016-2017 budgets to grant fund 213. There are no matching funds required for this grant.

City's Strategic Goals:

Safe community
Maintain a financially sound and affordable city government

BACKGROUND:

The FY 15 SHSGP plays an important role in the implementation of Presidential Policy Directive – 8 (PPD-8) by supporting the development and sustainment of core capabilities to fulfill the National Preparedness Goal (NPG). SHSGP supports the implementation of state Homeland Security Strategies to address the identified planning, organization, equipment, training, and exercise needs to prevent, protect against, mitigate, respond to, and recover from acts of terrorism and other catastrophic events. The City of La Mesa has been allocated \$47,725.

The grant funds will purchase from the following categories of equipment*:

1. Interoperable Communications Equipment for:
 - a. Portable Radios
 - b. Mobile Radios
 - c. Mobile Data Computers
2. Detection Equipment for:
 - a. Fire Air Monitor
3. Information Technology for:
 - a. Still Digital Camera
 - b. Video Camera
4. Search and Rescue Equipment for:
 - a. Fire Hydraulic Rescue Cutting Tool
 - b. Water Operation Throwbags
5. Personal Protective Equipment for:
 - a. Water Operation Helmets
 - b. Water Operation Personal Protective Devices
 - c. Particulate Filters

*Actual items may change if a modification is requested by the departments.

The Fire Department has been the lead for the City while working closely with the Police Department and Public Works. We have employed a unified strategy for determining the public safety equipment needs for the City. The Police Department is required to receive a minimum of 25 percent of the SHSGP grant to replace the Law Enforcement Terrorism Prevention Program (LETPP) grant. A workbook for La Mesa containing equipment, training and planning needs was submitted to the State for approval and approval was received by San Diego County OES on December 15, 2015. The workbook approved by California Emergency Management Agency for this grant is broken down as follows:

Fire

\$37,266 for Mobile data computers, mobile radios, air monitors, still and video cameras, hydraulic rescue cutting tool, water operation throwbags, water operation helmets and personal protective devices, and particulate filters.

Police

\$10,457 for portable radios and accessories

Report to Mayor and Councilmembers
Date: December 8, 2015
Page 3 of 3

Reviewed by:



David E. Witt
City Manager

Respectfully submitted by:



Rick Sitta
Fire Chief

Attachments: Resolution
 2015 Grant Assurances

RESOLUTION NO. 2016-

RESOLUTION OF THE CITY OF LA MESA AUTHORIZING THE
ACCEPTANCE OF THE FY15 STATE HOMELAND SECURITY GRANT
PROGRAM (SHSGP) GRANT OF \$47,725 FOR TERRORISM PREPAREDNESS

BE IT AND IT IS HEREBY RESOLVED by the City Council of the City of La Mesa, that the City Council authorizes the acceptance of the SHSGP grant offered by the Department of Homeland Security. Provided however, that if the actual revenue received from the source specified should be more or less than the amount set forth herein, that the appropriations shall be adjusted to equal the amount actually received.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of La Mesa, California, held the 12th day of January 2016, by the following vote, to wit:

AYES:

NOES:

ABSENT:

CERTIFICATE OF CITY CLERK

I, MARY J. KENNEDY, CMC, City Clerk of the City of La Mesa, California, do hereby certify the foregoing to be a true and exact copy of Resolution No. 2016-, duly passed and adopted by the City Council of said City on the date and by the vote therein recited.

MARY J. KENNEDY, CMC, City Clerk

(SEAL OF CITY)



Standard Assurances For All Cal OES Federal Grant Programs

As the duly authorized representative of the Applicant, I hereby certify that the Applicant has the legal authority to apply for Federal assistance and the institutional, managerial and financial capability (including funds sufficient to pay any non-Federal share of project cost) to ensure proper planning, management and completion of the project described in this application, within prescribed timelines.

I further acknowledge that the Applicant is responsible for reviewing and adhering to all requirements within the:

- (a) Applicable Federal Regulations (see below);
- (b) Federal Program Notice of Funding Opportunity (NOFO);
- (c) California Supplement to the NOFO; and
- (d) Federal and State Grant Program Guidelines.

Federal Regulations

Government cost principles, uniform administrative requirements and audit requirements for federal grant programs are housed in Title 2, Part 200 of the Code of Federal Regulations (CFR) and in updates issued by the Office of Management and Budget (OMB) on <http://www.whitehouse.gov/omb/>.

Significant state and federal grant award requirements (some of which appear in the documents listed above) are called out below. The Applicant hereby agrees to comply with the following:

1. Proof of Authority

The Applicant will obtain written authorization from the city council, governing board or authorized body in support of this project. This written authorization must specify that the Applicant and the city council, governing board or authorized body agree:

- (a) To provide all matching funds required for said project and that any cash match will be appropriated as required.
- (b) That any liability arising out of the performance of this agreement shall be the responsibility of the Applicant and the city council, governing board or authorized body.
- (c) That grant funds shall not be used to supplant expenditures controlled by the city council, governing board or authorized body.
- (d) That the official executing this agreement is, in fact, authorized to do so.

This Proof of Authority must be maintained on file and readily available upon demand.

2. Period of Performance

The Applicant will initiate work after approval of the award and complete all work within the period of performance specified in the grant.

3. Lobbying and Political Activities

As required by Section 1352, Title 31 of the U.S. Code (U.S.C.), for persons entering into a contract, grant, loan or cooperative agreement from an agency or requests or receives from an agency a commitment providing for the United States to insure or guarantee a loan, the Applicant certifies that:

- (a) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- (b) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying", in accordance with its instructions.
- (c) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

The Applicant will also comply with provisions of the Hatch Act (5 U.S.C. §§1501-1508 and §§7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.

Finally, the Applicant agrees that Federal funds will not be used, directly or indirectly, to support the enactment, repeal, modification or adoption of any law, regulation or policy without the express written approval from the California Governor's Office of Emergency Services (Cal OES) or the Federal awarding agency.

4. Debarment and Suspension

As required by Executive Orders (EO) 12549 and 12689, and 2 CFR §200.212 and codified in 2 CFR Part 180, Debarment and Suspension, the Applicant will provide protection against waste, fraud and abuse by debarring or suspending those persons deemed irresponsible in their dealings with the Federal government. The Applicant certifies that it and its principals:

- (a) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
- (b) Have not within a three-year period preceding this application been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
- (c) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses enumerated in paragraph (2)(b) of this certification; and
- (d) Have not within a three-year period preceding this application had one or more public transaction (Federal, State, or local) terminated for cause or default.

Where the Applicant is unable to certify to any of the statements in this certification, he or she shall attach an explanation to this application.

5. Non-Discrimination and Equal Employment Opportunity

The Applicant will comply with all Federal statutes relating to non-discrimination. These include, but are not limited to, the following:

- (a) Title VI of the Civil Rights Act of 1964 (Public Law (P.L.) 88-352 and 42 U.S.C. §2000d et. seq.) which prohibits discrimination on the basis of race, color or national origin and requires that recipients of federal financial assistance take reasonable steps to provide meaningful access to persons with limited English proficiency (LEP) to their programs and services;
- (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. §§1681-1683, and 1685-1686), which prohibits discrimination on the basis of sex;
- (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. §794), which prohibits discrimination on the basis of handicaps;
- (d) Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to ADA (42 U.S.C. 12101, et seq.);
- (e) Age Discrimination Act of 1975, as amended (42 U.S.C. §§6101-6107), which prohibits discrimination on the basis of age;
- (f) Drug Abuse Office and Treatment Act of 1972) (P.L. 92-255), as amended (P.L. 96-181), relating to nondiscrimination on the basis of Treatment or recovery from drug abuse;
- (g) Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism;
- (h) Sections 523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. §§290 dd-3 and 290 ee 3), as amended, relating to confidentiality of alcohol and drug abuse patient records;
- (i) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing;

- (j) EO 11246, which prohibits federal contractors and federally assisted construction contractors and subcontractors, who do over \$10,000 in Government business in one year from discriminating in employment decisions on the basis of race, color, religion, sex, or national origin;
- (k) EO 11375, which bans discrimination on the basis of sex in hiring and employment in both the United States federal workforce and on the part of government contractors;
- (l) California Public Contract Code §10295.3, which addresses discrimination based on domestic partnerships;
- (m) Any other nondiscrimination provisions in the specific statute(s) under which application for Federal assistance is being made; and
- (n) The requirements of any other nondiscrimination statute(s) which may apply to the application.

In addition to the items listed in (a) through (n), the Applicant will comply with California's Fair Employment and Housing Act (FEHA). FEHA prohibits harassment and discrimination in employment because of race, color, religion, sex, gender, gender identity, gender expression, sexual orientation, marital status, national origin, ancestry, mental and physical disability, medical condition, age, pregnancy, denial of medical and family care leave, or pregnancy disability leave (California Government Code sections 12940, 12945, 12945.2) and/or retaliation for protesting illegal discrimination related to one of these categories, or for reporting patient abuse in tax supported institutions.

6. Drug-Free Workplace

As required by the Drug-Free Workplace Act of 1988 (41 U.S.C. §701 et seq.), the Applicant certifies that it will or will continue to provide a drug-free workplace and a drug-free awareness program as outlined in the Act.

7. Environmental Standards

The Applicant will comply with State and Federal environmental standards which may be prescribed pursuant to the following, as applicable:

- (a) California Environmental Quality Act (CEQA) (California Public Resources Code §§21000-21177), to include coordination with the city or county planning agency;
- (b) CEQA Guidelines (California Code of Regulations, Title 14, Division 6, Chapter 3, §§15000-15387);
- (c) Federal Clean Water Act (CWA) (33 U.S.C. §1251 et seq.), which establishes the basic structure for regulating discharges of pollutants into the waters of the United States and regulating quality standards for surface waters.
- (d) Institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Orders (EO) on the Environmental Justice Act (EO 12898) and Environmental Quality (EO 11514);
- (e) Notification of Environmental Protection Agency (EPA) violating facilities pursuant to EO 11738;
- (f) Protection of wetlands pursuant to EO 11990;

- (g) Evaluation of flood hazards in floodplains in accordance with EO 11988;
- (h) Assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. §1451 et seq.);
- (i) Conformity of Federal actions to State (Clean Air) Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. §7401 et seq.);
- (j) Protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended (P.L. 93-523);
- (k) Protection of endangered species under the Endangered Species Act of 1973, as amended (P.L. 93-205);
- (l) Wild and Scenic Rivers Act of 1968 (16 U.S.C. §1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.

Finally, the Applicant shall not be: 1) in violation of any order or resolution promulgated by the State Air Resources Board or an air pollution district; 2) subject to a cease and desist order pursuant to §13301 of the California Water Code for violation of waste discharge requirements or discharge prohibitions; or 3) finally determined to be in violation of federal law relating to air or water pollution.

8. Audits

For subrecipients expending \$750,000 or more in Federal grant funds annually, the Applicant will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act Amendments of 1996 and Title 2 of the Code of Federal Regulations, Part 200, Subpart F Audit Requirements.

9. Access to Records

In accordance with 2 CFR §200.336, the Applicant will give the awarding agency, the Comptroller General of the United States and, if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award. The Applicant will require any subrecipients, contractors, successors, transferees and assignees to acknowledge and agree to comply with this provision.

10. Conflict of Interest

The Applicant will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.

11. Financial Management

False Claims for Payment

The Applicant will comply with 31 U.S.C §3729 which sets forth that no subgrantee, recipient or subrecipient shall submit a false claim for payment, reimbursement or advance.

12. Reporting - Accountability

The Applicant agrees to comply with applicable provisions of the Federal Funding Accountability and Transparency Act (FFATA) (2 CFR Chapter 1, Part 170), specifically (a) the reporting of

subawards obligating \$25,000 or more in federal funds and (b) executive compensation data for first-tier subawards. This includes the provisions of FFATA, which includes requirements on executive compensation, and also requirements implementing the Act for the non-Federal entity at 2 CFR part 25 Financial Assistance Use of Universal Identifier and Central Contractor Registration and 2 CFR part 170 Reporting Subaward and Executive Compensation Information.

The Applicant also must comply with statutory requirements for whistleblower protections at 10 U.S.C. §2409, 41 U.S.C. §4712, and 10 U.S.C. §2324, 41 U.S.C. §4304 and §4310 and 31 U.S.C. §6101 et seq.

13. Human Trafficking

The Applicant will comply with the requirements of Section 106(g) of the Trafficking Victims Protection Act (TVPA) of 2000, as amended (22 U.S.C. §7104) which prohibits grant award recipients or a subrecipient from (1) Engaging in severe forms of trafficking in persons during the period of time that the award is in effect (2) Procuring a commercial sex act during the period of time that the award is in effect or (3) Using forced labor in the performance of the award or subawards under the award.

14. Labor Standards

The Applicant will comply with the following federal labor standards:

- (a) Comply with the provisions of the Davis-Bacon Act (40 U.S.C. §§276a to 276a-7), as applicable, and the Copeland Act (40 U.S.C. §3145 and 18 U.S.C. §874) and the Contract Work Hours and Safety Standards Act (40 U.S.C. §§327-333), regarding labor standards for federally-assisted construction contracts or subcontracts.
- (b) Comply with the Federal Fair Labor Standards Act (29 U.S.C. §201 et al.) as they apply to employees of institutes of higher learning (IHE), hospitals and other non-profit organizations.

15. Worker's Compensation

The Applicant must comply with provisions which require every employer to be insured against liability for Worker's Compensation before commencing performance of the work of this Agreement, as per California Labor Code §3700.

16. Property-Related

If applicable to the type of project funded by this Federal award, the Applicant will:

- (a) Comply with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally-assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchase.
- (b) Comply with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires subrecipients in a special flood hazard

area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.

- (c) Assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. §470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. §469a-1 et seq.).
- (d) Comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. §4831 and 24 CFR Part 35) which prohibits the use of lead-based paint in construction or rehabilitation of residence structures.

17. Certifications Applicable Only to Federally-Funded Construction Projects

For all construction projects, the Applicant will:

- (a) Not dispose of, modify the use of, or change the terms of the real property title or other interest in the site and facilities without permission and instructions from the awarding agency. Will record the Federal awarding agency directives and will include a covenant in the title of real property acquired in whole or in part with Federal assistance funds to assure nondiscrimination during the useful life of the project.
- (b) Comply with the requirements of the awarding agency with regard to the drafting, review and approval of construction plans and specifications.
- (c) Provide and maintain competent and adequate engineering supervision at the construction site to ensure that the complete work conforms with the approved plans and specifications and will furnish progressive reports and such other information as may be required by the assistance awarding agency or State.

18. Freedom of Information Act

The Applicant acknowledges that all information submitted in the course of applying for funding under this program or provided in the course of an entity's grant management activities which is under Federal control is subject to the Freedom of Information Act (FOIA), 5 U.S.C. §552. The Applicant should also consult its own State and local laws and regulations regarding the release of information, which should be considered when reporting sensitive matters in the grant application, needs assessment and strategic planning process.

19. California Public Records Act

The Applicant acknowledges that all information submitted in the course of applying for funding under this program or provided in the course of an entity's grant management activities may be subject to the California Public Records Act (California Government Code §§6250-6276.48), which requires inspection and/or disclosure of governmental records to the public upon request, unless exempted by law.

HOMELAND SECURITY GRANT PROGRAM - PROGRAM SPECIFIC ASSURANCES / CERTIFICATIONS

20. Personally Identifiable Information

Subrecipients collecting Personally Identifiable Information (PII) must have a publically-available policy that describes what PII they collect, how they plan to use the PII, whether they share PII with third parties, and how individuals may have their PII corrected where appropriate.

21. Disposition of Equipment

When original or replacement equipment acquired under this award is no longer needed for the original project or program or for other activities currently or previously supported by the Department of Homeland Security/Federal Emergency Management Agency, subrecipients must request instructions from Cal OES on proper disposition of equipment.

22. Reporting Accusations and Findings of Discrimination

If, during the past three years, the subrecipient has been accused of discrimination on the grounds of race, color, national origin (including limited English proficiency), sex, age, disability, religion, or familial status, the subrecipient must provide a list of all such proceedings, pending or completed, including outcome and copies of settlement agreements to Cal OES for reporting to the DHS awarding office and the DHS Office of Civil Rights and Civil Liberties.

If any court or administrative agency makes a finding of discrimination on grounds of race, color, national origin (including limited English proficiency), sex, age, disability, religion or familial status against the subrecipient, or the subrecipient settles a case or matter alleging such discrimination, subrecipients must forward a copy of the complaint and findings to Cal OES for forwarding to the DHS Component and/or awarding office.

The United States has the right to seek judicial enforcement of these obligations.

23. Acknowledgement of Federal Funding from DHS and Use of DHS Seal, Logo and Flags

All subrecipients must acknowledge their use of federal funding when issuing statements, press releases, requests for proposal, bid invitations, and other documents describing projects or programs funded in whole or in part with federal funds.

All subrecipients must obtain DHS's approval prior to using DHS seal(s), Logos, crests or reproductions of DHS agency officials, including use of the United States Coast Guard seal, logo, crests or reproductions of flags or likenesses of Coast Guard officials.

24. Copyright

All subrecipients must affix the applicable copyright notices of 17 U.S.C. §§401 or 402 and an acknowledgement of Government sponsorship (including award number) to any work first produced under Federal financial assistance awards, unless the work includes any information that is otherwise controlled by the Government (e.g., classified information or other information subject to national security or export control laws or regulations).

25. Energy Policy and Conservation Act

All subrecipients must comply with the requirements of 42 U.S.C. §6201 which contain policies relating to energy efficiency that are defined in the state energy conservation plan issues in compliance with this Act.

26. Hotel and Motel Fire Safety Act of 1990

All subrecipients must ensure that all conference, meeting, convention, or training space funded in whole or in part with Federal funds complies with Section 6 of the fire prevention and control guidelines of the Federal Fire Prevention and Control Act of 1974, 15 U.S.C. §2225a.

27. Terrorist Financing E.O. 13224

All subrecipients must comply with U.S. Executive Order 13224 and U.S. law that prohibit transactions with, and the provisions of resources and support to, individuals and organizations associated with terrorism. It is the legal responsibility of subrecipients to ensure compliance with the E.O. and laws.

28. USA Patriot Act of 2001

All subrecipients must comply with the requirements of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA Patriot Act), which amends 18 U.S.C. §§175-175c.

IMPORTANT

The purpose of the assurance is to obtain federal and state financial assistance, including any and all federal and state grants, loans, reimbursement, contracts, etc. The Applicant recognizes and agrees that state financial assistance will be extended based on the representations made in this assurance. This assurance is binding on the Applicant, its successors, transferees, assignees, etc. Failure to comply with any of the above assurances may result in suspension, termination, or reduction of grant funds.

All appropriate documentation, as outlined above, must be maintained on file by the Applicant and available for Cal OES or public scrutiny upon request. Failure to comply with these requirements may result in suspension of payments under the grant or termination of the grant or both and the subrecipient may be ineligible for award of any future grants if the Cal OES determines that any of the following has occurred: (1) the recipient has made false certification, or (2) violates the certification by failing to carry out the requirements as noted above.

All of the language contained within this document must be included in the award documents for all subawards at all tiers, including contracts under grants and cooperative agreements and subcontracts.

The undersigned represents that he/she is authorized by the above named Applicant to enter into this agreement for and on behalf of the said Applicant.

Signature of Authorized Agent: _____

Printed Name of Authorized Agent: _____

Title: City Manager Date: _____



DATE: January 12, 2016

TO: Mayor and Councilmembers

VIA: David E. Witt, City Manager *DW*

FROM: Gregory P. Humora, Director of Public Works/City Engineer *GPH*

SUBJECT: State Revolving Fund Agreement for Alvarado Trunk Sewer Improvement Project

The purpose of this memo is to inform the City Council that staff is prepared to move forward with construction of the Alvarado Trunk Sewer Improvement Project. This project was identified in La Mesa's Wastewater Master Plan as a necessary project to improve sewer capacity and replace aging infrastructure. This project is the City's highest priority sewer project at this time. The Alvarado Trunk Sewer Improvement Project will replace and partially re-align 2,400 feet of the existing trunk sewer and manholes located adjacent to the Alvarado Creek Channel.

The cost of the Alvarado Trunk Sewer Improvement Project is in excess of the typical annual wastewater capital improvement budget. The City intends to finance the project through the State Water Resources Control Board State Revolving Fund program. La Mesa has previously used the State Revolving Fund program to fund large sewer capital improvement projects.

By using the State Revolving Fund program La Mesa is able to take advantage of greater economies of scale associated with larger construction projects. Funds are paid off over a 20-year period at low interest rates (currently 1.8%). And, repayment is programmed into the sewer rates.

Council Resolution 2009-138 adopted on September 22nd, 2009 authorized the submittal of the State Revolving Fund application. Council Resolution 2011-087 adopted on September 27th, 2011 approved the State Revolving Fund reimbursement amount of \$5,000,000 for the project. Council Resolution 2012-014 adopted on February 14th, 2012 approved the dedication of a source of revenue for the State Revolving Fund application. In addition, Ordinance 2015-2841 adopted on May 26th, 2015 approved the sewer rates necessary to meet the debt service requirements for the State Revolving Fund application.

At this time, staff is requesting Council authorization for the Mayor to execute the State Revolving Fund Agreement.

RESOLUTION NO. 2016-

RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE THE STATE REVOLVING FUND AGREEMENT FOR THE ALVARADO TRUNK SEWER IMPROVEMENT PROJECT

WHEREAS, the Alvarado Trunk Sewer Improvement Project was identified in La Mesa's Wastewater Master Plan as a necessary project to improve sewer capacity and replace aging infrastructure. And, this project is the City's highest priority sewer project at this time;

WHEREAS, the cost of the Alvarado Trunk Sewer Improvement Project is in excess of the typical annual wastewater capital improvement budget. And, the City intends to finance the project through the State Water Resources Control Board State Revolving Fund program; and

WHEREAS, Resolution 2009-138 adopted on September 22nd, 2009 authorized the submittal of the State Revolving Fund application. Resolution 2011-087 adopted on September 27th, 2011 approved the State Revolving Fund reimbursement amount of \$5,000,000 for the Project. Resolution 2012-014 adopted February 14th, 2012 approved the dedication of a source of revenue for the State Revolving Fund application. In addition, Ordinance 2015-2841 adopted on May 26th, 2015 approved the sewer rates necessary to meet the debt service requirements for the State Revolving Fund application.

NOW THEREFORE, BE IT AND IT IS HEREBY RESOLVED by the City Council, that the Mayor is authorized to execute State Revolving Fund Agreement Number D15-01014, a copy of which is on file in the City Clerk's office.

PASSED AND ADOPTED at a regular meeting of the City Council of the City of La Mesa, California, held the 12th day of January 2016, by the following vote, to wit:

AYES:
NOES:
ABSENT:

CERTIFICATE OF CITY CLERK

I, MARY J. KENNEDY, CMC, City Clerk of the City of La Mesa, California, do hereby certify the foregoing to be a true and exact copy of Resolution No. 2016-, duly passed and adopted by the City Council of said City on the date and by the vote therein recited.

MARY J. KENNEDY, CMC, City Clerk

(SEAL OF CITY)



DATE: January 12, 2016

TO: Mayor and Members of the City Council and Chair and Members of the Board of Directors for the La Mesa Public Financing Authority

FROM: Sarah Waller-Bullock, Director of Finance *Sub*

VIA: David E. Witt, City Manager *DW*

SUBJECT: Basic Financial Statements and Independent Auditor's Report for the City of La Mesa for the Year Ending June 30, 2015
(Consent item for the meeting of January 12, 2016)

Attached is a copy of the Basic Financial Statements and Independent Auditor's Report for the City of La Mesa for the Year Ending June 30, 2015. No exceptions were noted and the financial statements were prepared in accordance with generally accepted accounting principles. The annual audit was conducted in accordance with generally accepted auditing standards and procedures.

The City's Audit Committee met on December 7, 2015 to review the results of the audit and draft financial statements. Terry Shea from Rogers, Anderson, Malody & Scott presented the audit and indicated that the City has received an "unqualified" audit opinion from his firm. The Audit Committee approved to forward the financial statements and audit on to the City Council.

As a result of implementing GASB 68, Accounting and Financial Reporting for Pensions, this year's financial statements include the addition of the city's net pension liability to the Government-wide financial statements. The financial statements now reflect the long term liability associated with the City's pension. Detailed information about the net pension liability is included in the Notes to the Financial Statements and the Required Supplementary Information (RSI).

If you have any questions, please contact me at extension 122.

Recommendation:

That the City Council and the City Council acting as the La Mesa Public Financing Authority accept the Basic Financial Statements and Audit Report for the City of La Mesa for the Year Ending June 30, 2015, as prepared and submitted by the firm of Rogers, Anderson, Malody & Scott.

Attachments

City of La Mesa La Mesa, California

Basic Financial Statements and Independent Auditor's Report

For the Year Ended June 30, 2015



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

CITY OF LA MESA
Basic Financial Statements
For the Year Ended June 30, 2015

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis (Required Supplementary Information)	4
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements	
Governmental Fund Financial Statements:	
Balance Sheet	18
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	20
Statement of Revenues, Expenditures, and Changes in Fund Balances	21
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities	23
Proprietary Fund Financial Statements:	
Statement of Net Position	24
Statement of Revenues, Expenses, and Changes in Fund Net Position	25
Statement of Cash Flows	26
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Position	27
Statement of Changes in Fiduciary Net Position	28
Combining Statement of Changes in Fiduciary Assets and Liabilities	29
Index to Notes to the Basic Financial Statements	30
Notes to the Basic Financial Statements	32
Required Supplementary Information	
Budgetary Information	90
Budgetary Comparison Schedule, General Fund	91
Budgetary Comparison Schedule, Housing Asset Fund	92
Schedules of Changes in Net Pension Liability and Related Ratios	93
Schedules of Plan Contributions	96

CITY OF LA MESA
Basic Financial Statements
For the Year Ended June 30, 2015

Table of Contents

	<u>Page</u>
Supplementary Information	
Non-Major Governmental Funds:	
Combining Balance Sheet	99
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	105
Internal Service Funds:	
Combining Statement of Net Position	111
Combining Statement of Activities, and Changes in Net Position	112
Combining Statement of Cash Flows	113
Fiduciary Funds:	
Combining Statement of Fiduciary Net Position	114
Combining Statement of Changes in Fiduciary Net Position	115



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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of La Mesa, California (City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the City adopted the provisions of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transaction for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements 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 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 as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Rogers Anderson Malody & Scott, LLP

San Bernardino, California
December 22, 2015

**CITY OF LA MESA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2015**

As management of the City of La Mesa (City), we offer readers of these financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with the Basic Financial Statements and attached notes.

