

City of

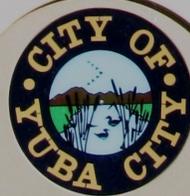
YUBA CITY

California



Comprehensive Annual Financial Report

Fiscal Year Ending
June 30, 2013



FEATHER RIVER
PARKWAY

**CITY OF YUBA CITY
CALIFORNIA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the Fiscal Year Ended
June 30, 2013**

**CITY OF YUBA CITY
Finance Department**

Robin Bertagna, CPA
Finance Director

Welcome to the Feather River Parkway

Enjoy the river and its surroundings at Feather River Parkway in Yuba City. With almost 90 acres to explore, this river front park brings a whole new experience for the members of our community. This new recreation site brings new opportunities to explore pedestrian and cycling trails, a river walk, to enjoy picnic areas, and a pavilion. Feather River Parkway also includes public education displays and interpretive signs to describe the wildlife and habitats. – Excerpt from the spring, 2013, issue of Me and Mine magazine.



Inset photos on the front cover clockwise beginning top left: Harrier, snowy egret, raccoon tracks, river otter, wood duck, California poppies. All may be found in the park, and more.

Cover Photography by:
Dave Prall

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December 14, 2013

Honorable Mayor and Members of the City Council,

It is our pleasure to submit the City of Yuba City's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. Management relies upon a comprehensive framework of internal controls to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (USGAAP). Because the cost of internal controls should not outweigh their benefits, Yuba City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. This report includes the annual audit report of the City's independent auditors, Moss, Levy & Hartzheim, LLP. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. The data is designed to factually set forth the City's financial condition and to present results of City operations as measured by activity among the various fund groups in an easily readable and understandable style.

State statutes require an annual audit of the City's financial records by independent certified public accountants. The firm of Moss, Levy & Hartzheim, LLP, Certified Public Accountants audited the City's financial statements. In addition to meeting the requirements set forth in State statutes, the audit was also designed to meet the requirements of the Federal Single Audit Act Amendments of 1996 and the related U.S. Office of Management and Budget's Circular A-133. Auditing standards generally accepted in the United States of America and the standards set forth in the General Accounting Office's Government Auditing Standards were used by the auditors in conducting the engagement. The auditor's report on the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information is combined in the financial section of this report. The auditor's reports on internal controls and compliance with applicable laws and regulations can be found in the separately issued single audit report.

The financial statements are prepared in accordance with Accounting Principles Generally Accepted in the United States of America (USGAAP) as promulgated by the Governmental Accounting Standards Board (GASB), and include the report of the City's independent public accountants. The

CAFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the City's organizational chart, and a list of principal officers. The financial section includes the basic financial statements, including management's discussion and analysis, the combined and individual fund statements and schedules, and the auditor's report on the financial statements and schedules. The statistical section includes selected multi-year financial and demographic information.

USGAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

For the fiscal year ended June 30, 2013, the City implemented the requirements of GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Agreements*, Statement No. 61, *The Financial Reporting entity: Omnibus*, Statement No. 62, *Codification of Accounting and Financial Reporting Guidance contained in the Pre-November 30, 1989 FASB and AICPA Pronouncements*, and Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, deferred Inflows of Resources, and Net Position*. Implementation of Statement No. 60 and Statement No. 61 had no impact on these financial statements. More information regarding the implementation of GASB 60 through 63 is available in Note 1P to the Financial Statements.

YUBA CITY HISTORY AND GOVERNMENT PROFILE

The City of Yuba City is a unique suburban/rural community located along the Feather River in Sutter County, 45 miles north of downtown Sacramento and 40 miles south of the City of Chico.

The City's population is currently estimated to be 65,841 and the City comprises 14.65 square miles. The City is the political, cultural, and economic center for the Yuba City Metropolitan Statistical Area (Yuba City MSA). The Yuba City MSA encompasses both Sutter and Yuba Counties. The MSA is comprised of nearly 1,250 square miles and is home to approximately 165,000 residents, 94,000 of whom reside in Sutter County and 71,000 of whom reside in Yuba County.

Yuba City was founded in 1849, as one of California's first communities that developed during the Gold Rush era. Since its incorporation in 1908, Yuba City has retained its link to the Sacramento Valley's rich agricultural heritage. Although Yuba City is home to hundreds of industrial, retail, and commercial businesses, and is responsible for providing a vast array of urban services to a growing population, agriculture continues to play an important role in the local economy. The area that surrounds Yuba City is one of the world's most productive agricultural regions. The region's leading commodities include rice, peaches, dried plums, walnuts, and tomatoes.

The City is a full-service general law city that operates under a Council-Manager form of government. The City Council consists of five members, elected at large to serve four-year terms. The elections are staggered every two years, with three seats open in one election and two seats open in the next election. The Mayor is elected by the City Council to serve a one-year term. The

Mayor serves as the City Council's presiding officer. The City Treasurer and City Clerk are also elected to serve four-year terms.

The City Council appoints a City Manager to implement its policies and directives. All of the City departments operate under the supervision of the City Manager. In adhering to the City's mission statement (*To anticipate and provide for the needs of the community through quality service, innovation, and leadership, now and into the future*), each department provides the level of services that the Yuba City community wants, needs, and is willing to pay for. Municipal services include police and fire protection, water and sanitation services, construction and maintenance of streets and infrastructure, planning and zoning, economic development, recreational activities and cultural events, and general administrative/support services.

This report includes all of the funds of the City. This report also includes the financial activities considered to be part of, controlled by, and/or dependent on the City. Accordingly, this financial report incorporates financial data for *component units* of the City including the Yuba City Redevelopment Agency and the Yuba City Public Financing Authority. Component units are legally separate entities for which the City is financially accountable. The Yuba City Redevelopment Agency was eliminated under the provisions of AB 1X 26 and AB 1484 as were all other Redevelopment Agencies in the State of California. The current year financial report includes the activities of the Successor Agencies, both the Low/Mod Successor Agency and the RDA Successor Agency, and are reported as Private-Purpose Trust Funds.

ECONOMIC CONDITION & FINANCIAL INFORMATION

Local Economy

The local economy has been slower to come out of the recession than the State and national economy, however recovery is occurring. This pattern is typical, the Sacramento Valley typically enters the economic slowdown later than the national economy; recovery therefore lags the rest of the nation. Yuba City has shown several positive signs of recovery. Yuba City has enjoyed positive sales tax growth in eleven of the past fourteen quarters and has experienced an increase of twenty percent in residential home sales prices in the past year. The number of housing foreclosures also declined significantly in the past year. Following years of significant residential development in Yuba City, new home construction has slowed to an almost halt. With the economy rebounding, there is pent up demand for home ownership. Interest rates remain at historically low levels so as people re-enter the home ownership market, local home sale prices have been steadily increasing.

Assessed valuations have been slower to show an increase. The City experienced an increase in values of \$55.5 million due to Proposition 8 recapture because of increasing real estate values. This was completely offset by a reduction of \$66.9 million due to decreasing values in parcels which had negative growth. There are a total of 5,226 of Proposition 8 adjusted parcels included in the recaptured value of \$55.5 for FY 13-14. An additional 6,963 parcels remain under Proposition 8 status, with a total potential recapture of assessed value of \$587 million as long as they do not sell for a lesser value prior to the recapture.

As mentioned above, the State eliminated Redevelopment agencies throughout the State. The City, as the Successor Agency, met all of the requirements and performed all of the procedures required by both the State Department of Finance (DOF) and the State Controller's Office and remitted all remaining funds for both the former Redevelopment Agency and the Low and Moderate Income Housing Fund. In return, the State DOF released the Finding of Completion for the City of Yuba City Successor Agency. The Agency may now submit the loan agreement between the former redevelopment agency and the City general fund on the Recognized Payment Obligation Schedule as an enforceable obligation to ultimately begin repayment. Additionally, now the Agency can proceed with preparation of a long-range property management plan for initiating the disposal of Agency property and assets.

The DOF disallowed using former redevelopment tax increment to repay one-half of the debt service on the gauche Aquatic Park Certificates of Participation as described in more detail in the MD&A section. After exhausting all appeals, the City has now incorporated this debt repayment into the general fund budget, negatively impacting the general fund by adding approximately \$365,000 to the existing deficit problem.

For additional information regarding Yuba City's local economy, please refer to the MD&A section, which begins on page 4.

Budget Process and Long-Term Financial Planning

The City prepares a budget for each fiscal year on or before June 30. The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the general fund and special revenue funds are included in the annual appropriated budget. Budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the department level within an individual fund.

The City prepared its only two-year budget for FY 2007-09. Due to declining revenues, the City returned to a one-year budget process with intermediate reviews conducted every 90 days due to ever-changing economic conditions. The City remains committed to reviewing and updating its long range fiscal model which looks out ten years but is placing more emphasis and focus on evaluating the three to five-year sustainability of our general fund budget.

In November, 2013, City Council adopted an updated Fiscal Policy which specifically states that "the City's general fund shall maintain a fund balance of at least 15% of the total expenditures appropriated for the following fiscal year. This will be evaluated annually." The updated policy also states that "one-time funds shall not be budgeted or used to pay ongoing operating expenses for the City. Any changes to this Fiscal Policy will require City Council review and approval". This is a shift in policy from that used in developing budgets for the past five years. With the City recovering from the recession, City Council has now updated the Fiscal Policy to require a balanced budget. In developing the FY 2014-15 budget, staff will no longer look to use one-time reserve funds to balance the budget. If during the budget development process, it is determined that some one-time funds will be used, it will require specific action on the part of the City Council to approve such usage.

As stated, the newly adopted Fiscal Policy is a departure from more recently past budgets. During the budget development process for the FY 2008-09 City budget, City staff anticipated the revenue shortfall trend. As such, Yuba City adopted a budget that included establishing a \$2.3 million Economic Stabilization Reserve (ESR) Fund within the general fund. The intent was to utilize the ESR to cover general fund operating deficits until the economy turned around. With the recession being worse and lasting longer than originally expected, additional concessions were obtained from employee bargaining groups and the ESR was replenished using one-time reserve funds as part of the FY 2011-12 budget process. The replenishment of the ESR was intended to support the City's structural budget deficits for FY 2011-12 through FY 2013-14; the same three year period of employee bargaining unit contracts in which job guarantees were provided in exchange for additional concessions. More detailed information regarding the City's ESR and budget deficit is provided in the Management's Discussion and Analysis section beginning on page 3.

The City Council has communicated that prudent financial management is one of their top priorities. City staff will continue to take a proactive approach in responding to changes in revenues while ensuring that we do not overreact and reduce service levels in an unnecessary manner. While City staff will continue to update its Long-Term Financial Planning model, we will continue reviewing financial results on a quarterly basis and provide updates to City Council at least semi-annually.

MAJOR ACCOMPLISHMENTS

The City achieved several major accomplishments during FY 2012-13. Significant progress was made in reducing the City's structural budget deficit by \$0.9 million. This was accomplished by implementing the third year of the City's three-year budget plan. The City has continued to participate in Sutter Butte Flood Control Agency Joint Powers Authority to ensure that flood protection for the citizens of Yuba City remains the highest of priorities; construction on the first phase of levee improvements was recently completed. In addition, there were many other important accomplishments during the year. Included are: Yuba City became the lead agency and began construction of the new Animal Control Facility to be owned and operated by the Sutter Animal Services Authority (SASA) JPA with Sutter County and the City of Live Oak; provided for the construction of the Western Parkway/State Route 20 intersection improvement project; completed construction of the raw water intake and low lift pump station modifications which included installation of a fish screen; dedicated phase I of the new Feather River Parkway Park and held a grand opening on Earth Day and secured additional funding for phase 2; refinanced the City's Buttes Vista 2000-1, Buttes Vista 2002-1 and Tierra Buena 2003- assessment district bonds; saved \$1.8 million with the refinancing of the 2005 Water COP bonds by authorizing the sale of the 2013 Water refunding bonds; advanced long-term energy and maintenance savings by upgrading the City's streetlights through the use of LED technology and provided funding for the Yuba-Sutter Chamber of Commerce to provide a visitor center and tourism program for regional tourism promotion, attraction, and branding.

MAJOR INITIATIVES

As set forth in the adopted budget of the City Council, there are several key issues and priorities of the City including flood control, economic development, public safety staffing, and infrastructure maintenance. Additionally, notable capital improvement projects include advancing the replacement of the 5th Street Bridge over the Feather River including securing the necessary funding sources, advance increasing the capacity of Highway 99 and Highway 20 through Yuba City, assure Yuba City's continued supply of quality surface water, forward implementation of the Feather River Parkway project phase 2, develop active open spaces for recreation through current detention ponds and other projects, and forward a long-range infrastructure strategic plan.

PROSPECTS FOR THE FUTURE

The City recently increased its fiscally conservative general fund balance reserve from ten percent to fifteen percent to cover unanticipated revenue shortfalls or expenditure requirements. For the fiscal year ended June 30, 2013, the City continued its long-standing policy of maintaining a 10% general fund uncommitted/unassigned reserve (\$4.25 million, or 12.1%) in addition to the committed ESR balance (\$3.9 million). The ESR balance is shown as committed as it has been set aside by City Council to fund the City's anticipated deficits for FY 2011-12 through FY 2013-14. In addition, the City also has a healthy, unallocated general fund capital improvement program balance available (\$4.4 million). The recession weakened the economy such that the City of Yuba City experienced a significant revenue decline. With the recovery occurring presently, the City has still not gotten back to the peak amounts previously recorded for property and sales tax revenues. Through its long-range financial planning, the City positioned itself to weather the extended downturn and is now planning to prioritize the needs of the community throughout the recovery period.

AWARDS AND ACKNOWLEDGEMENTS

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Yuba City for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. This was the thirteenth year that the City received the award. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, the City must publish an easily read and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both USGAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program's requirements, and we are submitting it to the GFOA for consideration of another Certificate.

The GFOA also awarded a Distinguished Budget Presentation Award to the City of Yuba City for Fiscal Year 2012-13. This is the highest form of recognition in governmental budgeting, and represents a significant achievement by any organization. The document is judged by an independent, anonymous panel of experts in the field of finance and budgeting. In order to receive the award, Yuba City had to satisfy nationally recognized guidelines for effective budget presentation. These guidelines are designed to assess how well a government's budget serves as a policy document, a financial plan, an operations guide and a communications device. The California Society of Municipal Finance Officers (CSMFO) likewise awarded the City of Yuba City the Certificate of Award – Excellence in Operational Budgeting.

Acknowledgments

Publication of this report was made possible by the efficient and dedicated service of the Finance Department staff. Furthermore, the professional expertise and commitment of Derek Rampone of the auditing firm of Moss, Levy & Hartzheim, LLP was appreciated.

In closing, without the interest and support of the City Council, preparation of this report would not have been possible.

Respectfully submitted,



Robin Bertagna, CPA
Finance Director

CITY OF YUBA CITY
CITY OFFICIALS
For the Fiscal Year Ended June 30, 2013

CITY COUNCIL

John Buckland, Mayor

Kash Gill, Mayor Pro-Tem

John M. Dukes, Council Member

Tej Maan, Council Member

Craig Starkey, Council Member

ELECTED OFFICIALS

Terrel Locke, City Clerk

Spencer Morrison, City Treasurer

APPOINTED OFFICIALS

Steven Jepsen, City Manager

Timothy Hayes, City Attorney

EXECUTIVE TEAM

Steven C. Kroeger, Assistant City Manager

Robin Bertagna, Finance Director

Pete Daley, Fire Chief

Aaron Busch, Community Development Director

Robert Landon, Police Chief

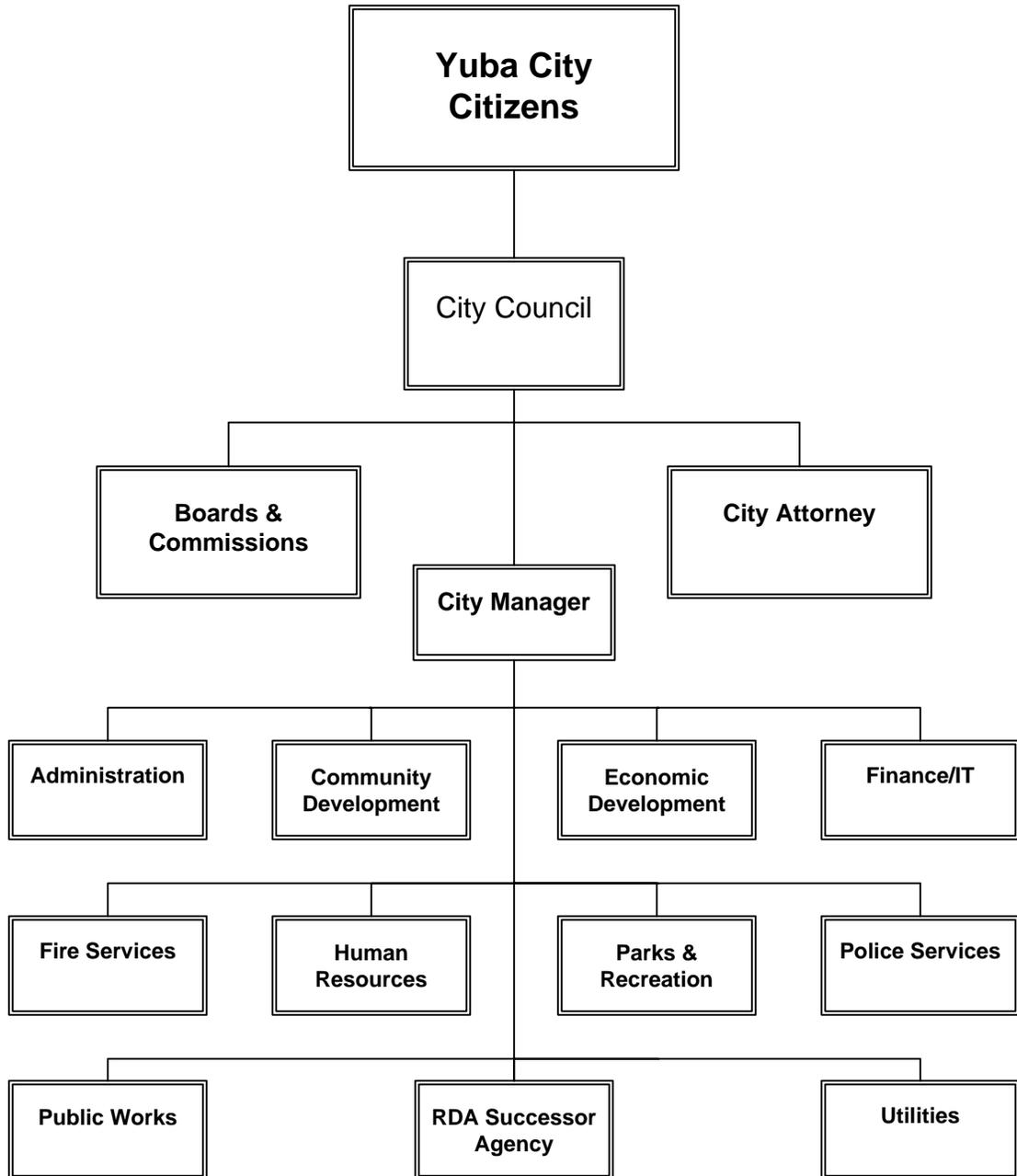
Brad McIntire, Parks and Recreation Director

Natalie Walter, Human Resources Manager

Darin Gale, Economic Development Manager

Terrel Locke, Assistant to the City Manager

City Organization Chart





Government Finance Officers Association

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

Presented to

**City of Yuba City
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members
of the City Council of the City of Yuba City
Yuba City, 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 the City of Yuba City (City), California, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter

As discussed in Note 1 to the basic financial statements effective July 1, 2012, the City of Yuba City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Agreements*, Statement No. 61, *The Financial Reporting Entity: Omnibus*, Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to 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 Pension Trend Information, the Schedule of Funding Progress of Other Postemployment Benefits, and the Budgetary Comparison Schedules of the General Fund and major special revenue funds on pages 3 through 14, page 79, and pages 81 through 85 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, the Budgetary Comparison Schedules for the Nonmajor Governmental Funds, the Combining Financial Statements for the Nonmajor Governmental Funds, Internal Service Funds, Private-Purpose Trust Funds, and Agency Funds, and the Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Budgetary Comparison Schedules for the Nonmajor Governmental Funds, the Combining Financial Statements for the Nonmajor Governmental Funds, Internal Service Funds, Private-Purpose Trust Funds, and Agency Funds 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2013, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
December 14, 2013

This discussion and analysis of the City of Yuba City's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2013. Please read it in conjunction with the preceding transmittal letter and the City's financial statements and related notes, which follow this section.

A. FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the fiscal year by \$634.5 million. Of this amount, \$55.4 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$9.8 million.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$42.8 million, an increase of \$2.3 million from the prior fiscal year.
- The General Fund reported excess expenditures (and other financing uses) over revenues (and other financing sources) of \$0.01 million.

B. OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of a series of financial statements, commonly referred to as the *City's Basic Financial Statements*. Management's Discussion and Analysis introduces these statements and includes two different views of the City's financial activities and position: (1) Government-Wide Financial Statements provide information about the activities of the City as a whole and present a longer-term view of the City's finances; (2) Fund Financial Statements provide detailed information about the individual functions of City government, telling how services were financed in the short-term as well as what remains for future spending.

Each set of statements presents the City's finances in a distinct way. To assist the reader in understanding the differences between them, a brief discussion of each follows, including the relationship of these statements to each other and the significant differences in the information they provide.

Government-Wide Financial Statements

The Government-Wide Financial Statements provide a broad overview of City finances in a manner similar to private-sector business. These statements separate the City's activities into two areas:

Governmental Activities – these services are principally supported by taxes and intergovernmental revenues. Most of the City's basic services are considered to be governmental activities including public safety, community development, public works, parks and recreation, and general administration.

Business Type Activities – these services rely upon user fees and charges to help cover all or most of their costs. The City's water and wastewater operations are reported here.

Within the framework of these activities, a Statement of Net Position and a Statement of Activities report information about the City as a whole. These statements include all assets and liabilities of the City (i.e., infrastructure and long-term debt) and use the *full accrual basis of accounting* in which all the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

The two statements can be generally described as follows:

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases 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 City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows.

Notably, these statements differ from the Fund Financial Statements in that they *include* all assets of the City (including infrastructure) and all liabilities (including long-term debt) and *exclude* certain interfund receivables, payables and other interfund activity as prescribed by GASB Statement No. 34. For an additional reference, a reconciliation between the two is provided on pages 23 and 26 of this report.

Fund Financial Statements

The Fund Financial Statements provide detailed information about each of the City's most significant funds – not the City as a whole. Management establishes funds to help control and manage money for particular purposes. There are three categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds – most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using *modified accrual* accounting, which measures cash and all other financial assets that can be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. This information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and the governmental *funds* in a reconciliation at the bottom of the fund financial statements.