FINANCIAL HIGHLIGHTS

- The total assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2014-2015 by \$151,803,401 (net position). Due to the implementation of GASB 68 and the addition of the City's long-term net pension liability onto the statement of net position, the City reported a negative unrestricted net position of \$16,327,481.
- The City's total net position decreased \$66,469,155 from the prior fiscal year because of the implementation GASB 68 and the requirement to record the long-term net pension obligation as a liability.
- At the close of the current fiscal year, the City's governmental funds reported combined fund balances of \$49,355,465, an increase of \$3,785,039 from the prior year. Approximately 48% of this amount or \$23,731,417 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the general fund was \$24,367,934, or approximately 55% of total budgeted general fund expenditures.
- The City's total outstanding long-term debt decreased by \$1,928,661 during the current fiscal year due to regularly scheduled debt service payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components: 1) government-wide financial statements, 2) governmental 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 similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

**CITY OF LA MESA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2015**

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

The government-wide financial statements include the City (known as the *primary government*) and the La Mesa Public Financing Authority, a separate legal entity for which the City is financially accountable. The Public Financing Authority, although legally separate, functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 15-17 of this report.

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

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

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

The City maintains twenty-nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Housing Asset Fund and Transportation CIP Fund, all of which are considered to be major funds. Data from the other twenty-six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major 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. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 18-23 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its Wastewater

CITY OF LA MESA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2015

Operation and for its Transportation Administration. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its Employee Benefits, Workers' Compensation Insurance, Equipment Replacement, and Liability Risk Insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included with *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Wastewater Operation and for Transportation Administration, both of which are considered to be major funds of the City. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds are provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The basic proprietary fund financial statements can be found on pages 24-26 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reported in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Included in fiduciary funds are agency funds and private purpose trust funds. The agency funds account for deposits held in trust for specific purposes. The private purpose trust funds were established in the wake of the dissolution of redevelopment. The private purpose trust funds account for the City of La Mesa Successor Agency and the La Mesa Redevelopment Obligation Retirement Fund.

The fiduciary fund financial statements can be found on pages 27-29 of this report.

Notes to the financial statements. The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 30-89 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning financial and budgetary information for the general fund and the City's progress in funding its obligation to provide pension and OPEB benefits to its employees. Included in the required supplementary information is information related to the City's implementation of GASB 68 and the net pension obligation.

Required supplementary information can be found on page 90 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on pensions and OPEB.

Combining and individual fund statements and schedules can be found on pages 99-110 of this report.

**CITY OF LA MESA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2015**

GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

As noted earlier, analyzing net position over time may serve as a useful indicator of a government's financial position. Increases or decreases in net position indicate whether the financial position of the government is improving or deteriorating. As stated earlier, the City's total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$151,803,401.

By far, the largest portion of the City's total net position (\$159.1 million) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of La Mesa
Statement of Net Position**

	Governmental Activities		Business-Type Activities		Citywide Total	
	2015	2014	2015	2014	2015	2014
ASSETS						
Current and other assets	\$ 65,358,651	\$ 60,145,251	\$ 7,386,845	\$ 5,663,913	\$ 72,745,496	\$ 65,809,164
Capital assets	173,050,352	177,513,711	25,600,580	26,897,271	198,650,932	204,410,982
Total assets	238,409,003	237,658,962	32,987,425	32,561,184	271,396,428	270,220,146
DEFERRED OUTFLOWS OF RESOURCES						
Pension related	5,316,425	-	264,460	-	5,580,885	-
Total deferred outflows of resources	5,316,425	-	264,460	-	5,580,885	-
LIABILITIES						
Long-term liabilities outstanding	93,101,756	35,520,096	12,516,035	10,351,104	105,617,791	45,871,200
Other liabilities	5,492,256	4,985,439	921,466	1,090,951	6,413,722	6,076,390
Total liabilities	98,594,012	40,505,535	13,437,501	11,442,055	112,031,513	51,947,590
DEFERRED INFLOWS OF RESOURCES						
Pension related	12,228,359	-	570,781	-	12,799,140	-
Unearned revenue	343,259	-	-	-	343,259	-
Total deferred inflows of resources	12,571,618	-	570,781	-	13,142,399	-
NET POSITION						
Net investment in capital assets	143,852,475	146,951,239	15,249,476	15,919,031	159,101,951	162,870,270
Restricted	9,028,931	9,002,891	-	-	9,028,931	9,002,891
Unrestricted	(20,321,608)	41,199,297	3,994,127	5,200,098	(16,327,481)	46,399,395
Total net position	\$ 132,559,798	\$ 197,153,427	\$ 19,243,603	\$ 21,119,129	\$ 151,803,401	\$ 218,272,556

An additional portion of the City's net position (\$9 million) represents resources that are subject to external restrictions on how they may be used. With the implementation of GASB 68 and the addition of the long-term pension related liabilities, deferred outflows, and deferred inflows to the Statement of Net Position, the City's unrestricted net position is negative \$16.3 million. This negative unrestricted net position does not indicate that the City is unable to meet its current ongoing obligations; rather the net position presents a long-term view that provides the City with opportunities and a goal in order to best manage and fund its future pension obligation.

Despite the negative net position, the results of the City's ongoing operations are adding to the total net position. While the City's change in net position increased \$2.8 million from the prior fiscal year due to current year operations, the overall net position decreased due to the implementation of GASB Statements No. 68 & 71.

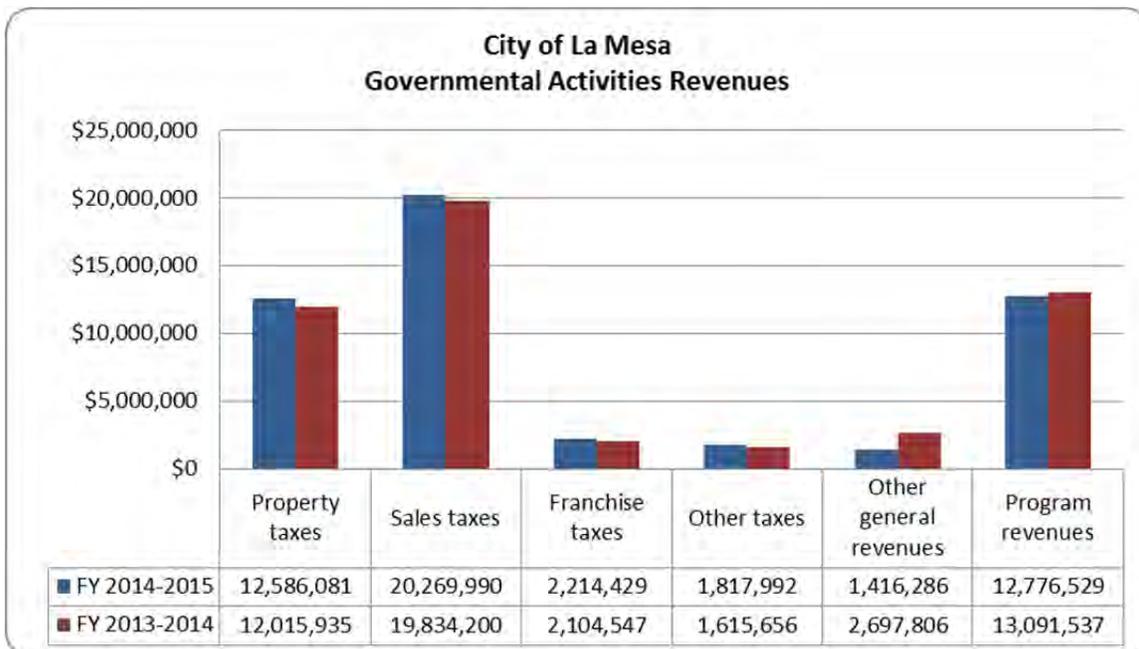
**CITY OF LA MESA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2015**

City of La Mesa Changes in Statement of Activities
Comparative Data as of June 30

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
REVENUES						
Program revenues:						
Charges for services	\$ 4,601,862	\$ 5,664,328	\$ 11,737,201	\$ 10,776,387	\$ 16,339,063	\$ 16,440,715
Operating grants and contrib	3,458,392	3,880,865	1,289,101	55,440	4,747,493	3,936,305
Capital grants and contrib	4,716,275	3,546,344	-	-	4,716,275	3,546,344
General revenues:						
Property taxes	12,586,081	12,015,935	-	-	12,586,081	12,015,935
Sales taxes	20,269,990	19,834,200	-	-	20,269,990	19,834,200
Franchise taxes	2,214,429	2,104,547	-	-	2,214,429	2,104,547
Other taxes	1,817,991	1,615,656	-	-	1,817,991	1,615,656
Investment earnings	333,189	341,391	43,408	27,528	376,597	368,919
Other	1,083,097	2,356,415	-	-	1,083,097	2,356,415
Total revenues	<u>51,081,306</u>	<u>51,359,681</u>	<u>13,069,710</u>	<u>10,859,355</u>	<u>64,151,016</u>	<u>62,219,036</u>
EXPENDITURES						
General government	4,853,645	5,279,535	-	-	4,853,645	5,279,535
Police	16,164,970	15,017,714	-	-	16,164,970	15,017,714
Fire	9,494,450	8,573,106	-	-	9,494,450	8,573,106
Public works	15,930,891	10,671,706	-	-	15,930,891	10,671,706
Community services	1,922,917	1,926,522	-	-	1,922,917	1,926,522
Community development	1,665,298	1,691,624	-	-	1,665,298	1,691,624
Interest on long-term debt	1,367,205	1,368,036	-	-	1,367,205	1,368,036
Wastewater	-	-	9,950,772	8,818,252	9,950,772	8,818,252
Total expenditures	<u>51,399,376</u>	<u>44,528,243</u>	<u>9,950,772</u>	<u>8,818,252</u>	<u>61,350,148</u>	<u>53,346,495</u>
Change in net position before transfers	(318,070)	6,831,438	3,118,938	2,041,103	2,800,868	8,872,541
Transfers	1,838,516	1,638,858	(1,838,516)	(1,638,858)	-	-
Change in net position	<u>1,520,446</u>	<u>8,470,296</u>	<u>1,280,422</u>	<u>402,245</u>	<u>2,800,868</u>	<u>8,872,541</u>
Net position - beginning as restated	131,039,352	188,683,131	17,963,181	20,716,884	149,002,533	209,400,015
Net position - ending	<u>\$ 132,559,798</u>	<u>\$ 197,153,427</u>	<u>\$ 19,243,603</u>	<u>\$ 21,119,129</u>	<u>\$ 151,803,401</u>	<u>\$ 218,272,556</u>

The reasons for this overall increase are discussed in the following sections for the specific governmental activities and business-type activities.

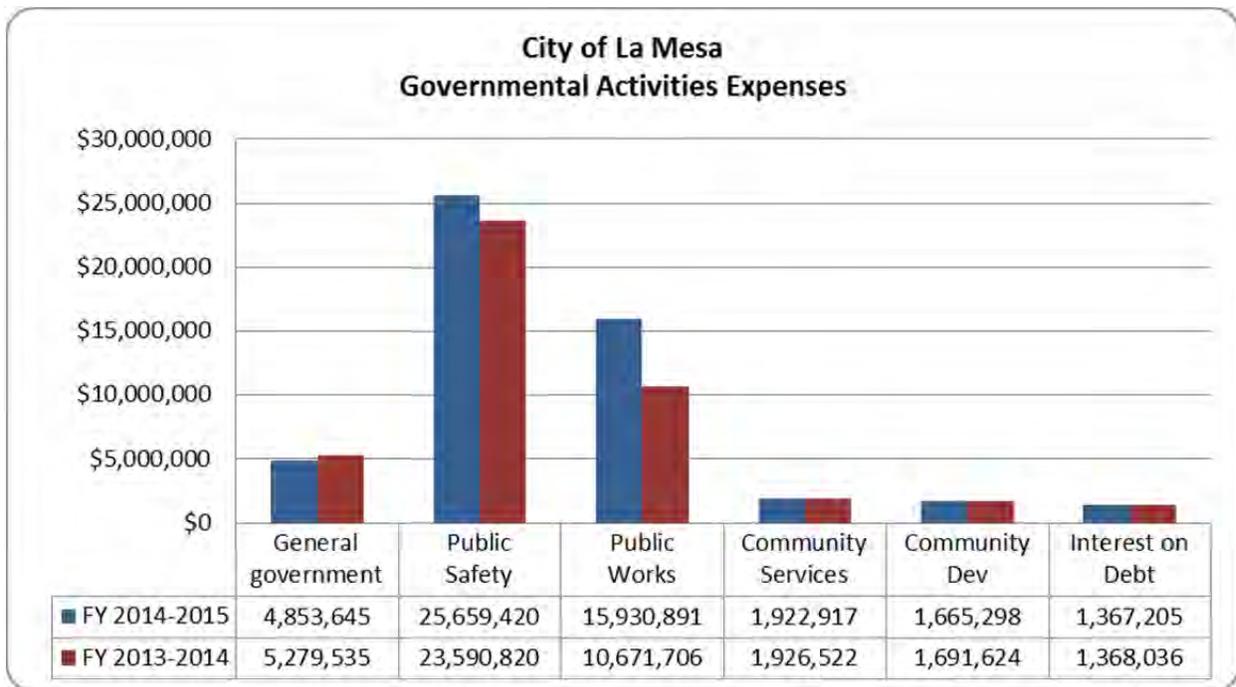
Governmental activities. Of the \$2.8 million increase to the City's overall net position, \$1.5 million is attributed to governmental activities.



**CITY OF LA MESA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2015**

Key elements to the change in net position are as follows:

- Total citywide governmental revenues decreased slightly from the previous year by \$278,374 or 0.5% with program revenues down \$315,008 or 2.4 percent and general revenues up \$36,634.
- Of the program revenues, charges for services, particularly those that were building and construction related fees, decreased \$1,062,466 and operating contributions and grants, primarily gas tax revenues community services grants, decreased \$422,473 from the prior year. Offsetting these decreases were increases of \$1,169,931 in capital contributions and grants, primarily the Smart Growth Grant received in the current year.
- Of the general revenues (e.g., tax and other miscellaneous revenues), property taxes increased \$570,146, sales taxes increased \$435,790, and all other taxes increased \$312,217. Offsetting these increases was a decrease of \$1,273,318 in miscellaneous revenue from the prior year. In 2014, the City received several one-time revenues (\$771,207 reimbursement from the RDA Successor Agency and \$309,935 legal settlement from the Briercrest court decision) that were not received in the current year.



- Total expenses increased by \$6,871,133, or 15.4 percent, during the year. The biggest increase, Public Works, was due to increases in capital project expenditures and a one-time expenditure to reclassify amounts recorded as infrastructure and construction in progress. Increases in Public Safety were due primarily to depreciation of equipment. All other governmental expenses were relatively unchanged from the previous year.

Business-type activities. Business-type activities increased the City's total net position by \$1.2 million. The two business type activities for the City include Wastewater Engineering, Operations and Construction and Transportation Administration. Transportation Administration functions were curtailed significantly beginning in fiscal year 2003-2004 because the City ceased its Dial-a-Ride program. La Mesa continues to receive a small annual amount of Transit administration funds from the San Diego Metropolitan Transit System (MTS) for administration of transportation activities within the City. The Wastewater Fund provides engineering and

**CITY OF LA MESA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2015**

construction administration, and construction and maintenance of the City's wastewater and storm drain systems. The key elements to this change are as follows:

- Charges for services increased \$960,814 or 8.9 percent when compared to the previous year. Sewer connection fees accounted for approximately \$600,000 of the increase with the balance a result of increases in sewer service fees. Operating contributions and grants increased \$1,233,661 and the result of one-time contributions for capital projects for the Downtown Streetscape project.
- Wastewater expenses increased over the prior year by \$1,132,520 or 12.8 percent due primarily to an increase in capital expenditures. All other expenses either remained the same or increased slightly.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's short-term financing requirements.

In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City Council.

At June 30, 2015, the City's governmental funds reported combined fund balances of \$49,355,465, an increase of \$3,785,039 from the prior year. Approximately 48 percent of this amount (\$23,731,417) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is either not in spendable form (\$13,706,013) or legally restricted for particular purposes (\$11,918,035).

General Fund. The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the total fund balance was \$31,804,119. Of this amount, the unassigned fund balance of the General Fund was \$24,367,934. The remaining fund balance is made up of non-spendable fund balances of \$5,347,071 and restricted fund balances of \$2,089,114. Non-spendable fund balances are those assets that will never convert to cash (e.g., prepaid items and inventories of supplies), assets that will not convert to cash soon enough to affect the current period (e.g., the long-term portion of loans receivable), and resources that must be maintained intact pursuant to legal or contractual requirements. At June 30, 2015, the General Fund reported \$5,300,000 in advances to other funds, \$45,341 in non-spendable inventories, and \$1,730 in prepaid expenditures. Advances to other funds are comprised of the \$5,300,000 remaining balance owed to the General Fund from the former Redevelopment Agency for the Police Station site.

Restricted fund balances are those resources that are subject to externally enforceable legal restrictions such as creditors, grantors, contributors and other governmental agencies. Restrictions also can arise when the authorization to raise revenues is conditioned upon the revenue being used for a particular purpose, pursuant to enabling legislation. At June 30, 2015, the General Fund reported \$2,089,114 restricted funds for encumbrances that remained outstanding at the end of the fiscal year. The remaining unassigned fund balance of

**CITY OF LA MESA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2015**

\$24,367,934 is the residual net resources of the general fund and is the excess of non-spendable, restricted and committed fund balance over total fund balance.

Housing Asset Fund. The Housing Asset Fund is used to account for the housing successor agency activities. Fund balances in this fund are non-spendable resources of \$8,350,000 (the Old Police Station Site held for resale) and legally restricted resources of \$172,415. These funds are restricted for low and moderate income housing activities.

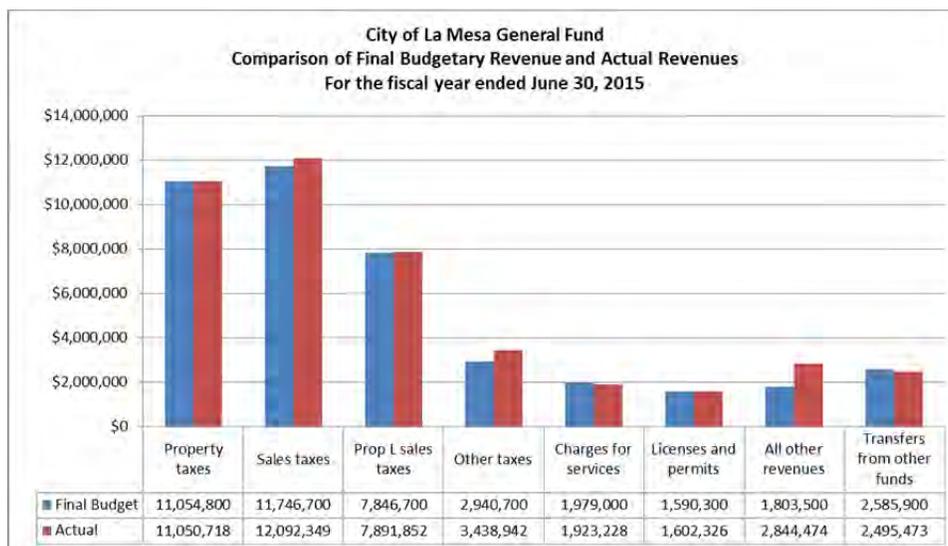
Transportation CIP Fund. The Transportation CIP Fund is used to account for capital improvement activities, specifically for streets, roads, sidewalks, etc. The fund balance of \$1,019,095 is legally restricted for transportation capital improvement projects.

Proprietary Funds. The City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. The two major proprietary funds, the Transportation Administration Fund and the Wastewater Fund, are presented separately. The internal service funds are presented in summary with the detail for each fund presented as supplementary information.

Unrestricted net position of the Wastewater proprietary fund amounted to \$3,937,490 at June 30, 2015, a decrease of \$1,215,162 from the prior year. The primary reason for this decrease is the implementation of GASB 68 and the addition of the long-term net pension liability to the Wastewater's balance sheet in the current fiscal year. Because the Wastewater fund operates as an enterprise fund, all long-term liabilities, including net pension obligations, are reported against current and noncurrent assets. Unrestricted funds for the Transportation Administration Fund were \$56,637, little changed from the prior fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The final General Fund revenue budget for 2014-2015 was increased by \$119,700 for a total of \$41,547,600. The actual revenues and transfers in for 2014-2015 were \$43,339,362, \$1,791,762 over budgeted amounts.

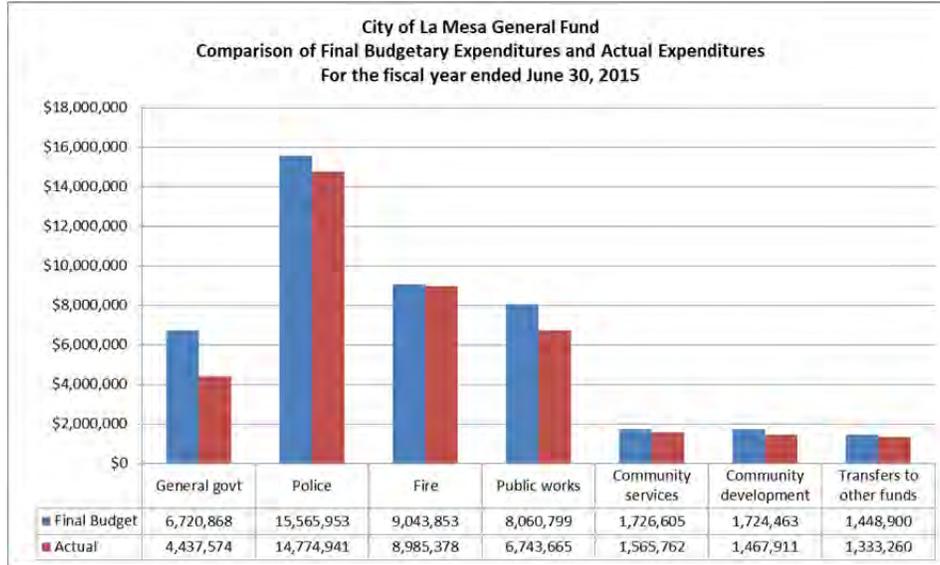


Overall, General Fund revenues were received either close to or at budgetary levels. The exceptions to this were other taxes (\$498,242 over budget) and other revenues (\$724,656 over budget). Other taxes received in excess of budget were property transfer taxes, transient occupancy taxes, and gas & electric franchise taxes. Other revenues received in excess of

**CITY OF LA MESA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2015**

budget were primarily reimbursements related to the Heartland Fire Consolidation reconciliation and reimbursements for overtime and strike team expenditures.

The final General Fund expenditure budget for 2014-2015 (including carry forward encumbrances) was \$44,291,441. Actual expenditures and transfers out were \$39,308,491, under budgeted appropriations by \$4,982,950.



Actual general government and public works expenditures were below budget because of unspent encumbered funds that were carried forward to the 2015-2016 fiscal year. These funds are anticipated to be spent during the current fiscal year.

Additional information regarding General Fund budgetary information can be found in the Required Supplementary Information (RSI) section of this report.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The City's investment in capital assets includes land, buildings, improvements, equipment, infrastructure, and construction in progress. This investment for its governmental and business type activities, net of accumulated depreciation, totaled \$198,650,932 at June 30, 2015, an overall decrease of \$5,760,050. The primary reasons for the decrease were one-time accounting adjustments to reclassify amounts recorded as infrastructure and construction in progress in governmental activities. Also, because capital assets are reported net of depreciation, the value of depreciable assets is reduced over time.

City of La Mesa's Capital Assets
(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land (including Right-of-way)	\$ 26,433,325	\$ 26,433,325	\$ -	\$ -	\$ 26,433,325	\$ 26,433,325
Buildings and Improvements	38,203,093	39,119,204	-	-	38,203,093	39,119,204
Vehicles and Equipment	5,561,692	5,915,477	485,376	559,396	6,047,068	6,474,873
Infrastructure	95,495,889	98,498,720	24,455,305	25,059,329	119,951,194	123,558,049
Construction in progress	7,356,353	7,546,985	659,899	1,278,546	8,016,252	8,825,531
Total	\$ 173,050,352	\$ 177,513,711	\$ 25,600,580	\$ 26,897,271	\$ 198,650,932	\$ 204,410,982

**CITY OF LA MESA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2015**

Additional information on the City's capital assets can be found in Note 5 in the Notes to Basic Financial Statements section of this report.

Long-term debt. At June 30, 2015, the City had long-term debt totaling \$41,538,696. Of this amount, \$23,075,000 is general obligation bond debt, \$3,910,000 is Certificates of Participation, \$3,105,592 is for vested leave time due City employees, \$915,101 is for TransNet Commercial Paper, \$181,899 is for the Waite Dr. property purchase from the County of San Diego, and \$10,351,104 is a State Water Resources Control Board revolving fund loan.