The City's major governmental funds include the General Fund, HOME Grant Special Revenue Fund, Streets and Roads Special Revenue Fund, General Capital Improvement Projects Fund, and Impact Fee Capital Improvement Projects Fund. All other funds are combined in a single, aggregated presentation. Individual data for each of these non-major governmental funds is provided in the form of combining statements beginning on page 87 of this report.

Proprietary Funds – when the City charges customers for services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds provide the same type of information as shown in the government-wide financial statements (i.e., business type activities), only in more detail. The City has two types of proprietary funds: enterprise funds and internal service funds. The City uses enterprise funds to account for its water and wastewater operations. The City uses internal service funds to account for its general support services, employee benefits, and risk management services – activities that provide supplies and services for the City's other programs and activities. Since they predominantly serve the governmental rather than business type activities, they are included within the governmental activities in the government-wide financial statements.

Fiduciary Funds – the City is the trustee, or fiduciary, for certain funds held on behalf of external parties. The City's fiduciary activities are reported in separate Statements of Fiduciary Net Position. These activities are excluded from the City's other financial statements because the resources of the funds are not available to support the City's own programs. The City is responsible for ensuring that the assets reported in these funds are used for the intended purposes. The City also has two Private-Purpose Trust Funds which are used to account for the Successor Agency funds of the former Redevelopment Agency. These Private-Purpose Trust Funds (PPTF) include the RDA Low/Mod Successor PPTF and the RDA Successor Agency PPTF.

Notes to Basic Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents the following required supplementary information: budgetary comparisons for the City's General Fund, HOME Grant Special Revenue Fund, and Streets and Roads Special Revenue Fund; a description of the City's accounting policies with regard to the annual budget; information regarding any excess of expenditures over appropriations; and schedules of funding progress for the CalPERS Miscellaneous Plan and Other Postemployment Benefits.

C. GOVERNMENT-WIDE FINANCIAL STATEMENT ANALYSIS

The City's combined Net Position for the fiscal year ended June 30, 2013, totaled \$634.5 million, a decrease of \$9.8 million from the prior fiscal year (the detail in the table below may not add due to rounding).

Summary of Net Position
(Amounts in Millions)

	Governmental Activities		Business-Type Activities		Total		Total % Change
	2013	2012	2013	2012	2013	2011	
Assets:							
Current and Other Assets	\$ 80.7	\$ 84.7	\$ 29.3	\$ 31.4	\$110.0	\$116.1	-5.2%
Capital Assets	428.3	434.0	199.7	198.7	628.0	632.7	-0.7%
Total Assets	509.1	518.7	229.0	230.2	738.1	748.9	-1.4%
Liabilities:							
Current and Other Liabilities	16.5	16.6	5.4	4.2	21.8	20.8	5.3%
Long-term Liabilities	22.1	22.5	59.6	61.3	81.7	83.8	-2.5%
Total Liabilities	38.6	39.1	65.0	65.4	103.5	104.5	-0.9%
Net Position:							
Net Investment in							
Capital Assets	413.0	419.2	138.2	135.9	551.2	555.0	-0.7%
Restricted	27.6	26.6	0.3	1.6	27.9	28.2	-1.2%
Unrestricted	29.8	33.8	25.6	27.3	55.5	61.1	-9.2%
Total Net Position	\$470.5	\$479.6	\$164.0	\$164.7	\$634.5	\$644.3	-1.5%

At June 30, 2013, a significant portion of net position (87 percent) consisted of the City's net investment in capital assets. This component, which reflects the total amount of funds used to acquire those assets less any outstanding debt used for such acquisition, decreased from the prior fiscal year by \$3.8 million. The decrease is comprised of both a decrease of \$6.1 million in governmental invested in capital assets and an increase of \$2.3 million in business type invested in capital assets.

Governmental net investment in capital assets increased by \$6.6 million due to the City's investment in new capital assets, and decreased \$0.6 million due to the change in the long-term debt associated with capital assets, and the exclusion of deferred amounts, such as costs of issuance and refunding differences, and decreased by \$12.2 million due to depreciation. The largest investments in governmental type assets were the LED Streetlight Conversion Project \$1.4 million, the 2013 Road Rehabilitation Project of \$2.0 million, the Queens Avenue/SR 99 Interchange Improvement Project \$1.8 million and the Feather River Parkway Improvement Project \$1.2 million.

Business type net investment in capital assets increased by \$8.8 million due to an increase in the investment in new assets and \$1.3 million due to the change in long-term debt associated with capital

assets, and the exclusion of deferred amounts, such as costs of issuance and refunding differences, and decreased by \$7.8 million due to depreciation. Increases in business type assets include the 2013 Water Line Replacement Project \$0.8 million and the Wastewater Effluent Outfall Replacement Project \$2.1 million.

Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since capital assets are not generally liquidated for such purposes.

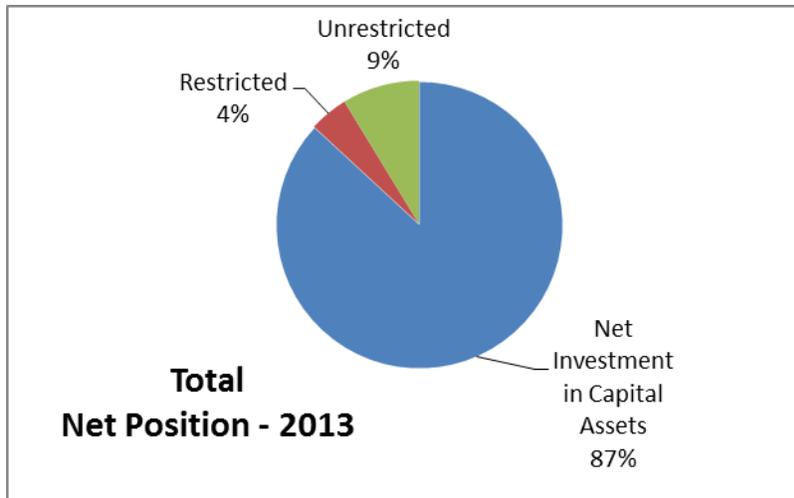
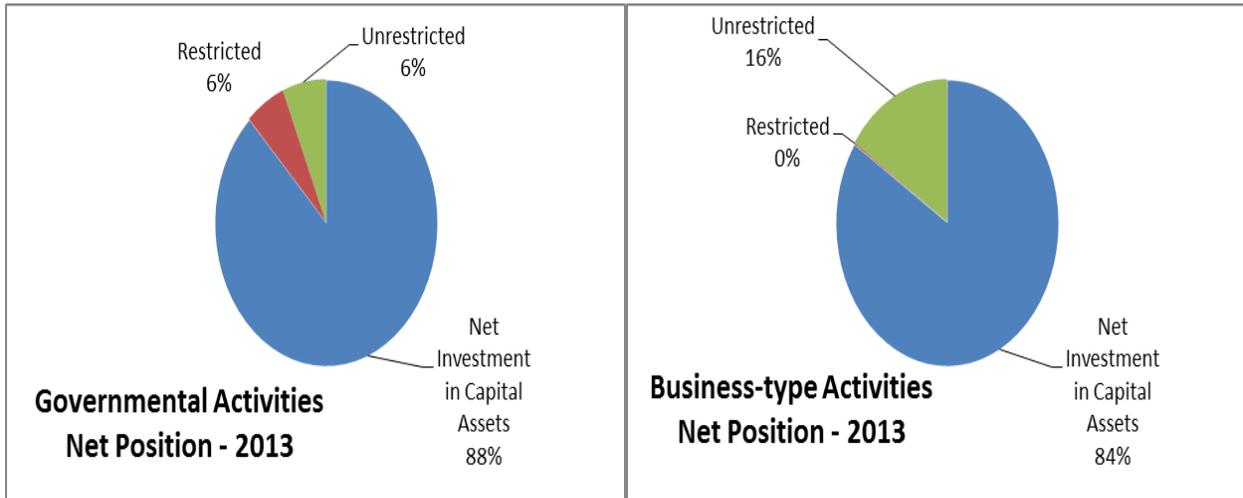
Restricted net position of \$27.9 million (4 percent) represent resources subject to external restrictions as to how they may be used. Of the \$0.3 million decrease in restricted net position, \$1.0 million was increased within governmental activities, which mainly included an increase of \$1.3 million restricted for community development, \$0.9 million restricted for lighting districts, \$0.8 million restricted for debt service, a decrease of \$1.6 million restricted for capital projects, and other decreases of \$0.4 million for separately stated specific purpose restrictions (see page 15 for the detailed listing). \$1.3 million was decreased within the business-type activities due to a decrease in net position restricted for debt service.

Unrestricted Net Assets of \$55.5 million (9 percent) represent amounts that may be used to meet the City's ongoing obligations to its residents, businesses, customers, and creditors have decreased \$5.6 million from the prior fiscal year. Of this decrease, \$4.0 million occurred in the governmental activities mainly due to the prior period adjustment of removing the net pension asset of \$4.7 million. Unrestricted Net Assets for business-type activities decreased \$1.7 million mostly due to a decrease in all types of cash and investments of \$3.0 million and an increase in accounts receivable of \$1.0 million.

The decrease in Current and Other Assets of \$6.1 million included a decrease of \$4.0 million in governmental activities and \$2.1 million in business-type activities. The decrease in governmental activities was mainly related to a decrease in all types of cash and investments of \$2.9 million and net pension asset of \$4.7 million, with an increase in investment in JPA of \$2.9 million. The decrease in business-type activities was mainly due to a decrease in all types of cash and investments of \$3.0 million and an increase in accounts receivable of \$1.0 million.

The increase in Current and Other Liabilities of \$1.0 million is mostly related to an increase of \$0.7 million of accounts payable in governmental activities, a decrease of \$1.0 million of unearned revenue in governmental activities, an increase of \$0.9 million in accounts payable in the business-type activities and an increase of \$0.3 million in non-current liabilities due within one year in the business-type activities.

Long-term Liabilities decreased by \$2.1 million with a decrease of \$0.4 million in governmental activities and a decrease of \$1.7 million in business activities. Governmental activities decreased due to the new street light conversion lease payable increase of \$1.3 million and normal debt service retirement decrease of \$1.6 million, not including the reclassification of non-current long-term debt to current amounts due within one year. The decrease in business activities was due to the new water revenue refunding bonds increase of \$21.7 million and additional loan proceeds of \$1.4 million, with a decrease for the payoff of the 2005 COPs of \$22.7 million, and normal debt service retirement decrease of \$1.9 million, not including the reclassification of non-current long-term debt to current amounts due within one year.



City of Yuba City
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013

The following table shows the changes in net position for governmental and business type activities (the detail may not add due to rounding):

Statement of Activities

(Amounts in Millions)

	Governmental Activities		Business Type Activities		Total		Total % Change
	2013	2012	2013	2012	2013	2012	
Revenues:							
Program Revenues:							
Charges for services	\$ 5.2	\$ 5.0	\$22.0	\$19.3	\$27.3	\$24.3	12.0%
Operating Grants and Contributions	4.0	3.6	1.4	0.1	5.4	3.7	49.1%
Capital Grants and Contributions	6.6	4.5	-	-	6.6	4.5	45.8%
General Revenues:							
Property Taxes	13.0	14.3	-	-	13.0	14.3	-8.6%
Sales and Other Taxes	11.2	10.8	-	-	11.2	10.8	3.2%
Investment Income	0.2	0.8	0.5	0.3	0.7	1.1	-35.8%
Other	0.1	1.0	-	-	0.1	1.0	-92.2%
Total Revenues	40.3	40.0	24.0	19.7	64.3	59.7	7.6%
Expenses:							
General Government	4.1	4.0	-	-	4.1	4.0	3.1%
Public Safety	23.8	24.6	-	-	23.8	24.6	-3.2%
Parks and Recreation	2.3	2.4	-	-	2.3	2.4	-1.1%
Public Works and Facilities	14.7	14.4	-	-	14.7	14.4	2.1%
Community Development	2.7	1.8	-	-	2.7	1.8	45.9%
Interest on Long-term Debt	0.9	3.0	-	-	0.9	3.0	-69.0%
Water	-	-	10.9	10.8	10.9	10.8	1.4%
Wastewater	-	-	9.9	10.1	9.9	10.1	-1.4%
Total Expenses	48.6	50.2	20.8	20.8	69.4	71.0	-2.2%
Transfers	3.8	3.3	(3.8)	(3.3)	-	-	n/a
Change in Net Assets Before Extraordinary Item	(4.5)	(6.9)	(0.7)	(4.4)	(5.1)	(11.3)	-54.5%
Gain on Transfers to RDA Successor Trust Funds	-	32.1	-	-	-	32.1	n/a
Change in Net Assets/Position	(4.5)	25.3	(0.7)	(4.4)	(5.1)	20.8	-124.6%
Net Assets/Position - Beginning	479.6	451.1	164.7	169.1	644.3	620.2	3.9%
Prior Period Adjustment	(4.7)	3.3	-	-	(4.7)	3.3	N/A
Net Assets/Position - Beginning, Restated	474.9	454.4	164.7	169.1	639.7	623.5	2.6%
Net Assets/Position - Ending	470.5	479.6	164.0	164.7	634.5	644.3	-1.5%

Governmental Activities

The City's governmental activities decreased the City's net position by \$4.5 million (before the prior period adjustment). Revenues increased by 0.8 percent (\$0.3 million), while total expenses decreased by 3.2 percent (\$1.6 million). Revenue Highlights include the following:

- Capital Grants and Contributions increased by \$2.1 million due to an increase transportation development act funding of \$1.3 million and an increase of \$0.7 million in impact fee revenues.
- Operating contributions and grants increased by \$0.4 million mainly due to an increase in community development operating contributions and grants of \$0.9 million (NSP Grant) and a decrease in public works and facilities operating contributions and grants of \$0.4 million.
- Secured and unsecured property tax revenues decreased \$1.3 million due to the elimination of Redevelopment and declines in assessed valuations and Proposition 8 reassessments.
- Charges for services were increased \$0.2 million from the previous fiscal year.

- Sales and use taxes increased by \$0.4 million due to an increase in taxable sales in the City.
- Miscellaneous revenues decreased by \$0.9 million due to less miscellaneous revenues received in the Streets and Roads Capital Projects Fund and the closing of the RDA related debt service funds which previously had received miscellaneous revenues in the prior fiscal year.
- Investment Income, which is a combination of interest earnings and change in the fair value of investments, decreased by \$0.6 million.
- Total expenses for governmental activities were \$48.6 million, which is a \$1.6 million decrease from the prior fiscal year. General government increased \$0.1 million, Public Safety decreased \$0.8 million, Parks and Recreation decreased \$0.1 million, Public Works increased \$0.3 million and Community Development increased \$0.9 million. Interest on long-term debt decreased by \$2.1 million due to the former RDA long-term debt not being included in the Statement of Activities.
- A prior period adjustment of \$4.7 million from an overstatement of net pension asset which reduced net position.

The following table shows the net cost of governmental activities (the detail may not add due to rounding):

Net Cost of Governmental Activities
(Amounts in Millions)

	Total Cost of Services		Net Cost of Services	
	2013	2012	2013	2012
General Government	\$ 4.1	\$ 4.0	\$ (3.9)	\$ (3.9)
Public Safety	23.8	24.6	(19.8)	(21.6)
Parks and Recreation	2.3	2.4	(1.2)	(1.2)
Public Works and Facilities	14.7	14.4	(7.1)	(7.7)
Community Development	2.7	1.8	0.2	0.3
Interest on Long-term Debt	0.9	3.0	(0.9)	(3.0)
Total Net Cost	\$ 48.6	\$ 50.2	\$ (32.8)	\$ (37.0)

As shown in the Statement of Activities, the amount that taxpayers ultimately financed for governmental activities was \$32.8 million because some of the cost was paid by those who directly benefited from the programs (\$5.2 million), or by other governments and organizations that subsidized certain programs with operating grants and contributions (\$4.0 million), and capital grants and contributions (\$6.6 million). Overall, these governmental program revenues totaled \$15.8 million. The City paid for the remaining "public benefit" portion of the governmental activities with \$24.5 million in taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements. There was also \$3.8 million transferred in from business-type activities.

Business-type Activities

The City's business-type activities decreased the City's net position by \$0.7 million. Total revenues increased by 21.8 percent (\$4.3 million), while total expenses stayed the same.

The net revenue increase includes the combination of an increase in service fees (\$2.7 million) and an increase in operating grants and contributions (\$1.3 million). Both the water (\$1.6 million) and wastewater (\$1.1 million) revenue service fee increases were attributable to an increase in charges for services. Operating grants and contributions increased due to an ARRA grant (\$0.8 million), a Proposition 50 State grant (\$0.2 million) and State grant revenue (\$0.4 million).

Operating costs for the water enterprise decreased \$0.5 million and decreased \$0.1 million for the wastewater enterprise. The water fund experienced an increase in depreciation expense (\$0.2 million), a reduction in salaries and benefits (\$0.2 million), and a reduction in maintenance and operation costs (\$0.2

million). The wastewater fund experienced an increase in depreciation (\$0.1 million) and a decrease in salaries and benefits (\$0.1 million).

D. FUND FINANCIAL STATEMENT ANALYSIS

The fund financial statements provide detailed information about each of the City's most significant funds; not the City as a whole. 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 that are available for spending. Unassigned fund balance is a measure of the City's net resources available for spending or assigning at the end of the fiscal year.

The General Fund is the chief operating fund of the City. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned and total fund balance to total funding requirements. As of June 30, 2013, the total fund balance of the General Fund was \$19.3 million (of which 58 percent is attributable to a long-term receivable from the City's Successor Agency). The unassigned fund balance of \$4.25 million is equal to 12.5 percent of total General Fund expenditures. Total fund balance increased just slightly over the previous fiscal year.

At the beginning of FY 2008-09 the City transferred \$2.3 million of one-time funds to the General Fund to fund the City's Economic Stabilization Reserve (ESR) fund. The ESR was intended to provide funding to cover revenue shortfalls during the economic downturn. During FY 2008-09, \$0.6 million was utilized to cover funding shortfalls, \$0.3 million was utilized during FY 2009-10, and an additional \$0.6 million was used during FY 2010-11. The remaining balance was replenished with an additional \$4.05 million from reserves to bring the fund balance committed for Economic Stabilization to \$4.675 million as shown in the prior year financial statements. The replenishment of the ESR was intended to fund the City's anticipated structural budget deficits for FY 2011-12 through FY 2013-14. During FY 2011-12 and FY 2012-13, \$0.4 million and \$0.3 million respectively was used from the ESR leaving a remaining balance of \$3.905 million as of June 30, 2013.

At June 30, 2013, the HOME Grant Special Revenue Fund balance increased only slightly from the previous year. There was a decrease of \$0.2 million in the portfolio of notes receivable on home loans made under program guidelines to low and moderate income persons. These loans are also shown as a unearned revenue liability until they are repaid at which time the repayment is program income revenue. Both the notes receivable and unearned revenue were \$5.4 million as of June 30, 2013.

The Streets and Roads Special Revenue fund balance decreased by \$0.2 million due to an increase in project expenditures (shown as transfers out).

The General Capital Improvement Projects fund shows a decrease in fund balance of \$0.1 million. The decrease in fund balance includes the net impact of expending funds on projects (\$1.6 million) and receiving lease proceeds on a California Energy Commission lease for retrofitting street lights to LED (\$1.3 million).

The Impact Fee CIP fund balance is not the best indicator of the fund's financial position since revenues are not realized until spent. However, the unearned revenue of \$10.3 million, a decrease of \$2.3 million from the previous fiscal year, represents the balance available for spending on projects included in the City's Impact Fee Ordinance.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning these funds have already been addressed in the discussion of government-wide financial analysis of business-type activities.

E. GENERAL FUND BUDGETARY HIGHLIGHTS

A detailed budgetary comparison schedule for the year ended June 30, 2013, is presented as required supplementary information following the notes to the financial statements. The Approved Budget is adopted by the City Council prior to the July 1 start of the fiscal year (the "Original Budget"). The City Council usually makes expenditure and revenue estimate changes during the course of the fiscal year as new information becomes available (resulting in the "Final Budget").

The net increase in budgeted expenditures from the original budget to the final budget is \$1.4 million, which was attributable to: 1) Additional appropriations for carryover expenditures from the previous fiscal year for existing contractual obligations that totaled \$0.2 million; 2) additional appropriations for grant activities in the amount of \$0.9 million, which are not included in the budget until funds are physically received by the City; 3) and supplemental appropriations of \$0.2 million strike team expenditures which were reimbursed by the State. Actual expenditures were \$0.2 million less than the adopted budget and \$1.6 million less than the final budget.

The net increase in budgeted revenues from the original budget to the final budget was \$0.9 million. This was attributable to increasing revenue budgets to account for the receipt of grant funds. Actual revenues were \$2.0 million more than the adopted budget and \$1.1 million more than the final budget.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – the capital assets of the City are those assets which are used in the performance of the City's functions, including infrastructure. The City has elected to use the "basic approach" as defined by GASB Statement No. 34 for infrastructure reporting. Accordingly, eligible infrastructure assets are depreciated under the straight-line method. At June 30, 2013, net capital assets of the governmental activities totaled \$428.3 million and the net capital assets of business type activities totaled \$199.7 million. Depreciation on capital assets is recognized in the Government-Wide Financial Statements (the detail may not add due to rounding).

Summary of Capital Assets
(Amounts in Thousands)

Governmental Activities:	
Land	\$ 125,347
Buildings and Improvements	49,531
Equipment, Vehicles, Machinery	18,285
Construction in Progress	3,531
Infrastructure	<u>358,542</u>
Total Governmental Capital Assets	555,237
Less: Depreciation	<u>(126,917)</u>
Total Net Governmental Activities:	<u>\$ 428,320</u>
 Business Type Activities	
Land	\$ 1,675
Buildings and Improvements	99,450
Equipment, Vehicles, Machinery	24,209
Construction in Progress	9,856
Infrastructure	<u>146,257</u>
Total Business-Type Capital Assets	281,447
Less: Depreciation	<u>(81,760)</u>
Total Net Business Type Activities:	<u>\$ 199,687</u>

This fiscal year's major capital asset additions were:

- LED Streetlight Conversion Project \$1.4 million
- Street Rehabilitation and Improvement Projects \$2.5 million
- Queens Avenue/SR 99 Interchange Project \$1.8 million
- Feather River Parkway Project \$1.2 million
- Water Line Replacement Project \$0.8 million
- Wastewater Effluent Outfall Replacement Project \$2.1 million

Long-Term Debt – as of June 30, 2013, the City had outstanding debt issues as listed below. Not included in the table are assessment district and community facility district bonds since the City has no obligation for their repayment. Each of the City's other bonds are backed by certain specific revenues or General Fund lease payments. The City received rating changes from Fitch Ratings Agency and Standard & Poor's Rating Agency as follows:

- 1) Fitch Ratings affirmed the AA- rating with a stable outlook related to the City's General Fund 2006 Gauche Aquatics Parks Certificates of Participation in it's Special California Review in October, 2012.
- 2) Fitch Ratings affirmed the AA- rating with a stable outlook related to the City's 2005 Water Revenue Certificates of Participation in January, 2013
- 3) Fitch Ratings assigned a rating of AA- with a stable outlook to the 2013 Water Revenue Refunding Bonds in April, 2013.
- 4) Standard & Poor's assigned a rating of A+ with a stable outlook to the 2013 Water Revenue Refunding Bonds in April, 2013.