City of La Mesa's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Compensated absences	\$ 3,105,592	\$ 3,221,575	-	-	\$ 3,105,592	\$ 3,221,575
General obligation bonds	23,075,000	23,405,000	-	-	23,075,000	23,405,000
Certificates of Participation	3,910,000	4,100,000	-	-	3,910,000	4,100,000
TransNet Commercial Paper	915,101	1,481,589	-	-	915,101	1,481,589
Waite Dr. Land Purchase	181,899	280,953	-	-	181,899	280,953
State Revolving Fund Loan	-	-	10,351,104	10,978,240	10,351,104	10,978,240
Total	\$ 31,187,592	\$ 32,489,117	\$ 10,351,104	\$ 10,978,240	\$ 41,538,696	\$ 43,467,357

The City's General obligation bonds, certificates of participation, and commercial paper decreased by \$1,086,488 during the fiscal year. This decrease was due to scheduled reductions through debt service payments on the existing balances. Compensated absences obligations decreased by \$115,983 from the prior year. The outstanding balance on the Waite Dr. Land Purchase was paid in entirety in August 2015. Additional information regarding this subsequent event can be found in Notes 6 and 21.

The State Water Resources Control Board revolving fund loan decreased by \$627,136 due to scheduled debt service payments. The agreement with the State Water Resources Control Board calls for them to provide up to \$14.5 million in revolving fund monies to be used for La Mesa wastewater capital improvement projects. The funds are reimbursed to the City, adding to the loan, as construction on the approved projects progressed. Projects and loans were set up in four phases. Payback of the loan commenced as each phase is completed. The City is in the process of paying back all phases of the loan.

Additional information on the City's long-term debt can be found in Note 6 in the Notes to Basic Financial Statements section of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- Total assessed valuation in the City reflects the recovery in market values and new construction. The projected increase is 6 percent for fiscal year 2015-2016 and 3 percent for fiscal year 2016-2017. Both increases are reflected in the biennial budget.
- Included in the 2015-2017 biennial budget is amounts that reflect the residual property tax payments received as a result of the dissolution of redevelopment. Because unresolved enforceable obligation issues remain between the Successor Agency and the Department of Finance, this amount is an estimate only.
- Base sales tax revenues (including property tax in lieu portion) are expected to be just over \$13.2 million in fiscal year 2015-2016 and 12.8 million in fiscal year 2016-2017. The anticipated revenues in 2015-2016 include the Triple Flip repayment, expect to be

**CITY OF LA MESA
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2015**

approximately \$850,000. After excluding the repayment, sales tax revenues are anticipated to increase 5.7 percent in 2015-2016 and 3.3 percent in 2016-2017.

- 2014-2015 was the sixth full year of collections for the Proposition L sales tax. This tax measure was passed by La Mesa voters on November 4, 2008 and became effective on April 1, 2009. Actual revenues for fiscal year 2014-2015 exceed budgetary projections due to unanticipated one time distributions received during the year. Proposition L revenues are projected to be \$8,101,400 or 3.25 percent increase in fiscal year 2015-2016 and \$8,344,400 or 3 percent increase in fiscal year 2016-2017. Proceeds from the tax measure are being used to build up necessary fund balance reserves and maintain City services that otherwise would have had to be reduced.
- Effective July 1, 2015, City fees were adjusted in accordance with the Council adopted annual update process which calls for fees to be updated annually, as part of the City budget process. During the year the biennial budget is adopted, fees are updated based on the percent change in each relevant department or division budget (total budget or personnel budget only depending on how fee related costs are budgeted). The annual update process assures that our fees recover the portion of the full cost of the service that is defined in the City's Council adopted cost recovery objectives.
- California Public Employees Retirement System (CalPERS) employer contribution rates continue to be the driver of increases in operating costs, far exceeding any other category of expenditures in terms of percentage increase and real dollar costs. The Miscellaneous plan contribution rate increased from 26.592 percent in 2014-2015 to 28.25 percent in 2015-2016 and is anticipated to increase to 30.7 percent in 2016-2017. The safety retirement plan contribution rate increased from 36.768 percent in 2014-2015 to 40.531 percent in 2015-2016 and is anticipated to increase to 44.2 percent in 2016-2017. These rates are expected to rise significantly over the next several years due to two significant factors: the change in amortization methods (also known as smoothing) and expected changes in actuarial assumptions (namely mortality rates and discount rate assumptions) upon which employer contribution rates are based. Based on CalPERS rate projections, annual City pension costs could increase by more than \$1.5 million annually.

All of these factors were considered in preparing the City's biennial budget for fiscal years 2015-2017.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of La Mesa Finance Department, 8130 Allison Avenue, La Mesa, CA 91942.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF LA MESA
Statement of Net Position
June 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and investments	\$ 46,262,104	\$ 7,033,398	\$ 53,295,502
Receivables:			
Accounts, net	4,195,451	353,447	4,548,898
Loans	343,259	-	343,259
Grants	719,832	-	719,832
Inventory	45,341	-	45,341
Prepaid items	10,672	-	10,672
Advances to other agency	5,300,000	-	5,300,000
Land held for resale	8,350,000	-	8,350,000
Total current assets	<u>65,226,659</u>	<u>7,386,845</u>	<u>72,613,504</u>
Noncurrent assets:			
Restricted cash and investments	131,992	-	131,992
Capital assets:			
Nondepreciable	33,789,678	659,899	34,449,577
Depreciable, net	<u>139,260,674</u>	<u>24,940,681</u>	<u>164,201,355</u>
Total capital assets	<u>173,050,352</u>	<u>25,600,580</u>	<u>198,650,932</u>
Total noncurrent assets	<u>173,182,344</u>	<u>25,600,580</u>	<u>198,782,924</u>
Total assets	<u>238,409,003</u>	<u>32,987,425</u>	<u>271,396,428</u>
Deferred Outflows of Resources			
Pension related	<u>5,316,425</u>	<u>264,460</u>	<u>5,580,885</u>
Liabilities			
Current liabilities:			
Accounts payable	2,303,309	192,169	2,495,478
Salaries payable	1,130,190	50,695	1,180,885
Interest payable	577,447	38,387	615,834
Unearned revenue	-	-	-
Long-term lease payable - due within one year	186,499	-	186,499
Long-term debt - due within one year	<u>1,294,811</u>	<u>640,215</u>	<u>1,935,026</u>
Total current liabilities	<u>5,492,256</u>	<u>921,466</u>	<u>6,413,722</u>
Non-current liabilities:			
Claims and judgments payable	3,651,818	-	3,651,818
Compensated absences payable	3,105,592	-	3,105,592
Long-term lease payable - due in more than one year	929,378	-	929,378
Long-term debt - due in more than one year	26,787,189	9,710,889	36,498,078
Net pension liability	<u>58,627,779</u>	<u>2,805,146</u>	<u>61,432,925</u>
Total noncurrent liabilities	<u>93,101,756</u>	<u>12,516,035</u>	<u>105,617,791</u>
Total liabilities	<u>98,594,012</u>	<u>13,437,501</u>	<u>112,031,513</u>
Deferred Inflows of Resources			
Pension related	12,228,359	570,781	12,799,140
Unearned revenue - housing rehab loans	<u>343,259</u>	<u>-</u>	<u>343,259</u>
Total deferred inflows of resources	<u>12,571,618</u>	<u>570,781</u>	<u>13,142,399</u>
Net Position			
Net investment in capital assets	143,852,475	15,249,476	159,101,951
Restricted for:			
Capital projects	3,984,765	-	3,984,765
Debt service	1,722,829	-	1,722,829
Special projects	<u>3,321,337</u>	<u>-</u>	<u>3,321,337</u>
Total restricted	<u>9,028,931</u>	<u>-</u>	<u>9,028,931</u>
Unrestricted	<u>(20,321,608)</u>	<u>3,994,127</u>	<u>(16,327,481)</u>
Total net position	<u>\$ 132,559,798</u>	<u>\$ 19,243,603</u>	<u>\$ 151,803,401</u>

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

CITY OF LA MESA
Statement of Activities
For the Year Ended June 30, 2015

Functions/ Programs	Expenses	Program Revenues			Total Program Revenues
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants	
Primary government:					
Governmental activities:					
General government	\$ 4,853,645	\$ 361,610	\$ -	\$ -	\$ 361,610
Police	16,164,970	932,692	383,748	-	1,316,440
Fire	9,494,450	185,142	1,059,729	-	1,244,871
Public works	15,930,891	754,655	1,496,233	4,716,275	6,967,163
Community services	1,922,917	896,803	382,354	-	1,279,157
Community development	1,665,298	1,470,960	136,328	-	1,607,288
Interest on long-term debt	1,367,205	-	-	-	-
Total governmental activities	51,399,376	4,601,862	3,458,392	4,716,275	12,776,529
Business-type activities:					
Transportation	-	-	217,519	-	217,519
Wastewater	9,950,772	11,737,201	1,071,582	-	12,808,783
Total business-type activities	9,950,772	11,737,201	1,289,101	-	13,026,302
Total primary government	\$ 61,350,148	\$ 16,339,063	\$ 4,747,493	\$ 4,716,275	\$ 25,802,831

General revenues:

Taxes:

- Property taxes
- Sales taxes
- Franchise taxes
- Motor vehicle license
- Other taxes
- Total taxes

Investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year, as restated

Net position, end of year

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

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (4,492,035)	\$ -	\$ (4,492,035)
(14,848,530)	-	(14,848,530)
(8,249,579)	-	(8,249,579)
(8,963,728)	-	(8,963,728)
(643,760)	-	(643,760)
(58,010)	-	(58,010)
(1,367,205)	-	(1,367,205)
(38,622,847)	-	(38,622,847)
-	217,519	217,519
-	2,858,011	2,858,011
-	3,075,530	3,075,530
(38,622,847)	3,075,530	(35,547,317)
12,586,081	-	12,586,081
20,269,990	-	20,269,990
2,214,429	-	2,214,429
24,084	-	24,084
1,793,907	-	1,793,907
36,888,491	-	36,888,491
333,189	43,408	376,597
1,083,097	-	1,083,097
1,838,516	(1,838,516)	-
40,143,293	(1,795,108)	38,348,185
1,520,446	1,280,422	2,800,868
131,039,352	17,963,181	149,002,533
\$ 132,559,798	\$ 19,243,603	\$ 151,803,401

FUND FINANCIAL STATEMENTS

GOVERNMENTAL FUND FINANCIAL STATEMENTS

CITY OF LA MESA
Balance Sheet
Governmental Funds
June 30, 2015

	Major Funds		
	General Fund	Housing Asset Fund	Transportation CIP
Assets			
Cash and investments	\$ 23,760,538	\$ 173,038	\$ 1,808,120
Restricted cash and investments	-	-	-
Receivables:			
Accounts	4,016,489	264	-
Loans	-	-	-
Grants	3,898	-	-
Due from other funds	733,496	-	-
Inventory	45,341	-	-
Prepaid items	1,730	-	-
Advances to other governments	5,300,000	-	-
Land held for resale	-	8,350,000	-
	<u>33,861,492</u>	<u>8,523,302</u>	<u>1,808,120</u>
Total assets	<u>\$ 33,861,492</u>	<u>\$ 8,523,302</u>	<u>\$ 1,808,120</u>
Liabilities			
Liabilities:			
Accounts payable	\$ 1,195,429	\$ -	\$ 789,025
Salaries payable	858,046	887	-
Due to other funds	-	-	-
	<u>2,053,475</u>	<u>887</u>	<u>789,025</u>
Total liabilities	<u>2,053,475</u>	<u>887</u>	<u>789,025</u>
Deferred Inflows of Resources			
Unearned revenue - housing rehab loans	-	-	-
Unavailable revenue - grants	3,898	-	-
	<u>3,898</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>3,898</u>	<u>-</u>	<u>-</u>
Fund Balances			
Non-spendable:			
Land	-	8,350,000	-
Inventory	45,341	-	-
Prepays	1,730	-	-
Advances to other governments	5,300,000	-	-
Restricted for:			
General government	1,500,000	-	-
Public safety	-	-	-
Capital outlays	589,114	-	-
Community services	-	-	-
Community development	-	172,415	1,019,095
Debt service	-	-	-
Unassigned	24,367,934	-	-
	<u>31,804,119</u>	<u>8,522,415</u>	<u>1,019,095</u>
Total fund balances	<u>31,804,119</u>	<u>8,522,415</u>	<u>1,019,095</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 33,861,492</u>	<u>\$ 8,523,302</u>	<u>\$ 1,808,120</u>

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

Non-Major Governmental Funds		Totals	
\$	8,091,145	\$	33,832,841
	50,454		50,454
	104,766		4,121,519
	343,259		343,259
	715,934		719,832
	-		733,496
	-		45,341
	8,942		10,672
	-		5,300,000
	-		8,350,000
<u>\$</u>	<u>9,314,500</u>	<u>\$</u>	<u>53,507,414</u>
\$	76,248	\$	2,060,702
	16,602		875,535
	733,496		733,496
	826,346		3,669,733
	343,259		343,259
	135,059		138,957
	478,318		482,216
	-		8,350,000
	8,942		54,283
	-		1,730
	-		5,300,000
	1,263,423		2,763,423
	303,956		303,956
	4,245,982		4,835,096
	32,809		32,809
	1,068,412		2,259,922
	1,722,829		1,722,829
	(636,517)		23,731,417
	8,009,836		49,355,465
<u>\$</u>	<u>9,314,500</u>	<u>\$</u>	<u>53,507,414</u>

CITY OF LA MESA
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2015

Fund balances of governmental funds \$ 49,355,465

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources. Therefore, they are not reported in the Governmental Funds Balance Sheet. The capital assets were adjusted as follows:

Nondepreciable	33,789,678
Depreciable, net	139,260,674
Total capital assets	<u>173,050,352</u>

Accrued interest payable for the current portion of interest due on long-term debt has not been reported in the governmental funds. (570,560)

Internal service funds were used by management to charge the costs of certain activities, such as employee benefits, workers' compensation, equipment replacement and liability risk, to individual funds. The assets and liabilities of the internal service funds were included in the governmental activities in the Government-Wide Statement of Net Position. 7,312,889

Other long-term assets are not available to pay current period expenditures, and therefore, are reported as unavailable revenue in the funds. 138,957

Deferred inflows and outflows of resources related to pensions have not been reported in the governmental funds:

Deferred inflows - pension related	(12,228,359)
Deferred outflows - pension related	5,316,425

Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet:

Compensated absences	(3,105,592)
Long-term liabilities - due within one year	(1,294,811)
Long-term liabilities - due in more than one year	(26,787,189)
Net pension liability	(58,627,779)
Total long-term liabilities	<u>(89,815,371)</u>

Net position of governmental activities \$ 132,559,798

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

CITY OF LA MESA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	Major Funds		
	General Fund	Housing Asset Fund	Transportation CIP
Revenues:			
Property taxes	\$ 11,050,718	\$ -	\$ -
Other taxes	23,423,143	-	-
Licenses and permits	1,602,326	-	675,754
Fines and forfeitures	418,493	-	-
Use of money and property	922,340	8,936	-
Intergovernmental	1,211,756	-	7,905
Charges for services	1,923,228	-	-
Other revenues	291,883	-	-
Total revenues	40,843,887	8,936	683,659
Expenditures:			
Current:			
General government	4,437,574	-	-
Police	14,774,941	-	-
Fire	8,985,378	-	-
Public works	6,743,665	-	-
Community development	1,467,911	41,677	-
Community services	1,565,762	-	-
Capital outlay	-	-	4,736,140
Debt service:			
Principal	-	-	-
Interest	-	-	-
Total expenditures	37,975,231	41,677	4,736,140
Excess (deficiency) of revenues over (under) expenditures	2,868,656	(32,741)	(4,052,481)
Other financing sources (uses):			
Transfers in	2,495,475	-	3,345,858
Transfers out	(1,333,260)	-	(965,666)
Total other financing sources (uses)	1,162,215	-	2,380,192
Net change in fund balances	4,030,871	(32,741)	(1,672,289)
Fund balances, beginning of year	27,773,248	8,555,156	2,691,384
Fund balances, end of year	<u>\$ 31,804,119</u>	<u>\$ 8,522,415</u>	<u>\$ 1,019,095</u>

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

Non-Major Governmental Funds		Totals	
\$	1,535,363	\$	12,586,081
	492,075		23,915,218
	284,729		2,562,809
	159,052		577,545
	220,309		1,151,585
	5,891,760		7,111,421
	309,887		2,233,115
	411,735		703,618
	<u>9,304,910</u>		<u>50,841,392</u>
	344,733		4,782,307
	419,168		15,194,109
	59,651		9,045,029
	7,400		6,751,065
	168,821		1,678,409
	375,971		1,941,733
	710,289		5,446,429
	1,185,542		1,185,542
	<u>1,359,530</u>		<u>1,359,530</u>
	<u>4,631,105</u>		<u>47,384,153</u>
	<u>4,673,805</u>		<u>3,457,239</u>
	1,729,399		7,570,732
	<u>(4,944,006)</u>		<u>(7,242,932)</u>
	<u>(3,214,607)</u>		<u>327,800</u>
	1,459,198		3,785,039
	<u>6,550,638</u>		<u>45,570,426</u>
\$	<u>8,009,836</u>	\$	<u>49,355,465</u>

CITY OF LA MESA
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures, and Changes in Fund Balances to the Government-Wide
Statement of Activities
For the Year Ended June 30, 2015

Net change in fund balances - total governmental funds \$ 3,785,039

Amounts reported for governmental activities in the Statement of Activities differs because:

Governmental funds report capital outlays as expenditures. However, in the Government-Wide Statement of Activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This was the amount by which capital outlays exceeded depreciation expense in the current period. 399,882

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 138,957

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when the debt is first issued, whereas these amounts are deferred and amortized, in the statement of activities.

Principal repayments 1,185,542

Changes in pension related items 574,362

Accrued interest for debt service. This is the net change in accrued interest for the current period. (7,675)

Compensated absences expense was reported in the Statement of Activities, but does not require the use of current financial resources and, therefore, the change in compensated absences is not reported as an expenditure in governmental funds. 115,983

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (4,767,281)

Internal service funds were used by management to charge the costs of certain activities, such as employee benefits, workers' compensation, equipment replacement and liability risk, to individual funds. The net revenue of the internal service funds was reported with governmental activities. 95,637

Change in net position of governmental activities \$ 1,520,446

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

PROPRIETARY FUND FINANCIAL STATEMENTS

CITY OF LA MESA
Statement of Net Position
Proprietary Funds
June 30, 2015

	Major Funds		Total	Governmental
	Transportation	Wastewater		Activities Internal Service Funds
Assets				
Current assets:				
Cash and investments	\$ 4,856	\$ 7,028,542	\$ 7,033,398	\$ 12,429,263
Accounts receivable, net	51,781	301,666	353,447	73,932
Prepaid note payable	-	-	-	-
Total current assets	<u>56,637</u>	<u>7,330,208</u>	<u>7,386,845</u>	<u>12,503,195</u>
Noncurrent assets:				
Restricted cash and investments	-	-	-	81,538
Capital assets:				
Nondepreciable	-	659,899	659,899	-
Depreciable, net	-	24,940,681	24,940,681	4,161,325
Total capital assets	<u>-</u>	<u>25,600,580</u>	<u>25,600,580</u>	<u>4,161,325</u>
Total noncurrent assets	<u>-</u>	<u>25,600,580</u>	<u>25,600,580</u>	<u>4,242,863</u>
Total assets	<u>56,637</u>	<u>32,930,788</u>	<u>32,987,425</u>	<u>16,746,058</u>
Deferred Outflows of Resources				
Pension related	-	264,460	264,460	-
Liabilities				
Current liabilities:				
Accounts payable	-	192,169	192,169	242,607
Salaries and benefits payable	-	50,695	50,695	254,655
Interest payable	-	38,387	38,387	6,887
Unearned revenue	-	-	-	-
Lease payable - due in one year	-	-	-	186,499
Notes payable - due within one year	-	640,215	640,215	-
Total current liabilities	<u>-</u>	<u>921,466</u>	<u>921,466</u>	<u>690,648</u>
Noncurrent liabilities:				
Lease payable - due in more than one year	-	-	-	929,378
Notes payable - due in more than one year	-	9,710,889	9,710,889	-
Claims payable	-	-	-	3,651,818
Net pension liability	-	2,805,146	2,805,146	-
Total noncurrent liabilities	<u>-</u>	<u>12,516,035</u>	<u>12,516,035</u>	<u>4,581,196</u>
Total liabilities	<u>-</u>	<u>13,437,501</u>	<u>13,437,501</u>	<u>5,271,844</u>
Deferred Inflows of Resources				
Pension related	-	570,781	570,781	-
Net Position				
Net investment in capital assets	-	15,249,476	15,249,476	3,045,448
Restricted	-	-	-	81,538
Unrestricted	<u>56,637</u>	<u>3,937,490</u>	<u>3,994,127</u>	<u>8,347,228</u>
Total net position	<u>\$ 56,637</u>	<u>\$ 19,186,966</u>	<u>\$ 19,243,603</u>	<u>\$ 11,474,214</u>

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

CITY OF LA MESA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2015

	Major Funds		Total	Governmental
	Transportation	Wastewater		Activities Internal Service Funds
Operating revenues:				
Charges for services	\$ -	\$ 11,737,201	\$ 11,737,201	\$ 5,929,646
Other operating revenues	-	365	365	552,879
Total operating revenues	-	11,737,566	11,737,566	6,482,525
Operating expenses:				
Salaries and payroll	-	1,639,554	1,639,554	184,223
Professional services	-	7,124,334	7,124,334	5,608,873
Supplies and materials	-	217,313	217,313	4,699
Insurance premiums and settlements	-	-	-	1,612,015
Maintenance expenses	-	41,628	41,628	-
Depreciation	-	706,428	706,428	588,751
Total operating expenses	-	9,729,257	9,729,257	7,998,561
Operating income	-	2,008,309	2,008,309	(1,516,036)
Nonoperating revenues (expenses):				
Interest income	1,672	41,736	43,408	100,957
Interest expense	-	(221,515)	(221,515)	-
Intergovernmental	217,519	1,071,217	1,288,736	-
Total nonoperating revenues (expenses)	219,191	891,438	1,110,629	100,957
Transfers:				
Transfers in	-	28,384	28,384	1,539,100
Transfers out	(210,000)	(1,656,900)	(1,866,900)	(28,384)
Total transfers	(210,000)	(1,628,516)	(1,838,516)	1,510,716
Change in net position	9,191	1,271,231	1,280,422	95,637
Net position, beginning of year, as restated	47,446	17,915,735	17,963,181	11,378,577
Net position, end of year	\$ 56,637	\$ 19,186,966	\$ 19,243,603	\$ 11,474,214

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

CITY OF LA MESA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2015

	Major Funds			Governmental
	Transportation	Wastewater	Total	Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers/other funds	\$ (179,366)	\$ 11,822,843	\$ 11,643,477	\$ 6,237,507
Cash payments to suppliers for goods and services	-	(6,410,979)	(6,410,979)	(1,899,220)
Cash payments to employees for services	-	(1,676,194)	(1,676,194)	(124,427)
Insurance premiums and settlements	-	-	-	(4,684,034)
Other operating revenues	-	365	365	606,688
Net Cash Provided (Used) by Operating Activities	<u>(179,366)</u>	<u>3,736,035</u>	<u>3,556,669</u>	<u>136,514</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intergovernmental	217,519	1,071,217	1,288,736	-
Transfers in	-	28,384	28,384	1,539,100
Transfers out	<u>(210,000)</u>	<u>(1,656,900)</u>	<u>(1,866,900)</u>	<u>(28,384)</u>
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>7,519</u>	<u>(557,299)</u>	<u>(549,780)</u>	<u>1,510,716</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	-	(404,216)	(404,216)	(492,791)
Payment of interest	-	(223,718)	(223,718)	-
Advances/payments on notes/leases payable	-	(627,136)	(627,136)	(179,053)
Net Cash (Used) for Capital and Related Financing Activities	<u>-</u>	<u>(1,255,070)</u>	<u>(1,255,070)</u>	<u>(671,844)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income	<u>1,672</u>	<u>41,736</u>	<u>43,408</u>	<u>100,957</u>
Net Cash Provided by Investing Activities	<u>1,672</u>	<u>41,736</u>	<u>43,408</u>	<u>100,957</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(170,175)	1,965,402	1,795,227	1,076,343
Cash and Cash Equivalents - beginning of the year	<u>175,031</u>	<u>5,063,140</u>	<u>5,238,171</u>	<u>11,434,458</u>
Cash and Cash Equivalents - end of the year	<u>\$ 4,856</u>	<u>\$ 7,028,542</u>	<u>\$ 7,033,398</u>	<u>\$ 12,510,801</u>
RECONCILIATION TO STATEMENT OF NET POSITION				
Cash and cash equivalents - current	4,856	7,028,542	7,033,398	12,429,263
Cash and cash equivalents - restricted	-	-	-	81,538
Total cash and cash equivalents	<u>\$ 4,856</u>	<u>\$ 7,028,542</u>	<u>\$ 7,033,398</u>	<u>\$ 12,510,801</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ -	\$ 2,008,309	\$ 2,008,309	\$ (1,516,036)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	-	706,428	706,428	588,751
Construction in progress projects deemed not viable	-	994,479	994,479	-
Actuarial pension expense	-	219,979	219,979	-
Pension contributions subsequent to measurement date	-	(264,460)	(264,460)	-
Changes in assets and liabilities:				
Accounts receivable	(13,347)	(165,212)	(178,559)	361,670
Accounts payable	-	(22,183)	(22,183)	101,969
Unearned revenue	(166,019)	-	(166,019)	-
Claims payable	-	-	-	594,749
Salaries and benefits payable	-	7,841	7,841	5,411
Prepaid expenses	-	250,854	250,854	-
Net Cash Provided (Used) by Operating Activities	<u>\$ (179,366)</u>	<u>\$ 3,736,035</u>	<u>\$ 3,556,669</u>	<u>\$ 136,514</u>