Summary of Long Term Indebtedness

(not including compensated absences, other post-employment benefits, or deferred amounts)

(Amounts in Thousands)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Loans Payable	\$ -	\$ -	\$ 24,762	\$ 24,309	\$ 24,762	\$ 24,309
Capital Lease Payable	4,664	4,028	-	-	4,664	4,028
Certificates of Participation	10,945	11,230	-	-	10,945	11,230
Pension Obligation Bonds	3,980	4,770	-	-	3,980	4,770
Water Certificates of Participation	-	-	-	22,180	-	22,180
Water Revenue Refunding Bonds	-	-	21,710	-	21,710	-
Wastewater Revenue Refunding Bonds	-	-	9,270	9,425	9,270	9,425
Wastewater Certificates of Participation	-	-	7,814	8,301	7,814	8,301
Total Indebtedness	<u>\$ 19,589</u>	<u>\$ 20,028</u>	<u>\$ 63,556</u>	<u>\$ 64,216</u>	<u>\$ 83,144</u>	<u>\$ 84,244</u>

The City refinanced the 2005 Water Revenue Certificates of Participation on May 21, 2013 by issuing the 2013 Wastewater Revenue Refunding Bonds in the amount of \$21,710,000. This resulted in an economic gain of \$1.2 million.

The City approved a Project Finance Agreement with the California State Water Resources Control Board for \$7.7 million which includes principal forgiveness up to \$3.0 million as discussed in Note 5, Business-type Activities Loans Payable, on Page 63 of the CAFR.

For more detailed information on Capital Assets and Long-Term Debt, see Notes 3 and 5 to the Basic Financial Statements.

G. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

On June 18, 2013, the Council adopted the FY 2013-14 Operating Budget with total appropriations of \$71.1 million. Adequate resources are available to fund the proposed expenditures. The budget reflects the City's short and long-term organizational goals within the framework of projected revenue. It reflects continued budget reductions from that of previous years and a planned use of one-time resources as part of the City's three year budget plan with employee bargaining groups.

The past several years have been ones of tremendous financial change in California and Yuba City. The economic downturn continues to have dramatic effects on local government revenues throughout the State. With the economic recession now in the past, and a slow recovery period in progress, the City has continued the implementation of the multi-year budget plan developed several years ago. The budget plan recognized that the City had limited options in the short term. The City could layoff trained and experienced staff, reduce services to citizens, seek additional employee concessions or draw from a combination of solutions. The City achieved a balance between reductions in expenditures through employee concessions and the use of one-time reserve funds. In exchange for voluntarily increasing the furlough program from five percent to a total of ten percent, City bargaining units were given job guarantees that there would be no layoffs for a three year period. The City retained the right to leave positions that become vacant through attrition, vacant and unfilled.

The City put together a three year budget plan to cover the anticipated operating budget for the three fiscal years of FY 2011-12 through FY 2013-14, the same period of employee bargaining unit contracts.

The FY 2013-14 adopted general fund budget has a \$1.32 million structural deficit that was funded using the City's Economic Stabilization Reserve (ESR) in accordance with the City's three year budget plan. The ESR was replenished at the end of FY 2010-11 with funds to cover the City's anticipated deficit for the three year period including FY 2011-12 through FY 2013-14. The City increased appropriations between FY 2012-13 and FY 2013-14 by approximately \$900,000. These increases were due to cost escalations in healthcare, workers' compensation insurance, retirement, and inclusion of one-half of the debt service for the Gauche Aquatics Park Certificates of Participation that had previously been paid for using Redevelopment tax increment.

The structural deficit declined from \$2.26 million in FY 2012-13 to \$1.32 million in FY 2013-14, a reduction of \$0.9 million. The deficit would have been reduced even further (by \$1.3 million total) if the State Department of Finance had not disallowed the use of Redevelopment Property Tax Trust Funds from the Successor Agency for the Gauche Debt Service (\$0.4 million per year). One half of the Gauche Debt Service had been using Redevelopment tax increment revenues since 2006 when the certificates of participation were issued.

Yuba City has made strides to lessen it's deficit, but yet the deficit continues to exist. This is not unique to Yuba City; most cities throughout California are experiencing similar circumstances. The difference between Yuba City and other cities may very well be the cooperation achieved between City Council, the Executive Team, bargaining unit leaders and all city staff in achieving a balance between reducing expenditures through voluntary concessions and the City's planned use of reserves.

The FY 2013-14 adopted budget projected a 2.0% decline in property taxes. Based upon the final assessed valuation reports from the Sutter County Auditor-Controller's Office, general fund assessed values decreased by 1.95% for the general fund. The City therefore anticipates property tax revenues for the year to be right on track with budget estimates. The five largest components of the change in values are as follows:

- Properties were adjusted by a CPI factor of 2% between 2012-13 and 2013-14, an increase of \$33.0 million in assessed valuations.
- Single family residential increased by \$55.5 million in values due to Proposition 8 recaptures.
- Assessed values declined \$66.9 million due to parcels with negative growth.
- The unsecured roll values declined by \$23.4 million.

- Other net values increased by \$28.1 million related to parcel drops and adds, residential improvements, changes to personal property and non-single family residential Proposition 8 recaptures.

In reviewing the changes in assessed value by use category, the largest changes were as follows:

- Residential values increased by 2.83% (\$77.3 million in assessed valuations).
- Commercial values decreased by 2.66% (\$20.8 million in assessed valuations).
- Unsecured decreased by 6.39% (\$23.4 million in assessed valuations).
- Industrial decreased by 0.76% (\$1.5 million in assessed valuations).

Home sales prices are rebounding in Sutter County and Yuba City. The increase in sales price can be attributable to fewer distressed homes on the market and pent up demand for home ownership combined with very little new construction being built locally. Mortgage rates are still very low compared to historical rates and affordable prices are proving attractive for buyers and finally convincing them to reenter the market. The median price of homes sold in Sutter County increased between July, 2012 and July, 2013 from \$143,500 to \$170,500, an increase of 19 percent. During the same period the median price of homes sold in Yuba City increased from \$147,000 to \$176,250, an increase of 20 percent.

As it relates to sales tax, consumer confidence has returned as the City has had increases in retail sales tax revenues in eleven out of the past fourteen quarters. Revenue projections included in the FY 2013-14 budget include a projected 2% increase for sales tax revenues. On a cash basis the most recent quarterly sales tax results were down 4.15% (July – September, 2013). The two prior quarter receipts were up 0.5% on a cash basis and 5.7% on an adjusted basis (April – June, 2013) and up 7.9% on a cash basis and 6.5% on an adjusted basis (January – March, 2013). Even with the decline in first quarter FY 2013-14 cash receipts for sales tax, the City believes we will still achieve the 2.0% increase included in the budget for the fiscal year.

The state budget will likely continue to be a source of economic uncertainty with the State resolving its budget problems with one-time solutions, transfers, loans and raids of local funds which push the problem out into the future. The use of local resources to help solve State budget problems has unfortunately become all too common. Most recently, the State has declared a projected surplus and is evaluating the potential for setting some aside as a “rainy day fund”, something City of Yuba City did years ago.

The largest impact the State budget has had on local government most recently, was in July, 2012. The State adopted AB 1484 implementing the elimination of Redevelopment agencies. This elimination process required the creation of a separate Oversight Board to wind down the affairs of the former Agency. The Successor Agency is required to file Recognized Payment Obligation Schedule (ROPS) with the State Department of Finance every six months in order to receive tax increment funding to pay the former Agency's obligations. The City went through three separate audit/reviews for Redevelopment. The first was an agreed-upon procedures engagement, and the second two were due diligence reviews. The purpose of the due diligence reviews were for the City to advise the State how much money the former Agency is holding for both Redevelopment activities and for Housing, report any contractual commitments for which these funds must be held on to, and then submit the balance to the County Auditor-Controller for distribution. This process was completed during FY 2012-13. In September, 2013, the City as the Successor Agency, received a Finding of Completion from the State Department of Finance. This now allows the Successor Agency to proceed with preparing a Property Management Plan and begin winding down the affairs of the former Agency by selling off its assets and property.

The largest impact of the elimination of Redevelopment to the City for the foreseeable future is the State's denial of the Gauche Park Certificates of Participation debt as a valid redevelopment enforceable obligation. The annual principal and interest payments on this debt have been paid one-half by developer impact fees and one-half with redevelopment funds since 2006. The City was unable to convince the State Department of Finance that this is a valid obligation of the Agency. Therefore, the general fund had

to take over repayment of one-half of this debt obligation. The only other option was to default on the bonds, which the City was unwilling to do. The impact to the general fund adds approximately \$365,000 to expenditures each year. Over the remaining life of the debt issue, this amounts to approximately \$3.5 million in interest and \$5.6 million in principal for a combined total of \$9.1 million. The City exhausted all options available for obtaining authorization and approval to continue using redevelopment funds for this debt repayment. The first debt service payment made using one-half general funds was made in June, 2013. The expenditure appropriation for one-half of future debt service payments is now incorporated into the City's regular budget process and has been included in the FY 2013-14 Adopted budget.

The City's unemployment rate had increased every year since FY 2007-08 until FY 2012-13. Current data approximates the annualized unemployment rate around 12.1 percent. This is a significant decline from 17.7% in FY 2011-12, and the peak of 21.9% in FY 2010-11. This rate still seems high when compared to a statewide average of 8.7%. The significant decline indicates that the local economic and job outlook has improved. The current rate, although high, is nonetheless predictable and appropriately considered by City management when planning for operational costs and available resources.

Even with the planned use of a portion of its Economic Stabilization Reserve, the City has continually maintained city council's goal of having at least a 10 percent budget reserve. In November, 2013, City Council adopted an updated Fiscal Policy which not only increases the reserve requirement from 10 percent to 15 percent but also requires that the City adopt a balanced budget. On-going expenditures must be paid for using on-going revenues. The City has positioned its operations so that this reserve can be properly maintained into the future. Taking into consideration the impacts of the recession and increases in PERS and healthcare costs, the City continues to closely monitor its revenue projections in comparison with its expenditure commitments; adjusting service levels accordingly in order to provide priority services to its citizens without depleting reserves beyond the level planned in the three year budget plan.

The City's water and wastewater enterprises were not exempt from the negative economic conditions. City staff has reviewed the water and wastewater budgets and reduced them where practical. The City continues to construct necessary capital improvement projects in order to expand or enhance existing infrastructure. Most notable is the recent completion of the Wastewater Effluent Outfall Replacement Project. The City has applied for and received low interest loans from the State of California Department of Public Health to complete infrastructure improvement projects at a cost less than it could borrow using conventional bond financings. The loans will be repaid over a twenty year period from increases in user fees approved by City Council in July, 2012, as part of a Citywide Water and Wastewater rate study and public noticing process in accordance with the requirements of Proposition 218. A priority has been placed on preservation of existing capital connection fee fund balances in order to ensure balances are available to pay debt service during the period where housing development (and therefore receipt of new customer connection fees) has been significantly less than historical levels.

H. CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report, or need any additional financial information, contact the Finance Department at 1201 Civic Center Boulevard, Yuba City, CA 95993, phone 530-822-5196, or email: lhaile@yubacity.net.

CITY OF YUBA CITY
STATEMENT OF NET POSITION
June 30, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 48,517,808	\$ 24,505,879	\$ 73,023,687
Cash and investments with fiscal agents	2,062,741	341,274	2,404,015
Restricted cash and investments		850,535	850,535
Investment in JPA	2,933,989		2,933,989
Interest receivable	208,434		208,434
Accounts receivable	3,926,409	3,088,740	7,015,149
Taxes and assessments receivable	3,428,321	110,000	3,538,321
Receivable due from Successor Agency trust fund	11,042,125		11,042,125
Prepaid expenses	502,017	16,064	518,081
Inventory	14,007		14,007
Deposits receivable	15,000		15,000
Notes receivable	7,603,120		7,603,120
Deferred charges - net of accumulated amortization	483,235	392,797	876,032
Capital assets:			
Nondepreciable:			
Land	125,347,238	1,674,698	127,021,936
Construction in progress	3,530,870	9,856,302	13,387,172
Depreciable:			
Buildings	38,403,671	25,267,392	63,671,063
Improvements	11,127,780	74,182,625	85,310,405
Machinery and equipment	18,285,435	24,209,350	42,494,785
Infrastructure	358,541,997	146,256,523	504,798,520
Accumulated depreciation	<u>(126,916,856)</u>	<u>(81,760,237)</u>	<u>(208,677,093)</u>
Total assets	<u>509,057,341</u>	<u>228,991,942</u>	<u>738,049,283</u>
LIABILITIES			
Accounts payable	1,963,962	2,049,834	4,013,796
Accrued liabilities	1,100,808	171,366	1,272,174
Accrued interest payable	82,159	171,869	254,028
Deposits payable	747,438	70,255	817,693
Unearned revenue	10,659,988	168,246	10,828,234
Compensated absences, due within one year	19,285	325,039	344,324
Noncurrent liabilities, due within one year	1,898,857	2,417,496	4,316,353
Noncurrent liabilities:			
Other post-employment benefits obligation	765,903		765,903
Compensated absences, due in more than one year	3,652,259	93,272	3,745,531
Other, due in more than one year	<u>17,689,677</u>	<u>59,484,403</u>	<u>77,174,080</u>
Total liabilities	<u>38,580,336</u>	<u>64,951,780</u>	<u>103,532,116</u>
NET POSITION			
Net investment in capital assets	413,009,592	138,177,551	551,187,143
Restricted for:			
Community development	6,936,912		6,936,912
Streets and roads	1,603,857		1,603,857
Landscape districts	617,077		617,077
Lighting districts	1,290,733		1,290,733
Mitigation purposes	1,142		1,142
Specific plan	152,541		152,541
Energy conservation	70,093		70,093
Rate stabilization	1,623		1,623
Capital projects	16,155,458		16,155,458
Debt service	798,082	250,270	1,048,352
Unrestricted	<u>29,839,895</u>	<u>25,612,341</u>	<u>55,452,236</u>
Total net position	<u>\$ 470,477,005</u>	<u>\$ 164,040,162</u>	<u>\$ 634,517,167</u>

The notes to the financial statements are an integral part of this statement.

CITY OF YUBA CITY
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2013

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>
Governmental activities:				
General government	\$ 4,141,515	\$ 30,072	\$ 164,846	\$ -
Public safety	23,803,495	2,576,302	435,090	1,035,471
Public works and facilities	14,679,065	473,896	1,515,341	5,547,778
Community development	2,681,441	983,285	1,880,323	
Parks and recreation	2,327,384	1,153,643		
Interest on long term debt	918,815			
Total governmental activities	48,551,715	5,217,198	3,995,600	6,583,249
Business-type activities:				
Water	10,931,144	11,177,162	1,447,342	
Wastewater	9,912,472	10,869,354		
Total business-type activities	20,843,616	22,046,516	1,447,342	
Total government	\$ 69,395,331	\$ 27,263,714	\$ 5,442,942	\$ 6,583,249

General Revenues

Taxes:

 Secured and unsecured property taxes

 Sales and use taxes

 Transient lodging taxes

 Franchise taxes

 Other taxes

Motor vehicle in lieu, unrestricted

Use of money and property

Miscellaneous revenue

Transfers

Total general revenues and transfers

Change in net position

Net Position, July 1, 2012

Prior period adjustment

Net Position, July 1, 2012, restated

Net Position, June 30, 2013

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Change in Net Position		
Net Governmental Activities	Net Business-type Activities	Total
\$ (3,946,597)	\$ -	\$ (3,946,597)
(19,756,632)		(19,756,632)
(7,142,050)		(7,142,050)
182,167		182,167
(1,173,741)		(1,173,741)
(918,815)		(918,815)
<u>(32,755,668)</u>		<u>(32,755,668)</u>
	1,693,360	1,693,360
	956,882	956,882
	<u>2,650,242</u>	<u>2,650,242</u>
<u>(32,755,668)</u>	<u>2,650,242</u>	<u>(30,105,426)</u>
13,035,024		13,035,024
8,077,442		8,077,442
626,485		626,485
1,513,729		1,513,729
919,624		919,624
33,612		33,612
191,015	490,627	681,642
81,433		81,433
3,822,793	(3,822,793)	
<u>28,301,157</u>	<u>(3,332,166)</u>	<u>24,968,991</u>
<u>(4,454,511)</u>	<u>(681,924)</u>	<u>(5,136,435)</u>
479,608,323	164,722,086	644,330,409
<u>(4,676,807)</u>		<u>(4,676,807)</u>
<u>474,931,516</u>	<u>164,722,086</u>	<u>639,653,602</u>
<u>\$ 470,477,005</u>	<u>\$ 164,040,162</u>	<u>\$ 634,517,167</u>

The notes to the financial statements are an integral part of this statement.

CITY OF YUBA CITY
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2013

	General Fund	HOME Grant Special Revenue Fund	Streets and Roads Special Revenue Fund
ASSETS			
Cash and investments	\$ 6,653,551	\$ 48,903	\$ 27,430
Cash and investments with fiscal agent			
Investment in JPA			
Interest receivable	208,422		
Accounts receivable	742,365		1,397,715
Taxes and assessments receivable	3,091,114		328,712
Prepaid expenditures	45,677		
Due from other funds	416,065		
Deposits receivable	15,000		
Notes receivable	7,652	5,375,114	
Receivable due from Successor Agency trust fund	11,042,125		
Total assets	\$ 22,221,971	\$ 5,424,017	\$ 1,753,857
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 420,206	\$ -	\$ -
Accrued liabilities	1,091,194		
Deposits payable			
Unearned revenue	1,464,563	5,375,114	
Due to other funds			150,000
Total liabilities	2,975,963	5,375,114	150,000
Fund Balances:			
Nonspendable	11,087,802		
Restricted		48,903	1,603,857
Committed	3,905,424		
Unassigned	4,252,782		
Total fund balances	19,246,008	48,903	1,603,857
Total liabilities and fund balances	\$ 22,221,971	\$ 5,424,017	\$ 1,753,857

The notes to the financial statements are an integral part of this statement.

General CIP Capital Projects Fund	Impact Fees CIP Capital Projects Fund	Other Governmental Funds	Total
\$ 8,586,855	\$ 15,139,486	\$ 4,065,480	\$ 34,521,705
		2,062,741	2,062,741
1,480,396	1,453,593		2,933,989
		12	208,434
891,365	309,166	544,301	3,884,912
		8,495	3,428,321
			45,677
87,690		150,000	653,755
			15,000
	395,945	1,824,409	7,603,120
			11,042,125
<u>\$ 11,046,306</u>	<u>\$ 17,298,190</u>	<u>\$ 8,655,438</u>	<u>\$ 66,399,779</u>
\$ 316,232	\$ 1,012,541	\$ 105,582	\$ 1,854,561
			1,091,194
	42,501	704,937	747,438
9,735	10,253,939	2,160,549	19,263,900
	87,690	416,065	653,755
<u>325,967</u>	<u>11,396,671</u>	<u>3,387,133</u>	<u>23,610,848</u>
1,480,396	1,453,593		14,021,791
812,813	4,447,926	2,227,503	9,141,002
8,427,130		3,041,249	15,373,803
		(447)	4,252,335
<u>10,720,339</u>	<u>5,901,519</u>	<u>5,268,305</u>	<u>42,788,931</u>
<u>\$ 11,046,306</u>	<u>\$ 17,298,190</u>	<u>\$ 8,655,438</u>	<u>\$ 66,399,779</u>

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CITY OF YUBA CITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2013

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 42,788,931

In the governmental funds balance sheet, only current assets are reported.
In the statement of net position, all assets are reported,
including capital assets and accumulated depreciation.

Capital assets	\$	543,250,620	
Accumulated depreciation		<u>(117,240,731)</u>	
Net			426,009,889

In the governmental funds balance sheet, interest on long-term debt is not recognized until the period in which it matures and is paid.
In government-wide statement of net position, it is recognized in the period that it is incurred. (82,159)

Under the modified accrual basis of accounting used in governmental funds, revenues and expenses are not recognized for transactions that do not represent available financial resources. In the statement of net position and statement of activities, however, revenues, assets, expenses, and liabilities are reported regardless of when financial resources are available.

Unearned revenue 8,611,941

Long-term liabilities: In the governmental funds balance sheet, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Other post-employment benefits obligation	\$	(765,903)	
Certificates of participation, net of issue costs (\$410,092)		(10,534,908)	
Pension obligation bonds, net of issue costs (\$73,143)		(3,906,857)	
Capital leases payable		(4,663,534)	
Compensated absences		<u>(3,637,408)</u>	
Net			(23,508,610)

Internal service funds are used by management to charge the cost of certain activities such as insurance and equipment maintenance and operations, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position. 16,657,013

TOTAL NET POSITION, GOVERNMENTAL ACTIVITIES \$ 470,477,005

The notes to the financial statements are an integral part of this statement.

CITY OF YUBA CITY
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2013

	General Fund	HOME Grant Special Revenue Fund	Streets and Roads Special Revenue Fund
Revenues:			
Taxes and assessments	\$ 24,031,295	\$ -	\$ 3,023,532
Use of money and property	117,789	2,020	12,551
Intergovernmental revenues	565,559	97,218	1,497,616
Charges for services	2,514,650		
Licenses, permits, and fees	623,157		
Fines and forfeitures	16,746		
Program income		8,142	
Contribution from trust fund	51,000		
Other revenues	127,812		54,427
Total revenues	28,048,008	107,380	4,588,126
Expenditures:			
Current:			
General government	3,689,698		
Public safety	22,999,008		
Parks and recreation	1,803,225		
Public works and facilities	4,455,215		
Community development	942,624	63,951	
Capital outlay	51,091		
Debt service:			
Principal	122,205		
Interest and other charges	5,945		
Total expenditures	34,069,011	63,951	
Excess of revenues over (under) expenditures	(6,021,003)	43,429	4,588,126
Other Financing Sources (Uses):			
Proceeds from issuance of long-term debt			
Transfers in	6,010,711		
Transfers out			(4,783,492)
Total other financing sources (uses)	6,010,711		(4,783,492)
Net changes in fund balances	(10,292)	43,429	(195,366)
Fund balances - July 1, 2012	19,256,300	5,474	1,799,223
Fund balances - June 30, 2013	<u>\$ 19,246,008</u>	<u>\$ 48,903</u>	<u>\$ 1,603,857</u>

The notes to the financial statements are an integral part of this statement.

General CIP Capital Projects Fund	Impact Fees CIP Capital Projects Fund	Other Governmental Funds	Totals
\$ -	\$ -	\$ 656,373	\$ 27,711,200
(26,333)	(25,903)	81,189	161,313
10,994	1,043,321	1,792,833	5,007,541
220	1,897,723	1,042,648	5,455,241
		46,201	669,358
		317,595	334,341
200,547	1,315,809	34,529	1,559,027
	813	122,220	174,033
676,153		3,468	861,860
<u>861,581</u>	<u>4,231,763</u>	<u>4,097,056</u>	<u>41,933,914</u>
		3,216	3,692,914
	395,505	13,604	23,408,117
		234,347	2,037,572
		170,144	4,625,359
		1,364,760	2,371,335
1,580,489	1,456,474	2,536,232	5,624,286
		1,654,115	1,776,320
		879,071	885,016
<u>1,580,489</u>	<u>1,851,979</u>	<u>6,855,489</u>	<u>44,420,919</u>
<u>(718,908)</u>	<u>2,379,784</u>	<u>(2,758,433)</u>	<u>(2,487,005)</u>
1,345,487			1,345,487
71,144	99,188	4,673,857	10,854,900
<u>(630,717)</u>	<u>(1,004,550)</u>	<u>(991,348)</u>	<u>(7,410,107)</u>
<u>785,914</u>	<u>(905,362)</u>	<u>3,682,509</u>	<u>4,790,280</u>
67,006	1,474,422	924,076	2,303,275
<u>10,653,333</u>	<u>4,427,097</u>	<u>4,344,229</u>	<u>40,485,656</u>
<u>\$ 10,720,339</u>	<u>\$ 5,901,519</u>	<u>\$ 5,268,305</u>	<u>\$ 42,788,931</u>

CITY OF YUBA CITY
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2013

The schedule below reconciles the net changes in fund balances reported on the governmental funds statement of revenues, expenditures, and changes in fund balances, which measures only changes in current assets and current liabilities on the modified accrual basis, with the change in net position of governmental activities reported in the statement of activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES \$ 2,303,275

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures are, therefore, added back to fund balances	5,619,906
Depreciation expense not reported in governmental funds	(11,657,392)
Capital outlay expenditures reported as salary expenditures in governmental funds	501,450

Gain or loss on disposition of capital assets is not reported in the governmental funds. This is the cost of the capital assets disposed during the current period (6,628)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Costs associated with the issuance of long-term debt are reported as expenditures in the governmental funds, but are deferred and amortized throughout the period during which the related debt is outstanding in the statement of net position. Repayment of long-term debt principal is an expenditure in the governmental funds, but in the statement of net position the repayment reduces long-term liabilities.

Proceeds from issuance of long-term debt	(1,345,487)
Repayment of debt principal is added back to fund balances	1,776,320
Amortization expense of costs of issuance not reported in governmental funds	(36,116)

The amounts below included in the statement of activities do not provide (require) the use of current financial resources and, therefore, are not reported as revenue or expenditures in governmental funds (net change). These are the current fiscal year changes:

Interest payable	2,317
Compensated absences	(60,936)

Certain revenues are offset by unearned revenue in the governmental funds because they are not available to pay for current period expenditures. This amount represents the amount by which prior year unearned revenue exceeded current year. (1,593,477)

Other postemployment benefits payable is not a current liability and therefore is not recorded in the governmental fund statements. This amount represents the amount of the change in the payable in the current period. (106,986)

Certain revenues and expenses reported in the statement of activities are not current financial resources or do not require the use of current financial resources, and therefore, are not reported as revenues or expenditures in the governmental funds. These amounts represent the amounts that prior fiscal year accounts receivable and accounts payable exceeded current fiscal year. 106,542

Internal service funds are used by management to charge the costs of certain activities, such as insurance and equipment maintenance and operations, to individual funds. The net revenue (expense) of the internal service funds is reported with the governmental activities. 42,701

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (4,454,511)

CITY OF YUBA CITY
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2013

	Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Wastewater	Totals	
ASSETS				
Current Assets:				
Cash and investments	\$ 13,404,831	\$ 11,101,048	\$ 24,505,879	\$ 13,996,103
Cash and investments with fiscal agents	341,274		341,274	
Restricted cash and investments		850,535	850,535	
Accounts receivable - net	1,841,894	1,246,846	3,088,740	41,497
Taxes and assessments receivable		110,000	110,000	
Inventory				14,007
Prepaid expenses	15,635	429	16,064	456,340
Total Current Assets	15,603,634	13,308,858	28,912,492	14,507,947
Noncurrent Assets:				
Deferred charges, net of accumulated amortization	183,042	209,755	392,797	
Capital Assets:				
Nondepreciable				
Land	974,698	700,000	1,674,698	
Construction in progress	6,230,778	3,625,524	9,856,302	
Total Nondepreciable Capital Assets	7,205,476	4,325,524	11,531,000	
Depreciable				
Buildings	9,124,700	16,142,692	25,267,392	306,372
Improvements	40,994,739	33,187,886	74,182,625	
Infrastructure	102,172,434	44,084,089	146,256,523	
Machinery and equipment	9,830,593	14,378,757	24,209,350	11,679,999
Total Depreciable Capital Assets	162,122,466	107,793,424	269,915,890	11,986,371
Less Accumulated Depreciation	(43,124,854)	(38,635,383)	(81,760,237)	(9,676,125)
Net Depreciable Capital Assets	118,997,612	69,158,041	188,155,653	2,310,246
Net Capital Assets	126,203,088	73,483,565	199,686,653	2,310,246
Total Noncurrent Assets	126,386,130	73,693,320	200,079,450	2,310,246
Total Assets	\$ 141,989,764	\$ 87,002,178	\$ 228,991,942	\$ 16,818,193

(Continued)

The notes to the financial statements are an integral part of this statement.

CITY OF YUBA CITY
PROPRIETARY FUNDS
STATEMENT OF NET POSITION (Continued)
June 30, 2013

	Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Wastewater	Totals	
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 936,477	\$ 1,113,357	\$ 2,049,834	\$ 109,401
Accrued interest payable	91,004	80,865	171,869	
Accrued wages	68,452	102,914	171,366	9,614
Unearned revenue	54,684	113,562	168,246	8,029
Deposits payable		70,255	70,255	
Compensated absences	161,194	163,845	325,039	
Loans payable	988,786	78,400	1,067,186	
Bonds payable	730,759	132,964	863,723	
Certificates of participation		486,587	486,587	
Total Current Liabilities	<u>3,031,356</u>	<u>2,342,749</u>	<u>5,374,105</u>	<u>127,044</u>
Noncurrent Liabilities:				
Compensated absences	41,410	51,862	93,272	34,136
Loans payable	22,354,508	1,340,391	23,694,899	
Bonds payable	19,900,052	8,830,383	28,730,435	
Certificates of participation		7,059,069	7,059,069	
Total Noncurrent Liabilities	<u>42,295,970</u>	<u>17,281,705</u>	<u>59,577,675</u>	<u>34,136</u>
Total Liabilities	<u>45,327,326</u>	<u>19,624,454</u>	<u>64,951,780</u>	<u>161,180</u>
NET POSITION				
Net investment in capital assets	82,412,025	55,765,526	138,177,551	2,310,246
Restricted for:				
Debt service	250,270		250,270	
Unrestricted	14,000,143	11,612,198	25,612,341	14,346,767
Total Net Position	<u>\$ 96,662,438</u>	<u>\$ 67,377,724</u>	<u>\$ 164,040,162</u>	<u>\$ 16,657,013</u>

The notes to the financial statements are an integral part of this statement.

CITY OF YUBA CITY
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND NET POSITION
For the Fiscal Year Ended June 30, 2013

	Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Wastewater	Totals	
Operating Revenues:				
Sales and charges for services	\$ 10,860,648	\$ 10,404,173	\$ 21,264,821	\$ 5,820,021
Connection fees	283,917	379,351	663,268	
Other revenues	32,597	85,830	118,427	89,575
Total Operating Revenues	<u>11,177,162</u>	<u>10,869,354</u>	<u>22,046,516</u>	<u>5,909,596</u>
Operating Expenses:				
Salaries and benefits	1,815,612	2,579,969	4,395,581	289,539
Professional services	179,465	439,899	619,364	77,132
Supplies	14,354	60,701	75,055	6,334
Benefits, claims, and insurance	40,970	39,316	80,286	4,593,859
Maintenance and operation	300,798	748,477	1,049,275	580,491
Tools and equipment	191,793	992,201	1,183,994	129,875
Rents and leases	3,450	2,200	5,650	
Power and utilities	923,656	1,109,915	2,033,571	25,780
Training	37,452	15,240	52,692	558
Water purchases	779,198		779,198	
Depreciation	4,676,734	3,120,071	7,796,805	569,204
Total Operating Expenses	<u>8,963,482</u>	<u>9,107,989</u>	<u>18,071,471</u>	<u>6,272,772</u>
Operating Income (Loss)	<u>2,213,680</u>	<u>1,761,365</u>	<u>3,975,045</u>	<u>(363,176)</u>
Non-Operating Revenues (Expenses):				
Interest income	523,001	(32,374)	490,627	27,877
Interest expense	(1,959,138)	(743,248)	(2,702,386)	
Amortization expense	(4,799)	(52,585)	(57,384)	
Gain (loss) on sale of capital assets	(3,725)	(8,650)	(12,375)	
Intergovernmental revenues	1,447,342		1,447,342	
Total Non-Operating Revenue (Expenses)	<u>2,681</u>	<u>(836,857)</u>	<u>(834,176)</u>	<u>27,877</u>
Income (Loss) Before Transfers	2,216,361	924,508	3,140,869	(335,299)
Transfers:				
Transfers in		245,000	245,000	378,000
Transfers out	(2,078,503)	(1,989,290)	(4,067,793)	
Change in Net Position	137,858	(819,782)	(681,924)	42,701
Net Position, July 1, 2012	<u>96,524,580</u>	<u>68,197,506</u>	<u>164,722,086</u>	<u>16,614,312</u>
Net Position, June 30, 2013	<u>\$ 96,662,438</u>	<u>\$ 67,377,724</u>	<u>\$ 164,040,162</u>	<u>\$ 16,657,013</u>

The notes to the financial statements are an integral part of this statement.

CITY OF YUBA CITY
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2013

	Business-type Activities			Governmental Activities - Internal Service Funds
	Enterprise Funds			
	Water	Wastewater	Totals	
Cash Flows from Operating Activities:				
Receipts from customers	\$ 10,316,760	\$ 10,735,626	\$ 21,052,386	\$ 5,913,636
Payments to suppliers and users	(1,844,317)	(3,057,677)	(4,901,994)	(4,914,296)
Payments to employees	(1,825,132)	(2,595,134)	(4,420,266)	(335,643)
Net Cash Provided (Used) by Operating Activities	<u>6,647,311</u>	<u>5,082,815</u>	<u>11,730,126</u>	<u>663,697</u>
Cash Flows from Non-Capital Financing Activities:				
Intergovernmental revenues	1,447,342		1,447,342	
Transfers in		245,000	245,000	378,000
Transfers out	(2,078,503)	(1,989,290)	(4,067,793)	
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(631,161)</u>	<u>(1,744,290)</u>	<u>(2,375,451)</u>	<u>363,380</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition of capital assets	(5,058,618)	(3,702,966)	(8,761,584)	(450,133)
Proceeds from issuance of debt	21,710,000	1,418,791	23,128,791	
Bond premium paid on refunding of debt	(216,750)		(216,750)	
Bond issue costs paid	(542,750)		(542,750)	
Principal paid on debt	(23,146,087)	(642,763)	(23,788,850)	
Interest paid on debt	(1,948,959)	(724,756)	(2,673,715)	
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(9,203,164)</u>	<u>(3,651,694)</u>	<u>(12,854,858)</u>	<u>(450,133)</u>
Cash Flows from Investing Activities:				
Interest received	523,001	(32,374)	490,627	42,497
Net Cash Provided (Used) by Investing Activities	<u>523,001</u>	<u>(32,374)</u>	<u>490,627</u>	<u>42,497</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,664,013)	(345,543)	(3,009,556)	619,441
Cash and Cash Equivalents, July 1, 2012	<u>16,410,118</u>	<u>12,297,126</u>	<u>28,707,244</u>	<u>13,376,662</u>
Cash and Cash Equivalents, June 30, 2013	<u>\$ 13,746,105</u>	<u>\$ 11,951,583</u>	<u>\$ 25,697,688</u>	<u>\$ 13,996,103</u>
Reconciliation of Cash and Cash Equivalents to Statement of Net Position				
Cash and investments	\$ 13,404,831	\$ 11,101,048	\$ 24,505,879	\$ 13,996,103
Cash and investments with fiscal agents	341,274		341,274	
Restricted cash and investments		850,535	850,535	
Total Cash and Investments	<u>\$ 13,746,105</u>	<u>\$ 11,951,583</u>	<u>\$ 25,697,688</u>	<u>\$ 13,996,103</u>

(Continued)

The notes to the financial statements are an integral part of this statement.

CITY OF YUBA CITY
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (Continued)
For the Fiscal Year Ended June 30, 2013

	Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Wastewater	Totals	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 2,213,680	\$ 1,761,365	\$ 3,975,045	\$ (363,176)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	4,676,734	3,120,071	7,796,805	569,204
(Increase) Decrease in Operating Assets:				
Accounts receivable	(863,974)	(133,962)	(997,936)	3,940
Inventory				4,315
Prepaid expenses	67,582	(157)	67,425	412,062
Increase (Decrease) in Operating Liabilities:				
Accounts payable	559,237	350,429	909,666	40,838
Accrued wages	(5,763)	1,897	(3,866)	(3,818)
Compensated absences	(3,757)	(17,062)	(20,819)	232
Unearned revenue	3,572	234	3,806	100
 Net Cash Provided (Used) by Operating Activities	 <u>\$ 6,647,311</u>	 <u>\$ 5,082,815</u>	 <u>\$ 11,730,126</u>	 <u>\$ 663,697</u>

The notes to the financial statements are an integral part of this statement.

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CITY OF YUBA CITY
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
June 30, 2013

	Private-Purpose Trust Funds	Agency Funds
ASSETS		
Cash and investments	\$ 1,242,247	\$ 7,130,567
Cash and investments with fiscal agent	2,659,724	36,905,268
Interest receivable	1	433
Accounts receivable	32,507	5,176,884
Taxes and assessments receivable	234,718	
Prepaid expenses	343	
Deposits receivable	9,800	6,702,761
Deferred charges	449,652	
Notes receivable	3,191,222	
Capital assets, nondepreciable	3,946,444	
Capital assets, depreciable, net of accumulated depreciation	1,695,584	
	13,462,242	\$ 55,915,913
Total Assets	13,462,242	\$ 55,915,913
LIABILITIES		
Accounts payable	149,117	\$ 4,165,553
Accrued liabilities		32,749
Interest payable	641,613	
Deposits payable		4,812,171
Long-term debt, due within one year	614,024	
Long-term debt, due in more than one year	45,453,895	46,905,440
	46,858,649	\$ 55,915,913
Total Liabilities	46,858,649	\$ 55,915,913
NET POSITION		
Restricted for Debt Service	2,018,111	
Unrestricted	(35,414,518)	
Total Net Position (Deficit)	\$ (33,396,407)	

The notes to the financial statements are an integral part of this statement.

CITY OF YUBA CITY
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2013

	Private-Purpose Trust Funds
Additions:	
Investment revenue	\$ 233,507
Taxes and assessments	3,195,252
Contribution from agency fund	48,451
Other revenue	145,596
Total additions	3,622,806
Deductions:	
Administration	85,418
Community development	3,443,898
Contributions to City for debt service	174,033
Interest expense	1,953,786
Depreciation and amortization	137,036
Total deductions	5,794,171
Change in net position	(2,171,365)
Net Position (Deficit) - July 1, 2012	(31,225,042)
Net Position (Deficit) - June 30, 2013	\$ (33,396,407)

The notes to the financial statements are an integral part of this statement.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Yuba City was founded in 1849, and is one of California's oldest cities. Yuba City was formally incorporated January 23, 1908, under the laws and regulations of the State of California. The City operates under a Council-Manager form of government and provides the following services: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

The accounting methods and procedures adopted by the City conform to accounting principles generally accepted in the United States of America, as applied to governmental entities. These financial statements present the government and its component units, entities for which the government is considered to be financially accountable under the criteria set by Governmental Accounting Standards Board (GASB) Statement No. 14, *the Financial Reporting Entity*, as amended by GASB Statement No. 39 and GASB Statement No. 61.

The governmental reporting entity consists of the City (Primary Government) and its component units. Component units are legally separate organizations for which the City Council is financially accountable or other organizations whose component units' nature and significant relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the City's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the City.

Reporting for component units on the City's financial statements can be blended or discretely presented. Blended component units are, although legally separate entities, in substance, part of the City's operations and, therefore, data from these units is combined with data of the primary government. Discretely presented component units, on the other hand, would be reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

For financial reporting purposes, the City's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the City's Council.

Blended Component Units

Component units that are blended into the reporting activity types of the City's report are presented below:

Yuba City Public Finance Authority

The Yuba City Public Finance Authority was formed by a joint exercise of power agreement dated November 5, 1992, between the City of Yuba City and the Yuba City Redevelopment Agency for the purpose of issuing bonds to be used to provide financial assistance to the City and the Agency. The governing body is substantially the same as the primary government and the City and the component unit is financially interdependent; hence, the unit is presented by blending with the primary government.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Yuba City Public Finance Authority (Continued)

Separate audited financial statements for the Yuba City Public Finance Authority are not issued. Debt of the Yuba City Public Finance Authority is shown as general obligation long-term debt of the City.

Discretely Presented Component Units

There are no component units of the City which meet the criteria for discrete presentation.

Joint Powers Agencies

The City also has ownership interests in the Northern California Cities Self Insurance Fund (NCCSIF) and the Sutter Animal Services Authority (SASA). These entities have not met the criteria stated above, and their financial information is not combined with that of the City, although the City's investment in NCCSIF and SASA has been included in the financial statements as prepaid insurance and investment in JPA, respectively.

B. Basis of Presentation and Accounting and Measurement Focus

The accounts of the City are organized and operated on the basis of funds, each of which is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. These funds are established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Government-wide Financial Statements

The government-wide financial statements include; a statement of net position and a statement of activities. These statements present summaries of governmental and business-type activities for the City accompanied by a total column. Fiduciary Activities of the City are not included in these statements.

The government-wide financial statements are reported using the *economic resources* measurement focus and the full accrual basis of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place. 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. The types of transactions reported as program revenues for the City are reported in three categories:

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation and Accounting and Measurement Focus (Continued)

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

There have been certain eliminations as prescribed by GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis – for State and Local Governments*, 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, internal service fund transactions have been eliminated. However, transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

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

Non-exchange transactions are typically described as taxes, fines, and certain grants and donations. In a non-exchange transaction, a government gives (or receives) value without directly receiving (or giving) equal value in return. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

In accordance with GASB Statement No. 62, the City applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, to the business type activities, unless those pronouncements conflict with or contradict GASB pronouncements; Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the Committee on Accounting Procedure.

Major Funds

An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

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 nonmajor funds aggregated.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation and Accounting and Measurement Focus (Continued)

The City has presented all major funds that meet the qualifications for major fund reporting.

The following are descriptions of the major governmental funds:

- The **General Fund** is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. The General Fund includes such activities as public safety, parks and recreation, public works and facilities and community development.
- The **HOME Grant Fund** is a special revenue fund used to account for funds related to various HOME housing rehabilitation grant programs. The main sources of revenue of this fund are loan repayments and intergovernmental revenues.
- The **Streets and Roads Fund** is a special revenue fund used to account for monies to be used on transportation, road, and street programs. The main sources of revenue of this fund are local transportation funds, gas tax funds, Proposition 42 funds, and road maintenance franchise fees.
- The **General Capital Improvement Projects Fund** is a capital projects fund used to account for funds budgeted for capital improvements which are funded from general City revenue sources.
- The **Impact Fees CIP Projects Fund** is a capital projects fund used to account for funds budgeted for capital expenditures, which are funded from development impact fees.

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 sheets. The statement of revenues, expenditures, and changes in fund balances present 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. Accordingly, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Certain grant revenues are considered to be available if they are collected within 9 months of the end of the current fiscal period. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on long-term debt, claims and judgments, and compensated absences, which are recognized only when due and payable at year-end. General capital asset acquisitions and debt service principal payments are reported as expenditures in governmental funds. Proceeds from long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, charges for services, grant revenues, and investment earnings are considered to be susceptible to accrual and have been recognized as revenues in the current fiscal period. Licenses and permits, and fines and forfeitures are not susceptible to accrual because they are not measurable until received in cash. Grant revenues earned but not received are recorded as a receivable, and grants received before the related revenue recognition criteria have been met are reported as deferred revenues.

Reconciliations of the governmental fund financial statements to the government-wide financial statements are provided to explain the differences created by the integrated approach.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation and Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements

Proprietary fund financial statements include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows for each major proprietary fund. A column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements.

The following are descriptions of the major proprietary funds:

- The **Water Fund** is an enterprise fund used to account for activity related to providing customers with water service and billing for service provided by the City.
- The **Wastewater Fund** is an enterprise fund used to account for activity related to providing customers with wastewater service and billing for service provided by the City.

All proprietary fund types are accounted for on an *economic resources* measurement focus and full accrual basis of accounting. Accordingly, all assets and all liabilities (whether current or noncurrent) associated with their activity are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (revenues) and decreases (expenses) in total net position. Under the full accrual basis of accounting, revenues are recognized in the accounting period in which they are *earned* and expenses are recognized in the accounting period *incurred*.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the funds. 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.

Internal Service Funds

The City also reports the following fund type:

- Internal Service Funds - These funds are used to account for stores, vehicle replacement, insurance, technology replacement, and employee benefit services provided to other departments on a cost reimbursement basis.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a statement of net position and statement of changes in net position. The City has two types of fiduciary funds; agency funds and private-purpose trust funds.

- Agency funds are used to account for funds in which the City is acting as agent for another agency. The specific nature of the activities reported in the agency funds are: customer deposits, assessment district monies, community facilities district monies, narcotics enforcement joint powers authority operations, state-funded narcotics enforcement program, operations of the local flood control agency, and capital funds of the local flood control agency. Agency funds are custodial in nature and do not involve measurement of results of operations, however, they do use the full accrual basis of accounting to recognize receivables and payables.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation and Accounting and Measurement Focus (Continued)

- Private-purpose trust funds are used to account for custodial responsibilities assigned to the Redevelopment Agency Successor Agency, and was established on February 1, 2012. Private-purpose trust funds are accounted for on an *economic resources* measurement focus and full accrual basis of accounting.

C. Cash and Investments

The City pools cash and investments of all funds, except amounts held by fiscal agents. The City sponsors an investment pool that is managed by the Yuba City City Council (Council). The Council invests on behalf of most funds of the City and external participants in accordance with the California State Government Code and the City's investment policy.

Investments are reported in the accompanying balance sheet at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Cash deposits are reported at carrying amount which reasonably estimates fair value. Managed funds not listed on an established market are reported at the estimated fair value as determined by the respective fund managers based on quoted sales prices of the underlying securities.