FIDUCIARY FUND FINANCIAL STATEMENTS

CITY OF LA MESA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Agency Funds	Successor Agency
Assets		
Cash and investments	\$ 2,055,017	\$ 1,287,416
Restricted cash and investments	-	522,450
Loans receivable	35,621	-
Capital assets not being depreciated:		
Land	-	160,000
Total assets	<u>\$ 2,090,638</u>	<u>1,969,866</u>
Liabilities		
Accounts payable	\$ 19,094	-
Deposits payable	2,071,544	-
Advance from other governments	-	6,587,416
Long term liabilities:		
Due within one year	-	315,000
Due in more than one year	-	3,260,000
Total liabilities	<u>\$ 2,090,638</u>	<u>10,162,416</u>
Net Position (Deficit)		
Held in trust for successor agency and other purposes		<u>\$ (8,192,550)</u>

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

CITY OF LA MESA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2015

	<u>Successor Agency</u>
Additions	
Other	<u>\$ 1,977,113</u>
Total additions	<u>1,977,113</u>
Deductions	
Administrative expenses	1,474,652
Debt Service:	
Interest	<u>219,819</u>
Total deductions	<u>1,694,471</u>
Change in net position	282,642
Net position (deficit), beginning of year	<u>(8,475,192)</u>
Net position (deficit), end of year	<u>\$ (8,192,550)</u>

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

CITY OF LA MESA
Combining Statement of Changes in Fiduciary Assets and Liabilities
Fiduciary Funds
For the Year Ended June 30, 2015

	<u>Balance June 30, 2014</u>	<u>Net Changes in Assets and Liabilities</u>	<u>Balance June 30, 2015</u>
<u>Developer Deposits and Computer Loan Program</u>			
Assets			
Cash and investments	\$ 1,522,525	\$ 532,492	\$ 2,055,017
Loans receivable	41,802	(6,181)	35,621
	<u>\$ 1,564,327</u>	<u>\$ 526,311</u>	<u>\$ 2,090,638</u>
Liabilities			
Accounts payable	\$ 37,993	\$ (18,899)	\$ 19,094
Deposits payable	1,526,334	545,210	2,071,544
	<u>\$ 1,564,327</u>	<u>\$ 526,311</u>	<u>\$ 2,090,638</u>

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

CITY OF LA MESA
Index to Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

	<u>Page</u>
Note 1 – Summary of Significant Accounting Policies	32
A. Description of the Reporting Entity	32
B. Basis of Accounting and Measurement Focus	32
C. Fund Classifications	35
D. Use of Restricted/Unrestricted Net Position	36
E. Cash, Cash Equivalents and Investments	36
F. Restricted Cash and Investments	37
G. Inventories	37
H. Interfund Transactions	37
I. Capital Assets	37
J. Compensated Absences	38
K. Long-Term Debt	39
L. Interest Payable	39
M. Property Taxes	39
N. Pension Plan	40
O. Net Position	40
P. Fund Balances	41
Q. Use of Estimates	41
R. Implementation of New Pronouncements	42
Note 2 – Cash and Investments	43
A. Cash Deposits	43
B. Investments	43
C. Risk Disclosures	44
D. Summary of Investments to Maturity	46
Note 3 – Loans Receivable	46
A. Fund Financial Statements	46
Note 4 – Interfund Transactions	47
A. Advances From/To Other Governments	47
B. Due to/from Other Funds	47
C. Transfers In and Out	48
Note 5 – Capital Assets	49
A. Government-Wide Financial Statements	49
B. Fund Financial Statements	51

CITY OF LA MESA
Index to the Basic Financial Statements
For the Year Ended June 30, 2015

	<u>Page</u>
Note 6 – Long-Term Debt	52
A. Governmental Activities Long-Term Debt	52
B. Business-Type Activities Long-Term Debt	57
Note 7 – Long-Term Lease	57
Note 8 – Compensated Absences	59
Note 9 – Net Pension Liability	59
A. Governmental Activities Net Pension Liability	59
B. Business-Type Activities Net Pension Liability	59
Note 10 – Other Required Disclosures	60
Note 11 – Risk Management	60
Note 12 – Defined Benefit Pension Plans	62
Note 13 – Retirement Enhancement Plan	74
Note 14 – Other Post Employment Benefits	82
Note 15 – Change in Accounting Principle	84
Note 16 – Commitments and Contingencies	85
Note 17 – Related Party Transactions	85
Note 18 – Successor Agency	86
Note 19 – Successor Agency Long-Term Debt	86
Note 20 – Risk, Uncertainties & Contingencies	88
Note 21 – Subsequent Event	89

NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of La Mesa, California (City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Description of the Reporting Entity

The basic financial statements of the City include the financial activities of the City and its component units. The component units discussed below are included in the City's reporting entity through a blended presentation because of the significance of their operational and financial relationship with the City. Although these component units are legally separate from the City, they are reported as part of the primary government because their boards consist of all members of the City Council.

Blended Component Units

The La Mesa Public Financing Authority (Financing Authority) - The City established the Financing Authority on April 11, 2006, by and among the City and the La Mesa Community Redevelopment Agency (Members). The Financing Authority was created for the purpose of providing financing for public capital improvements to be owned by any of the Members. The Financing Authority was included within the scope of the reporting entity of the City because its governing body is composed in its entirety of council members of the City. There were no separate financial statements prepared for the Financing Authority.

B. Basis of Accounting and Measurement Focus

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

Government - Wide Financial Statements

The City's government-wide financial statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. 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.

These basic financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. 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.

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Basis of Accounting and Measurement Focus (continued)

Government - Wide Financial Statements, (continued)

Certain types of transactions are reported as program revenues for the City in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards 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. In the Statement of Activities and Changes in Net Position, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Advances to/from other funds
- Transfers in/out

The City applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect).

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these Statements to the Net Position presented in the government-wide financial statements. The City has presented all major funds that met the applicable criteria.

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Basis of Accounting and Measurement Focus, (continued)

Governmental Fund Financial Statements, (continued)

Revenues are recorded when received in cash, except for those revenues subject to accrual (generally 60 days after year-end) which are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Unavailable revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the government has a legal claim to the resources, the unavailable revenue is removed from the Combined Balance Sheet and revenue is recognized.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position, and a Statement of Cash Flows for each major proprietary fund.

A separate column representing internal service funds is also presented in these statements. However, internal service balances and activities have also been combined with the governmental activities in the Government-Wide Financial Statements.

Proprietary funds are accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total 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.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Basis of Accounting and Measurement Focus, (continued)

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a Statement of Fiduciary Net Position. The City's fiduciary funds represent agency funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The Fiduciary Statements also include Private Purpose Trust funds which act in a fiduciary capacity for assets held for the payment of recognized obligations of the former redevelopment agency. The Private Purpose Trust Funds reports fiduciary net position and a statement of changes in fiduciary net position. They are accounted for in essentially the same manner as proprietary funds.

C. Fund Classifications

The City reports the following major governmental funds:

General Fund

The General Fund is the City's primary operating fund and accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Housing Asset Fund

The Housing Asset Fund holds the housing assets which were received from the City's former RDA Low and Moderate Income Fund. The redevelopment agency was dissolved per Assembly Bill X1 26 which dissolved redevelopment agencies in California. All revenues received in this fund are to be used in conjunction with promoting low and moderate income housing activities.

Transportation CIP Fund

The Transportation CIP Fund accounts for construction of the City's major transportation projects. The fund is not required to be reported as a major fund every year but is reported as such for comparative purposes.

The City reports the following major enterprise funds:

Wastewater Fund

The Wastewater Fund accounts for the operation and maintenance of the City's wastewater system.

Transportation Fund

The Transportation Fund accounts for the remainder of the Dial a Ride program.

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

C. Fund Classifications, (continued)

Additionally, the City reports the following fund types:

Internal Service Fund

Internal service funds account for the financing of equipment and fleet, risk management services, and benefit services to other departments on a cost reimbursement basis.

Private Purpose Trust Fund

The Private Purpose Trust Fund holds the assets of the Successor Agency which were received from the City's former redevelopment agency. The redevelopment agency was dissolved per Assembly Bill X1 26 which dissolved redevelopment agencies in California.

Agency Funds

The City's Agency funds account for assets held by the City in a trustee capacity or as an agent for refundable deposits, computer loans, pass through programs, etc.

D. Use of Restricted/Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the City's policy is to apply restricted net position first.

E. Cash, Cash Equivalents and Investments

The City pools its available cash for investment purposes. The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturity of three months or less from the date of acquisition. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested a portion of the pool funds in Structured Notes and Asset-backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-backed Securities are subject to market risk as to change in interest rates.

For purposes of reporting cash flows, the City considers each fund's share in the cash and investments pool to be cash and cash equivalents including cash with fiscal agents.

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

E. Cash, Cash Equivalents and Investments, (continued)

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures (Amendment of GASB Statement No.3)*, certain disclosure requirements, if applicable for deposit and investment risk are specified for the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentration of Credit Risk
- Foreign Currency Risk

F. Restricted Cash and Investments

Certain restricted cash and investments are held by fiscal agents for the redemption of bonded debt and for acquisition and construction of capital projects. Cash and investments are also restricted for deposits held for others within the enterprise funds.

G. Inventories

Inventory is valued at the lower of cost (first-in, first-out) or market value and consists of expendable supplies held for consumption. Inventories are recorded using the consumption (capitalization) method.

H. Interfund Transactions

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 noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the Government-Wide Financial Statements as "internal balances."

I. Capital Assets

The City's assets are capitalized at historical cost or estimated historical cost. City policy has set the capitalization threshold for reporting general capital assets at \$5,000 and for reporting infrastructure assets at \$25,000. Gifts or contributions of capital assets are recorded at fair market value when received. Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Buildings and Improvements	40 years
Improvements other than buildings	40 years
Machinery and Equipment	5 – 10 years
Infrastructure	20 – 60 years

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

I. Capital Assets, (continued)

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34 which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. In accordance with Statement No. 34, the City has included the value of all infrastructure in the Basic Financial Statements.

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include the streets, sewer collection and treatment system, park and recreation lands and improvement system, storm water conveyance system, and buildings combined with the site amenities, such as parking and landscaped areas used by the City in the conduct of its business. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, traffic control devices (signs, signals and pavement markings), landscaping and land. These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems.

Interest accrued during capital assets construction, if any, is capitalized for the business-type and proprietary funds as part of the asset cost.

For all infrastructure systems, the City elected to use the basic approach as defined by GASB Statement No. 34 for infrastructure reporting. The City commissioned an appraisal of City owned infrastructure and property as of June 30, 2002. This appraisal determined the estimated historical cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction/acquisition. Estimated historical costs were developed in one of three ways: (1) historical records; (2) standard unit costs appropriate for the construction/acquisition date; or (3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line, unrecovered cost method was computed using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the estimated historical cost. Appraisals were also commissioned in 2003, 2004 and 2005 to update the infrastructure assets. Beginning in 2006, the City began using a model developed by its consultant to complete annual updates to the infrastructure valuation.

J. Compensated Absences

The City accounts for compensated absences (unpaid vacation, sick leave and compensatory time) in accordance with GASB Statement No. 16. In governmental fund types, compensated absences are recorded as expenditures in the year paid, as it is the City's policy to liquidate any unpaid vacation or sick leave at June 30 from future resources rather than currently available expendable resources. Accordingly, the entire unpaid liability for the governmental fund types is recorded in the Government-Wide Financial Statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

K. Long-Term Debt

In the Government-Wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bond issuance costs are expensed in the period incurred. Bonds payable are reported net of the applicable bond premium or discount.

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 financial 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 debt service expenditures.

L. Interest Payable

In the Government-Wide Financial Statements, interest payable on long-term debt is recognized as the liability is incurred for governmental fund types and proprietary fund types.

In the fund financial statements, propriety fund types recognize the interest payable when the liability is incurred.

M. Property Taxes

Under California law, property taxes are assessed and collected by the counties at 1% of assessed value, plus other increases approved by the voters. The property taxes are pooled and are then allocated to the cities based on complex formulas. Accordingly, the City accrues only those taxes which are received within 60 days after year-end.

The City's property taxes are levied and collected by the San Diego County Treasurer. Property taxes (secured and unsecured) are levied on July 1 based on the previous March 1 assessed values as determined by the San Diego County Assessor. Secured taxes are due in two equal installments on November 1 and February 1 following the levy date and become delinquent on December 10 and April 10 following the levy date. Unsecured taxes are due on July 1 and become delinquent August 31 following the levy date.

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

N. Pension Plan

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date (VD)	June 30, 2013
Measurement Date (MD)	June 30, 2014
Measurement Period (MP)	July 1, 2013 to June 30, 2014

O. Net Position

In the Government-Wide Financial Statements, net position are classified in the following categories:

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position - This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Position - This amount is all net position that do not meet the definition of "net investment in capital assets" or "restricted net position."

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

P. Fund Balances

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

- Nonspendable – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions or by enabling legislation.
- Committed – amounts constrained to specific purposes by a government itself, using the highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- Assigned – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned – amounts that are for any purpose; positive amounts are reported only in a general fund.

The City Council, establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. The Director of Finance has the authority, granted by the Council, to commit City resources. 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 also 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.

Q. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

R. Implementation of New Pronouncements

GASB has issued Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pension plans, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

GASB has issued Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

These pronouncements have been implemented for purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense/expenditures. Information about the fiduciary net position of the Agency's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

2. CASH AND INVESTMENTS

The following is a summary of cash and investments at June 30, 2015:

	Government-Wide Statement of Net Position		Fiduciary Funds	Total
	Governmental Activities	Business-Type Activities	Statement of Fiduciary Assets	
Cash and investments	\$ 46,262,104	\$ 7,033,398	\$ 3,342,433	\$ 56,637,935
Restricted cash and investments	131,992	-	522,450	654,442
Total	\$ 46,394,096	\$ 7,033,398	\$ 3,864,883	\$ 57,292,377

Cash, cash equivalents, and investments consisted as follows, at June 30, 2015:

Cash and cash equivalents:	
Petty Cash	\$ 3,100
Demand Deposit	2,139,173
Total cash and cash equivalents	<u>2,142,273</u>
Investments:	
Local Agency Investment Fund	33,201,633
Medium Term Notes	9,954,771
U.S. Government Obligations	11,993,700
Total Investments	<u>55,150,104</u>
Total cash and investments	<u><u>\$ 57,292,377</u></u>

A. Cash Deposits

The carrying amounts of the City's cash deposits were \$2,139,173 at June 30, 2015. Bank balances as of June 30, 2015, were \$1,157,303 which were fully insured and collateralized with securities held by the pledging financial institutions in the City's name, as discussed below.

B. Investments

The City is authorized by State statutes and in accordance with the City's Investment Policy (Policy) to invest in the following:

- Certificates of Deposit
- Negotiable Certificates of Deposit
- U.S. Treasury Obligations
- U.S. Agency Securities
- Bankers Acceptances
- California Local Agency Investment Fund (LAIF)
- Repurchase Agreements
- Mutual Funds
- Commercial Paper
- Municipal Securities
- Corporate Notes

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

2. CASH AND INVESTMENTS, (continued)

B. Investments, (continued)

The Policy, in addition to State statutes, establishes that funds on deposit in banks must be federally insured or collateralized and investments shall: (1) have maximum maturity not to exceed five years; (2) be laddered and based on cash flow forecasts; and (3) be subject to limitations to a certain percent of the portfolio for each of the authorized investments.

The City's investments with Local Agency Investment Fund (LAIF) at June 30, 2015 included a portion of the pooled funds invested in Structured Notes and Assets-Backed Securities. These investments included the following:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO's) or credit card receivables.

As of June 30, 2015, the City had \$33,201,633 invested in LAIF. This balance is the fair market value; in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments should be stated at fair value using the aggregate method.

C. Risk Disclosures

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy requires structuring the portfolio in a way so that securities mature to meet the City's cash requirements for ongoing obligations; investing primarily in shorter term securities; and not paying a premium for any secondary market security which includes a call feature. The City is in compliance with this provision of the Policy.

Credit Risk

The City's Policy limits investments in commercial paper to the highest grade of stand alone or enhanced (prime) commercial paper as rated by Moody's Investor Service, Standard & Poor's Corporation, or Fitch Financial Services and requires that the management company of mutual funds must have attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations.

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

2. CASH AND INVESTMENTS, (continued)

C. Risk Disclosures, (continued)

The City's investments are rated by the nationally recognized statistical rating organizations as follows:

	<u>Moody's</u>	<u>Standard & Poor's</u>
Investments Pool		
State of California - Local Agency Investment Fund	Not Rated	Not Rated
Medium Term Notes		
General Electric Capital Corp	Aaa	AAA
U.S. Government Agencies		
FNMA	Aaa	AA+
FHLB	Aaa	AA+
FHLMC	Aaa	AA+

Concentration of Credit Risk

The City's Policy states that not more than 30% of the portfolio shall be invested in any one entity or any one instrument to protect the City from concentration of credit risk, with the following exceptions: negotiable certificates of deposit (30%), money market mutual funds (20%), U.S. In addition, purchases of commercial paper must not be greater than 25% of the value of the portfolio at any time and single issuer holdings no more than 3% per issuer. The City is in compliance with these provisions of the Policy.

Custodial Credit Risk

The California Government Code (Code) requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City has waived collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation.

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

2. CASH AND INVESTMENTS, (continued)

C. Risk Disclosures, (continued)

The following is a chart of City's investment portfolio:

<u>Investments</u>	<u>Amount Invested</u>	<u>Percentage of Investments</u>
Local Agency Investment Fund	\$ 33,201,633	60.20%
Medium Term Notes	9,954,771	18.05%
U.S. Government Obligations	11,993,700	21.75%
Total	<u>\$ 55,150,104</u>	<u>100.00%</u>

D. Summary of Investments to Maturity

Investments held in the City Treasury grouped by maturity date at June 30, 2015, are shown below:

<u>Maturity</u>	
Current to one year	\$ 37,223,530
One to two years	2,262,215
Two to three years	5,988,891
Three to four years	1,999,706
Four to five years	7,675,762
Total	<u>\$ 55,150,104</u>

3. LOANS RECEIVABLE

A. Fund Financial Statements

As of June 30, 2015 the following loans were outstanding:

	<u>Governmental Funds</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Computer Loan Program	\$ -	\$ 35,621	\$ 35,621
Housing Rehabilitation Loan Program	343,259	-	343,259
Total	<u>\$ 343,259</u>	<u>\$ 35,621</u>	<u>\$ 378,880</u>

Housing Rehabilitation Loan Program

Low interest loans were provided to qualified borrowers for financial assistance for improvements to low and moderate income housing. The loans, which are secured by trust deeds on the property, are due upon sale of property or death of the homeowner. At June 30, 2015, the outstanding amount due to the City was \$343,259.

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

3. LOANS RECEIVABLE, (continued)

A. Fund Financial Statements, (continued)

Computer Loan Program

Zero interest loans were provided to City employees for purchases of personal computers. Loan payments are deducted from bi-weekly paychecks and are secured by the employees' accrued vacation hours. At June 30, 2015, the outstanding amount due to the City was \$35,621.

4. INTERFUND TRANSACTIONS

A. Advances From/To Other Governments

As of June 30, 2015, balances of advances from/advances to were as follows:

Advances to Other Governments	Advances From Other Governments	
	Successor Agency	Total
	_____	_____
Governmental Activities:		
General Fund	\$ 5,300,000	\$ 5,300,000
Total	<u>\$ 5,300,000</u>	<u>\$ 5,300,000</u>

The advance from the Housing Successor Agency to the City represents the amount owed for the sale of the site of the former police station for the purposes of developing low and moderate income housing. At June 30, 2015, the outstanding balance is \$5,300,000.

B. Due to/from Other Funds

Interfund receivable and payable balances at June 30, 2015 were as follows:

Due From Other Funds	Due to Other Funds				
	CDBG Administration	Transportation Improvement	Community Services Grants	Public Safety Grants	Total
_____	_____	_____	_____	_____	_____
General Fund	\$ 2,017	\$ 452,079	\$ 122,433	\$ 156,967	<u>\$ 733,496</u>

The above amounts represent short-term borrowings from the General Fund for temporary cash shortfalls for the funds as listed above.

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

4. INTERFUND TRANSACTIONS, (continued)

C. Transfers In and Out

Transfers in and out for the year ended June 30, 2015 were as follows:

	Transfers In					
	Governmental Activities			Business-Type Activities		
	General	Transportation	Non-Major	Internal		
	Fund	CIP	Governmental Funds	Service Funds	Wastewater	Total
Governmental Activities:						
General Fund	\$ -	\$ -	\$ 473,260	\$ 860,000	\$ -	\$ 1,333,260
Transportation CIP	-	-	965,666	-	-	965,666
Non-Major Governmental Funds	1,476,675	3,135,858	290,473	41,000	-	4,944,006
Internal Service Fund	-	-	-	-	28,384	28,384
Business-Type Activities:						
Transportation	-	210,000	-	-	-	210,000
Wastewater	1,018,800	-	-	638,100	-	1,656,900
Total	\$ 2,495,475	\$ 3,345,858	\$ 1,729,399	\$ 1,539,100	\$ 28,384	\$ 9,138,216

Throughout the year, transfers are used to move revenues from the fund with collection authority to the fund with spending authority. This is the case with the following transfers:

- \$1,019,567 and \$886,572 in TRANSNET and Gas Tax funds, respectively, were transferred to the Transportation CIP fund to support capital improvement expenditures;
- \$605,200 and \$638,100 in General Fund and Wastewater funds, respectively, were transferred to the Liability fund to fund anticipated claims;
- \$392,000 was transferred from the General Fund to debt service funds to pay principal and interest payments as they were due;
- \$873,124 in Gas Tax funds was transferred to the General Fund to cover street maintenance activity;
- \$1,183,800 from various funds was transferred to the General Fund for support services;
- \$286,590 in safety sales tax was transferred to the General Fund to support public safety activities.

In addition, during the year ending June 30, 2015, the City made the following one-time transfers;

- A one-time transfer of \$195,400 from the General Fund to the Equipment Replacement fund for specific equipment purchases;
- A one-time transfer of \$210,000 from the Transit fund to the Transportation CIP fund to help support the Downtown Streetscape construction project.

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

5. CAPITAL ASSETS

A. Government-Wide Financial Statements

At June 30, 2015 the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Non-depreciable assets:			
Land	\$ 10,527,501	\$ -	\$ 10,527,501
Right-of-way	15,905,824	-	15,905,824
Construction in progress	7,356,353	659,899	8,016,252
 Total non-depreciable assets	 <u>33,789,678</u>	 <u>659,899</u>	 <u>34,449,577</u>
Depreciable assets:			
Buildings and improvements	47,017,555	-	47,017,555
Vehicles and equipment	13,326,869	1,427,972	14,754,841
Infrastructure	188,975,725	40,630,826	229,606,551
 Total depreciable assets, at cost	 <u>249,320,149</u>	 <u>42,058,798</u>	 <u>291,378,947</u>
Accumulated Depreciation:			
Buildings and improvements	(8,814,462)	-	(8,814,462)
Vehicles and equipment	(7,765,177)	(942,596)	(8,707,773)
Infrastructure	(93,479,836)	(16,175,521)	(109,655,357)
 Total accumulated depreciation	 <u>(110,059,475)</u>	 <u>(17,118,117)</u>	 <u>(127,177,592)</u>
 Total depreciable assets, net	 <u>139,260,674</u>	 <u>24,940,681</u>	 <u>164,201,355</u>
 Total capital assets	 <u><u>\$ 173,050,352</u></u>	 <u><u>\$ 25,600,580</u></u>	 <u><u>\$ 198,650,932</u></u>

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

5. CAPITAL ASSETS, (continued)

A. Government-Wide Financial Statements, (continued)

The following is a summary of capital assets for governmental activities:

Governmental activities:	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Non-depreciable assets:				
Land	\$ 10,527,501	\$ -	\$ -	\$ 10,527,501
Right-of-way	15,905,824	-	-	15,905,824
Construction in progress	7,546,985	5,395,290	(5,585,922)	7,356,353
Total non-depreciable assets	33,980,310	5,395,290	(5,585,922)	33,789,678
Depreciable assets:				
Buildings and improvements	47,017,555	-	-	47,017,555
Vehicles and equipment	13,575,681	624,844	(873,656)	13,326,869
Infrastructure	188,148,660	901,909	(74,844)	188,975,725
Total depreciable assets, at cost	248,741,896	1,526,753	(948,500)	249,320,149
Accumulated Depreciation				
Buildings and improvements	(7,898,351)	(916,111)	-	(8,814,462)
Vehicles and equipment	(7,660,204)	(932,238)	827,265	(7,765,177)
Infrastructure	(89,649,940)	(3,867,863)	37,967	(93,479,836)
Total accumulated depreciation	(105,208,495)	(5,716,212)	865,232	(110,059,475)
Total depreciable assets, net	143,533,401	(4,189,459)	(83,268)	139,260,674
Total governmental activities	\$ 177,513,711	\$ 1,205,831	\$ (5,669,190)	\$ 173,050,352

Governmental activities depreciation expense for capital assets for the year ended June 30, 2015 was as follows:

General government	\$ 228,341
Police	917,634
Fire	419,828
Public works	4,042,071
Community services	103,400
Community development	4,938
Total	\$ 5,716,212

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

5. CAPITAL ASSETS, (continued)

A. Government-Wide Financial Statements, (continued)

The following is a summary of capital assets for business-type activities:

Business-Type activities:	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Non-depreciable assets:				
Construction in progress	\$ 1,278,546	\$ 375,832	\$ (994,479)	\$ 659,899
Total non-depreciable assets	1,278,546	375,832	(994,479)	659,899
Depreciable assets:				
Vehicles and equipment	1,800,012	28,384	(400,424)	1,427,972
Infrastructure	40,630,826	-	-	40,630,826
Total depreciable assets, at cost	42,430,838	28,384	(400,424)	42,058,798
Accumulated Depreciation:				
Vehicles and equipment	(1,240,616)	(102,404)	400,424	(942,596)
Infrastructure	(15,571,497)	(604,024)	-	(16,175,521)
Total accumulated depreciation	(16,812,113)	(706,428)	400,424	(17,118,117)
Total depreciable assets, net	25,618,725	(678,044)	-	24,940,681
Total business-type activities	\$ 26,897,271	\$ (302,212)	\$ (994,479)	\$ 25,600,580

Business-type activities depreciation expense for capital assets for the year ended June 30, 2015 was as follows:

Wastewater	\$ 706,428
Total depreciation	\$ 706,428

B. Fund Financial Statements

The fund financial statements do not present general government capital assets but are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

6. LONG-TERM DEBT

A. Governmental Activities Long-Term Debt

The summary of changes in long-term debt for governmental activities for the year ended June 30, 2015 was as follows:

	Balance June 30, 2014	Additions	Deletions	Classification		
				Balance June 30, 2015	Due Within One Year	Due in More Than One Year
Bonds payable:						
2004 General obligation bonds:						
Series A	\$ 17,925,000	\$ -	\$ (215,000)	\$ 17,710,000	\$ 235,000	\$ 17,475,000
Series B	5,480,000	-	(115,000)	5,365,000	150,000	5,215,000
2006 Certificates of participation:						
Series A	1,545,000	-	(65,000)	1,480,000	70,000	1,410,000
Series B	2,555,000	-	(125,000)	2,430,000	135,000	2,295,000
Loans Payable:						
TransNet Commercial Paper	1,481,589	-	(566,488)	915,101	522,912	392,189
Waite Drive Land Purchase	280,953	-	(99,054)	181,899	181,899	-
Total	\$ 29,267,542	\$ -	\$ (1,185,542)	\$ 28,082,000	\$ 1,294,811	\$ 26,787,189

Bonds Payable

2004 Series A General Obligation Bonds

On August 1, 2004, the City issued 2004 Series A General Obligation Bonds in the amount of \$19,000,000 bearing interest rates of 4.25%-5.25% with maturity dates from August 11, 2006 to 2039. The Bonds were issued for the purpose of repair and/or replacement of the existing fire and police stations. Interest is payable on February 1 and August 1 each year, commencing February 1, 2006. The outstanding balance as of June 30, 2015 was \$17,710,000.