Participant's equity in an investment pool is determined by the dollar amount of participant deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on an amortized cost basis. Amortized premiums and accreted discounts, accrued interest, and realized gains and losses, net of expenses, are apportioned to pool participants annually. During the fiscal year ended June 30, 2013, the City had not entered into any legally binding guarantees to support the participant equity in the investment pool.

The City pools cash resources from all funds in order to facilitate the management of cash. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms.

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB Statement No. 3)*, certain disclosure requirements for deposits and investment risks were made in the following areas: interest rate risk, credit risk, custodial credit risk, and concentrations of credit risk.

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end, and other disclosures.

The City has implemented 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 not readily available.

The City participates in an investment pool Local Agency Investment Fund (LAIF), which has invested a portion of the pooled 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.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash and Investments (Continued)

For purposes of the accompanying statement of cash flows, the enterprise and internal service funds consider all highly liquid investments with a maturity date of three months or less when purchased, and their equity in the City's investment pool, to be cash equivalents.

D. Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. The major receivable balances for the governmental activities are taxes, grants, and interest. Business-type activities report user fees and interest earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as taxes and other similar intergovernmental revenues since they are not usually both measurable and available. Nonexchange transactions (except for grant revenues) that are collectible, but not available, are deferred in the fund financial statements in accordance with the modified accrual basis, but are not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received.

E. Interfund Transactions

Interfund transactions are reflected as loans, services provided or used, reimbursements, or transfers.

- Loans reported as receivables and payables 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) as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances". Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.
- Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. These services provide information on the net cost of each governmental function and, therefore, are not eliminated in the process of preparing the government-wide statement of activities.
- Reimbursements occur when the funds responsible for particular expenditures or expenses repay the funds that initially paid for them. Such reimbursements are treated as an adjustment to expenditures or expenses; that is, a corresponding increase in expenditures or expenses in the reimbursing fund and a corresponding decrease in expenditures or expenses in the reimbursed fund.
- All other interfund transactions are treated as transfers. Transfers between funds are netted as part of the reconciliation to the government-wide presentation.

See Note 6 for details of interfund transactions.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Inventory and Prepaid Items

Inventories are stated at cost (first-in, first-out basis) for proprietary funds. Inventory recorded by proprietary funds includes supplies for internal service funds. Proprietary fund inventories are recorded as expenses at the time the inventory is consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses/expenditures.

G. Notes Receivable

For the purpose of the fund financial statements, special revenue funds expenditures relating to long-term notes receivable arising from mortgage subsidy programs are charged to operations upon funding and the notes receivable are recorded. The balance of the long-term receivable includes loans that may be forgiven if certain terms and conditions of the loans are met and, therefore, are offset by unearned revenue.

H. Capital Assets

Capital assets, which includes land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated assets are valued at their estimated fair value on the date donated. Capital assets are defined by the City as assets with a cost of more than \$5,000 and an estimated useful life of more than two years.

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations and whether they are reported in the governmental-wide or fund financial statements.

Government-wide Financial Statements

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these capital assets. The amount charged to depreciation expense each fiscal year represents that fiscal year's pro rata share of the cost of capital assets.

GASB Statement No. 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. Depreciation of all capital assets is charged as an expense against operations each fiscal year and is reported in the statement of activities. The total amount of depreciation taken over the years, called accumulated depreciation, is reported on the statement of net position as a reduction in the value of capital assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the capital asset constructed, net of interest earned on the invested proceeds over the same period.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets (Continued)

The range of estimated useful lives by type of asset is as follows:

<u>Depreciable Asset</u>	<u>Estimated Life</u>
Equipment	3-25 years
Structures and improvements	5-50 years
Infrastructure	20-75 years

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements, which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

I. Unearned Revenue

Under both the accrual and modified accrual basis of accounting, revenues are recognized only when earned. Thus, the government-wide statement of net position, governmental funds, and enterprise funds defer revenue recognition for resources that have been received at fiscal year-end, but not yet earned. Assets recognized before the earning process is complete are offset by a corresponding liability as unearned revenue. In addition, loans receivable for which repayments are unearned, or for which the balance may be forgiven if certain terms and conditions of the loans are met, have also been offset by unearned revenue. Under the modified accrual basis of accounting, revenues are recognized when earned and susceptible to accrual. Revenues are considered susceptible to accrual if they are measurable and available to finance expenditures of the current period. Thus, governmental funds also defer revenue recognition for revenues not considered available to liquidate liabilities of the current period.

See Note 4 for details of unearned revenue at fiscal year-end.

J. Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. The long-term debt consists of loans, compensated absences, bonds, and certificates of participation. Bond premiums and discounts, as well as issuance costs and refunding differences, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable premium, discount, and refunding difference.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Long-term Debt (Continued)

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

K. Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave, which will be paid to employees upon separation from City service. One hundred percent of unused vacation benefits are paid to employees upon termination. For employees hired prior to July 31, 1991, twenty-five percent of unused sick leave benefits vest with employees after five years and fifty percent vest with employees after fifteen years. For employees hired after July 31, 1991, fifteen percent of unused sick leave benefits vest with employees after five years and thirty percent vests with employees after fifteen years. In prior years, the General Fund has been used to liquidate the liability for non-proprietary fund compensated absences.

In the government-wide and proprietary fund financial statements, the accrued compensated absences is reported as an expense and related liability. In the governmental fund financial statements, the expenditures and liabilities related to those obligations are recognized only when they mature. The City includes its share of medicare taxes and workers compensation payable on behalf of the employees in the accrual for compensated absences.

L. Net Position/Fund Balances

GASB Statement No. 63 adds the concept of net position, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis.

Net position is divided into three captions under GASB Statements No. 34 and 63. These captions apply only to Net position as determined at the government-wide level, and are described below:

- *Net Investment in Capital Assets* describes the portion of net position, which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.
- *Restricted* describes the portion of net position, which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include debt service requirements and capital projects.
- *Unrestricted* describes the portion of net position, which is not restricted as to use.

When both restricted and unrestricted net position are available, restricted resources are depleted first before the unrestricted resources are used.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Position/Fund Balances (Continued)

At June 30, 2013, the City had recorded restricted net position in the governmental activities and business-type activities as follows:

	Governmental Activities	Business-type Activities
Restricted for:		
Community development	\$ 6,936,912	\$ -
Streets and roads	1,603,857	
Landscape districts	617,077	
Lighting districts	1,290,733	
Mitigation purposes	1,142	
Specific plans	152,541	
Energy conservation	70,093	
Rate stabilization	1,623	
Capital projects	16,155,458	
Debt service	798,082	250,270
Total Restricted	\$ 27,627,518	\$ 250,270

Included in total restricted net position at June 30, 2013 is net position restricted by enabling legislation of \$1,094,997

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Position/Fund Balances (Continued)

Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Finance Director.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available.

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

The constraints placed on fund balance for the major governmental funds and all other governmental funds at June 30, 2013 are as follows:

Fund Balances	General Fund	HOME Grant Special Revenue Fund	Streets and Roads Special Revenue Fund	General CIP Capital Projects Fund	Impact Fees CIP Capital Projects Fund	Nonmajor Governmental Funds	Total
Nonspendable:							
Advances	\$ 11,042,125	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,042,125
Prepays	45,677						45,677
Investment in JPA				1,480,396	1,453,593		2,933,989
Total Nonspendable	11,087,802			1,480,396	1,453,593		14,021,791
Restricted for:							
HOME Program		48,903					48,903
Community Development						26,866	26,866
Streets and Roads			1,603,857				1,603,857
Landscaping						617,077	617,077
Lighting						477,920	477,920
Mitigation Fees						1,142	1,142
Specific Plans						152,541	152,541
Rate Stabilization						1,623	1,623
Energy Conservation						70,093	70,093
Debt Service						880,241	880,241
Capital Projects				812,813	4,447,926		5,260,739
Total Restricted		48,903	1,603,857	812,813	4,447,926	2,227,503	9,141,002
Committed for:							
Economic Stabilization	3,905,424						3,905,424
Traffic Safety						208,436	208,436
Law Enforcement						131,402	131,402
Debt Service						1,274,672	1,274,672
Capital Projects				8,427,130		1,426,739	9,853,869
Total Committed	3,905,424			8,427,130		3,041,249	15,373,803
Unassigned	4,252,782					(447)	4,252,335
Total Fund Balances	\$ 19,246,008	\$ 48,903	\$ 1,603,857	\$ 10,720,339	\$ 5,901,519	\$ 5,268,305	\$ 42,788,931

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Position/Fund Balances (Continued)

The following are encumbrance amounts included in the restricted, committed, and assigned fund balances above:

	General Fund	HOME Grant Special Revenue Fund	Streets and Roads Special Revenue Fund	General CIP Capital Projects Fund	Impact Fees CIP Capital Projects Fund	Nonmajor Governmental Funds	Total
Encumbrances	\$ 303,799	\$ 10,841	\$ -	\$ 709,503	\$ 1,641,927	\$ 517,312	\$ 3,183,382

Stabilization Agreements/Rainy Day Fund/Budget Reserves

The City, has established by resolution a reserve for budget stabilization within the General Fund. As of June 30, 2013 the balance in the Economic Stabilization Reserve Fund was \$3,829,500 and is reported within the committed fund balance classification in the general fund. The City also has a 10% reserve fund set by the City’s budget policy, which is equal to 10% of the following fiscal year’s appropriations. This balance is reported within the unassigned fund balance classification in the general fund.

M. Property Tax Levy, Collections, and Maximum Rates

The State of California’s (State) Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed 1% of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value, as defined by Article XIII A, and may be adjusted by no more than 2% per year unless the property is sold or transferred. The State Legislature has determined the method of distribution of receipts from a 1% tax levy amount to counties, cities, school districts, and other districts.

Tax Levy Dates

All lien dates attach annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and secured personal property as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

Tax Collections

The Sutter County Tax Collector is responsible for all property tax collections. Taxes and assessments on secured and utility rolls which constitute a lien against the property, may be paid in two installments; the first installment is due on November 1 of the fiscal year and is delinquent if not paid by December 10, the second installment is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County of Sutter (County) for late payments.

The County apportions secured property tax revenue in accordance with the alternate methods of distribution, the “Teeter Plan”, as described by Section 4717 of the California Revenue and Taxation code. Therefore, the City receives 100 percent of the secured property tax levies to which it is entitled, whether or not collected. Unsecured delinquent taxes are considered fully collectible.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Grant Revenues

Certain grant revenues are recognized when specific related expenditures have been incurred. In other grant programs, monies are virtually unrestricted as to purpose of expenditure and are only revocable for failure to comply with prescribed compliance requirements. These revenues are recognized at the time of receipt, or earlier if susceptible to accrual criteria are met. Cash received prior to incurrence of the related expenditure is recorded as deferred revenue.

O. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

P. New Accounting Pronouncements

The City has implemented the requirements of Governmental Accounting Standards Board (GASB) Statements No. 60, 61, 62, and 63 during the fiscal year ended June 30, 2013.

Governmental Accounting Standards Board Statement No. 60

For the fiscal year ended June 30, 2013, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements." This Statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to improve financial reporting by addressing issues related to Service Concession Arrangements. This Statement improves consistency in reporting and enhances the comparability of the accounting and financial reporting of Service Concession Arrangements among state and local governments. Implementation of GASB Statement No. 60 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2013.

Governmental Accounting Standards Board Statement No. 61

For the fiscal year ended June 30, 2013, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 61 "The Financial Reporting Entity: Omnibus." This Statement is effective for periods beginning after June 15, 2012. The objective of this Statement is to improve financial reporting for component units. The Statement modifies certain requirements for inclusion of component units in the financial reporting entity and clarifies the reporting of equity interests in legally separate organizations. Implementation of GASB Statement No. 61 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2013.

Governmental Accounting Standards Board Statement No. 62

For the fiscal year ended June 30, 2013, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." This Statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the FASB and AICPA pronouncements issued on or before November 30, 1989. This Statement specifically identifies and consolidates the accounting and financial reporting provisions that apply to state and local governments. Implementation of the Statement and the impact on the City's financial statements are explained in Note 1B.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. New Accounting Pronouncements (Continued)

Governmental Accounting Standards Board Statement No. 63

For the fiscal year ended June 30, 2013, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." This Statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to establish guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. This Statement sets forth framework that specifies where deferred outflows of resources and deferred inflows of resources, as well as assets and liabilities should be displayed. This Statement also specifies how net position, no longer referred to as net assets, should be displayed. Implementation of the Statement and the impact of the City's financial statements are explained in Note 1L.

Q. Rebutable Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years.

R. GANN Spending Limitation

Under Article XIII B of the California Constitution (the GANN Spending Limitation), the City is restricted as to the amount of annual appropriations from proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the California State Controller or returned to the taxpayers through revised tax rates, revised fee schedules, or other refund arrangements.

NOTE 2 - CASH AND INVESTMENTS

The City maintains a cash and investment pool for all funds. Certain restricted funds, which are held and invested by independent outside custodians through contractual agreements, are not pooled.

Statement of Net Position:	
Cash and investments	\$ 73,023,687
Cash and investments with fiscal agents	2,404,015
Restricted cash and investments	850,535
Statement of Fiduciary Net Position:	
Cash and investments	8,372,814
Cash and investments with fiscal agents	<u>39,564,992</u>
Total	<u><u>\$ 124,216,043</u></u>

Certain restricted cash and investments are held in separate cash accounts and with fiscal agents for the redemption of debt and for acquisition and construction of capital assets.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 2 - CASH AND INVESTMENTS (Continued)

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

Cash on hand	\$	5,790
Deposits with financial institutions		5,032,355
Investments		<u>119,177,898</u>
Total		<u>\$ 124,216,043</u>

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

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Fund (State Pool)	N/A	None	\$50 million
U.S. Treasury Obligations	5 years	None	None
U.S. Government Agency Issues	5 years	20%	None
State of California and Local Agency Obligations	5 years	None	15%
Yuba City and Yuba City RDA Obligations	None	None	15%
Special Assessment District Obligations	30 years	None	15%
Bankers' Acceptance (must be dollar denominated)	180 days	40%	30%
Commercial Paper	270 days	10%	25%
Negotiable Certificates of Deposit	5 years	30%	None
Non-Negotiable Certificates of Deposit	5 years	None	None
Repurchase Agreements	5 years	None	None
Medium Term Notes	5 years	30%	10%
Asset Backed Obligations	5 years	20%	None
Money Market Funds	N/A	20%	None
Corporate Bonds	5 years	30%	10%
California Asset Management Program	N/A	None	None

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 2 - CASH AND INVESTMENTS (Continued)

Investments Authorized by Debt Agreements

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Fund (State Pool)	N/A	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Government Agency Issues State of California and Local Agency Obligations	5 years	None	15%
Special Assessment District Obligations	30 years	None	15%
Bankers Acceptance (must be dollar denominated)	180 days	40%	30%
Commercial Paper	270 days	10%	25%
Negotiable Certificates of Deposit	5 years	30%	None
Non-Negotiable Certificates of Deposit	5 years	None	None
Repurchase Agreements	5 years	None	None
Medium Term Notes	5 years	30%	10%
Asset Backed Obligations	5 years	20%	None
Money Market Funds	N/A	20%	None
Investment Agreements	7 years	None	None
Forward Delivery Agreements	None	None	None
California Asset Management Program	N/A	None	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flows and liquidity needed for operations.

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

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 2 - CASH AND INVESTMENTS (Continued)

Disclosures Relating to Interest Rate Risk (Continued)

Investment Type	Totals	Remaining Maturity (in Months)					
		12 Months Or Less	13 to 24 Months	25-36 Months	37-48 Months	49-60 Months	More Than 60 Months
State investment pool	\$ 18,272,801	\$ 18,272,801	\$ -	\$ -	\$ -	\$ -	\$ -
California Asset Management Program (CAMP)	102,491	102,491					
Money market funds	9,722,936	9,722,936					
Special assessment district bonds	1,635,881	92,106	95,105	103,165	106,292	107,635	1,131,578
Certificates of deposit	1,150,685	578,462	572,223				
Yuba City RDA obligations	1,121,640						1,121,640
State of CA obligations	199,696			199,696			
U.S. treasury obligations	6,984,544	932,150	2,930,352	1,850,904	1,271,138		
U.S. government agency issues	26,775,663	2,916,926	5,544,132	3,940,068	6,616,331	7,758,206	
Corporate bonds	11,405,304	1,213,817	2,501,286	5,107,620	946,843	1,635,738	
Held by bond trustees:							
Money market funds	39,419,637	39,419,637					
State investment pool (LAIF)	214,860	214,860					
U.S. government agency issues	2,171,760	2,171,760					
	<u>\$ 119,177,898</u>	<u>\$ 75,637,946</u>	<u>\$ 11,643,098</u>	<u>\$ 11,201,453</u>	<u>\$ 8,940,604</u>	<u>\$ 9,501,579</u>	<u>\$ 2,253,218</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City has no investments (including investments held by bond trustees) that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

Disclosures Relating to Credit Risk

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

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End			
				AAA	AA	A	Not Rated
State investment pool	\$ 18,272,801	N/A	\$ -	\$ -	\$ -	\$ -	\$ 18,272,801
California Asset Management Program (CAMP)	102,491	N/A					102,491
Money market funds	9,722,936	N/A		248,732			9,474,204
Special assessment district bonds	1,635,881	N/A					1,635,881
Certificates of deposit	1,150,685	N/A			578,462		572,223
Yuba City RDA obligations	1,121,640	N/A					1,121,640
State of CA obligations	199,696	N/A				199,696	
U.S. treasury obligations	6,984,544	N/A	6,984,544				
U.S. government agency issues	26,775,663	N/A			26,775,663		
Corporate bonds	11,405,304	N/A		2,410,145	6,778,202	2,216,957	
Held by bond trustees:							
Money market funds	39,419,637	N/A		39,419,637			
State investment pool (LAIF)	214,860	N/A					214,860
U.S. government agency issues	2,171,760	N/A			2,171,760		
Total	<u>\$ 119,177,898</u>		<u>\$ 6,984,544</u>	<u>\$ 42,078,514</u>	<u>\$ 36,304,087</u>	<u>\$ 2,416,653</u>	<u>\$ 31,394,100</u>

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 2 - CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in any one issuer. There are two investments that represent more than 5% of total City investments other than U.S. Government securities, external investment pools, and money market funds (Federal National Mortgage - \$14,055,240 with various interest rates and maturity dates of .500% to 2.875% and 9/23/13 to 5/21/18, respectively, and Federal Home Loan Mortgage Corporation - \$12,720,423 with various interest rates and maturity dates of .750% to 2.875% and 8/27/14 to 1/12/18, respectively. Due to the City's pooling of its cash and investments, it is indeterminable of the amounts of concentration included in individual opinion units.

Custodial Credit Risk

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

As of June 30, 2013, \$6,266,596 of the City's deposits with financial institutions in excess of federal depository insurance limits was held in collateralized accounts.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The LAIF fair value factor of 1.000273207 was used to calculate the fair value of the investments in LAIF.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 3 - CAPITAL ASSETS

At June 30, 2013, the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Nondepreciable Assets:			
Land	\$ 125,347,238	\$ 1,674,698	\$ 127,021,936
Construction in progress	3,530,870	9,856,302	13,387,172
Total nondepreciable assets	128,878,108	11,531,000	140,409,108
Depreciable Assets:			
Buildings	38,403,671	25,267,392	63,671,063
Improvements	11,127,780	74,182,625	85,310,405
Machinery and equipment	18,285,435	24,209,350	42,494,785
Infrastructure	358,541,997	146,256,523	504,798,520
Total depreciable assets	426,358,883	269,915,890	696,274,773
Less accumulated depreciation	(126,916,856)	(81,760,237)	(208,677,093)
Total depreciable assets, net	299,442,027	188,155,653	487,597,680
Total capital assets, net	\$ 428,320,135	\$ 199,686,653	\$ 628,006,788

The following is a summary of capital asset activity for governmental activities for the fiscal year ended June 30, 2013:

	Balance July 1, 2012	Additions	Deletions	Transfers	Balance June 30, 2013
Governmental Activities					
Nondepreciable capital assets:					
Land	\$ 125,346,238	\$ 1,000	\$ -	\$ -	\$ 125,347,238
Construction in progress	5,744,710	6,074,820		(8,288,660)	3,530,870
Total nondepreciable capital assets	131,090,948	6,075,820		(8,288,660)	128,878,108
Depreciable capital assets:					
Buildings	38,102,865			300,806	38,403,671
Improvements	9,174,498			1,953,282	11,127,780
Machinery and equipment	17,873,426	495,669	(135,375)	51,715	18,285,435
Infrastructure	352,560,173		(1,033)	5,982,857	358,541,997
Total depreciable capital assets	417,710,962	495,669	(136,408)	8,288,660	426,358,883
Accumulated depreciation:					
Buildings	(10,806,077)	(1,607,570)			(12,413,647)
Improvements	(3,598,336)	(484,797)			(4,083,133)
Machinery and equipment	(12,771,499)	(1,107,482)	129,780		(13,749,201)
Infrastructure	(87,644,128)	(9,026,747)			(96,670,875)
Total accumulated depreciation	(114,820,040)	(12,226,596)	129,780		(126,916,856)
Net depreciable capital assets	302,890,922	(11,730,927)	(6,628)	8,288,660	299,442,027
Net capital assets	\$ 433,981,870	\$ (5,655,107)	\$ (6,628)	\$ -	\$ 428,320,135

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 3 - CAPITAL ASSETS (Continued)

Depreciation Allocation

Depreciation expense was charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program were as follows:

Governmental Activities:

General government	\$ 438,277
Public safety	974,540
Public works	10,484,435
Parks and recreation	318,586
Community development	<u>10,758</u>
Total Governmental Funds	<u>\$ 12,226,596</u>

Depreciation on capital assets held by the City's internal service funds of \$569,204 are charged to the various functions based on their usage of the assets and is included above.

The following is a summary of capital asset activity for business-type activities for the fiscal year ended June 30, 2013:

	Balance July 1, 2012	Additions	Deletions	Transfers	Balance June 30, 2013
Business-type Activities					
Water					
Nondepreciable capital assets:					
Land	\$ 974,698	\$ -	\$ -	\$ -	\$ 974,698
Construction in progress	2,337,582	5,009,238		(1,116,042)	6,230,778
Total nondepreciable capital assets	3,312,280	5,009,238		(1,116,042)	7,205,476
Depreciable capital assets:					
Buildings	9,124,700				9,124,700
Improvements	40,956,888			37,851	40,994,739
Machinery and equipment	9,788,271	49,380	(7,058)		9,830,593
Infrastructure	101,094,243			1,078,191	102,172,434
Total depreciable capital assets	160,964,102	49,380	(7,058)	1,116,042	162,122,466
Accumulated depreciation:					
Buildings	(4,859,718)	(363,479)			(5,223,197)
Improvements	(16,651,078)	(1,458,331)			(18,109,409)
Machinery and equipment	(3,697,738)	(492,204)	3,333		(4,186,609)
Infrastructure	(13,242,919)	(2,362,720)			(15,605,639)
Total accumulated depreciation	(38,451,453)	(4,676,734)	3,333		(43,124,854)
Net depreciable capital assets	122,512,649	(4,627,354)	(3,725)	1,116,042	118,997,612
Net capital assets	\$ 125,824,929	\$ 381,884	\$ (3,725)	\$ -	\$ 126,203,088

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 3 - CAPITAL ASSETS (Continued)

The following is a summary of capital asset activity for business-type activities for the fiscal year ended June 30, 2013: (Continued)

	Balance July 1, 2012	Additions	Deletions	Transfers	Balance June 30, 2013
Business-type Activities					
Wastewater					
Nondepreciable capital assets:					
Land	\$ 700,000	\$ -	\$ -	\$ -	\$ 700,000
Construction in progress	2,475,010	3,657,496		(2,506,982)	3,625,524
Total nondepreciable capital assets	<u>3,175,010</u>	<u>3,657,496</u>		<u>(2,506,982)</u>	<u>4,325,524</u>
Depreciable capital assets:					
Buildings	16,142,692				16,142,692
Improvements	33,128,805			59,081	33,187,886
Machinery and equipment	14,373,835	45,470	(40,548)		14,378,757
Infrastructure	41,636,188			2,447,901	44,084,089
Total depreciable capital assets	<u>105,281,520</u>	<u>45,470</u>	<u>(40,548)</u>	<u>2,506,982</u>	<u>107,793,424</u>
Accumulated depreciation:					
Buildings	(7,730,788)	(430,144)			(8,160,932)
Improvements	(16,357,618)	(1,052,566)			(17,410,184)
Machinery and equipment	(6,928,902)	(885,805)	31,898		(7,782,809)
Infrastructure	(4,529,902)	(751,556)			(5,281,458)
Total accumulated depreciation	<u>(35,547,210)</u>	<u>(3,120,071)</u>	<u>31,898</u>		<u>(38,635,383)</u>
Net depreciable capital assets	<u>69,734,310</u>	<u>(3,074,601)</u>	<u>(8,650)</u>	<u>2,506,982</u>	<u>69,158,041</u>
Net capital assets	<u>\$ 72,909,320</u>	<u>\$ 582,895</u>	<u>\$ (8,650)</u>	<u>\$ -</u>	<u>\$ 73,483,565</u>

Depreciation Allocation

Depreciation expense was charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program were as follows:

Business-Type Activities:

Water	\$ 4,676,734
Wastewater	<u>3,120,071</u>
Total Depreciation Expense-Business-type Activities	<u>\$ 7,796,805</u>

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 4 – UNEARNED REVENUE

At June 30, 2013, components of unearned revenue reported in the government-wide statements were as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Business license and miscellaneous revenue received but not earned	\$ 379,976	\$ -
Senior fund raising revenue received but not earned	68,114	
Impact fees collected but not earned	9,857,994	
Franchise fees received but not earned	336,140	
Employee benefit contributions received but not earned	8,029	
Grant revenues received but not earned	9,735	
Water revenues collected but not earned		54,684
Wastewater revenues collected but not earned		113,562
	<u> </u>	<u> </u>
Total unearned revenue	<u>\$ 10,659,988</u>	<u>\$ 168,246</u>

At June 30, 2013, components of unearned revenue reported in the fund financial statements were as follows:

General Fund:	
Sales tax revenue accrued but not available	\$ 715,785
Business license and miscellaneous revenue received but not earned	379,976
Senior fund raising revenue received but not earned	68,114
Accounts receivable accrued but not available	300,688
HOME Grant Special Revenue Fund:	
Notes receivable (balance may be forgiven)	5,375,114
General CIP Capital Projects Fund:	
Grant revenue received but not earned	9,735
Impact Fees CIP Capital Projects Fund:	
Notes receivable	395,945
Impact fees collected but not earned	9,857,994
Recology Rate Stabilization Special Revenue Fund:	
Franchise fees received but not yet earned	336,140
CDBG Program Income Special Revenue Fund:	
Notes receivable (balance may be forgiven)	1,486,029
CAL-HOME Grant Special Revenue Fund:	
Notes receivable (balance may be forgiven)	338,380
Water Fund:	
Water revenues collected but not earned	54,684
Wastewater Fund:	
Wastewater revenues collected but not earned	113,562
Employee Benefits Fund:	
Employee benefit contributions received but not earned	8,029
Total unearned revenue	<u>\$ 19,440,175</u>

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 5 - LONG-TERM DEBT

The following is a summary of long-term debt activity of the City for the fiscal year ended June 30, 2013:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Due within one year
Governmental Activities					
Certificates of Participation	\$ 11,230,000	\$ -	\$ (285,000)	\$ 10,945,000	\$ 295,000
Pension Obligation Bonds	4,770,000		(790,000)	3,980,000	865,000
Other post-employment benefits	658,917	173,651	(66,665)	765,903	
Street Light Lease Payable	185,073		(122,205)	62,868	62,868
Fire Station #4 Lease Payable	3,834,294		(579,115)	3,255,179	601,862
Compensated Absences	3,610,376	2,117,233	(2,056,065)	3,671,544	19,285
Street Light Conversion Lease Payable		1,345,487		1,345,487	74,127
Total - Governmental Activities	\$ 24,288,660	\$ 3,636,371	\$ (3,899,050)	\$ 24,025,981	\$ 1,918,142
Business-type Activities					
Certificates of Participation	\$ 30,481,439	\$ -	\$ (22,667,763)	\$ 7,813,676	\$ 509,078
Water Revenue Refunding Bonds		21,710,000		21,710,000	780,000
Wastewater Revenue Refunding Bonds	9,425,000		(155,000)	9,270,000	150,000
Less Deferred Amounts:					
Refunding Difference	(444,910)	(724,280)	33,361	(1,135,829)	(63,539)
Bond Discount	(462,734)	(359,013)	303,714	(518,033)	(25,229)
Bonds, net	38,998,795	20,626,707	(22,485,688)	37,139,814	1,350,310
Loans Payable	24,309,381	1,418,791	(966,087)	24,762,085	1,067,186
Compensated Absences	439,130	333,301	(354,120)	418,311	325,039
Total Business-type Activities	\$ 63,747,306	\$ 22,378,799	\$ (23,805,895)	\$ 62,320,210	\$ 2,742,535

Compensated absences for governmental activities are generally liquidated by the fund where the accrued liability occurred, which is usually the General fund. Other post-employment benefits are generally liquidated by the fund in which the retiree was originally charged to, which is usually the General fund, but could also be Water or Wastewater funds.

Governmental Activities

Certificates of Participation – Gauche Park/Aquatic Facility - 2006

On August 22, 2006, the City issued \$12,500,000 of Certificates of Participation bearing interest between 3.50% and 4.5% and payable semi-annually on December 1 and June 1, maturing on June 1, 2036. These certificates were used to finance the construction of the Gauche Aquatic Park. The outstanding principal balance of the 2006 Gauche Park/Aquatic Facility Certificates of Participation at June 30, 2013 was \$10,945,000.

The scheduled annual minimum debt service requirements at June 30, 2013 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2014	\$ 295,000	\$ 484,141	\$ 779,141
2015	305,000	462,534	767,534
2016	315,000	450,944	765,944
2017	330,000	438,816	768,816
2018	340,000	425,781	765,781
2019-2023	1,925,000	1,908,269	3,833,269
2024-2028	2,375,000	1,458,396	3,833,396
2029-2033	2,955,000	882,530	3,837,530
2034-2036	2,105,000	192,375	2,297,375
Totals	\$ 10,945,000	\$ 6,703,786	\$ 17,648,786

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 5 - LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Pension Obligation Bonds – Series 2007

On April 17, 2007, the City issued \$7,685,000 of Pension Obligation Bonds bearing interest between 5.21% and 5.37% and payable annually on June 1, maturing on June 1, 2017. These bonds were used to advance pay safety employee pension obligations. The outstanding principal balance of the 2007 Series bonds at June 30, 2013 was \$3,980,000.

The scheduled annual minimum debt service requirements at June 30, 2013 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2014	\$ 865,000	\$ 210,590	\$ 1,075,590
2015	950,000	165,696	1,115,696
2016	1,035,000	115,536	1,150,536
2017	1,130,000	60,681	1,190,681
Totals	<u>\$ 3,980,000</u>	<u>\$ 552,503</u>	<u>\$ 4,532,503</u>

Capital Leases

The City has entered into a lease agreement with Pacific Gas & Electric Co. to acquire street lights. This equipment will become the property of the City when all terms of the lease agreement are met.

The scheduled annual minimum debt service requirements at June 30, 2013 are as follows:

Fiscal Year Ended June 30,	Total
2014	\$ 64,074
Less: interest	(1,206)
Present value of remaining payments	<u>\$ 62,868</u>

The City has entered into a lease agreement to provide funds for the construction of Fire Station #4 and the police department expansion. The building of Fire Station #4 will become the property of the City when all terms of the lease agreement are met. The fire department and police department are providing the debt service for this lease at 83.8% and 16.2% respectively.

The scheduled annual minimum debt service requirements at June 30, 2013 are as follows:

Fiscal Year Ended June 30,	Total
2014	\$ 722,691
2015	722,691
2016	722,691
2017	722,691
2018	722,691
Total requirements	3,613,455
Less: interest	(358,276)
Present value of remaining payments	<u>\$ 3,255,179</u>

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 5 - LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Capital Leases (Continued)

The City has entered into a lease agreement with Pacific Gas & Electric Co. to convert City street lights to LED technology.

The scheduled annual minimum debt service requirements at June 30, 2013 are as follows:

Fiscal Year Ended June 30,	Total
2014	\$ 118,844
2015	118,844
2016	118,844
2017	118,844
2018	118,844
2019-2023	594,221
2024-2027	475,379
Total requirements	1,663,820
Less: interest	(318,333)
Present value of remaining payments	<u>\$ 1,345,487</u>

Business-type Activities

Wastewater Revenue Refunding Bonds - 2011

On November 1, 2011, the City issued \$9,715,000 of Wastewater Revenue Refunding Bonds bearing interest of 4.350% and payable semi-annually on December 1 and June 1, maturing on June 1, 2032.

The proceeds of the Bonds will be used to (i) prepay the 2002 Wastewater Revenue Certificates of Participation (COP); (ii) pay the premium for bond insurance and a reserve fund surety bond for the Bonds; and (iii) pay the costs of issuing the Bonds. The outstanding principal balance of the 2011 Wastewater Revenue Refunding Bonds at June 30, 2013 was \$9,270,000.

\$10,602,376 from the 2011 Wastewater Revenue Refunding Bonds (including \$1,007,355 of the reserve fund from the 2002 Wastewater Revenue COP) was placed in an irrevocable trust that is to be used to service the future debt requirements of the 2002 Wastewater Revenue Certificates of Participation. The refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debts) of \$634,485.

The City defeased the 2002 Wastewater Revenue COP by placing the proceeds of the 2011 Wastewater Revenue Refunding Bonds in an irrevocable trust to provide for all future debt service payments on the 2002 Wastewater Revenue COP. Accordingly, the trust account assets and the liability for the defeased COP is not included in the City's financial statements.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 5 - LONG-TERM DEBT (Continued)

Business-type Activities (Continued)

Wastewater Revenue Refunding Bonds – 2011 (Continued)

The scheduled annual minimum debt service requirements at June 30, 2013 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2014	\$ 150,000	\$ 360,666	\$ 510,666
2015	155,000	357,716	512,716
2016	150,000	356,004	506,004
2017	150,000	352,854	502,854
2018	160,000	349,329	509,329
2019-2023	820,000	1,675,875	2,495,875
2024-2028	3,265,000	1,434,303	4,699,303
2029-2032	4,420,000	485,057	4,905,057
Totals	<u>\$ 9,270,000</u>	<u>\$ 5,371,804</u>	<u>\$ 14,641,804</u>

Water Revenue Refunding Bonds - 2013

On May 21, 2013, the City issued \$21,710,000 of Water Revenue Refunding Bonds bearing interest of .5% to 3.8% and payable semi-annually on December 1 and June 1, maturing on June 1, 2035. The proceeds of the Bonds will be used to (i) prepay the 2005 Water Revenue Certificates of Participation (COP); (ii) pay for additional improvements to the Water System; and (iii) pay the costs of issuing the Bonds. The outstanding principal balance of the 2013 Water Revenue Refunding Bonds at June 30, 2013 was \$21,710,000.

\$22,876,764 from the 2013 Water Revenue Refunding Bonds (including \$951,914 from the City, \$1,480,714 of the reserve fund from the 2005 Water Revenue COP, and \$33,099 of the installment fund from the 2005 Water Revenue COP) was placed in an irrevocable trust that is to be used to service the future debt requirements of the 2005 Water Revenue Certificates of Participation. The refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debts) of \$1,157,810.

The City defeased the 2005 Water Revenue COP by placing the proceeds of the 2013 Water Revenue Refunding Bonds in an irrevocable trust to provide for all future debt service payments on the 2005 Water Revenue COP. Accordingly, the trust account assets and the liability for the defeased COP is not included in the City's financial statements.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 5 - LONG-TERM DEBT (Continued)

Business-type Activities (Continued)

Water Revenue Refunding Bonds – 2013 (Continued)

The scheduled annual minimum debt service requirements at June 30, 2013 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2014	\$ 780,000	\$ 606,613	\$ 1,386,613
2015	805,000	586,318	1,391,318
2016	810,000	581,488	1,391,488
2017	815,000	575,008	1,390,008
2018	825,000	566,042	1,391,042
2019-2023	4,330,000	2,616,904	6,946,904
2024-2028	4,910,000	2,031,302	6,941,302
2029-2033	5,805,000	1,144,600	6,949,600
2034-2035	2,630,000	150,216	2,780,216
Totals	<u>\$ 21,710,000</u>	<u>\$ 8,858,491</u>	<u>\$ 30,568,491</u>

Certificates of Participation – Wastewater Revenue - 2007

On May 23, 2007, the City issued \$10,440,769 of Certificates of Participation bearing interest of 4.370% and payable semi-annually on December 1 and June 1, maturing on June 1, 2025. These Certificates were used to advance refund the 2000 Wastewater Certificates which had been used for capital improvement projects and expansion of existing facilities. The outstanding principal balance of the 2007 Wastewater Certificates of Participation at June 30, 2013 was \$7,813,676.

The scheduled annual minimum debt service requirements at June 30, 2013 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2014	\$ 509,078	\$ 341,457	\$ 850,535
2015	531,325	319,211	850,536
2016	554,543	295,992	850,535
2017	578,777	271,758	850,535
2018	604,070	246,465	850,535
2019-2023	3,440,156	812,520	4,252,676
2024-2025	1,595,727	105,346	1,701,073
Totals	<u>\$ 7,813,676</u>	<u>\$ 2,392,749</u>	<u>\$ 10,206,425</u>

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 5 - LONG-TERM DEBT (Continued)

Business-type Activities (Continued)

Loans Payable

The City has entered into two funding agreements with the State of California Department of Public Health for a construction loan under the Safe Drinking Water State Revolving Fund Law of 1997, in the amounts of \$19,133,209 (Region 2/3) and \$6,817,375 (Region 1). The loans are payable in semi-annual installments of \$1,148,796 and \$378,512, respectively and have annual interest rates of 2.2836% and 2.5017%. Both loans have maturities of June 1, 2032.

The loans are being used to finance project costs to meet safe drinking water standards. The total amounts of the loans issued to the City were \$18,381,507 (Region 2/3) and \$5,927,874 (Region 1).

The outstanding principal balance of the Safe Drinking Water State Revolving Fund – Region 2/3 loan at June 30, 2013 was \$17,647,074.

The scheduled annual minimum debt service requirements at June 30, 2013 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2014	\$ 751,300	\$ 398,723	\$ 1,150,023
2015	768,555	381,469	1,150,024
2016	786,205	363,819	1,150,024
2017	804,262	345,762	1,150,024
2018	822,733	327,291	1,150,024
2019-2023	4,405,921	1,344,197	5,750,118
2024-2028	4,935,640	814,477	5,750,117
2029-2032	4,372,458	227,635	4,600,093
Totals	<u>\$ 17,647,074</u>	<u>\$ 4,203,373</u>	<u>\$ 21,850,447</u>

The outstanding principal balance of the Safe Drinking Water State Revolving Fund – Region 1 loan at June 30, 2013 was \$5,696,220.

The scheduled annual minimum debt service requirements at June 30, 2013 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2014	\$ 237,486	\$ 141,026	\$ 378,512
2015	243,464	135,048	378,512
2016	249,593	128,919	378,512
2017	255,876	122,636	378,512
2018	262,317	116,195	378,512
2019-2023	1,414,027	478,534	1,892,561
2024-2028	1,601,196	291,365	1,892,561
2029-2032	1,432,261	81,788	1,514,049
Totals	<u>\$ 5,696,220</u>	<u>\$ 1,495,511</u>	<u>\$ 7,191,731</u>

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 5 - LONG-TERM DEBT (Continued)

Business-type Activities (Continued)

Loans Payable

The City has entered into two funding agreements with the State of California Water Resources Control Board for a construction loan under the Clean Water State Revolving Fund program, in the amounts of \$6,500,000 (\$3,000,000 forgivable) and \$7,700,000 (\$3,000,000 forgivable). The loans are payable in annual installments of \$222,282 and \$285,582, respectively and have annual interest rates of 2.2% and 1.8%. The loans have maturities of April 30, 2033 and June 27, 2034, respectively.

The outstanding principal balance of the \$6,500,000 loan at June 30, 2013 was \$1,418,791. The outstanding principal balance of the \$7,700,000 loan at June 30, 2013 was \$0.

As of June 30, 2013, the total amounts of the loans have not been drawn-down by the City.

Non-City Obligations

The City reports the debt service transactions of various special assessment issues for which the City is not obligated in any manner, in Agency funds. The debt will be paid from and secured solely by the revenues of these special assessment districts and does not constitute an indebtedness of the City. At June 30, 2013, the principal amount of special assessment debt outstanding for which the City is not obligated was \$6,790,572.

NOTE 6 - INTERFUND AND SUCCESSOR AGENCY TRANSACTIONS

A. Long-Term Advances

Advances to/from other funds and the Successor Agency are non-current interfund loans and are offset by nonspendable fund balance account classifications in the applicable governmental funds to indicate that they are not available for appropriations and are not expendable available financial resources.

At June 30, 2013, the City had the following long-term advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Governmental Fund: General Fund	Trust Fund: Redevelopment Agency Successor Agency Fund	\$ 11,042,125
Trust Fund: Redevelopment Agency Low/Mod Successor Agency Fund	Trust Fund: Redevelopment Agency Successor Agency Fund	1,626,817

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 6 - INTERFUND TRANSACTIONS (Continued)

B. Due To/From Other Funds

Receivables and payables between funds are classified as due from or due to other funds. Due from and due to other funds are usually a result of a shortfall of pooled cash.

Due to/from other funds as of June 30, 2013 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Governmental Funds:	Nonmajor Governmental Funds:	
General Fund	CDBG Grant Special Revenue Fund	\$ 174,304
	CAL-HOME Grant Special Revenue Fund	447
	Neighborhood Stabilization Program Grant Special Revenue Fund	241,314
General CIP Capital Projects Fund	Major Governmental Funds:	
Nonmajor Governmental Fund:	Impact Fees CIP Capital Projects Fund	87,690
Streets and Roads CIP Capital Projects Fund	Streets and Roads Special Revenue Fund	<u>150,000</u>
	Totals	<u><u>\$ 653,755</u></u>

C. Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, reimbursement of various City operations and re-allocations of special revenues.

Transfers for the fiscal year ended June 30, 2013 were as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
<u>Major Governmental Funds:</u>		
General Fund	\$ 6,010,711	\$ -
Streets and Roads Special Revenue Fund		4,783,492
General CIP Capital Projects Fund	71,144	630,717
Impact Fees CIP Capital Projects Fund	99,188	1,004,550
<u>Major Enterprise Funds:</u>		
Water Fund		2,078,503
Wastewater Fund	245,000	1,989,290
<u>Internal Service Fund:</u>		
Vehicle Replacement Fund	378,000	
<u>Nonmajor Governmental Funds:</u>		
Traffic Safety Special Revenue Fund		150,000
Law Enforcement Services Special Revenue Fund		50,000
Landscape Districts Special Revenue Fund		178,732
CDBG Grant Special Revenue Fund		42,762
CDBG Program Income Special Revenue Fund		7,480
Miscellaneous Lighting Districts Special Revenue Fund		87,116
Fire Mitigation Fees Special Revenue Fund		100,000
Specific Plan Special Revenue Fund		71,144
Neighborhood Stabilization Program Grant Special Revenue Fund		23,420
Gauche Park COP Debt Service Fund	650,919	
Fire Station #4 Lease Debt Service Fund	722,691	
Streets & Roads CIP Capital Projects Fund	<u>3,300,247</u>	<u>280,694</u>
Totals	<u><u>\$ 11,477,900</u></u>	<u><u>\$ 11,477,900</u></u>

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 7 - INVESTMENT IN JPA

The City is a member of the Sutter Animal Services Authority (SASA). The other members of SASA are Sutter County and the City of Live Oak. The City contributes 66% to the operating budget of SASA while Sutter County and the City of Live Oak contribute 25% and 9% respectively. The purpose of SASA is to provide more efficient and economical animal control services within the respective jurisdictions of each member agency. As of June 30, 2013, the SASA is in the process of building a new animal control facility. The City's portion of the costs, incurred to date, associated with the animal control facility are shown as "Investment in JPA" on the government-wide Statement of Net Position and the Balance Sheet – Governmental Funds, in the amount of \$2,933,989 as of June 30, 2013.

NOTE 8 - EMPLOYEE RETIREMENT PLANS

Plan Description

The City's defined benefit pension plan, Public Employees' Retirement System (PERS), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is part of the Public Agency portion of the California Public Employees' Retirement System, (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes with the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance (other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office – 400 P Street – Sacramento, CA 95814.

Funding Policy

The City contributes the employer's share for the Miscellaneous Plan and the Safety Plan. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal year 2012-13 was 23.169% for miscellaneous employees and 29.059% and 28.034% for safety employees (two-tiered). The contribution requirements of the plan members are established by the State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost

For fiscal year 2012-2013, the City's contributions to CalPERS for the miscellaneous plan of \$2,035,663, and \$2,596,511 for the safety plan were equal to 100% of the required contributions. The required contributions were determined as part of the June 30, 2010 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, (c) .25% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of PERS was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen-year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2010 was 19 years for safety and 20 years for miscellaneous.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 8 - EMPLOYEE RETIREMENT PLANS (Continued)

Funded Status and Funding Progress

As of June 30, 2012, the most recent actuarial valuation date, the miscellaneous plan was 80.5% funded. The actuarial accrued liability for benefits was \$91,193,884 and the actuarial value of assets was \$73,402,176 for the miscellaneous plan, resulting in an unfunded actuarial accrued liability of \$17,791,708. The covered payroll was \$9,770,226, which results in a ratio of the unfunded actuarial accrued liability to the covered payroll of 182.1%. The safety plans are in a CalPERS risk pool, and therefore, are not required to be reported here.