The bonds are solely payable from *ad valorem* property taxes levied. The City pledged all *ad valorem* property tax levied and collected to repay the 2004 Series A General Obligation Bonds. Total principal and interest remaining on the bonds is \$32,150,040 payable through 2040.

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

6. LONG-TERM DEBT, (continued)

A. Governmental Activities Long-Term Debt, (continued)

The annual debt service requirements for the Bonds outstanding at June 30, 2015 were as follows:

2004 Series A General Obligation Bonds

Year Ending June 30,	Principal	Interest	Total
2016	\$ 235,000	\$ 884,094	\$ 1,119,094
2017	260,000	874,488	1,134,488
2018	285,000	862,163	1,147,163
2019	310,000	848,450	1,158,450
2020	340,000	833,363	1,173,363
2021-2025	2,185,000	3,872,213	6,057,213
2026-2030	3,195,000	3,212,769	6,407,769
2031-2035	4,550,000	2,217,500	6,767,500
2036-2040	6,350,000	835,000	7,185,000
Total	\$ 17,710,000	\$ 14,440,040	\$ 32,150,040

2004 Series B General Obligation Bonds

On January 8, 2008, the City issued 2004 Series B General Obligation Bonds in the amount of \$6,000,000 bearing interest rates of 3.75-7.00% with maturity dates from August 11, 2008 to 2039. The Bonds were issued for the purpose of improving public safety and emergency response by replacing the City's main police station. Interest is payable on February 1 and August 1 each year, commencing August 1, 2008. The outstanding balance as of June 30, 2015 was \$5,365,000.

The bonds are solely payable from *ad valorem* property taxes levied. The City pledged all *ad valorem* property tax levied and collected to repay the 2004 Series B General Obligation Bonds. Total principal and interest remaining on the bonds is \$8,261,139 payable through 2040.

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

6. LONG-TERM DEBT, (continued)

A. Governmental Activities Long-Term Debt, (continued)

The annual debt service requirements for the Bonds outstanding at June 30, 2015 were as follows:

2004 Series B General Obligation Bonds			
Year Ending June 30,	Principal	Interest	Total
2016	\$ 150,000	\$ 229,825	\$ 379,825
2017	185,000	218,100	403,100
2018	225,000	203,750	428,750
2019	220,000	191,750	411,750
2020	220,000	183,501	403,501
2021-2025	1,060,000	793,474	1,853,474
2026-2030	1,050,000	584,138	1,634,138
2031-2035	1,080,000	364,634	1,444,634
2036-2040	1,175,000	126,967	1,301,967
Total	\$ 5,365,000	\$ 2,896,139	\$ 8,261,139

2006 Certificates of Participation, Series A and B

On July 27, 2006, the La Mesa Public Financing Authority issued Certificates of Participation, Series 2006A in the amount of \$1,830,000 and Series 2006B in the amount of \$3,170,000, bearing interest rates of 4.15-6.32% with maturity dates from August 1, 2007 to 2026. The purpose of the issuance was to provide funds to construct a building and related site improvements at the City of La Mesa's Civic Center, to acquire a municipal bond debt service reserve insurance policy and a municipal bond insurance policy for the certificates, and to pay the costs of issuance incurred in connection with the execution and delivery of the certificates. Interest is payable on February 1 and August 1 each year, commencing August 1, 2007.

The City has pledged future post office lease revenue to repay the 2006 Certificates of Participation Series A. Total principal and interest remaining on the Certificates of Participation Series A is \$2,139,070 payable through 2027. Total principal and interest remaining on the Certificates of Participation Series B is \$3,171,194 payable through 2027.

The outstanding balances of Series A and B at June 30, 2015 were \$1,480,000 and \$2,430,000, respectively, for a combined balance of \$3,910,000.

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

6. LONG-TERM DEBT, (continued)

A. Governmental Activities Long-Term Debt, (continued)

The annual debt service requirements for the Series A Certificates outstanding at June 30, 2015 were as follows:

2006 Certificates of Participation Series A			
Year Ending June 30,	Principal	Interest	Total
2016	\$ 70,000	\$ 90,774	\$ 160,774
2017	75,000	86,554	161,554
2018	85,000	81,686	166,686
2019	95,000	75,998	170,998
2020	105,000	69,678	174,678
2021-2025	700,000	230,838	930,838
2026-2027	350,000	23,542	373,542
Total	\$ 1,480,000	\$ 659,070	\$ 2,139,070

The annual debt service requirements for the Series B Certificates outstanding at June 30, 2015 were as follows:

2006 Certificates of Participation Series B			
Year Ending June 30,	Principal	Interest	Total
2016	\$ 135,000	\$ 104,441	\$ 239,441
2017	145,000	98,491	243,491
2018	155,000	92,116	247,116
2019	165,000	85,398	250,398
2020	180,000	78,150	258,150
2021-2025	1,100,000	256,838	1,356,838
2026-2027	550,000	25,760	575,760
Total	\$ 2,430,000	\$ 741,194	\$ 3,171,194

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

6. LONG-TERM DEBT, (continued)

A. Governmental Activities Long-Term Debt, (continued)

Loans Payable

TransNet Commercial Paper

On August 1, 2008, the City entered into an MOU with SANDAG where the City agreed to borrow \$2,500,000 through the TransNet debt financing program for its street resurfacing program, and other eligible projects. As of June 30, 2015, the City has drawn down \$2,500,000 of the \$2,500,000 and has made \$1,584,899 in principal payments.

The annual debt service requirements for the TransNet Commercial Paper outstanding at June 30, 2015 were as follows:

TransNet Commercial Paper			
Year Ending June 30,	Principal	Interest	Total
2016	\$ 522,912	\$ 33,554	\$ 556,466
2017	392,189	15,252	407,441
Total	\$ 915,101	\$ 48,806	\$ 963,907

Waite Drive Land Purchase

On April 1, 2013, the City entered into a promissory note with the County of San Diego where the City agreed to borrow \$400,000 for the purchase of property. The note is secured by a deed of trust to Fidelity National Title Insurance Company, as trustee, and is given as part of the purchase price for property. The note is due in monthly installments of principal and interest, in the amount of \$8,942. The note is issued bearing a rate of 3.5%, per annum over a four year period. As of June 30, 2014, total principal and interest remaining to be paid on the note is \$187,765. Current year principal and interest paid was \$107,308. The annual debt service requirements for the Waite Drive Land Purchase promissory note outstanding at June 30, 2015 were as follows:

Waite Drive Land Purchase			
Year Ending June 30,	Principal	Interest	Total
2016	\$ 181,899	\$ 5,866	\$ 187,765
Total	\$ 181,899	\$ 5,866	\$ 187,765

On August 14, 2015 the City of La Mesa paid off the remaining outstanding debt related to the acquisition of 7410 Waite Drive. The original payoff date was March, 2017. The payment consisted of \$165,050 in principal and \$506 in accrued interest.

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

6. LONG-TERM DEBT, (continued)

B. Business-Type Activities Long-Term Debt

The summary of changes in long-term debt for business-type activities for the year ended June 30, 2015 was as follows:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	Classification	
					Due Within One Year	Due in More Than One Year
Notes payable:						
State Revolving Loan Fund	\$ 10,978,240	\$ -	\$ (627,136)	\$ 10,351,104	\$ 640,215	\$ 9,710,889
Total	\$ 10,978,240	\$ -	\$ (627,136)	\$ 10,351,104	\$ 640,215	\$ 9,710,889

State Revolving Fund Loan

On July 25, 2006, the City entered into an agreement to obtain a low interest federal pass-through loan from the State Water Resources Control Board which would allow the City to borrow up to \$14,500,000 at 2.4% from January 7, 2006 through February 1, 2028 for sewer system improvements. At June 30, 2015, the City had borrowed \$13,812,030, of which \$10,351,104 remains outstanding.

The annual debt service requirements for the State Water Fund Loan outstanding at June 30, 2015 were as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ 640,215	\$ 216,894	\$ 857,109
2017	653,590	203,519	857,109
2018	667,273	189,836	857,109
2019	681,267	175,842	857,109
2020	695,581	161,528	857,109
2021-2025	3,704,345	581,204	4,285,549
2026-2030	3,308,833	178,104	3,486,937
Total	\$ 10,351,104	\$ 1,706,927	\$ 12,058,031

7. LONG-TERM LEASE

The summary of changes in long-term lease for governmental activities for the year ended June 30, 2015 was as follows:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	Classification	
					Due Within One Year	Due in More Than One Year
Lease payable:						
Municipal Finance Corp - 2010	\$ 646,695	\$ -	\$ (95,675)	\$ 551,020	\$ 100,220	\$ 450,800
Pinnacle Public Finance - 2013	648,235	-	(83,378)	564,857	86,279	478,578
Total	\$ 1,294,930	\$ -	\$ (179,053)	\$ 1,115,877	\$ 186,499	\$ 929,378

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

7. LONG-TERM LEASE, (continued)

Municipal Finance Corporation - 2010

On February 12, 2010, the City entered into a purchase option lease agreement with Municipal Finance Corporation in order to acquire an aerial ladder fire engine from Pierce Manufacturing, Inc. The annual payments on the long-term lease payable as of June 30, 2015 were as follows:

Municipal Finance Corporation - 2010			
Year Ending June 30,	Principal	Interest	Total
2016	\$ 100,220	\$ 26,173	\$ 126,393
2017	104,980	21,413	126,393
2018	109,968	16,426	126,394
2019	115,190	11,203	126,393
2020	120,662	5,731	126,393
Total	\$ 551,020	\$ 80,946	\$ 631,966

Pinnacle Public Finance, Inc. - 2013

On September 15, 2013, the City entered into a purchase agreement with Pinnacle Public Finance, Inc. to finance the purchase of the Police Department's new CAD, Computer Aided Dispatch, system. The CAD system went live on June 10, 2014. The annual payments on the long-term lease payable as of June 30, 2015 were as follows:

Pinnacle Public Finance, Inc. - 2013			
Year Ending June 30,	Principal	Interest	Total
2016	\$ 86,279	\$ 19,657	\$ 105,936
2017	89,282	16,655	105,937
2018	92,389	13,548	105,937
2019	95,604	10,332	105,936
2020	98,930	7,005	105,935
2021	102,373	3,563	105,936
Total	\$ 564,857	\$ 70,760	\$ 635,617

Schedule of property under capital leases by major classes at June 30, 2015:

	Governmental Activities	Business-Type Activities	Total
Equipments	\$ 1,725,304	\$ -	\$ 1,725,304
Less: accumulated depreciation	(318,902)	-	(318,902)
Total	\$ 1,406,402	\$ -	\$ 1,406,402

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

8. COMPENSATED ABSENCES

The summary of changes in compensated absences for governmental activities for the year ended June 30, 2015 was as follows:

	Balance			Balance June 30, 2015	Classification	
	June 30, 2014	Additions	Deletions		Due Within One Year	Due in More Than One Year
	Compensated Absences	\$ 3,221,575	\$ 2,370,312		\$ (2,486,295)	\$ 3,105,592

At June 30, 2015, compensated absences balance consisted of the following:

Vacation pay	\$ 1,239,500
Holiday pay	786,810
Sick leave	867,307
Compensatory time	211,975
Total	\$ 3,105,592

9. NET PENSION LIABILITY

A. Governmental Activities Net Pension Liability

The summary of changes in net pension liability for governmental activities for the year ended June 30, 2015 was as follows:

	Balance	Additions*	Deletions	Balance
	June 30, 2014			June 30, 2015
Net Pension Liability	\$ -	\$ 70,862,802	\$ (12,235,023)	\$ 58,627,779

*The beginning net pension liability was recorded as an addition due to the unavailability of information from the pension plan for the prior period.

The entire net pension liability is reported as a noncurrent liability in the accompanying Statement of Net Position in accordance with GASB Statement No. 68.

B. Business-Type Activities Net Pension Liability

The summary of changes in net pension liability for business-type activities for the year ended June 30, 2015 was as follows:

	Balance	Additions*	Deletions	Balance
	June 30, 2014			June 30, 2015
Net Pension Liability	\$ -	\$ 3,396,626	\$ (591,480)	\$ 2,805,146

* The beginning net pension liability was recorded as an addition due to the unavailability of information from the pension plan for the prior period.

The entire net pension liability is reported as a noncurrent liability in the accompanying Statement of Net Position in accordance with GASB Statement No. 68.

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

10. OTHER REQUIRED DISCLOSURES

Generally accepted accounting principles require disclosure of certain information concerning unrestricted net position (deficit) and fund balance (deficit).

Fund Financial Statements

At June 30, 2015, the following funds had the following deficit fund balances:

Governmental Funds

Transportation Improvement	\$	(440,305)
Community Service Grants		(62,301)
Public Safety Grants		(133,911)

The negative fund balance amount represents expenditures incurred before June 30, 2015, which as of the financial statement date and accrual period, were not yet reimbursed.

11. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City self-insures against tort claims and workers' compensation exposures and purchases health benefits through the Public Employees' Retirement System.

The city is a member of the Public Entity Risk Management Authority (PERMA) for general liability, workers' compensation, and property risk financing.

Currently, the City has a Workers' Compensation Fund (an internal service fund) to account for and finance its uninsured risk of loss. Under this program, the Workers' Compensation Fund provides financing for up to a maximum of \$250,000 for each accident (e.g., occurrence) and each claim for catastrophic illness. The City pools the exposure for claims in excess of the Self-Insured Retentions (S.I.R.s) from the Workers' Compensation Fund to statutory limits and for employers' liability to \$5,000,000 limit of liability. Settled claims have not exceeded this commercial coverage in any of the past three years.

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

11. RISK MANAGEMENT, (continued)

All funds of the City participate in the Workers' Compensation program and make payments to the Workers' Compensation Fund based on estimates of the amounts needed to pay prior and current year's claims.

The City also maintains an internal service fund for liability risk financing. Under the PERMA pooled program for general liability, the City's S.I.R. is \$50,000 of each claim.

Excess liability financing includes layers of pooling and commercial excess liability insurance. Separate deposits are collected from PERMA members to cover claims between the S.I.R. and \$1,000,000. Additional reinsurance raises the limit of liability to \$50,000,000 per occurrence. These deposits are subject to retrospective adjustments. Deposits are accrued based on the ultimate cost of the experience to date from members of PERMA.

The City participates in PERMA's All Risks Property Protection Program, which is underwritten by a casualty insurance company. The annual premiums paid by participating member cities are based upon insured values and deductible levels and are not subject to retroactive adjustments. The City's deductible is \$5,000 for all risk, \$10,000 for fire trucks and \$2,500 for electronic and data processing equipment.

The claim liability of \$3,651,818 reported in the Government-Wide Statement of Net Position is based on the requirements of the Governmental Accounting Standards Board Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, which requires a liability for claims be reported if information prior to issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated.

Changes in claims liability amount for fiscal years 2012-2013, 2013-2014 and 2014-2015 were:

	Beginning of Fiscal Year Liability	Current Year Claims and Change in Estimates	Claims Payments	Balance at Fiscal Year End
2012 - 2013	\$ 2,264,755	\$ 844,388	\$ -	\$ 3,109,143
2013 - 2014	3,109,143	207,076	(259,150)	3,057,069
2014 - 2015	3,057,069	739,614	(144,865)	3,651,818

12. DEFINED BENEFIT PENSION PLANS

A. General Information about the Pension Plans

Plan Description

The City's Plans are agent, defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). A full description of the pension plans regarding number of employees covered, benefit provisions, assumptions (for funding, but not account purposes), and membership information is listed in the June 30, 2013 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the actuarial valuation report. The actuarial valuation report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications, at www.calpers.ca.gov.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Classic CalPERS or PEPRA Safety members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. PEPRA miscellaneous members with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. For Miscellaneous members this also includes the Special Death Benefit, for Fire the Alternate Death Benefit, and for Police and Fire the 1959 Survivor Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans operate under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plans' authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

12. DEFINED BENEFIT PENSION PLANS, (continued)

A. General Information about the Pension Plans, (continued)

Benefits Provided, (Continued)

The Plans' provisions and benefits in effect at June 30, 2014, (measurement date) are summarized as follows:

	Miscellaneous		
	Prior to January 1, 2011	On or after January 1, 2011 And prior to January 1, 2013	On or after January 1, 2013
Hire Date	January 1, 2011	January 1, 2013	January 1, 2013
Benefit formula	3.0% @ 60	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-60	50-55	52-62
Monthly benefits, as a % of eligible compensation	2.0%-3.0%	2.0%-2.5%	1.0%-2.0%
Required employee contribution rates	8.0%	8.0%	6.25%
Required employer contribution rates	24.141%	24.141%	24.141%
	Safety		
	Prior to January 1, 2011	On or after January 1, 2011 And prior to January 1, 2013	On or after January 1, 2013
Hire Date	January 1, 2011	January 1, 2013	January 1, 2013
Benefit formula	3.0% @ 50	3.0 @ 55	2.7 @ 57
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50	50
Monthly benefits, as a % of eligible compensation	3.0%	2.4%-3.0%	2.0%-2.7%
Required employee contribution rates	9.0%	9.0%	12.25%
Required employer contribution rates	32.722%	32.722%	32.722%

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

12. DEFINED BENEFIT PENSION PLANS, (continued)

A. General Information about the Pension Plans, (continued)

Covered Employees

At June 30, 2013, (valuation date) the following employees were covered by the benefit terms:

	<u>Miscellaneous</u>	<u>Safety</u>
Inactive employees or beneficiaries currently receiving benefits	221	170
Inactive employees entitled to but not yet receiving benefits	132	59
Active employees	<u>150</u>	<u>101</u>
Total	<u>503</u>	<u>330</u>

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2014 (the measurement date), the average active employee contribution rate for the respective miscellaneous and safety plans is 8.0 and 9.0 percent of annual pay, and the employer's contribution rate is 24.141 and 32.722 percent of annual payroll. Employer contribution rates may change if plan contracts are amended. Employer contributions for the measurement period ended June 30, 2014 for the respective miscellaneous and safety plans are \$2,018,839 and \$2,864,566.

B. Net Pension Liability

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

12. DEFINED BENEFIT PENSION PLANS, (continued)

B. Net Pension Liability, (continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Asset Valuation Method	Actuarial Value of Assets	Actuarial Value of Assets
Actuarial Assumptions		
Discount Rate	7.50%	7.50%
Inflation	2.75%	2.75%
Salary Increases (1)	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment Rate of Return (2)	7.50%	7.50%
Mortality Rate Table (3)	Derived using CALPERS' membership data for all Funds	Derived using CALPERS' membership data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies, 2.75% thereafter

(1) Annual increases vary by category, entry age, and duration of service

(2) Net pension plan investment and administrative expenses; includes inflation

(3) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience report.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

12. DEFINED BENEFIT PENSION PLANS, (continued)

B. Net Pension Liability, (continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent for each plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the agent multiple-employer plan. Refer to the sensitivity of the net pension liability to changes in the discount rate section of this note, which provides information on the sensitivity of the net pension liability to changes in the discount rate.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

12. DEFINED BENEFIT PENSION PLANS, (continued)

B. Net Pension Liability, (continued)

Discount Rate, (continued)

The following table reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10¹</u>	<u>Real Return Years 11+²</u>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	(0.55%)	(1.05%)
Total	<u>100%</u>		

¹ An expected inflation of 2.5% used for this period

² An expected inflation of 3.0% used for this period

Pension Plan Fiduciary Net Position

Information about the pension plans assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained at CalPERS' website under Forms and Publications, at www.calpers.ca.gov. The plans fiduciary net position and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Investments are reported at fair value.

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and Other Post-Employment Benefits (OPEB) expense included as assets. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Comprehensive Annual Financial Report closing and final reconciled reserves.

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

12. DEFINED BENEFIT PENSION PLANS, (continued)

C. Changes in Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period for each plan.

Miscellaneous Plan:

	Increases (Decreases)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c)=(a)-(b)
Balance at: 6/30/2013 (VD)¹	\$ 89,348,041	\$ 60,856,744	\$ 28,491,297
Changes Recognized for the Measurement Period			
• Service Cost	1,725,483		1,725,483
• Interest on the Total Pension Liability	6,602,641		6,602,641
• Changes of Benefit Terms	-		-
• Differences between Expected and Actual Experience	-		-
• Changes of Assumptions	-		-
• Contributions from the Employer		2,018,839	(2,018,839)
• Contributions from the Employee		793,357	(793,357)
• Net Investment Income ²		10,477,342	(10,477,342)
• Benefit Payments, including Refunds of Employee Contributions	(4,351,133)	(4,351,133)	-
Net Change during 2013-14	3,976,991	8,938,405	(4,961,414)
Balance at: 6/30/2014 (MD)¹	\$ 93,325,032	\$ 69,795,149	\$ 23,529,883

Valuation Date (VD), Measurement Date (MD).

¹ The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense. As described in the previous section of this note, this may differ from the plan assets reported in the funding actuarial valuation report.

² Net of administrative expenses.

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

12. DEFINED BENEFIT PENSION PLANS, (continued)

C. Changes in Net Pension Liability, (continued)

The following table shows the changes in net pension liability recognized over the measurement period for each plan.

Safety Plan:

	Increases (Decreases)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c)=(a)-(b)
Balance at: 6/30/2013 (VD)¹	\$ 146,146,054	\$ 100,973,923	\$ 45,172,131
Changes Recognized for the Measurement Period			
• Service Cost	2,511,204		2,511,204
• Interest on the Total Pension Liability	10,771,035		10,771,035
• Changes of Benefit Terms	-		-
• Differences between Expected and Actual Experience	-		-
• Changes of Assumptions	-		-
• Contributions from the Employer		2,864,566	(2,864,566)
• Contributions from the Employee		804,337	(804,337)
• Net Investment Income		17,292,426	(17,292,426)
• Benefit Payments, including Refunds of Employee Contributions	(7,575,744)	(7,575,744)	-
Net Change during 2013-14	5,706,495	13,385,585	(7,679,090)
Balance at: 6/30/2014 (MD)¹	\$ 151,852,549	\$ 114,359,508	\$ 37,493,041

Valuation Date (VD), Measurement Date (MD).

¹ The fiduciary net position includes receivables for employee service buybacks, deficiency reserves, fiduciary self-insurance and OPEB expense. As described in the previous section of this note, this may differ from the plan assets reported in the funding actuarial valuation report.

² Net of administrative expenses.

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

12. DEFINED BENEFIT PENSION PLANS, (continued)

C. Changes in Net Pension Liability, (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability for each Plan as of the measurement date, calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.50 percent) or 1 percentage-point higher (8.50 percent) than the current rate:

	Discount Rate - 1% (6.5%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.5%)
Miscellaneous Plan's Net Pension Liability	\$ 34,764,149	\$ 23,529,883	\$ 14,114,900
Safety Plan's Net Pension Liability	57,536,710	37,493,041	21,039,707

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired).

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

12. DEFINED BENEFIT PENSION PLANS, (continued)

C. Changes in Net Pension Liability, (continued)

Recognition of Gains and Losses, (continued)

The EARSL for the Miscellaneous Plan for the 2013-14 measurement period is 2.6 years, which was obtained by dividing the total service years of 1,310 (the sum of remaining service lifetimes of the active employees) by 503 (the total number of participants: active, inactive, and retired). The EARSL for the Safety Plan for the 2013-14 measurement period is 3.7 years, which was obtained by dividing the total service years of 1,214 (the sum of the remaining service lifetimes of the active employees) by 330 (the total number of participants: active, inactive, and retired). Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2013), the net pension liability for the Miscellaneous Plan is \$28,491,297 and \$45,172,131 for the Safety Plan.