The schedules of funding progress, presented as Required Supplementary Information (RSI) following the notes to the basic financial statements present multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost</u>	<u>Percentage of Annual Pension Cost Contribution</u>	<u>Net Pension Obligation (Asset)</u>
Miscellaneous			
6/30/2011	\$ 1,821,718	100%	\$ -
6/30/2012	2,008,234	100%	-
6/30/2013	2,035,663	100%	-
Safety			
6/30/2011	\$ 2,268,874	100%	\$ -
6/30/2012	2,649,878	100%	-
6/30/2013	2,596,511	100%	-

On April 17, 2007, the City issued \$7,685,000 of Pension Obligation Bonds. These bonds were used to advance pay safety employee pension obligations of \$7,498,612, which was paid to CalPERS on April 17, 2007.

PARS

Part-time employees who work under 1,000 hours per year do not participate in the Public Employees Retirement System; however, they are covered through the City's participation in Public Alternative Retirement System (PARS).

457 Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all permanent City employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Pursuant to changes in August, 1996, of IRC Section 457, in January, 1997, the City formally established a trust in which all assets and income of the 457 plan were placed. The asset, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights are held in trust for the exclusive benefit of the participants and their beneficiaries. These assets are no longer the property of the City, and as such are no longer subject to the claims of the City's general creditors. As a result, the assets of the 457 plan are not reflected in the City's financial statements.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS

Plan Description

The City assumed certain post employment benefits payable when assuming the Walton Fire Protection District. These liabilities include a salary severance and health package for one former employee and funding for additional PERS benefits for a second employee. The City also provided health benefits for one retired City employee. In addition, Executive Service Employees/City Manager who retire from the City in good standing; have at least five years of City of Yuba City service; and are of full retirement age (55 for miscellaneous and 50 for public safety) are entitled to have 80% of the lowest cost City medical plan paid by the City until such time as the employee is eligible to receive Medicare or turns 65 years old. The City's other postemployment benefits plan is a single-employer plan.

Funding Policy

The City's adopted policy is to contribute an amount sufficient to pay the current fiscal year's premium. For fiscal year 2012-2013, the City contributed \$66,665 which consisted of current premiums, but did not include any additional prefunding of benefits.

Annual OPEB and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), and an amount actuarially determined in accordance with the parameters of GASB Statement No.45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years, on a closed basis. The following table shows the components of the City's annual OPEB cost for the fiscal year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation.

Annual required contribution	\$	187,000
Interest on net OPEB obligation		29,651
Net OPEB obligation adjustment		<u>(43,000)</u>
Annual OPEB cost (expense)		173,651
Contributions made		<u>(66,665)</u>
Increase in net OPEB obligation		106,986
Net OPEB obligation - beginning of fiscal year		<u>658,917</u>
Net OPEB obligation - end of fiscal year	\$	<u><u>765,903</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2012-2013 and the two preceding fiscal years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contribution</u>	<u>Net OPEB Obligation (Asset)</u>
6/30/2011	\$ 160,000	33.5%	\$ 548,472
6/30/2012	169,000	34.6%	658,917
6/30/2013	173,651	38.4%	765,903

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)

Funded Status and Funding Progress

As of January 1, 2011, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$1,336,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,336,000. The covered payroll (annual payroll of active employees covered by the plan) was \$6,701,000, and the ratio of the UAAL to the covered payroll was 20 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and 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 actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2011 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return, which is the expected long-term investment returns on plan assets, a projected salary increase assumption rate of 3.25 percent, an inflation rate of 3.0 percent, and an annual healthcare cost trend rate of 4.5 percent. The actuarial value of assets is not applicable (no assets as of the initial valuation date). The UAAL is being amortized as a flat percentage of covered payroll over thirty years. The remaining amortization period at January 1, 2011 was twenty-eight years.

NOTE 10 - 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.

There is no claims liability to be reported based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the 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 the loss can be reasonably estimated.

There are no significant reductions in insurance coverage from prior years and there have been no settlements exceeding the insurance coverages for each of the past three fiscal years.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 10 - RISK MANAGEMENT (Continued)

As of July 1, 1992, the City became a member of Northern California Cities Self Insurance Fund (NCCSIF), a joint powers agency which provides the City with a shared risk layer of coverage above the self insured \$25,000 (\$50,000 as of July 1, 2007) retention for liability and the self insured \$100,000 retention for workers compensation. The NCCSIF is composed of 20 member cities and is governed by a board of directors appointed by the member cities. The governing board has authority over budgeting and financing.

NCCSIF is a joint powers agency organized in accordance with Article 1, Chapter 5, Division 7, Title I of the California Government Fund Programs. The purpose is to create a common pool of funds to be used to meet obligations of the parties to provide workers' compensation benefits for their employees and to provide excess liability insurance. The Authority provides claims processing administrative services, risk management services, and actuarial studies. It is governed by a member of each city. The City of Yuba City council members do not have significant oversight responsibility, since they evenly share all factors of responsibility with the other cities. However, ultimate liability for payment of claims and insurance premiums resides with member cities. The Authority is empowered to make supplemental assessments as needed to eliminate deficit positions of member cities. If the JPA becomes insolvent, the City is responsible only to the extent of any deficiency in its equity balance.

Upon termination of the JPA agreement, all property of the Authority will vest in the respective parties which theretofore transferred, conveyed or leased said property to the Authority. Any surplus of funds will be returned to the parties in proportion to actual balances of each equity.

The Authority establishes claims liabilities based on estimates of the ultimate cost of claims (including future claims settlement expenses) that have been reported but not settled, plus estimates of claims that have been incurred but not reported. Because actual claims costs depend on various factors, the claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision of inflation is implicit in the calculation of estimated future claims costs. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The participants as of June 30, 2013, were as follows:

Anderson	Corning	Galt	Lincoln	Oroville	Red Bluff	Willows
Auburn	Dixon	Gridley	Marysville	Paradise	Rio Vista	Yuba City
Colusa	Folsom	Jackson	Nevada City	Placerville	Rocklin	

The City's investment in the NCCSIF of \$456,340 is recorded in the General Liability Program and Workers' Compensation Program Internal Service funds as prepaid insurance. The net change is shown as an income or expense item in the internal service funds.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 10 - RISK MANAGEMENT (Continued)

The NCCSIF's June 30, 2013 financial statements were audited by a different accounting firm and received an unmodified opinion. The following is summary financial information of the NCCSIF for the liability and workers' compensation programs for the fiscal year ended June 30, 2013:

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>
Total assets	\$ 34,543,945	\$ 10,074,529
Total liabilities	28,823,787	8,401,178
Net members equity	<u>\$ 5,720,158</u>	<u>\$ 1,673,351</u>
Operating revenue	\$ 3,887,361	\$ 4,976,241
Operating expenses	<u>9,401,312</u>	<u>5,162,612</u>
Operating income (loss)	(5,513,951)	(186,371)
Investment income	<u>(79,142)</u>	<u>9,034</u>
Net income (loss)	(5,593,093)	(177,337)
Beginning members equity	<u>11,313,251</u>	<u>1,850,688</u>
Ending members equity	<u>\$ 5,720,158</u>	<u>\$ 1,673,351</u>

Complete audited financial statements can be obtained from the Claims Administrator, 728 Cherry Street, Chico, California, 95928.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

A. Construction

The City has signed agreements to construct various capital improvement projects. The balance owed on these commitments at June 30, 2013 was \$10,064,581. The majority of these costs will be financed by proceeds of debt previously issued or existing reserves.

B. Contingencies

The City is involved in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of management and legal counsel, that the resolution of these matters will not have a material adverse effect on the City's financial statements.

The City has received various state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

On October 2, 2012, the City Council approved a Project Finance Agreement with the California State Water Resources Control Board in the amount of \$7,700,000, which includes principal forgiveness up to \$3,000,000 (not to exceed 50% of eligible costs), contingent upon the City's performance of its obligations. The interest rate on the loan is 1.8%, with repayment over 20 years, commencing in fiscal year 2014/15. As of June 30, 2013, no project costs have been incurred.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 12 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Balance

As of June 30, 2013 the following fund had a deficit fund balance/net position:

Nonmajor Special Revenue Fund:		
CAL-HOME Grant Fund	\$	447

The CAL-HOME Grant Fund deficit fund balance is expected to be eliminated in future years through intergovernmental revenue.

NOTE 13 - SUCCESSORY AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT 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 Yuba City that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or other unit of local government will agree to serve as the “successor agency” to hold the assets units they are distributed to other units of state and local government. 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 the City resolution number 12-001.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence as the date of the dissolution (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 former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs that State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the state Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 14 – SUCCESSOR AGENCY

A. Notes Receivable of the Successor Agency as of June 30, 2013 consisted of the following:

The former Redevelopment Agency made a loan to Consolidated Area Housing Authority of the County of Sutter. The loan receivable balance at June 30, 2013 was \$909,602. The loan bears interest at 1.0% and is due on March 25, 2053.

The former Redevelopment Agency made a loan to Consolidated Area Housing Authority of the County of Sutter. The loan receivable balance at June 30, 2013 was \$323,730. The loan bears interest at 3.0% and is due on July 1, 2065.

The former Redevelopment Agency made a loan to Sutter Community Affordable Housing. The loan receivable balance at June 30, 2013 was \$1,907,890. The loan bears interest at 3.0% and is due on March 25, 2053.

The former Redevelopment Agency made an interest free loan to Park Terrace Apartments, L.P. The loan receivable balance at June 30, 2013 was \$50,000. The loan is due on December 15, 2030.

The former Redevelopment Agency purchased a promissory note from Sutter Community Bank, with the debtor being the Sutter Performing Arts Association (SPAA). The loan receivable balance at June 30, 2013 was \$228,068. The loan bears interest at 7.25% and was due on March 3, 2013. No payments have been received as of June 30, 2013, therefore, the Successor Agency has set up an allowance in the amount of \$228,068.

B. Capital assets of the Successor Agency as of June 30, 2013 consisted of the following:

	July 1, 2012 Balance	Additions	Deletions	Transfers	June 30, 2013 Balance
Capital assets, not being depreciated:					
Land	\$ 3,907,713	\$ -	\$ -	\$ -	\$ 3,907,713
Construction in progress		52,867		(14,136)	38,731
Total capital assets, not being depreciated	<u>3,907,713</u>	<u>52,867</u>		<u>(14,136)</u>	<u>3,946,444</u>
Capital assets, being depreciated:					
Buildings	2,050,070				2,050,070
Improvements other than buildings	27,512			14,136	41,648
Total capital assets, being depreciated	<u>2,077,582</u>			<u>14,136</u>	<u>2,091,718</u>
Less accumulated depreciation for:					
Buildings	(288,879)	(99,001)			(387,880)
Improvements other than buildings		(8,254)			(8,254)
Total accumulated depreciation, net	<u>(288,879)</u>	<u>(107,255)</u>			<u>(396,134)</u>
Total capital assets, being depreciated, net	<u>1,788,703</u>	<u>(107,255)</u>		<u>14,136</u>	<u>1,695,584</u>
Total capital assets, net	<u>\$ 5,696,416</u>	<u>\$ (54,388)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,642,028</u>

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 14 – SUCCESSOR AGENCY (Continued)

C. Long-term receivables and payables between funds are classified as advances to or advances from other trust funds.

	Advances to	Advances from
RDA Low/Mod Successor Agency Private-Purpose Trust Fund	\$ 1,626,817	\$ -
RDA Successor Agency Private-Purpose Trust Fund		1,626,817
	\$ 1,626,817	\$ 1,626,817

D. Long-term debt of the Successor Agency as of June 30, 2013, consisted of the following:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Due within one year
Tax Allocation Bonds	\$34,330,000	\$ -	\$ (550,000)	\$ 33,780,000	\$ 575,000
Less Deferred Amounts:					
Loss on Refunding	(547,551)		20,280	(527,271)	(20,280)
Plus: Bond Premium	200,290		(7,153)	193,137	7,153
Bonds, net	33,982,739		(536,873)	33,445,866	561,873
Advances from City of Yuba City	11,009,010	33,115		11,042,125	
Loan payable	1,630,594		(50,666)	1,579,928	52,151
Totals	\$46,622,343	\$ 33,115	\$ (587,539)	\$ 46,067,919	\$ 614,024

Tax Allocation Bonds – Series 2004A

On July 22, 2004, the former Redevelopment Agency issued \$16,210,000 of Tax Allocation Bonds bearing interest between 2.000% and 5.375% and payable semi-annually on March 1 and September 1, maturing on September 1, 2039. These bonds provided funds to aid in the financing of redevelopment in the project area and advance refund bonds issued in 1996. The outstanding principal balance of the 2004A Series bonds at June 30, 2013 was \$14,590,000.

The scheduled annual minimum debt service requirements at June 30, 2013 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2014	\$ 245,000	\$ 847,230	\$ 1,092,230
2015	255,000	835,416	1,090,416
2016	270,000	822,610	1,092,610
2017	280,000	808,650	1,088,650
2018	295,000	793,696	1,088,696
2019-2023	1,735,000	3,697,603	5,432,603
2024-2028	2,305,000	3,120,278	5,425,278
2029-2033	3,080,000	2,321,100	5,401,100
2034-2038	4,115,000	1,248,750	5,363,750
2039-2040	2,010,000	122,400	2,132,400
Totals	\$ 14,590,000	\$ 14,617,733	\$ 29,207,733

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 14 – SUCCESSOR AGENCY (Continued)

D. Long-term debt of the Successor Agency as of June 30, 2013, consisted of the following (Continued):

Tax Allocation Bonds – Series 2004B

On July 22, 2004, the former Redevelopment Agency issued \$4,480,000 of Tax Allocation Bonds bearing interest between 2.000% and 5.375% and payable semi-annually on March 1 and September 1, maturing on September 1, 2039. These bonds provided funds to aid in the financing of low and moderate income housing activities and advance refund bonds issued in 1996. The outstanding principal balance of the 2004B Series bonds at June 30, 2013 was \$4,025,000.

The scheduled annual minimum debt service requirements at June 30, 2013 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2014	\$ 70,000	\$ 233,634	\$ 303,634
2015	70,000	230,326	300,326
2016	75,000	226,789	301,789
2017	80,000	222,854	302,854
2018	80,000	218,694	298,694
2019-2023	475,000	1,019,374	1,494,374
2024-2028	635,000	860,438	1,495,438
2029-2033	850,000	640,500	1,490,500
2034-2038	1,135,000	344,850	1,479,850
2039-2040	555,000	33,750	588,750
Totals	<u>\$ 4,025,000</u>	<u>\$ 4,031,209</u>	<u>\$ 8,056,209</u>

Tax Allocation Bonds – Series 2007

On June 28, 2007, the Agency issued \$16,000,000 of Tax Allocation Bonds bearing interest of 5.00% and payable semi-annually on March 1 and September 1, maturing on September 1, 2039. These bonds provided funds to aid in the financing of redevelopment in the project area. The outstanding principal balance of the 2007 Series bonds at June 30, 2013 was \$15,165,000.

The scheduled annual minimum debt service requirements at June 30, 2013 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2014	\$ 260,000	\$ 782,424	\$ 1,042,424
2015	275,000	770,236	1,045,236
2016	285,000	757,362	1,042,362
2017	305,000	743,048	1,048,048
2018	320,000	727,155	1,047,155
2019-2023	1,855,000	3,381,871	5,236,871
2024-2028	2,375,000	2,849,563	5,224,563
2029-2033	3,060,000	2,138,688	5,198,688
2034-2038	4,290,000	1,182,509	5,472,509
2039-2040	2,140,000	115,516	2,255,516
Totals	<u>\$ 15,165,000</u>	<u>\$ 13,448,372</u>	<u>\$ 28,613,372</u>

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 14 – SUCCESSOR AGENCY (Continued)

D. Long-term debt of the Successor Agency as of June 30, 2013, consisted of the following (Continued):

Advances from City of Yuba City

The City of Yuba City had loaned the former Redevelopment Agency amounts as needed for operations. These amounts accrue interest at the same rate as LAIF earns. As of June 30, 2013, the interest rate was .244%. At June 30, 2013, the balance was \$11,042,125.

Loan Payable

The former Redevelopment Agency has a loan with the California Infrastructure and Economic Development Bank, issued in the amount of \$1,905,700. The loan is payable in annual principal installments of \$45,139 to \$95,640, with an interest rate of 2.91%, and a maturity of September 1, 2034.

The loan was used to finance redevelopment activities. The outstanding principal balance of the loan at June 30, 2013 was \$1,579,928.

The scheduled annual minimum debt service requirements at June 30, 2013 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2014	\$ 52,151	\$ 45,528	\$ 97,679
2015	53,679	43,978	97,657
2016	55,251	42,382	97,633
2017	56,870	40,739	97,609
2018	58,537	39,048	97,585
2019-2023	319,437	168,095	487,532
2024-2028	369,058	117,749	486,807
2029-2033	426,389	59,580	485,969
2034-2035	188,556	5,565	194,121
Totals	<u>\$ 1,579,928</u>	<u>\$ 562,664</u>	<u>\$ 2,142,592</u>

NOTE 15 - SUBSEQUENT EVENTS

On July 16, 2013, the City Council awarded a contract in the amount of \$8,619,465 to Ranger pipelines for the wastewater collection system rehabilitation and replacement project. Also, on July 16, 2013, the City Council authorized a professional services agreement in the amount of \$697,400 to Dokken Engineering for preliminary design services associated with the 5th Street bridge replacement project.

In preparing the accompanying financial statements, the City management has reviewed all known events that have occurred after June 30, 2013, and through December 14, 2013, the date when this financial statement was available to be issued, for inclusion in the financial statement and footnotes.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2013

NOTE 16 – PRIOR PERIOD ADJUSTMENT

A prior adjustment of (\$4,676,807) was made on the statement of activities for an overstatement of net pension asset in the prior fiscal year.

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CITY OF YUBA CITY
Required Supplementary Information
June 30, 2013

Pension Trend Information

Required Supplementary Information
Miscellaneous Plan

Valuation Date	Entry Age Normal Accrued Liability (a)	Actuarial Value of Assets (b)	Unfunded Liability (Excess Assets) (a)-(b)	Funded Status (b)/(a)	Annual Covered Payroll (c)	UAAL as a % of Payroll [(a)-(b)]/(c)
6/30/2010	\$ 83,247,779	\$ 65,498,936	\$ 17,748,843	78.7%	\$ 10,805,164	164.3%
6/30/2011	86,818,020	69,596,618	17,221,402	80.2%	10,059,864	171.2%
6/30/2012	91,193,884	73,402,176	17,791,708	80.5%	9,770,226	182.1%

Other Postemployment Benefits

Schedule of Funding Progress

Valuation Date	Actuarial Accrued Liability (a)	Actuarial Value of Assets (b)	Unfunded Liability (Excess Assets) (a)-(b)	Funded Status (b)/(a)	Annual Covered Payroll (c)	UAAL as a % of Payroll [(a)-(b)]/(c)
1/1/2011	\$ 1,336,000	\$ -	\$ 1,336,000	0.0%	\$ 6,701,000	19.9%

CITY OF YUBA CITY
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2013

BUDGETARY BASIS OF ACCOUNTING

The City prepares a budget for each fiscal year on or before June 30. Budgeted expenditures are enacted into law through the passage of an Appropriation Resolution. This resolution mandates the maximum authorized expenditures for the fiscal year and cannot be exceeded except by subsequent amendments to the budget by the City Council.

From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein as proposed expenditures become appropriations to the various City departments. The legal level of control is the department. The City Council may amend the budget by resolution during the fiscal year.

Formal budgetary integration is employed as a management control device during the fiscal year for the General fund and special revenue funds. Special Revenue Fund budgets are adopted on a basis consistent with accounting principles generally accepted in the United States (USGAAP) and are consistent with the basis used for financial reporting. Accordingly, actual revenues and expenditures can be compared with related budget amounts without any reconciliation. There were no budgets adopted for the Specific Plan and DOE Energy Conservation Grant Special Revenue Funds for the fiscal year ended June 30, 2013. The City adopts project (versus annual) budgets (which can span a number of years) for the capital projects funds, therefore budgetary schedules for the capital projects funds are not presented. The debt service funds budgets are adopted when the debt issuances are authorized, therefore budgetary schedules for debt service funds are not presented.

The City uses an encumbrance system as an extension of normal budgetary accounting for the other governmental funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as restricted, committed, or assigned fund balances since they do not constitute expenditures or liabilities. Unencumbered appropriation lapse at year-end. Encumbered appropriations are carried forward in the ensuing year's budget.

CITY OF YUBA CITY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Revenues:				
Taxes and assessments	\$ 22,789,957	\$ 22,789,957	\$ 24,031,295	\$ 1,241,338
Intergovernmental revenues	87,750	978,053	565,559	(412,494)
Licenses, permits, and fees	570,000	570,000	623,157	53,157
Fines and forfeitures			16,746	16,746
Use of money and property	86,600	86,600	117,789	31,189
Charges for services	2,331,387	2,351,387	2,514,650	163,263
Contribution from trust fund	51,000	51,000	51,000	
Other revenues	122,929	122,929	127,812	4,883
	<u>26,039,623</u>	<u>26,949,926</u>	<u>28,048,008</u>	<u>1,098,082</u>
Expenditures:				
Current:				
General government:				
City council	126,951	126,951	119,938	7,013
City manager	639,557	645,377	634,455	10,922
City attorney	150,000	150,000	204,177	(54,177)
Finance	1,446,563	1,455,844	1,409,967	45,877
City treasurer	7,109	7,109	7,161	(52)
Information technology	714,684	732,744	681,748	50,996
City clerk	45,492	49,418	29,906	19,512
Human resources	465,910	471,910	414,764	57,146
Non departmental	165,074	167,341	130,494	36,847
Contingency	197,600	189,980	57,088	132,892
	<u>3,958,940</u>	<u>3,996,674</u>	<u>3,689,698</u>	<u>306,976</u>
Public safety:				
Animal control	604,865	708,751	694,325	14,426
Police-traffic	952,829	954,760	952,730	2,030
Police-administration	1,305,772	1,306,740	1,288,128	18,612
Police-investigation	2,264,743	2,284,743	2,336,084	(51,341)
Police-field operations	7,064,915	7,071,286	6,836,353	234,933
Police-community outreach	13,116	13,116	10,146	2,970
Police-technology research	163,781	163,781	183,441	(19,660)
Police-information and analysis	28,867	291,984	186,140	105,844
Police-communications	1,126,018	1,128,963	1,143,503	(14,540)
Law Enforcement-grants		248,809	150,916	97,893
Fire-administration	854,255	848,197	896,106	(47,909)
Fire-operations	7,911,542	8,123,522	8,254,003	(130,481)
Fire-grants		147,256	67,133	80,123
	<u>22,290,703</u>	<u>23,291,908</u>	<u>22,999,008</u>	<u>292,900</u>

(Continued)

See notes to required supplementary information.