For the measurement period ending June 30, 2014 (the measurement date), the City of La Mesa incurred a pension expense of \$1,845,207 and \$3,084,835 for the Miscellaneous and Safety Plans, respectively. A complete breakdown of the pension expense is as follows:

Miscellaneous Plan:

Description	Amount
Service Cost	\$ 1,725,483
Interest on the Total pension Liability	6,602,641
Changes of Benefit Terms	-
Recognized Differences between Expected and Actual Experience	-
Recognized Changes in Assumptions	-
Employee Contributions	(793,357)
Projected Earnings on Pension Plan Investments	(4,492,614)
Recognized Differences between Projected and Actual Earnings on Plan Investments	(1,196,946)
Other Changes in Fiduciary Net Position	-
Total Pension Expense	\$ 1,845,207

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

12. DEFINED BENEFIT PENSION PLANS, (continued)

D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions, (continued)

Safety Plan:

Description	Amount
Service Cost	\$ 2,511,204
Interest on the Total Pension Liability	10,771,035
Changes of Benefit Terms	-
Recognized Differences between Expected and Actual Experience	-
Recognized Changes in Assumptions	-
Employee Contributions	(804,337)
Projected Earnings on Pension Plan Investments	(7,418,227)
Recognized Differences between Projected and Actual Earnings on Plan Investments	(1,974,840)
Other Changes in Fiduciary Net Position	-
Total Pension Expense	\$ 3,084,835

Note: Plan administrative expenses are not displayed in the above pension expense table. Since the expected investment return of 7.50 percent is net of administrative expenses, administrative expenses are excluded from the above table, but implicitly included as part of investment earnings.

As of June 30, 2014, the City of La Mesa has deferred outflows and deferred inflows of resources related to pensions as follows:

Miscellaneous Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(4,787,782)
Pension Contributions Subsequent to Measurement Date	2,236,273	-
Total	\$ 2,236,273	\$ (4,787,782)

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

12. DEFINED BENEFIT PENSION PLANS, (continued)

D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions, (continued)

Safety Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(7,899,359)
Pension Contributions Subsequent to Measurement Date	3,238,612	-
Total	\$ 3,238,612	\$ (7,899,359)

These amounts above are net of outflows and inflows recognized in the 2013-14 measurement period expense. For the Miscellaneous and Safety Plans, \$2,236,273 and \$3,238,612, respectively, are reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Miscellaneous Plan:

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2015	\$ (1,196,946)
2016	(1,196,946)
2017	(1,196,946)
2018	(1,196,944)
2019	-
Thereafter	-

Safety Plan:

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2015	\$ (1,974,840)
2016	(1,974,840)
2017	(1,974,840)
2018	(1,974,839)
2019	-
Thereafter	-

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

12. DEFINED BENEFIT PENSION PLANS, (continued)

E. Payable to the Pension Plan

At June 30, 2015, the City of La Mesa reported a payable of \$0 for the outstanding amount of contributions to the pension plans required for the year ended June 30, 2015.

13. RETIREMENT ENHANCEMENT PLAN

A. PARS Retirement Enhancement Plan

Plan Description

The plan is an enhanced single employer defined benefit pension plan administered by Public Agency Retirement Services (PARS). The plan enhancement was designed to provide a retirement factor of 3.0% at 60. At the time the plan was implemented, the CalPERS benefit only extended to 2.0% at 55. The plan was closed on January 13, 2006 when employees voted to change to the 3.0% at 60 benefit formula through CalPERS. At this time the nature of the plan changed and the participants were divided into three groups, those that were already retired and receiving the defined benefit of the enhancement plan, those that are currently inactive and will not receive a defined benefit payment but do have their contributions set aside and available at retirement, and one active employee.

Benefits Provided

The benefit provided by PARS is equal to a percentage of the highest pay multiplied by years of service, with the percentage varying by retirement age based on a modified 3.0% target offset by CalPERS 3.0% at 60 formula for current actives. There is only one active participant and twenty five former employees who retired with PARS or are currently considered inactive. Benefits are increased by a 2% annual COLA after retirement. The plan has been closed to new entrants since January 7, 2006. Employees that elected to change over to the CalPERS 3.0% at 60 formula will receive their contributions made to the plan in a lump sum payment upon retirement.

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

13. RETIREMENT ENHANCEMENT PLAN, (continued)

A. PARS Retirement Enhancement Plan, (continued)

Benefits Provided

The Plan's provisions and benefits in effect at June 30, 2014, (measurement date) are summarized as follows:

	Group I Terminate before January 13, 2006	Group II Inactive employees Not yet retired	Group III Active Employee
Hire Date	January 13, 2006	Closed Plan	Modified 3.0% @ 60
Benefit formula	Modified 3.0% @ 60	Closed Plan	Modified 3.0% @ 60
Benefit vesting schedule	City CalPERS Service monthly for life-offset by CalPERS Benefit at Retirement	Vested	City CalPERS Service monthly for life-offset by CalPERS Benefit at Retirement
Benefit payments	CalPERS Benefit at Retirement	Accumulated Contributions	CalPERS Benefit at Retirement
Retirement age	55-60	55-60	55-60
Monthly benefits, as a % of eligible compensation combined with CalPERS	2.5%-3.0%	N/A	2.7%-3.0%
Required employee contribution rates	N/A	N/A	1.5%
Required employer contribution rates	Closed group-Normal Cost	Closed Program	Closed group-Normal Cost

Employees Covered

At January 1, 2013 (valuation date), the following employees were covered by the benefit terms:

	PARS
Inactive employees or beneficiaries currently receiving benefits	17
Inactive employees entitled to but not yet receiving benefits	8
Active employees	1
Total	26

Contributions

The annual contribution for the PARS plan is determined on an actuarial basis. For the measurement period ended June 30, 2014 (the measurement date), the active employee contribution rate for the plan is 1.5% of annual pay. The employer contributes an amount determined by an actuarial study performed at least every two years as long as the Plan exists. Because this is a closed plan and there is only one active employee, the employer contribution for that active employee is a negligible amount and cannot be determined from the actuarial valuation.

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

13. RETIREMENT ENHANCEMENT PLAN, (continued)

B. Net Pension Liability

The City's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2014, using an annual actuarial valuation as of January 1, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the January 1, 2013 total pension liability. The June 30, 2013 and June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

	<u>PARS</u>
Valuation Date	January 1, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Actuarial Value of Assets
Actuarial Assumptions	
Discount Rate	6.25%
Inflation	3.00%
Salary Increases	3.25%
Investment Rate of Return (1)	6.50%
Mortality Rate Table	Projection Scale AA
Post Retirement Benefit Increase	COLA up to 2.0%

(1) Expected nominal long-term rate of return for pension trust from stochastic projections of expected long-term real rates of return net of investment expenses under various economic scenarios using expected long-term geometric real rates of return and correlations for fund asset classes plus inflation.

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

13. RETIREMENT ENHANCEMENT PLAN, (continued)

B. Net Pension Liability, (continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.50 percent. There has been no change since the measurement date. The City chose a Moderate Risk Investment Strategy when setting up this plan. The current 6.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 6.50 percent is applied to the plan. Administrative expenses are expected to be 0.6% of assets, this is added to the discount rate bringing the Expected Long-Term Net Rate of Return to 6.56%.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 6.5% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 0.6% of assets. An investment return excluding administrative expenses would have been 6.56%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the plan. Refer to the *sensitivity of the net pension liability to changes in the discount rate* section of this note, which provides information on the sensitivity of the net pension liability to changes in the discount rate.

The following table reflects long-term expected real rate of return by asset class. Approximate 10-year geometric real rates of return provided by the CalPERS' investment advisors in May 2010. These geometric rates of return are net of administrative expenses.

	Target Asset Allocation	Expected Real Return
PARS Moderate Investment Policy		
Equity	50%	5.50%
Fixed Income	45%	1.60%
Cash	5%	0.50%
Assumed Long-Term Rate of Inflation		3.00%
Expected Long-Term Net Rate of Return		6.56%
Discount Rate		6.50%

Pension Plan Fiduciary Net Position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in the City's GASB 68 Employer Accounting Information report. The plan's fiduciary net position and additions to/deductions from the plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan. Investments are reported at fair value.

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

13. RETIREMENT ENHANCEMENT PLAN, (continued)

C. Changes in the Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

PARS	Increases (Decreases)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c)=(a)-(b)
Balance at 6/30/2013 (MD)	\$ 2,720,000	\$ 2,124,000	\$ 596,000
Changes Recognized for the Measurement Period			
• Service Cost	3,000		3,000
• Interest on the Total Pension Liability	171,000		171,000
• Changes of Benefit Terms	-		-
• Differences between Expected and Actual Experience	-		-
• Changes of Assumptions	-		-
• Contributions from the Employer		106,000	(106,000)
• Contributions from the Employee		1,000	(1,000)
• Net Investment Income		275,000	(275,000)
• Benefit Payments, including Refunds of Employee Contributions.	(174,000)	(174,000)	-
• Administrative Expenses		(22,000)	22,000
Net Change during 2013-14	-	186,000	(186,000)
Balance at: 6/30/2014 (MD)	\$ 2,720,000	\$ 2,310,000	\$ 410,000

Measurement Date (MD).

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

13. RETIREMENT ENHANCEMENT PLAN, (continued)

C. Changes in the Net Pension Liability, (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 6.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.50 percent) or 1 percentage-point higher (7.50 percent) than the current rate:

	Discount Rate - 1% (5.5%)	Current Discount Rate (6.50%)	Discount Rate + 1% (7.5%)
PARS Plan's Net Pension Liability	695,000	410,000	168,000

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	5 year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired).

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

13. RETIREMENT ENHANCEMENT PLAN, (continued)

C. Changes in the Net Pension Liability, (continued)

Recognition of Gains and Losses

The EARSL for the Plan for the 2013-14 measurement period is 0.07 years, which was obtained by dividing the total service years of 2 (the sum of the remaining service lifetimes of the active employee) by 26 (the total number of participants: active, inactive, and retired) The reason the EARSL is so low is that this is a closed plan and there is a negligible amount of service life in the last active employee. The EARSL for the one active employee is two years. There are twenty six total covered employees. Note that inactive employees and retirees have remaining service lifetimes equal to 0. Also note that total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2013), the net pension liability is \$596,000.

For the measurement period ending June 30, 2014 (the measurement date), the City of La Mesa incurred a pension expense of \$32,000 for the Plan. A complete breakdown of the pension expense is as follows:

Description	Amount
Service Cost	\$ 3,000
Interest on the Total Pension Liability	171,000
Changes of Benefit Terms	-
Recognized Differences between Expected and Actual Experience	-
Recognized Changes in Assumptions	-
Employee Contributions	(1,000)
Projected Earnings on Pension Plan Investments	(135,000)
Recognized Differences between Projected and Actual Earnings on Plan Investments	(28,000)
Administrative Expenses	22,000
Total Pension Expense	\$ 32,000

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

13. RETIREMENT ENHANCEMENT PLAN, (continued)

D. Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions, (continued)

As of June 30, 2014, the City of La Mesa has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	-	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	112,000
Pension Contributions Subsequent to Measurement Date	105,800	-
Total	\$ 105,800	\$ 112,000

These amounts above are net of outflows and inflows recognized in the 2013-14 measurement period expense. \$105,800 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2015	(28,000)
2016	(28,000)
2017	(28,000)
2018	(28,000)
2019	-
Thereafter	-

E. Payable to the Pension Plan

At June 30, 2015, the City of La Mesa reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

14. OTHER POST EMPLOYMENT BENEFITS

Plan Description

The City provides the minimum required employer contribution under the CalPERS Health Plan for eligible retirees and surviving spouses in receipt of a pension benefit from CalPERS. An employee is eligible for this employer contribution provided they are vested in their CalPERS pension benefit and commence payment of their pension benefit within 60 days of retirement with the City. Vesting requires at least 5 years of CalPERS total service. The surviving spouse of an eligible retiree who elected spouse coverage under CalPERS is eligible for the employer contribution upon the death of the retiree.

The scheduled minimum required employer contributions for each eligible retiree under the CalPERS Health Plan are \$115 per month in 2013, \$119 per month in 2014, then indexed to medical CPI increases.

Funding Policy

By unanimous vote of the City Council on May 12, 2009, the City adopted pre-funding through the California Employers' Retiree Benefit Trust (CERBT), a GASB eligible trust. The CERBT has an investment policy with an expected long-term rate of return equal to 7.61% for employers fully-funding the annual required contribution each year. For the year ended June 30, 2015, the City contributed \$271,527 to CERBT, which includes benefit payments of \$161,508.

Annual OPEB Cost

For the year ended June 30, 2015, the City's Annual Required Contribution is \$271,527. This amount is comprised of the present value of benefits accruing in the fiscal year (normal cost) plus a 30-year amortization (on a level-dollar basis) of the unfunded actuarial accrued liability (past service liability) at June 30, 2013. The net OPEB asset at the end of the fiscal year will reflect any actual retiree health contributions and any GASB eligible pre-funding amounts made during the period. The City's annual OPEB cost, the percentage of annual OPEB cost to be contributed to the plan, and the Net OPEB asset are as follows:

<u>Fiscal Year</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Increase (Decrease) in OPEB Obligation</u>	<u>Net OPEB Obligation (Asset)</u>
6/30/2013	\$ 253,748	\$ 253,748	100.00%	\$ -	\$ (108,170)
6/30/2014	264,062	264,062	100.00%	-	(108,170)
6/30/2015	271,527	271,527	100.00%	-	(108,170)

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

14. OTHER POST EMPLOYMENT BENEFITS, (continued)

Schedule of Funding Progress for PERS Health Plan (Amounts in Thousands)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Liability (AAL) Entry Age</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
	(A)	(B)	(B - A)	(A / B)	(C)	[(B - A) / C]
7/1/2008	\$ -	\$ 2,589	\$ 2,589	0.0%	\$ 17,680	14.64%
7/1/2010	575	2,956	2,381	19.45%	17,619	13.51%
6/30/2013	1,364	3,197	1,833	42.66%	17,014	10.77%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the Plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The plan's most recent actuarial valuation was performed as of June 30, 2013. In that valuation, the Projected Unit Credit (PUC) Cost Method was used. The actuarial assumptions included a 7.61% investment rate of return (net of administrative expenses), assuming the City fully-funds the annual required contribution through the CERBT, and an annual CalPERS minimum required contribution increase trend rate of 4 percent annually. The City's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period as of June 30, 2013, which is the date of the most recent actuarial valuation, was 25 years.

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

15. CHANGE IN ACCOUNTING PRINCIPLE

As discussed in Note 1, the Agency implemented GASB Statement No. 68 effective July 1, 2014. GASB 68, among other provisions, amended prior guidance with respect to the reporting of pensions. GASB 68, establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, the Agency's net pension liability was not previously recorded on the statement of net position. GASB 68 requires that accounting changes adopted to conform to the provisions of the Statement be applied retroactively by restating financial statements. Restatement of the comparative financial data for the prior period presented is not practical due to the unavailability of information from the pension plan, therefore the provisions of GASB Statements No. 68 and 71 were not applied to the prior period. The cumulative effects of applying the provisions of GASB Statements No. 68 and 71 have been reported as a restatement of beginning net position for the year ended June 30, 2015 in accordance with the Statements.

Accordingly, beginning net position on the Statement of Net Position for the year ended June 30, 2015 has been restated for changes related to GASB 68 as follows:

Governmental Activities

Net position - beginning, as previously reported	\$ 197,153,427
Change in accounting principle	<u>(66,114,075)</u>
Net position - beginning, as restated	<u>\$ 131,039,352</u>

Business-Type Activities

Net position - beginning, as previously reported	\$ 21,119,129
Change in accounting principle	<u>(3,155,948)</u>
Net position - beginning, as restated	<u>\$ 17,963,181</u>

Beginning net position on the Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds for the year ended June 30, 2015 has been restated for changes related to GASB 68 as follows:

FUND FINANCIAL STATEMENTS

Wastewater Fund

Net position - beginning, as previously reported	\$ 21,071,683
Change in accounting principle	<u>(3,155,948)</u>
Net position - beginning, as restated	<u>\$ 17,915,735</u>

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

16. COMMITMENTS AND CONTINGENCIES

Lawsuits in the Normal Course of Business

The City is presently involved in certain matters of litigation that have arisen in the normal course of conducting City business. City management believes, based upon consultation with the City Attorney, that these cases, in the aggregate, are not expected to result in a material adverse financial impact on the City. Additionally, City management believes that the City's insurance programs are sufficient to cover any potential losses should an unfavorable outcome materialize.

17. RELATED PARTY TRANSACTIONS

On November 25, 2008, the City entered into a Purchase and Sale Agreement with the Redevelopment Agency to sell certain real property located at 8181 Allison Avenue, La Mesa, California at the appraised value of \$8,350,000 for the purposes of increasing, improving and preserving the community's supply of housing available at affordable cost to persons and families of low or moderate income. The Agency made an initial payment of \$1,000,000 at closing and issued a promissory note to the City for \$7,350,000.

The outstanding balance was transferred from the Agency to the Successor Agency on February 1, 2012 as part of the dissolution of redevelopment. At June 30, 2015, the outstanding balance of the advances from the City to the Successor Agency relating to this transaction was \$5,300,000.

On August 23, 2012, the City of La Mesa acting as Successor Agency filed the Recognized Obligation Payment Schedule (ROPS III) for the January through June 2013 time period. As it had been for all previous ROPS, included on the ROPS III was the outstanding loan balance (\$5,300,000 at June 30, 2012) for the Police Station Land Sale between the General Fund and the Successor Agency and the related annual debt service (\$750,000 per year). The Department of Finance denied the debt on the ROPS III as an enforceable obligation, despite approving it on all previous ROPS, stating:

HSC section 34171 (d) defines enforceable obligations. Based on our review and application of the law, Item No.5- a loan agreement between the City of La Mesa (City) and the Agency in the amount of \$5.3 million is not an enforceable obligation. The loan was used to purchase the land under the police station. HSC section 34171 (d) (2) states that agreements between the City and the Agency are not enforceable.

The City requested a Meet and Confer with the Department of Finance, which was held on November 21, 2012. On December 19, 2012, the City received a determination from the Department of Finance that upheld the original determination to deny both the outstanding loan balance and related annual debt service as enforceable obligations. Because the balance of the sale (\$5,300,000) is recorded as a receivable in the General Fund, this presents a potentially material negative impact on the General Fund. The City is considering the next steps to resolve this issue with the Department of Finance.

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

18. SUCCESSOR AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of La Mesa that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

In accordance with the Bill, on January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City resolution. The Successor Agency is subject to the control of the oversight board and remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution of the redevelopment agency (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City’s position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the City.

19. SUCCESSOR AGENCY LONG-TERM DEBT

In accordance with the provisions of the Bill and the California Supreme Court’s decision to uphold the Bill, the obligations of the former redevelopment agency became vested with the funds established for the successor agency upon the date of dissolution, February 1, 2012. Former tax increment revenues pledged to fund the debts of the former redevelopment agency will be distributed to the Successor Agency subject to the reapportionment of such revenues as provided by the Bill.

The debt of the Successor Agency as of June 30, 2015 was as follows:

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015	Classification	
					Due Within One Year	Due in More Than One Year
Bonds payable:						
1996 AD 90-1 refunding bonds	\$ 175,000	\$ -	\$ (175,000)	\$ -	\$ -	\$ -
1998-1 AD improvement bonds	3,870,000	-	(295,000)	3,575,000	315,000	3,260,000
Total	\$ 4,045,000	\$ -	\$ (470,000)	\$ 3,575,000	\$ 315,000	\$ 3,260,000

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

19. SUCCESSOR AGENCY LONG-TERM DEBT, (continued)

1996 AD 1990-1 Refunding Bonds

On July 3, 1996, the City issued the Assessment District No. 1990-1 Series 1996 Limited Obligation Improvement Bonds (1996 AD 90-1 Refunding Bonds) in the amount of \$1,940,000 bearing interest rates of 4.25-6.60% to refund the Assessment District No. 1990-1 Limited Obligation Improvement Bonds (the "1990 Bonds"); to pay the costs of issuance of the bonds and to establish a Reserve Fund. As of June 30, 2015, the bond was paid in full.

1998-1 AD Improvement Bonds

On June 24, 1998, the City issued Assessment District No. 1998-1 Limited Obligation Improvement Bonds in the amount of \$6,825,000 bearing interest rates of 4.25-5.60% with maturity dates from September 2, 1999 to 2023. The Bonds were issued to provide funding for the acquisition of certain storm drains, surface improvements, rights-of-way associated with the improvements, to pay the costs of issuance and to establish a Reserve Fund. Interest is payable on March 2 and September 2 each year commencing March 2, 1999. The outstanding balance as of June 30, 2015 was \$3,575,000. The Successor Agency has pledged a portion of future property tax increment revenue to repay the Alvarado Creek AD 1998-1 Improvement Bonds. Total principal and interest remaining on the bonds is \$5,084,688 payable through 2024.

The annual debt service requirements for the Bonds outstanding at June 30, 2015 were as follows:

1998-1 AD Improvement Bonds			
Year Ending June 30,	Principal	Interest	Total
2016	\$ 315,000	\$ 196,506	\$ 511,506
2017	335,000	177,819	512,819
2018	350,000	158,125	508,125
2019	370,000	137,425	507,425
2020	395,000	115,431	510,431
2021-2024	1,810,000	215,338	2,025,338
Total	\$ 3,575,000	\$ 1,000,644	\$ 4,575,644

20. RISK, UNCERTAINTIES & CONTINGENCIES

Grants

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

Successor Agency

Deductions (expenses) incurred by the Successor Agency for the year ended June 30, 2015 (and subsequent years in which the Successor Agency is in operation) are subject to review by various State agencies and the County in which the Successor Agency resides. If any expenses incurred by the Successor Agency are disallowed by the State agencies or County, the City, acting as the Successor Agency could be liable for the repayment of the disallowed costs from either its own funds or by the State withholding remittances normally paid to the City. The amount, if any, of expenses that may be disallowed by the State agencies or County cannot be determined at this time, although the Successor Agency expects such amounts, if any, to be immaterial.

Successor Agency

In October 2014, the City received a letter from the State Controller's Office stating that the City's general government received an unallowable transfer of \$2,409,056 in assets from the then RDA. The State Controller's Office is requesting that the unallowable transfers be returned to the now Successor Agency.

The City disagrees with this decision and has since disputed this claim. The outcome of the matter is still uncertain at this time.

Contingent Liability

On November 3, 2005 the City of La Mesa and the County of San Diego entered into a Memorandum of Understanding Concerning the La Mesa Branch Library under which the County agreed to transfer the parcel of land located at 8055 University Avenue, the former La Mesa Library site, to the City of La Mesa for construction of a new Police Station. As a term of the MOU, the City would begin construction of a permanent library facility within 10 years and must complete the construction of the new permanent library within 12 years of the date of signing the MOU, or the City would pay the County the fair market value for the parcel as of the date of termination in March 14, 2018.

Because the City is not likely to begin or complete construction of the new permanent library according to the agreed upon terms of the MOU, this transaction is being disclosed as a contingent liability. The fair market value cannot be reasonably estimated at this time because the language in the agreement states that the appraisal must occur at the date of termination of the MOU in March 14, 2018.

CITY OF LA MESA
Notes to the Basic Financial Statements
For the Year Ended June 30, 2015

21. SUBSEQUENT EVENT

Waite Drive Land Purchase Loan

On August 14, 2015 the City of La Mesa paid off the remaining outstanding debt related to the acquisition of 7410 Waite Drive. The original payoff date was March, 2017. The payment consisted of \$165,050 in principal and \$506 in accrued interest.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF LA MESA
Required Supplementary Information
Budgetary Information
For the Year Ended June 30, 2015

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- The biennial budget adopted by the City Council provides for the general operation of the City. It includes proposed expenditures and the means of financing them.
- The City Council approves total budgeted appropriations and any amendments to appropriations throughout the year. All transfers between funds, departments and/or activities shall be made by the City Council except that the City Manager may, on his own initiative and without prior approval of the City Council, transfer between budget accounts within a single department or activity to any other account or appropriation, to the reserve, amounts determined to be in excess of actual requirements. Budget figures used in the financial statements are the final adjusted amounts.
- Formal budgetary integration is employed as a management control device during the year. Commitments for materials and services, such as purchase orders and contracts, are recorded as encumbrances to assist in controlling expenditures.
- Budgets for the General and Special Revenue Funds are adopted on a basis substantially consistent with generally accepted accounting principles in the United States (GAAP). Accordingly, actual revenues and expenditures can be compared with related budgetary amounts without any significant reconciling items. No budgetary comparisons are presented for the Debt Service and Capital Projects Funds since no "annual" budget is adopted for these funds. No budgetary comparisons are presented for proprietary fund types, as the City is not legally required to adopt a budget for these types of funds.

CITY OF LA MESA
Required Supplementary Information
Budgetary Comparison Schedule – General Fund
For the Year Ended June 30, 2015

The following is a budget comparison schedule for the General Fund.

Budgetary Comparison Schedule, General Fund

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Fund Balances - Beginning	\$27,773,248	\$27,773,248	\$27,773,248	\$ -
Resources (inflows):				
Property taxes	11,054,800	11,054,800	11,050,718	(4,082)
Other taxes	22,534,100	22,534,100	23,423,143	889,043
Licenses and permits	1,590,300	1,590,300	1,602,326	12,026
Fines and forfeitures	466,700	466,700	418,493	(48,207)
Use of money and property	766,400	766,400	922,340	155,940
Intergovernmental	425,600	487,100	1,211,756	724,656
Charges for services	1,979,000	1,979,000	1,923,228	(55,772)
Other revenues	78,300	83,300	291,883	208,583
Transfers from other funds	2,532,700	2,585,900	2,495,475	(90,425)
Amount available for appropriations	<u>69,201,148</u>	<u>69,320,848</u>	<u>71,112,610</u>	<u>1,791,762</u>
Charges to appropriations (outflows):				
General government	6,491,558	6,720,868	4,437,574	2,283,294
Police	15,252,433	15,565,953	14,774,941	791,012
Fire	8,841,093	9,043,853	8,985,378	58,475
Public works	8,000,949	8,060,799	6,743,665	1,317,134
Community services	1,700,175	1,726,605	1,565,762	160,843
Community development	1,587,463	1,724,463	1,467,911	256,552
Transfers to other funds	1,379,900	1,448,900	1,333,260	115,640
Total charges to appropriations	<u>43,253,571</u>	<u>44,291,441</u>	<u>39,308,491</u>	<u>4,982,950</u>
Fund Balances - Ending	<u>\$25,947,577</u>	<u>\$25,029,407</u>	<u>\$31,804,119</u>	<u>\$ 6,774,712</u>

CITY OF LA MESA
Required Supplementary Information
Budgetary Comparison Schedule – Housing Asset Fund
For the Year Ended June 30, 2015

The following is a budget comparison schedule for the Housing Asset Fund.

Budgetary Comparison Schedule, Housing Asset Fund

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Fund Balances - Beginning	\$ 8,555,156	\$ 8,555,156	\$ 8,555,156	\$ -
Resources (inflows):				
Property taxes	54,600	54,600	-	(54,600)
Use of money and property	-	-	8,936	8,936
Intergovernmental	-	-	-	-
Other revenues	-	-	-	-
Amount available for appropriations	<u>8,609,756</u>	<u>8,609,756</u>	<u>8,564,092</u>	<u>(45,664)</u>
Charges to appropriations (outflows):				
Community development	<u>55,320</u>	<u>55,320</u>	<u>41,677</u>	<u>13,643</u>
Fund Balances - Ending	<u>\$ 8,554,436</u>	<u>\$ 8,554,436</u>	<u>\$ 8,522,415</u>	<u>\$ (32,021)</u>

(1) Budgeted Fund Balances include only available amounts while Actual Fund Balances include both available and restricted amounts.

CITY OF LA MESA
Required Supplementary Information
Schedules of Changes in Net Pension Liability and Related Ratios
Last Ten Years*

Miscellaneous Plan:

Measurement Period	<u>2013-14</u>
TOTAL PENSION LIABILITY	
Service Cost	\$ 1,725,483
Interest	6,602,641
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(4,351,133)</u>
Net Change in Total Pension Liability	3,976,991
Total Pension Liability - Beginning	89,348,041
Total Pension Liability - Ending (a)	<u>\$ 93,325,032</u>
 PLAN FIDUCIARY NET POSITION	
Contributions - Employer	\$ 2,018,839
Contributions - Employee	793,357
Net Investment Income ¹	10,477,342
Benefit Payments, Including Refunds of Employee Contributions	(4,351,133)
Other Changes in Fiduciary Net Position	-
Net Change in Fiduciary Net Position	8,938,405
Plan Fiduciary Net Position - Beginning	60,856,744
Plan Fiduciary Net Position - Ending (b)	<u>\$ 69,795,149</u>
 Plan Net Position Liability - Ending (a) - (b)	<u>\$ 23,529,883</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.79%
 Covered-Employee Payroll	\$ 9,007,719
 Plan Net Pension Liability as a Percentage of Covered-Employee Payroll	261.22%

¹ Net of administrative expenses.

* Measurement period 2013-14 (fiscal year 2015) was the 1st year of implementation, therefore, only one year is shown.

Notes to Schedule:

Changes in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions: There were no changes in assumptions.

CITY OF LA MESA
Required Supplementary Information
Schedules of Changes in Net Pension Liability and Related Ratios
Last Ten Years*

Safety Plan:

Measurement Period	<u>2013-14</u>
TOTAL PENSION LIABILITY	
Service Cost	\$ 2,511,204
Interest	10,771,035
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(7,575,744)</u>
Net Change in Total Pension Liability	5,706,495
Total Pension Liability - Beginning	<u>146,146,054</u>
Total Pension Liability - Ending (a)	<u>\$ 151,852,549</u>
PLAN FIDUCIARY NET POSITION	
Contributions - Employer	\$ 2,864,566
Contributions - Employee	804,337
Net Investment Income ¹	17,292,426
Benefit Payments, Including Refunds of Employee Contributions	(7,575,744)
Other Changes in Fiduciary Net Position	-
Net Change in Fiduciary Net Position	13,385,585
Plan Fiduciary Net Position - Beginning	<u>100,973,923</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 114,359,508</u>
Plan Net Position Liability - Ending (a) - (b)	<u>\$ 37,493,041</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.31%
Covered-Employee Payroll	\$ 10,957,354
Plan Net Pension Liability as a Percentage of Covered-Employee Payroll	342.17%

¹ Net of administrative expenses.

* Measurement period 2013-14 (fiscal year 2015) was the 1st year of implementation, therefore, only one year is shown.

Notes to Schedule:

Changes in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions: There were no changes in assumptions.

CITY OF LA MESA
Required Supplementary Information
Schedules of Changes in Net Pension Liability and Related Ratios
Last Ten Years*

PARS Retirement Enhancement Plan:

Measurement Period	<u>2013-14</u>
TOTAL PENSION LIABILITY	
Service Cost	\$ 3,000
Interest	171,000
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	-
Changes of Assumptions	-
Benefit Payments, Including Refunds of Employee Contributions	<u>(174,000)</u>
Net Change in Total Pension Liability	-
Total Pension Liability - Beginning	<u>2,720,000</u>
Total Pension Liability - Ending (a)	<u><u>\$ 2,720,000</u></u>
PLAN FIDUCIARY NET POSITION	
Contributions - Employer	\$ 106,000
Contributions - Employee	1,000
Net Investment Income	275,000
Benefit Payments, Including Refunds of Employee Contributions	(174,000)
Administrative Expenses	(22,000)
Other Changes in Fiduciary Net Position	-
Net Change in Fiduciary Net Position	<u>186,000</u>
Plan Fiduciary Net Position - Beginning	<u>2,124,000</u>
Plan Fiduciary Net Position - Ending (b)	<u><u>\$ 2,310,000</u></u>
Plan Net Position Liability - Ending (a) - (b)	<u><u>\$ 410,000</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.93%
Covered-Employee Payroll	\$ 106,000
Plan Net Pension Liability as a Percentage of Covered-Employee Payroll	386.79%

* Measurement period 2013-14 (fiscal year 2015) was the 1st year of implementation, therefore, only one year is shown.

Notes to Schedule:

Changes in Assumptions: There were no changes in assumptions.

**CITY OF LA MESA
 Required Supplementary Information
 Schedules of Plan Contributions
 Last Ten Years***

Miscellaneous Plan:

	Measurement Period 2013-14
Actuarially Determined Contribution	\$ 2,018,839
Contributions in Relation to the Actuarially Determined Contribution	(2,018,839)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll	\$ 9,007,719
Contributions as a Percentage of Covered-Employee Payroll	22.41%

* Measurement period 2013-14 (fiscal year 2015) was the 1st year of implementation, therefore, only one year is shown.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2013-14 were from the June 30, 2011 public agency valuations.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2011 Funding Valuation Report.
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2011 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

**CITY OF LA MESA
 Required Supplementary Information
 Schedules of Plan Contributions
 Last Ten Years***

Safety Plan:

	Measurement Period 2013-14
Actuarially Determined Contribution	\$ 2,864,566
Contributions in Relation to the Actuarially Determined Contribution	(2,864,566)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll	\$ 10,957,354
Contributions as a Percentage of Covered-Employee Payroll	26.14%

* Measurement period 2013-14 (fiscal year 2015) was the 1st year of implementation, therefore, only one year is shown.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2013-14 were from the June 30, 2011 public agency valuations.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2011 Funding Valuation Report.
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2011 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

**CITY OF LA MESA
 Required Supplementary Information
 Schedules of Plan Contributions
 Last Ten Years***

PARS Retirement Enhancement Plan:

	Measurement Period 2013-14
Actuarially Determined Contribution ¹	\$ 106,000
Contributions in Relation to the Actuarially Determined Contribution ²	(106,000)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll	\$ 106,000
Contributions as a Percentage of Covered-Employee Payroll	100.00%

* Measurement period 2013-14 (fiscal year 2015) was the 1st year of implementation, therefore, only one year is shown.

Notes to Schedule:

¹Actuarially Determined Contributions from the employer's financial statements.

²Actual contributions from employer's financial statements.

NON-MAJOR GOVERNMENTAL FUNDS

CITY OF LA MESA
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2015

	SPECIAL REVENUE FUNDS		
	Housing Rehabilitation/ CDBG Administration	Gas Tax	Transportation Improvement
Assets			
Cash and investments	\$ 205,612	\$ 876,637	\$ -
Restricted cash and investments	-	-	11,774
Receivables:			
Accounts	289	-	-
Loans	290,074	-	-
Grants	11,209	-	-
Prepaid items	-	-	-
Total assets	\$ 507,184	\$ 876,637	\$ 11,774
Liabilities			
Accounts payable	\$ 7,728	\$ -	\$ -
Salaries payable	1,681	-	-
Due to other funds	2,017	-	452,079
Total liabilities	11,426	-	452,079
Deferred Inflows of Resources			
Unearned revenue - housing rehab loans	290,074	-	-
Unavailable revenue - grants	-	-	-
Total deferred inflows of resources	290,074	-	-
Fund Balances			
Non-spendable:			
Prepays	-	-	-
Restricted for:			
General government	-	-	-
Public safety	-	-	-
Capital outlays	-	876,637	-
Community services	-	-	-
Community development	205,684	-	-
Debt service	-	-	-
Unassigned	-	-	(440,305)
Total fund balances (deficit)	205,684	876,637	(440,305)
Total liabilities, deferred inflows of resources and fund balances	\$ 507,184	\$ 876,637	\$ 11,774

SPECIAL REVENUE FUNDS

Street Parking	Environmental Services	Community Service Improvement	Public Safety Augmentation	County Housing	Drug Asset Seizure
\$ 338,580	\$ 605,865	\$ 32,809	\$ 177	\$ 531,265	\$ 213,460
-	-	-	-	-	-
3,563	17,292	-	21,431	463	243
-	-	-	-	53,185	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 342,143</u>	<u>\$ 623,157</u>	<u>\$ 32,809</u>	<u>\$ 21,608</u>	<u>\$ 584,913</u>	<u>\$ 213,703</u>
\$ 7,433	\$ 8,656	\$ -	\$ -	\$ -	\$ -
3,710	6,667	-	-	-	-
-	-	-	-	-	-
11,143	15,323	-	-	-	-
-	-	-	-	53,185	-
-	-	-	-	-	-
-	-	-	-	53,185	-
-	-	-	-	-	-
-	607,834	-	-	-	-
-	-	-	21,608	-	213,703
-	-	-	-	-	-
-	-	32,809	-	-	-
331,000	-	-	-	531,728	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>331,000</u>	<u>607,834</u>	<u>32,809</u>	<u>21,608</u>	<u>531,728</u>	<u>213,703</u>
<u>\$ 342,143</u>	<u>\$ 623,157</u>	<u>\$ 32,809</u>	<u>\$ 21,608</u>	<u>\$ 584,913</u>	<u>\$ 213,703</u>

(continued)

CITY OF LA MESA
Combining Balance Sheet
Non-Major Governmental Funds, (continued)
June 30, 2015

	SPECIAL REVENUE FUNDS		
	Supplemental Law Enforcement	Community Service Grants	Public Safety Grants
Assets			
Cash and investments	\$ 43,617	\$ -	\$ -
Restricted cash and investments	-	-	-
Receivables:			
Accounts	28	-	-
Loans	-	-	-
Grants	25,000	142,419	114,539
Prepaid items	-	-	-
Total assets	<u>\$ 68,645</u>	<u>\$ 142,419</u>	<u>\$ 114,539</u>
Liabilities			
Accounts payable	\$ -	\$ 26,845	\$ 7,322
Salaries payable	-	4,544	-
Due to other funds	-	122,433	156,967
Total liabilities	<u>-</u>	<u>153,822</u>	<u>164,289</u>
Deferred Inflows of Resources			
Unearned revenue - housing rehab loans	-	-	-
Unavailable revenue - grants	-	50,898	84,161
Total	<u>-</u>	<u>50,898</u>	<u>84,161</u>
Fund Balances			
Non-spendable:			
Prepays	-	-	-
Restricted for:			
General government	-	-	-
Public safety	68,645	-	-
Capital outlays	-	-	-
Community services	-	-	-
Community development	-	-	-
Debt service	-	-	-
Unassigned	-	(62,301)	(133,911)
Total fund balances (deficit)	<u>68,645</u>	<u>(62,301)</u>	<u>(133,911)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 68,645</u>	<u>\$ 142,419</u>	<u>\$ 114,539</u>

SPECIAL REVENUE FUNDS		DEBT SERVICE FUNDS			CAPITAL PROJECTS FUND
CIP Grants	PEG Fund	2004 Series A General Obligation Bonds	2004 Series B General Obligation Bonds	2006 Certificates of Participation	Public Building
\$ -	\$ 609,158	\$ 1,714,618	\$ -	\$ 65	\$ 1,037,866
-	-	-	-	-	-
-	53,090	8,314	-	-	-
-	-	-	-	-	-
412,617	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 412,617</u>	<u>\$ 662,248</u>	<u>\$ 1,722,932</u>	<u>\$ -</u>	<u>\$ 65</u>	<u>\$ 1,037,866</u>
\$ -	\$ 6,659	\$ 168	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	6,659	168	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	655,589	-	-	-	-
-	-	-	-	-	-
412,617	-	-	-	-	1,037,866
-	-	-	-	-	-
-	-	1,722,764	-	65	-
-	-	-	-	-	-
<u>412,617</u>	<u>655,589</u>	<u>1,722,764</u>	<u>-</u>	<u>65</u>	<u>1,037,866</u>
<u>\$ 412,617</u>	<u>\$ 662,248</u>	<u>\$ 1,722,932</u>	<u>\$ -</u>	<u>\$ 65</u>	<u>\$ 1,037,866</u>

(continued)

CITY OF LA MESA
Combining Balance Sheet
Non-Major Governmental Funds, (continued)
June 30, 2015

	CAPITAL PROJECTS FUNDS		
	Storm Drains	Parks and Recreation	Civic Center
Assets			
Cash and investments	\$ 167,748	\$ 763,338	\$ 92,599
Restricted cash and investments	-	38,680	-
Receivables:			
Accounts	-	53	-
Loans	-	-	-
Grants	6,829	3,321	-
Prepaid items	-	8,942	-
Total assets	<u>\$ 174,577</u>	<u>\$ 814,334</u>	<u>\$ 92,599</u>
Liabilities			
Accounts payable	\$ 6,829	\$ 4,608	\$ -
Salaries payable	-	-	-
Due to other funds	-	-	-
Total liabilities	<u>6,829</u>	<u>4,608</u>	<u>-</u>
Deferred Inflows of Resources			
Unearned revenue - housing rehab loans	-	-	-
Unavailable revenue - grants	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances			
Non-spendable:			
Prepays	-	8,942	-
Restricted for:			
General government	-	-	-
Public safety	-	-	-
Capital outlays	167,748	800,784	92,599
Community services	-	-	-
Community development	-	-	-
Debt service	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>167,748</u>	<u>809,726</u>	<u>92,599</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 174,577</u>	<u>\$ 814,334</u>	<u>\$ 92,599</u>

CAPITAL PROJECTS FUNDS		
Misc Capital Improvement	Capital Asset Management Fund	Total Non-Major Governmental Funds
\$ 527,254	\$ 330,477	\$ 8,091,145
-	-	50,454
-	-	104,766
-	-	343,259
-	-	715,934
-	-	8,942
<u>\$ 527,254</u>	<u>\$ 330,477</u>	<u>\$ 9,314,500</u>
\$ -	\$ -	\$ 76,248
-	-	16,602
-	-	733,496
-	-	826,346
-	-	343,259
-	-	135,059
-	-	478,318
-	-	8,942
-	-	1,263,423
-	-	303,956
527,254	330,477	4,245,982
-	-	32,809
-	-	1,068,412
-	-	1,722,829
-	-	(636,517)
<u>527,254</u>	<u>330,477</u>	<u>8,009,836</u>
<u>\$ 527,254</u>	<u>\$ 330,477</u>	<u>\$ 9,314,500</u>

(concluded)

CITY OF LA MESA
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2015

	SPECIAL REVENUE FUNDS		
	Housing Rehabilitation/ CDBG Administration	Gas Tax	Transportation Improvement
Revenues:			
Property taxes	\$ -	\$ -	\$ -
Other taxes	-	-	-
Licenses and permits	-	-	-
Fines and forfeitures	-	-	-
Use of money and property	1,720	-	-
Intergovernmental	99,461	1,496,234	1,990,589
Charges for services	-	-	-
Other revenues	7,500	-	-
Total revenues	108,681	1,496,234	1,990,589
Expenditures:			
Current:			
General government	-	-	-
Police	-	-	-
Fire	-	-	-
Public works	-	-	7,400
Community development	105,695	-	-
Community services	-	-	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	566,488
Interest and fiscal charges	-	-	16,701
Total expenditures	105,695	-	590,589
Excess (deficiency) of revenues over (under) expenditures	2,986	1,496,234	1,400,000
Other financing sources (uses):			
Transfers in	-	965,666	-
Transfers out	-	(1,761,603)	(1,741,080)
Total other financing sources (uses)	-	(795,937)	(1,741,080)
Net change in fund balances	2,986	700,297	(341,080)
Fund balances (deficit), beginning of year	202,698	176,340	(99,225)
Fund balances (deficit), end of year	<u>\$ 205,684</u>	<u>\$ 876,637</u>	<u>\$ (440,305)</u>

SPECIAL REVENUE FUNDS

Street Parking	Environmental Services	Community Service Improvement	Public Safety Augmentation	County Housing	Drug Asset Seizure
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	285,790	-	-
-	-	-	-	-	-
61,758	-	-	-	-	97,294
145,885	5,203	-	1,102	2,754	1,448
-	-	-	-	-	-
-	307,157	-	-	-	-
-	-	11,815	-	300,012	-
<u>207,643</u>	<u>312,360</u>	<u>11,815</u>	<u>286,892</u>	<u>302,766</u>	<u>98,742</u>
-	270,965	-	-	-	-
99,327	-	-	-	-	18,586
-	-	-	-	-	-
-	-	-	-	-	-
63,126	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>162,453</u>	<u>270,965</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,586</u>
<u>45,190</u>	<u>41,395</u>	<u>11,815</u>	<u>286,892</u>	<u>302,766</u>	<u>80,156</u>
-	-	-	-	-	-
(95,300)	(69,700)	-	(286,590)	-	(41,000)
<u>(95,300)</u>	<u>(69,700)</u>	<u>-</u>	<u>(286,590)</u>	<u>-</u>	<u>(41,000)</u>
(50,110)	(28,305)	11,815	302	302,766	39,156
<u>381,110</u>	<u>636,139</u>	<u>20,994</u>	<u>21,306</u>	<u>228,962</u>	<u>174,547</u>
<u>\$ 331,000</u>	<u>\$ 607,834</u>	<u>\$ 32,809</u>	<u>\$ 21,608</u>	<u>\$ 531,728</u>	<u>\$ 213,703</u>

(continued)

CITY OF LA MESA
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Non-Major Governmental Funds, (continued)
For the Year Ended June 30, 2015

	SPECIAL REVENUE FUNDS		
	Supplemental Law Enforcement	Community Service Grants	Public Safety Grants
Revenues:			
Property taxes	\$ -	\$ -	\$ -
Other taxes	-	-	-
Licenses and permits	-	-	-
Fines and forfeitures	-	-	-
Use of money and property	166	-	-
Intergovernmental	106,230	302,207	179,033
Charges for services	-	2,730	-
Other revenues	-	42,408	-
Total revenues	106,396	347,345	179,033
Expenditures:			
Current:			
General government	-	-	-
Police	62,694	-	238,561
Fire	-	-	59,651
Public works	-	-	-
Community development	-	-	-
Community services	-	375,971	-
Capital outlay	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	62,694	375,971	298,212
Excess (deficiency) of revenues over (under) expenditures	43,702	(28,626)	(119,179)
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	43,702	(28,626)	(119,179)
Fund balances (deficit), beginning of year	24,943	(33,675)	(14,732)
Fund balances (deficit), end of year	\$ 68,645	\$ (62,301)	\$ (133,911)

SPECIAL REVENUE FUNDS		DEBT SERVICE FUNDS			CAPITAL PROJECTS FUND
CIP Grants	PEG Fund	2004 Series A General Obligation Bonds	2004 Series B General Obligation Bonds	2006 Certificates of Participation	Public Building
\$ -	\$ -	\$ 1,418,107	\$ 117,256	\$ -	\$ -
-	206,285	-	-	-	-
-	-	-	-	-	-
-	-	9,353	-	-	41,209
1,325,791	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	50,000
<u>1,325,791</u>	<u>206,285</u>	<u>1,427,460</u>	<u>117,256</u>	<u>-</u>	<u>91,209</u>
-	64,571	4,247	2,950	2,000	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	56,324
-	-	215,000	115,000	190,000	-
-	-	892,531	237,375	204,669	-
<u>-</u>	<u>64,571</u>	<u>1,111,778</u>	<u>355,325</u>	<u>396,669</u>	<u>56,324</u>
<u>1,325,791</u>	<u>141,714</u>	<u>315,682</u>	<u>(238,069)</u>	<u>(396,669)</u>	<u>34,885</u>
-	-	-	-	392,000	22,760
<u>(913,927)</u>	<u>(4,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,806)</u>
<u>(913,927)</u>	<u>(4,000)</u>	<u>-</u>	<u>-</u>	<u>392,000</u>	<u>(8,046)</u>
411,864	137,714	315,682	(238,069)	(4,669)	26,839
753	517,875	1,407,082	238,069	4,734	1,011,027
<u>\$ 412,617</u>	<u>\$ 655,589</u>	<u>\$ 1,722,764</u>	<u>\$ -</u>	<u>\$ 65</u>	<u>\$ 1,037,866</u>

(continued)

CITY OF LA MESA
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Non-Major Governmental Funds, (continued)
For the Year Ended June 30, 2015

	CAPITAL PROJECTS FUNDS		
	Storm Drains	Parks and Recreation	Civic Center
Revenues:			
Property taxes	\$ -	\$ -	\$ -
Other taxes	-	-	-
Licenses and permits	-	284,729	-
Fines and forfeitures	-	-	-
Use of money and property	-	11,469	-
Intergovernmental	295,460	84,745	-
Charges for services	-	-	-
Other revenues	-	-	-
Total revenues	<u>295,460</u>	<u>380,943</u>	<u>-</u>
Expenditures:			
Current:			
General government	-	-	-
Police	-	-	-
Fire	-	-	-
Public works	-	-	-
Community development	-	-	-
Community services	-	-	-
Capital outlay	553,087	100,878	-
Debt service:			
Principal retirement	-	99,054	-
Interest and fiscal charges	-	8,254	-
Total expenditures	<u>553,087</u>	<u>208,186</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(257,627)</u>	<u>172,757</u>	<u>-</u>
Other financing sources (uses):			
Transfers in	257,627	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>257,627</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	172,757	-
Fund balances (deficit), beginning of year	<u>167,748</u>	<u>636,969</u>	<u>92,599</u>
Fund balances (deficit), end of year	<u>\$ 167,748</u>	<u>\$ 809,726</u>	<u>\$ 92,599</u>

CAPITAL PROJECTS FUNDS		
Misc Capital Improvement	Capital Asset Management Plan	Total Non-Major Governmental Funds
\$ -	\$ -	\$ 1,535,363
-	-	492,075
-	-	284,729
-	-	159,052
-	-	220,309
12,010	-	5,891,760
-	-	309,887
-	-	411,735
12,010	-	9,304,910
-	-	344,733
-	-	419,168
-	-	59,651
-	-	7,400
-	-	168,821
-	-	375,971
-	-	710,289
-	-	1,185,542
-	-	1,359,530
-	-	4,631,105
12,010	-	4,673,805
-	91,346	1,729,399
-	-	(4,944,006)
-	91,346	(3,214,607)
12,010	91,346	1,459,198
515,244	239,131	6,550,638
\$ 527,254	\$ 330,477	\$ 8,009,836
		(concluded)

INTERNAL SERVICE FUNDS

CITY OF LA MESA
Combining Statement of Net Position
Internal Service Funds
June 30, 2015

	Employee Benefits	Workers' Compensation	Equipment Replacement	Liability Risk Financing	Total
Assets					
Current assets:					
Cash and investments	\$ 558,325	\$ 6,224,113	\$ 2,091,358	\$ 3,555,467	\$ 12,429,263
Accounts receivable, net	1,265	8,760	2,634	61,273	73,932
Total current assets	<u>559,590</u>	<u>6,232,873</u>	<u>2,093,992</u>	<u>3,616,740</u>	<u>12,503,195</u>
Noncurrent assets:					
Restricted cash and investments	9,716	46,438	-	25,384	81,538
Capital assets:					
Depreciable assets, net	-	-	4,161,325	-	4,161,325
Total noncurrent assets	<u>9,716</u>	<u>46,438</u>	<u>4,161,325</u>	<u>25,384</u>	<u>4,242,863</u>
Total assets	<u>569,306</u>	<u>6,279,311</u>	<u>6,255,317</u>	<u>3,642,124</u>	<u>16,746,058</u>
Liabilities					
Current liabilities:					
Accounts payable	37,053	11,480	182,582	11,492	242,607
Salaries and benefits payable	253,635	510	-	510	254,655
Interest payable	-	-	6,887	-	6,887
Lease payable	-	-	186,499	-	186,499
Total current liabilities	<u>290,688</u>	<u>11,990</u>	<u>375,968</u>	<u>12,002</u>	<u>690,648</u>
Noncurrent liabilities:					
Lease payable	-	-	929,378	-	929,378
Claims payable	-	3,111,290	-	540,528	3,651,818
Total noncurrent liabilities	<u>-</u>	<u>3,111,290</u>	<u>929,378</u>	<u>540,528</u>	<u>4,581,196</u>
Total liabilities	<u>290,688</u>	<u>3,123,280</u>	<u>1,305,346</u>	<u>552,530</u>	<u>5,271,844</u>
Net Position					
Net investment in capital assets	-	-	3,045,448	-	3,045,448
Restricted	9,716	46,438	-	25,384	81,538
Unrestricted	268,902	3,109,593	1,904,523	3,064,210	8,347,228
Total net position	<u>\$ 278,618</u>	<u>\$ 3,156,031</u>	<u>\$ 4,949,971</u>	<u>\$ 3,089,594</u>	<u>\$ 11,474,214</u>

CITY OF LA MESA
Combining Statement of Activities, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2015

	Employee Benefits	Workers' Compensation	Equipment Replacement	Liability Risk Financing	Total
Operating Revenues:					
Charges for services	\$ 3,370,562	\$ 1,396,534	\$ 1,162,550	\$ -	\$ 5,929,646
Other operating revenues	208,484	77,354	26,963	240,078	552,879
Total operating revenues	<u>3,579,046</u>	<u>1,473,888</u>	<u>1,189,513</u>	<u>240,078</u>	<u>6,482,525</u>
Operating Expenses:					
Salaries and payroll	-	92,112	-	92,111	184,223
Professional services	3,703,821	1,149,862	576,412	178,778	5,608,873
Supplies and materials	-	3,597	-	1,102	4,699
Insurance premiums and settlements	-	660,938	-	951,077	1,612,015
Depreciation	-	-	588,751	-	588,751
Total operating expenses	<u>3,703,821</u>	<u>1,906,509</u>	<u>1,165,163</u>	<u>1,223,068</u>	<u>7,998,561</u>
Operating income (loss)	<u>(124,775)</u>	<u>(432,621)</u>	<u>24,350</u>	<u>(982,990)</u>	<u>(1,516,036)</u>
Nonoperating Revenues:					
Interest income	7,530	52,161	15,687	25,579	100,957
Total nonoperating revenues	<u>7,530</u>	<u>52,161</u>	<u>15,687</u>	<u>25,579</u>	<u>100,957</u>
Operating income (loss) before transfers	<u>(117,245)</u>	<u>(380,460)</u>	<u>40,037</u>	<u>(957,411)</u>	<u>(1,415,079)</u>
Transfers:					
Transfers in	-	-	275,800	1,263,300	1,539,100
Transfers out	-	-	(28,384)	-	(28,384)
Total transfers	<u>-</u>	<u>-</u>	<u>247,416</u>	<u>1,263,300</u>	<u>1,510,716</u>
Change in net position	(117,245)	(380,460)	287,453	305,889	95,637
Net position, beginning of year, as restated	<u>395,863</u>	<u>3,536,491</u>	<u>4,662,518</u>	<u>2,783,705</u>	<u>11,378,577</u>
Net position, end of year	<u>\$ 278,618</u>	<u>\$ 3,156,031</u>	<u>\$ 4,949,971</u>	<u>\$ 3,089,594</u>	<u>\$ 11,474,214</u>

CITY OF LA MESA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2015

	Employee Benefits	Workers' Compensation	Equipment Replacement	Liability Risk Financing	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers/other funds	\$3,370,483	\$ 1,704,788	\$ 1,162,236	\$ -	\$ 6,237,507
Cash payments to suppliers for goods and services	-	(1,144,421)	(576,412)	(178,387)	(1,899,220)
Cash payments to employees for services	9,357	(94,085)	54,385	(94,084)	(124,427)
Insurance premiums and settlements	(3,666,768)	(282,260)	-	(735,006)	(4,684,034)
Other operating revenues	208,484	77,354	26,963	293,887	606,688
Net Cash Provided (Used) by Operating Activities	<u>(78,444)</u>	<u>261,376</u>	<u>667,172</u>	<u>(713,590)</u>	<u>136,514</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	-	-	275,800	1,263,300	1,539,100
Transfers out	-	-	(28,384)	-	(28,384)
Net Cash Provided by Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>247,416</u>	<u>1,263,300</u>	<u>1,510,716</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	-	-	(492,791)	-	(492,791)
Payments on notes/leases payable	-	-	(179,053)	-	(179,053)
Net Cash (Used) for Capital and Related Financing Activities	<u>-</u>	<u>-</u>	<u>(671,844)</u>	<u>-</u>	<u>(671,844)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment income	7,530	52,161	15,687	25,579	100,957
Net Cash Provided by Investing Activities	<u>7,530</u>	<u>52,161</u>	<u>15,687</u>	<u>25,579</u>	<u>100,957</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(70,914)	313,537	258,431	575,289	1,076,343
Cash and Cash Equivalents - beginning of the year	<u>638,955</u>	<u>5,957,014</u>	<u>1,832,927</u>	<u>3,005,562</u>	<u>11,434,458</u>
Cash and Cash Equivalents - end of the year	<u>\$ 568,041</u>	<u>\$ 6,270,551</u>	<u>\$ 2,091,358</u>	<u>\$ 3,580,851</u>	<u>\$ 12,510,801</u>
RECONCILIATION TO STATEMENT OF NET POSITION					
Current assets:					
Cash and cash equivalents - current	558,325	6,224,113	2,091,358	3,555,467	12,429,263
Cash and cash equivalents - restricted	9,716	46,438	-	25,384	81,538
Total cash and cash equivalents	<u>\$ 568,041</u>	<u>\$ 6,270,551</u>	<u>\$ 2,091,358</u>	<u>\$ 3,580,851</u>	<u>\$ 12,510,801</u>
Reconciliation of operating income (loss) to net cash provided (used)					
by operating activities:					
Operating income (loss)	\$ (124,775)	\$ (432,621)	\$ 24,350	\$ (982,990)	\$ (1,516,036)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	-	-	588,751	-	588,751
Change in assets and liabilities:					
Accounts receivable	(79)	308,254	(314)	53,809	361,670
Accounts payable	37,053	9,038	54,385	1,493	101,969
Claims payable	-	378,678	-	216,071	594,749
Salaries and benefits payable	9,357	(1,973)	-	(1,973)	5,411
Net Cash Provided (Used) by Operating Activities	<u>\$ (78,444)</u>	<u>\$ 261,376</u>	<u>\$ 667,172</u>	<u>\$ (713,590)</u>	<u>\$ 136,514</u>

FIDUCIARY FUNDS

CITY OF LA MESA
Combining Statement of Fiduciary Net Position – Private Purpose Trust Funds
Fiduciary Funds
June 30, 2015

	Successor Agency Fund	Retirement Obligation Fund	Total Successor Agency
Assets			
Cash and investments	\$ -	\$ 1,287,416	\$ 1,287,416
Restricted cash and investments	522,450	-	522,450
Capital assets not being depreciated:			
Land	160,000	-	160,000
Total assets	682,450	1,287,416	1,969,866
Liabilities			
Advance from other governments	5,300,000	1,287,416	6,587,416
Long term liabilities:			
Due within one year	315,000	-	315,000
Due in more than one year	3,260,000	-	3,260,000
Total liabilities	8,875,000	1,287,416	10,162,416
Net Position (Deficit)			
Held in trust for successor agency and other purposes	\$ (8,192,550)	\$ -	\$ (8,192,550)

CITY OF LA MESA
Combining Statement of Changes in Fiduciary Net Position – Private Purpose Trust Funds
Fiduciary Funds
For the Year Ended June 30, 2015

	<u>Successor Agency Fund</u>
Additions	
Other revenue:	
Other	<u>\$ 1,977,113</u>
Total additions	<u>1,977,113</u>
Deductions	
Administrative expenses	1,474,652
Debt Service:	
Interest	<u>219,819</u>
Total deductions	<u>1,694,471</u>
Change in net position	282,642
Net position (Deficit), as of beginning of the year	<u>(8,475,192)</u>
Net position (Deficit), as of end of the year	<u><u>\$ (8,192,550)</u></u>

ORDINANCE NO. 2015-_____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LA MESA RE-AFFIRMING AND CONFIRMING THAT THE CULTIVATION OF MARIJUANA AND ANY RELATED USES IS PROHIBITED PURSUANT TO THE PERMISSIVE ZONING CODE ENACTED IN THE LA MESA MUNICIPAL CODE; AND, THEREFORE, THE STATE IS PROHIBITED FROM ISSUING A LICENSE FOR THE CULTIVATION OF MEDICAL MARIJUANA AND ANY RELATED USES IN THE CITY OF LA MESA

WHEREAS, pursuant to Article XI Section 7 of the California Constitution, a city may make and enforce within its limits all police, sanitary and other ordinances that are not in conflict with State law;

WHEREAS, in reliance on said authority, the City of La Mesa ("City") enacted a permissive zoning code as promulgated in La Mesa Municipal Code ("LMMC") Section 24.01.060;

WHEREAS, a permissive zoning code permits only those land uses expressly contained in a list of uses authorized in a zoning classification, and thereby prohibits all uses which are not listed;

WHEREAS, the City's zoning code does not expressly list marijuana-related uses, medical marijuana-related land uses, or medical marijuana businesses (including non-profit) among the permitted uses, and therefore, such uses have been and continue to be prohibited in the City for police power reasons;

WHEREAS, the City has recognized historically that Title 24 of the LMMC operates as a permissive zoning code and that marijuana-related uses, medical marijuana-related land uses, and medical marijuana businesses (including non-profit) (none of which are listed as permitted uses) are prohibited;

WHEREAS, the City has been uniform and consistent in its interpretation and application of such permissive zoning code and the resulting prohibition of marijuana-related uses, medical marijuana-related land uses, and medical marijuana businesses (including non-profit);

WHEREAS, the City has relied upon its permissive zoning code to prohibit marijuana related uses, medical marijuana-related land uses and medical marijuana businesses (including non-profit) and has utilized such authority for purposes of seeking closure of illegal medical marijuana dispensaries in Superior Court;

WHEREAS, in the Impartial Analysis regarding the failed 2012 Proposition M (an attempt to permit, regulate and tax medical marijuana dispensaries in La Mesa), the City Attorney reported that the LMMC prohibits medical marijuana dispensaries relying on Title 24 of the LMMC;

WHEREAS, permissive zoning codes, not expressly listing medical marijuana dispensaries and related uses as permitted uses and thereby prohibiting such uses, such as the permissive zoning code effective in the City, have been upheld by the California courts, including *City of Corona v. Naulls*, (2008) 166 Cal.App. 4th 418; *City of Claremont v Kruse*, (2009) 177 Cal.App. 4th 1153; and *City of Monterey v. Carnnshimba*, (2013) 215 Cal.App.4th 1068;

WHEREAS, this Ordinance is intended to clarify existing law and does not expand or reduce the type of land uses or uses that may be established in the City;

WHEREAS, the City's application of its permissive zoning code, including the present prohibition of medical marijuana related land uses (because such uses and businesses are not expressly listed as permitted uses), does not conflict with any State law as noted by the following:

1. In 2004, the state of California adopted Senate Bill 420, the Medical Marijuana Program Act ("MMPA"), codified as Section 11362.7, et seq., of the Health & Safety Code, which clarifies that the Compassionate Use Act ("CUA") allows local jurisdictions to adopt and enforce rules consistent with the MMPA.
2. The CUA expressly anticipates the enactment of additional local legislation by providing in Health & Safety Code Section 11362.5: "Nothing in this section shall be construed to supersede legislation prohibiting persons from engaging in conduct that endangers others, nor to condone the diversion of marijuana for nonmedical purposes."
3. The MMPA authorizes local regulation by providing in Health & Safety Code Section 11362.83: "Nothing in this article shall prevent a city...from adopting and enforcing ...local ordinances that regulate the location, operation, or establishment of a medical marijuana cooperative or collective... civil and criminal enforcement of local ordinances; [and] other laws consistent with this article."
4. The California Supreme Court, in *City of Riverside v. Inland Empire Patients Health and Wellness Center, Inc.*, 56 Cal. 4th 729 (2013) held that "neither the CUA nor the MMPA expressly or impliedly preempts the authority of California cities and counties, under their traditional land use and police powers, to allow, restrict, limit or entirely exclude facilities that distribute medical marijuana."
5. The Medical Marijuana Regulation and Safety Act in Section 19315(a) provides: "Nothing in this chapter shall be interpreted to supersede or limit existing local authority for law enforcement activity, enforcement of local zoning requirements or local ordinances...."

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LA MESA DOES ORDAIN AS FOLLOWS:

SECTION 1.

1. The City Council finds and determines that the above recitals are true and accurate and the same is hereby formally ordained in this Ordinance.
2. Pursuant to California Health and Safety Code Section 113362.777(b)(3), the California Department of Food and Agriculture may not issue a State license to cultivate medical marijuana or any related uses within a city that prohibits cultivation and any related uses under principles of permissive zoning (as noted above).
3. The City Council re-affirms and confirms that the zoning code contained in the LMMC is adopted and operates under the principles of permissive zoning.

4. The City Council finds and determines that the cultivation of marijuana and any related uses is not expressly listed as a permitted use in the zoning code enacted in the LMMC; and, consequently, the Council re-affirms and confirms that the cultivation of marijuana (medical or otherwise) is prohibited in the City.
5. Therefore, the City Council finds and determines that the State is prohibited from issuing a license for the cultivation of marijuana (medical or otherwise) and any related uses in the City.

SECTION 2. Upon adoption, this Ordinance shall remain uncodified as it does not amend any language in the LMMC; rather, instead, re-affirms and confirms the regulatory import of specified regulations.

SECTION 3: This Ordinance shall take effect and be in force thirty (30) days after its passage and the City Clerk of the City of La Mesa is hereby authorized to use summary publication procedures pursuant to Government Code Section 36933 utilizing the *East County Californian*, a newspaper of general circulation published in the City of La Mesa.

INTRODUCED AND FIRST READ at a Regular meeting of the City Council of the City of La Mesa, California, held the 8th day of December 2015, and thereafter PASSED AND ADOPTED at a Regular meeting of said City Council held the ____ day of _____ 2016, by the following vote, to wit:

AYES:

NOES:

ABSENT:

CERTIFICATE OF CITY CLERK

I, MARY J. KENNEDY, City Clerk of the City of La Mesa, California, do hereby certify the foregoing to be a true and exact copy of Ordinance No. 2015-_____, duly passed and adopted by the City Council of said City on the date and by the vote therein recited.

MARY J. KENNEDY, CMC, City Clerk

(SEAL OF CITY)

ORDINANCE NO. 2015-_____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LA MESA ADDING CHAPTER 10.39 TO THE LA MESA MUNICIPAL CODE FOR THE PURPOSE OF EXPRESSLY PROHIBITING MOBILE DISPENSING AND DELIVERY OF MARIJUANA

WHEREAS, this Ordinance is enacted pursuant to the powers vested in the City of La Mesa ("City") pursuant to Article XI, Sections 5 and 7 of the California Constitution;

WHEREAS, this Ordinance is consistent with the provisions of Article 9 of Chapter 3.5 of the California Business and Professions Code as enacted by Assembly Bill No. 266 (Chapter 689, Statutes of 2015);

WHEREAS, this City currently prohibits marijuana-related land uses within the City, including medical marijuana businesses and related uses (via permissive zoning);

WHEREAS, AB 266 provides that deliveries of marijuana (as defined and otherwise qualified) can only be made in a city that does not expressly prohibit such activity by local ordinance; and

WHEREAS, this City intends to adopt this Ordinance for the purpose of expressly prohibiting mobile marijuana dispensaries and the delivery of medical marijuana within the City.

The City Council of the City of La Mesa, California, does ordain that the La Mesa Municipal Code is hereby amended as follows:

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LA MESA, CALIFORNIA, DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. A new Chapter 10.39 is hereby added to the La Mesa Municipal Code to read as follows:

"Chapter 10.39

MOBILE DISPENSING AND DELIVERY OF MARIJUANA

- Section 10.39.010 Definitions.
- Section 10.39.020 Mobile Dispensaries – Prohibited.
- Section 10.39.030 Delivery of Marijuana – Prohibited.
- Section 10.39.040 Carriage of Marijuana.
- Section 10.39.050 Penalty.
- Section 10.39.060 Severability.

Section 10.39.010 – Definitions.

Whenever the following words or terms are used in this Chapter, they shall have the meaning ascribed below:

'Delivery' means the transport or transfer, by any means, of marijuana from any marijuana business, regardless of where the marijuana business is located, to any person or place within the City of La Mesa except for Statutory Delivery.

'Marijuana' means any or all parts of the plant *Cannabis sativa* Linnaeus, *Cannabis indica*, or *Cannabis ruderalis*, whether growing or not; the seeds thereof; the resin or separated resin, whether crude or purified, extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds or resin, including marijuana infused in foodstuff or any other ingestible or consumable product containing marijuana. The term 'marijuana' shall also include 'medical marijuana' as such phrase is used in the August 2008 Guidelines for the Security and Non-Diversion of Marijuana Grown for Medical Use, as may be amended from time to time, that was issued by the office of the Attorney General for the state of California or subject to the provisions of California Health and Safety Code Section 11362.5 (Compassionate Use Act of 1996) or California Health and Safety Code Sections 11362.7 to 11362.83 (Medical Marijuana Program Act).

'Marijuana Business' means a medical marijuana business (whether undertaken for profit or not-for-profit), dispensary, association, collective, cooperative, provider, person, or similar individual, entity or organization which sells (whether wholesale or retail), provides, conveys, distributes, delivers, dispatches, cultivates, stores, processes or prepares medical marijuana (or otherwise engages in commercial cannabis activity).

'Mobile Dispensary' means (i) any conveyance, powered or unpowered, licensed or unlicensed, manned or unmanned, from which marijuana is offered for viewing; sampling; concurrent or subsequent sale; or is given away; provided; distributed or dispensed; and which (ii) is owned, leased, operated, used, maintained or controlled by a medical marijuana business.

'Operating a Mobile Dispensary' means parking, stopping, idling, or standing on public or private property for the purpose of permitting marijuana to be offered for viewing; sampling; concurrent or subsequent sale; or to be given away; provided; distributed or dispensed.

'Qualified Patient', 'Primary Caregiver' and 'Person with an Identification Card' have the same meanings as those terms are defined in Section 11362.7 of the California Health and Safety Code.

'Statutory Delivery' means delivery as defined in Section 19300.5(m) of the California Business and Professions Code as enacted by Assembly Bill No. 266 (Chapter 689, Statutes of 2015).

Section 10.39.020 - Mobile Dispensaries – Prohibited.

A. Operating a mobile dispensary, or engaging in any action in furtherance of that purpose, shall be prohibited in the City of La Mesa.

B. In addition to the penalties set forth in this Chapter, operation of any mobile dispensary within the City in violation of the provisions of this Chapter is hereby declared a public nuisance and shall be subject to abatement pursuant to all available remedies.

Section 10.39.030 - Delivery of Marijuana – Prohibited.

A. Statutory delivery, or engaging in any action in furtherance of that purpose, shall be prohibited in the City of La Mesa.

B. Delivery, or engaging in any action in furtherance of that purpose, shall be prohibited in the City of La Mesa; provided, however, that this subsection B shall not apply to (i) a primary caregiver who delivers marijuana for the personal medical purposes of that primary caregiver's qualified patient upon the written or oral recommendation or approval of a physician, or (ii) to a person with an identification card who is transporting marijuana for his or her personal use only.

Section 10.39.040 - Carriage of Marijuana.

Nothing in this Chapter shall prohibit the carriage of medical marijuana or its derivative products on public roads in the City of La Mesa by a licensee pursuant to Section 19340(f) of the California Business and Professions Code.

Section 10.39.050 - Penalty

A. Any person who violates the provisions of this Chapter shall be guilty of a misdemeanor. There shall be a separate misdemeanor penalty for each separate and distinct incident for which a violation occurs.

B. Notwithstanding the foregoing, the City may also impose administrative penalties pursuant to Chapter 1.07 of this Code and seek injunctive relief and civil penalties in the superior court for violations of this Chapter. The remedies provided for in this Chapter shall be cumulative and not exclusive of any other remedies available under any other federal, state, or local laws.

Section 10.39.060 - Severability

If any section, sentence of clause or this Chapter is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Chapter."

SECTION 2: This Ordinance shall take effect and be in force thirty (30) days after its passage and the City Clerk of the City of La Mesa is hereby authorized to use summary publication procedures pursuant to Government Code Section 36933 utilizing the *East County Californian*, a newspaper of general circulation published in the City of La Mesa.

INTRODUCED AND READ at a Regular meeting of the City Council of the City of La Mesa, California, held the 8th day of December 2015, and thereafter PASSED AND ADOPTED at a Regular meeting of said City Council held the ____ day of _____ 2016, by the following vote, to wit:

AYES:

NOES:

ABSENT:

APPROVED:

MARK ARAPOSTATHIS, Mayor

ATTEST:

MARY J. KENNEDY, CMC, City Clerk

CERTIFICATE OF CITY CLERK

I, MARY J. KENNEDY, City Clerk of the City of La Mesa, California, do hereby certify the foregoing to be a true and correct copy of Ordinance No. 2015-_____, duly passed and adopted by the City Council of said City on the date and by the vote therein recited and that the same has been duly published according to law.

MARY J. KENNEDY, CMC, City Clerk

(SEAL OF CITY)



CITY OF
LA MESA
JEWEL of the HILLS

INTEROFFICE MEMO

DATE: January 12, 2016

TO: Mayor and Members of the City Council *DK*

FROM: Mary Kennedy, CMC, City Clerk *mmk*
Glenn Sabine, City Attorney

VIA: David Witt, City Manager

SUBJECT: Consideration of Appointing and/or Reappointing Councilmembers to Outside Boards, Commissions and Committees

According to Council policy adopted in December 2011, the Council shall review and consider outside appointments during the first regularly scheduled City Council meeting in January of each year.

Attached is a list of Council assignments to outside boards, commissions and committees from 2015. The Council shall make the appointments and/or reappointments to the Metropolitan Transit System (MTS) and the San Diego Association of Governments (SANDAG). The Mayor shall make all other appointments and/or reappointments with the approval of the City Council.

At the present time the Fair Political Practices Commission (FPPC) authorizes councilmembers to participate and vote on their appointments to outside boards and commissions irrespective of the fact that such appointments may result in income to the councilmember. In order to exercise such authority, a Form 806, as provided by the FPPC, must be completed and made available on the City's website. Following the appointments and/or reappointments at the January 12th Council meeting, a Form 806 will be prepared and posted.

Staff recommends the Mayor and Council appoint and/or reappoint Councilmembers to the outside boards, commissions and committees.

Attachment

COUNCIL ASSIGNMENTS TO OUTSIDE BOARDS, COMMISSIONS AND COMMITTEES
AND TO COUNCIL STANDING COMMITTEES

Board, Commission or Committee	2016 Meeting Schedule	Current Representatives	Date of Appointment	Appointed By	Compensation
East County Economic Development Council	Third Wednesday of each month at 7:30 a.m.	Councilmember McWhirter	1/13/2015	Council	No Compensation
Harry Griffen Park - JPA Chair	Meets annually in May	Councilmember Alessio	1/13/2015*	Mayor w/Council Approval	No Compensation
Heartland Communications Facility (Primary)	Quarterly on the fourth Thursday at 4:00 p.m.	Councilmember Sterling	1/13/2015*	Mayor w/Council Approval	\$100/meeting
Heartland Communications Facility (Alternate)	Quarterly on the fourth Thursday at 4:00 p.m.	Councilmember McWhirter	1/13/2015	Mayor w/Council Approval	\$100/meeting
Heartland Fire Training Facility Authority (Primary)	Quarterly on the second Thursday at 4:00 p.m.	Councilmember Sterling	1/13/2015*	Mayor w/Council Approval	\$100/meeting
Heartland Fire Training Facility Authority (Alternate)	Quarterly on the second Thursday at 4:00 p.m.	Councilmember McWhirter	1/13/2015	Mayor w/Council Approval	\$100/meeting
La Mesa Spring Valley School District/City of La Mesa Joint Steering Committee (Primary)	Meets on an as needed basis	Mayor Arapostathis and Councilmember Baber	1/13/2015* 1/13/2015	Council	No Compensation
La Mesa Spring Valley School District/City of La Mesa Joint Steering Committee (Alternate)	Meets on an as needed basis	Councilmember Alessio	1/13/2015*	Council	No Compensation
Metro Wastewater JPA/Commission (Primary)	First Thursday of each month at noon	Councilmember Baber	1/13/2015	Mayor w/Council Approval	\$150/meeting (3 mtgs./mo. max)

COUNCIL ASSIGNMENTS TO OUTSIDE BOARDS, COMMISSIONS AND COMMITTEES
AND TO COUNCIL STANDING COMMITTEES

Board, Commission or Committee	2016 Meeting Schedule	Current Representatives	Date of Appointment	Appointed By	Compensation
Metro Wastewater JPA/Commission (Alternate)	First Thursday of each month at noon	Councilmember Alessio	1/13/2015	Mayor w/Council Approval	\$150/meeting (3 mtgs./mo. max)
Metropolitan Transit System (Primary)	Once a month on various Thursdays at 9:00 a.m.	Councilmember McWhirter	1/13/2015	Council	\$150/meeting
Metropolitan Transit System (Alternate)	Once a month on various Thursdays at 9:00 a.m.	Mayor Arapostathis	1/13/2015*	Council	\$150/meeting
Mission Trails Regional Park Task Force	Third Thursday of odd numbered months at 6:30 p.m.	Councilmember Alessio	1/13/2015*	Mayor w/Council Approval	No Compensation
Mission Trails Regional Park Citizens' Advisory Committee	First Tuesday of odd numbered months at 6:30 p.m.	Mr. Craig Maxwell Ms. Carol Lockwood	1/13/2015*	Mayor w/Council Approval	No Compensation
SANDAG (Primary)	Twice a month on various Fridays and at varing times, depending on the committee assignment.	Councilmember Alessio	1/13/2015*	Council	\$150/Board meeting; \$150/Transportation meeting; \$100/Policy Advisory Committee meeting
SANDAG (First Alternate)	Twice a month on various Fridays at varing times, depending on the committee assignment.	Councilmember Sterling	1/13/2015*	Council	\$150/Board meeting; \$150/Transportation meeting; \$100/Policy Advisory Committee meeting
SANDAG (Second Alternate)	Twice a month on various Fridays at varing times, depending on the committee assignment.	Councilmember Baber	1/13/2015	Council	\$150/Board meeting; \$150/Transportation meeting; \$100/Policy Advisory Committee meeting
* Reappointed					