CITY OF YUBA CITY

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2013**

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget Positive (Negative)
Expenditures: (Continued)				
Current:				
Parks and recreation:				
Administration	\$ 324,352	\$ 325,852	\$ 276,119	\$ 49,733
Supervision	237,925	237,925	252,949	(15,024)
Programs	854,409	633,292	516,654	116,638
Swimming pool	362,914	587,362	648,291	(60,929)
Senior center	134,003	134,426	109,212	25,214
Total parks and recreation	<u>1,913,603</u>	<u>1,918,857</u>	<u>1,803,225</u>	<u>115,632</u>
Public works and facilities:				
Administration	217,936	217,936	196,439	21,497
Streets	1,174,199	1,183,025	977,607	205,418
Parks	1,187,781	1,195,250	1,178,054	17,196
General services	613,669	615,325	478,016	137,309
Electrical maintenance	430,590	432,335	385,298	47,037
Engineering	1,397,406	1,406,926	1,239,801	167,125
Total public works and facilities	<u>5,021,581</u>	<u>5,050,797</u>	<u>4,455,215</u>	<u>595,582</u>
Community development:				
Planning	408,765	408,765	378,980	29,785
Building	370,301	370,301	357,099	13,202
Economic development	209,936	209,936	206,545	3,391
Total community development	<u>989,002</u>	<u>989,002</u>	<u>942,624</u>	<u>46,378</u>
Debt Service:				
Principal	122,205	122,205	122,205	
Interest and other charges	5,945	5,945	5,945	
Total debt service	<u>128,150</u>	<u>128,150</u>	<u>128,150</u>	
Capital Outlay:				
Public safety		310,727	51,091	259,636
Total capital outlay		<u>310,727</u>	<u>51,091</u>	<u>259,636</u>
Total expenditures	<u>34,301,979</u>	<u>35,686,115</u>	<u>34,069,011</u>	<u>1,617,104</u>
Excess of revenues over (under) expenditures	<u>(8,262,356)</u>	<u>(8,736,189)</u>	<u>(6,021,003)</u>	<u>2,715,186</u>

(Continued)

See notes to required supplementary information.

CITY OF YUBA CITY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Other Financing Sources (Uses):				
Transfers in	\$ 6,004,617	\$ 6,012,277	\$ 6,010,711	\$ (1,566)
Total other financing sources (uses)	<u>6,004,617</u>	<u>6,012,277</u>	<u>6,010,711</u>	<u>(1,566)</u>
Net changes in fund balance	(2,257,739)	(2,723,912)	(10,292)	2,713,620
Fund balance - July 1, 2012	<u>19,256,300</u>	<u>19,256,300</u>	<u>19,256,300</u>	
Fund balance - June 30, 2013	<u><u>\$ 16,998,561</u></u>	<u><u>\$ 16,532,388</u></u>	<u><u>\$ 19,246,008</u></u>	<u><u>\$ 2,713,620</u></u>

See notes to required supplementary information.

CITY OF YUBA CITY
HOME GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Intergovernmental revenues	\$ 130,000	\$ 130,000	\$ 97,218	\$ (32,782)
Use of money and property			2,020	2,020
Program income	<u>20,000</u>	<u>20,000</u>	<u>8,142</u>	<u>(11,858)</u>
Total revenues	<u>150,000</u>	<u>150,000</u>	<u>107,380</u>	<u>(42,620)</u>
Expenditures:				
Current:				
Community development	<u>163,866</u>	<u>163,866</u>	<u>63,951</u>	<u>99,915</u>
Total expenditures	<u>163,866</u>	<u>163,866</u>	<u>63,951</u>	<u>99,915</u>
Net changes in fund balance	(13,866)	(13,866)	43,429	57,295
Fund balance - July 1, 2012	<u>5,474</u>	<u>5,474</u>	<u>5,474</u>	
Fund balance (deficit) - June 30, 2013	<u><u>\$ (8,392)</u></u>	<u><u>\$ (8,392)</u></u>	<u><u>\$ 48,903</u></u>	<u><u>\$ 57,295</u></u>

See notes to required supplementary information.

CITY OF YUBA CITY
STREETS AND ROADS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Taxes and assessments	\$ 3,267,409	\$ 3,267,409	\$ 3,023,532	\$ (243,877)
Use of money and property	55,300	55,300	12,551	(42,749)
Intergovernmental revenues		1,492,784	1,497,616	4,832
Other revenue	125,000	233,000	54,427	(178,573)
Total revenues	<u>3,447,709</u>	<u>5,048,493</u>	<u>4,588,126</u>	<u>(460,367)</u>
Other Financing Sources (Uses):				
Transfers out	<u>(3,554,245)</u>	<u>(4,783,492)</u>	<u>(4,783,492)</u>	
Total other financing sources (uses)	<u>(3,554,245)</u>	<u>(4,783,492)</u>	<u>(4,783,492)</u>	
Net change in fund balance	(106,536)	265,001	(195,366)	(460,367)
Fund balance - July 1, 2012	<u>1,799,223</u>	<u>1,799,223</u>	<u>1,799,223</u>	
Fund balance - June 30, 2013	<u>\$ 1,692,687</u>	<u>\$ 2,064,224</u>	<u>\$ 1,603,857</u>	<u>\$ (460,367)</u>

See notes to required supplementary information.

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CITY OF YUBA CITY

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are restricted by law or administrative action and expenditures for specified purposes. Nonmajor special revenue funds used by the City are listed below:

Traffic Safety Fund – This fund is used to account for court fines collected on the City’s account for moving violations.

Law Enforcement Services Fund – This fund is used to account for special police revenue to be used for traffic enforcement services.

Landscape Districts Fund – This fund is used to account for monies to be used to landscape various areas of the City.

Recology Rate Stabilization Fund – This fund is used to account for funds received from Recology Yuba-Sutter to be used for stabilization of future solid waste collection rates and/or the acquisition of solid waste facilities or equipment.

CDBG Grant Fund – This fund is used to account for CDBG open grant activities.

CDBG Program Income Fund – This fund is used to account for CDBG program income generated from loans made previously, which revolve back into the program for reuse.

Miscellaneous Lighting Districts Fund – This fund is used to account for monies to be used for various street lighting districts.

CAL-HOME Grant Fund – This fund is used to account for CAL-HOME grant activities.

Fire Mitigation Fees Fund – This fund is used to account for monies collected for fire mitigation purposes.

Harter Specific Plan Fund – This fund is used to account for monies to be used for the Harter Specific Plan.

Specific Plan Fund – This fund is used to account for Specific Plan amendments which are funded by developers.

Neighborhood Stabilization Program Grant Fund – This fund is used to account for Neighborhood Stabilization Program federal grant monies that were used for program activities.

DOE Energy Conservation Fund – This fund is used to account for DOE Energy Conservation grant activities.

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CITY OF YUBA CITY

NONMAJOR GOVERNMENTAL FUNDS

Debt Service Funds

Debt Service Funds are used to account for accumulation of resources for, and payment of, principal and interest on the City's governmental activities long-term debt. Nonmajor debt service funds of the City are listed below:

Gauche Park COP Fund – This fund is used to account for the activity for the repayment of the 2006 Gauche Park Certificates of Participation.

Pension Obligation Bonds Fund – This fund is used to account for the repayment of the Pension Obligation Bonds.

Fire Station #4 Lease Fund – This fund is used to account for the capital lease payments associated with Fire Station #4.

Capital Project Funds

Capital Project Funds are used to account for financial resources to be used for the acquisition of land or acquisition and construction of major capital facilities other than those financed by the proprietary fund types. Nonmajor capital project funds are listed below:

Streets and Roads CIP Projects Fund – This fund is used to account for funds budgeted for capital expenditures, which are funded from gas tax revenue and streets and road fund sources.

CITY OF YUBA CITY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2013

	Special Revenue Funds			
	Traffic Safety Fund	Law Enforcement Services Fund	Landscape Districts Fund	Recology Rate Stabilization Fund
Assets				
Cash and investments	\$ 184,352	\$ 129,506	\$ 623,800	\$ 318,745
Cash and investments with fiscal agent				
Interest receivable				
Accounts receivable	27,187	1,896		19,018
Taxes and assessments receivable			4,064	
Due from other funds				
Notes receivable				
Total assets	\$ 211,539	\$ 131,402	\$ 627,864	\$ 337,763
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 1,150	\$ -	\$ 10,787	\$ -
Deposits payable	1,953			
Unearned revenue				336,140
Due to other funds				
Total liabilities	3,103		10,787	336,140
Fund Balances:				
Restricted			617,077	1,623
Committed	208,436	131,402		
Unassigned				
Total fund balances (deficits)	208,436	131,402	617,077	1,623
Total liabilities and fund balances	\$ 211,539	\$ 131,402	\$ 627,864	\$ 337,763

Special Revenue Funds

CDBG Grant Fund	CDBG Program Income Fund	Miscellaneous Lighting Districts Fund	CAL-HOME Grant Fund
\$ -	\$ 14,003	\$ 485,239	\$ -
213,790		4,039	
	<u>1,486,029</u>		<u>338,380</u>
<u>\$ 213,790</u>	<u>\$ 1,500,032</u>	<u>\$ 489,278</u>	<u>\$ 338,380</u>
\$ 26,368	\$ 255	\$ 11,358	\$ -
174,304	1,486,029		338,380
			447
<u>200,672</u>	<u>1,486,284</u>	<u>11,358</u>	<u>338,827</u>
13,118	13,748	477,920	
			<u>(447)</u>
<u>13,118</u>	<u>13,748</u>	<u>477,920</u>	<u>(447)</u>
<u>\$ 213,790</u>	<u>\$ 1,500,032</u>	<u>\$ 489,278</u>	<u>\$ 338,380</u>

(Continued)

CITY OF YUBA CITY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (Continued)
June 30, 2013

Special Revenue Funds

	Fire Mitigation Fees Fund	Harter Specific Plan Fund	Specific Plan Fund	Neighborhood Stabilization Program Grant Fund	DOE Energy Conservation Fund
Assets					
Cash and investments	\$ 750	\$ 855,525	\$ -	\$ -	\$ 70,093
Cash and investments with fiscal agent					
Interest receivable				282,410	
Accounts receivable					
Taxes and assessments receivable	392				
Due from other funds					
Notes receivable					
	<u>1,142</u>	<u>855,525</u>	<u>-</u>	<u>282,410</u>	<u>70,093</u>
Total assets	<u>\$ 1,142</u>	<u>\$ 855,525</u>	<u>\$ -</u>	<u>\$ 282,410</u>	<u>\$ 70,093</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ 41,096	\$ -
Deposits payable		702,984			
Unearned revenue					
Due to other funds				241,314	
		<u>702,984</u>		<u>282,410</u>	
Total liabilities		<u>702,984</u>		<u>282,410</u>	
Fund Balances:					
Restricted	1,142	152,541			70,093
Committed					
Unassigned					
	<u>1,142</u>	<u>152,541</u>			<u>70,093</u>
Total fund balances (deficits)	<u>1,142</u>	<u>152,541</u>			<u>70,093</u>
Total liabilities and fund balances	<u>\$ 1,142</u>	<u>\$ 855,525</u>	<u>\$ -</u>	<u>\$ 282,410</u>	<u>\$ 70,093</u>

Debt Service Funds		Capital Projects Fund			
Gauche Park COP Fund	Pension Obligation Bonds Fund	Fire Station #4 Lease Fund	Streets and Roads CIP Projects Fund	Totals	
\$ -	\$ 92,160	\$ -	\$ 1,291,307	\$ 4,065,480	
2,062,660	81			2,062,741	
12				12	
				544,301	
				8,495	
			150,000	150,000	
				1,824,409	
<u>\$ 2,062,672</u>	<u>\$ 92,241</u>	<u>\$ -</u>	<u>\$ 1,441,307</u>	<u>\$ 8,655,438</u>	
\$ -	\$ -	\$ -	\$ 14,568	\$ 105,582	
				704,937	
				2,160,549	
				416,065	
			14,568	3,387,133	
788,000	92,241			2,227,503	
1,274,672			1,426,739	3,041,249	
				(447)	
<u>2,062,672</u>	<u>92,241</u>		<u>1,426,739</u>	<u>5,268,305</u>	
<u>\$ 2,062,672</u>	<u>\$ 92,241</u>	<u>\$ -</u>	<u>\$ 1,441,307</u>	<u>\$ 8,655,438</u>	

CITY OF YUBA CITY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2013

	Special Revenue Funds			
	Traffic Safety Fund	Law Enforcement Services Fund	Landscape Districts Fund	Recology Rate Stabilization Fund
Revenues:				
Taxes and assessments	\$ -	\$ -	\$ 326,149	\$ -
Use of money and property	1,203	777	5,785	1,468
Intergovernmental revenues				
Charges for services				
Licenses, permits, and fees				
Fines and forfeitures	222,425	95,170		
Program income				
Contributions from trust fund				
Other revenues				
Total revenues	<u>223,628</u>	<u>95,947</u>	<u>331,934</u>	<u>1,468</u>
Expenditures:				
Current:				
General government				
Public safety	13,604			
Parks and recreation			230,347	
Public works and facilities				
Community development				
Capital outlay				
Debt Service:				
Principal				
Interest and other charges				
Total expenditures	<u>13,604</u>		<u>230,347</u>	
Excess of revenues over (under) expenditures	<u>210,024</u>	<u>95,947</u>	<u>101,587</u>	<u>1,468</u>
Other Financing Sources (Uses):				
Transfers in				
Transfers out	(150,000)	(50,000)	(178,732)	
Total other financing sources (uses)	<u>(150,000)</u>	<u>(50,000)</u>	<u>(178,732)</u>	
Net changes in fund balances	60,024	45,947	(77,145)	1,468
Fund balances (deficits) - July 1, 2012	<u>148,412</u>	<u>85,455</u>	<u>694,222</u>	<u>155</u>
Fund balances (deficits) - June 30, 2013	<u>\$ 208,436</u>	<u>\$ 131,402</u>	<u>\$ 617,077</u>	<u>\$ 1,623</u>

Special Revenue Funds

CDBG Grant Fund	CDBG Program Income Fund	Miscellaneous Lighting Districts Fund	CAL-HOME Grant Fund
\$ -	\$ -	\$ 330,224	\$ -
12,160	10,278	3,066	571
654,349			35,330
	33,900		629
	3,468		
<u>666,509</u>	<u>47,646</u>	<u>333,290</u>	<u>36,530</u>
		170,144	
298,673			1,500
116,113			
<u>414,786</u>		<u>170,144</u>	<u>1,500</u>
<u>251,723</u>	<u>47,646</u>	<u>163,146</u>	<u>35,030</u>
<u>(42,762)</u>	<u>(7,480)</u>	<u>(87,116)</u>	
<u>(42,762)</u>	<u>(7,480)</u>	<u>(87,116)</u>	
208,961	40,166	76,030	35,030
<u>(195,843)</u>	<u>(26,418)</u>	<u>401,890</u>	<u>(35,477)</u>
<u>\$ 13,118</u>	<u>\$ 13,748</u>	<u>\$ 477,920</u>	<u>\$ (447)</u>

(Continued)

CITY OF YUBA CITY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (Continued)
For the Fiscal Year Ended June 30, 2013

	Special Revenue Funds				
	Fire Mitigation Fees Fund	Harter Specific Plan Fund	Specific Plan Fund	Neighborhood Stabilization Program Grant Fund	DOE Energy Conservation Fund
Revenues:					
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property	69	6,415			482
Intergovernmental revenues				1,093,426	9,728
Charges for services					
Licenses, permits, and fees	392		45,809		
Fines and forfeitures					
Program income					
Contributions from trust fund					
Other revenues					
Total revenues	461	6,415	45,809	1,093,426	10,210
Expenditures:					
Current:					
General government					
Public safety					
Parks and recreation					
Public works and facilities					
Community development				1,064,587	
Capital outlay					
Debt Service:					
Principal					
Interest and other charges					
Total expenditures				1,064,587	
Excess of revenues over (under) expenditures	461	6,415	45,809	28,839	10,210
Other Financing Sources (Uses):					
Transfers in					
Transfers out	(100,000)		(71,144)	(23,420)	
Total other financing sources (uses)	(100,000)		(71,144)	(23,420)	
Net changes in fund balances	(99,539)	6,415	(25,335)	5,419	10,210
Fund balances (deficits) - July 1, 2012	100,681	146,126	25,335	(5,419)	59,883
Fund balances (deficits) - June 30, 2013	<u>\$ 1,142</u>	<u>\$ 152,541</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,093</u>

Debt Service Funds		Capital Projects Fund			
Gauche Park COP Fund	Pension Obligation Bonds Fund	Fire Station #4 Lease Fund	Streets and Roads CIP Projects Fund	Totals	
\$ -	\$ -	\$ -	\$ -	\$ 656,373	
38,833	82			81,189	
				1,792,833	
	1,042,648			1,042,648	
				46,201	
				317,595	
				34,529	
122,220				122,220	
				3,468	
161,053	1,042,730			4,097,056	
				3,216	
	3,216			13,604	
4,000				234,347	
				170,144	
				1,364,760	
			2,420,119	2,536,232	
285,000	790,000	579,115		1,654,115	
484,141	251,354	143,576		879,071	
773,141	1,044,570	722,691	2,420,119	6,855,489	
(612,088)	(1,840)	(722,691)	(2,420,119)	(2,758,433)	
650,919		722,691	3,300,247	4,673,857	
			(280,694)	(991,348)	
650,919		722,691	3,019,553	3,682,509	
38,831	(1,840)		599,434	924,076	
2,023,841	94,081		827,305	4,344,229	
\$ 2,062,672	\$ 92,241	\$ -	\$ 1,426,739	\$ 5,268,305	

CITY OF YUBA CITY
TRAFFIC SAFETY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and forfeitures	\$ 250,000	\$ 222,425	\$ (27,575)
Use of money and property	3,150	1,203	(1,947)
	<u>253,150</u>	<u>223,628</u>	<u>(29,522)</u>
Expenditures:			
Current:			
Public safety	40,000	13,604	26,396
	<u>40,000</u>	<u>13,604</u>	<u>26,396</u>
Excess of revenues over (under) expenditures	<u>213,150</u>	<u>210,024</u>	<u>(3,126)</u>
Other Financing Sources (Uses):			
Transfers out	<u>(150,000)</u>	<u>(150,000)</u>	
Total other financing sources (uses)	<u>(150,000)</u>	<u>(150,000)</u>	
Net changes in fund balance	63,150	60,024	(3,126)
Fund balance - beginning of fiscal year	<u>148,412</u>	<u>148,412</u>	
Fund balance - end of fiscal year	<u><u>\$ 211,562</u></u>	<u><u>\$ 208,436</u></u>	<u><u>\$ (3,126)</u></u>

CITY OF YUBA CITY
LAW ENFORCEMENT SERVICES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and forfeitures	\$ 64,000	\$ 95,170	\$ 31,170
Use of money and property	1,500	777	(723)
Total revenues	<u>65,500</u>	<u>95,947</u>	<u>30,447</u>
Other Financing Sources (Uses):			
Transfers out	<u>(50,000)</u>	<u>(50,000)</u>	
Total other financing sources (uses)	<u>(50,000)</u>	<u>(50,000)</u>	
Net changes in fund balance	15,500	45,947	30,447
Fund balance - beginning of fiscal year	<u>85,455</u>	<u>85,455</u>	
Fund balance - end of fiscal year	<u><u>\$ 100,955</u></u>	<u><u>\$ 131,402</u></u>	<u><u>\$ 30,447</u></u>

CITY OF YUBA CITY
LANDSCAPE DISTRICTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes and assessments	\$ 284,102	\$ 326,149	\$ 42,047
Use of money and property	32,479	5,785	(26,694)
Total revenues	<u>316,581</u>	<u>331,934</u>	<u>15,353</u>
Expenditures:			
Current:			
Parks and recreation	292,741	230,347	62,394
Total expenditures	<u>292,741</u>	<u>230,347</u>	<u>62,394</u>
Excess of revenues over (under) expenditures	<u>23,840</u>	<u>101,587</u>	<u>77,747</u>
Other Financing Sources (Uses):			
Transfers out	<u>(178,105)</u>	<u>(178,732)</u>	<u>(627)</u>
Total other financing sources (uses)	<u>(178,105)</u>	<u>(178,732)</u>	<u>(627)</u>
Net change in fund balance	(154,265)	(77,145)	77,120
Fund balance - beginning of fiscal year	<u>694,222</u>	<u>694,222</u>	
Fund balance - end of fiscal year	<u><u>\$ 539,957</u></u>	<u><u>\$ 617,077</u></u>	<u><u>\$ 77,120</u></u>

CITY OF YUBA CITY
 RECOLOGY RATE STABILIZATION SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ -	\$ 1,468	\$ 1,468
Total Revenues		1,468	1,468
Net change in fund balance		1,468	1,468
Fund balance - beginning of fiscal year	155	155	
Fund balance - end of fiscal year	\$ 155	\$ 1,623	\$ 1,468

CITY OF YUBA CITY
CDBG GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental revenues	\$ 504,678	\$ 654,349	\$ 149,671
Use of money and property	12,000	12,160	160
Total revenues	516,678	666,509	149,831
Expenditures:			
Current:			
Community development	444,766	298,673	146,093
Capital outlay	230,622	116,113	114,509
Total expenditures	675,388	414,786	260,602
Excess of revenues over (under) expenditures	(158,710)	251,723	410,433
Other Financing Sources (Uses):			
Transfers out	(26,989)	(42,762)	(15,773)
Total other financing sources (uses)	(26,989)	(42,762)	(15,773)
Net change in fund balance	(185,699)	208,961	394,660
Fund balance (deficit) - beginning of fiscal year	(195,843)	(195,843)	
Fund balance (deficit) - end of fiscal year	\$ (381,542)	\$ 13,118	\$ 394,660

CITY OF YUBA CITY
CDBG PROGRAM INCOME SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ -	\$ 10,278	\$ 10,278
Program income	10,000	33,900	23,900
Other revenues		3,468	3,468
Total revenues	10,000	47,646	37,646
Expenditures:			
Current:			
Community development	20,625		20,625
Total expenditures	20,625		20,625
Excess of revenues over (under) expenditures	(10,625)	47,646	58,271
Other Financing Sources (Uses):			
Transfers out	(26,989)	(7,480)	19,509
Total other financing sources (uses)	(26,989)	(7,480)	19,509
Net change in fund balance	(37,614)	40,166	77,780
Fund balance (deficit) - beginning of fiscal year	(26,418)	(26,418)	
Fund balance (deficit) - end of fiscal year	\$ (64,032)	\$ 13,748	\$ 77,780

CITY OF YUBA CITY
 MISCELLANEOUS LIGHTING DISTRICTS SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes and assessments	\$ 248,068	\$ 330,224	\$ 82,156
Use of money and property	17,329	3,066	(14,263)
Total revenues	<u>265,397</u>	<u>333,290</u>	<u>67,893</u>
Expenditures:			
Current:			
Public works and facilities	248,923	170,144	78,779
Total expenditures	<u>248,923</u>	<u>170,144</u>	<u>78,779</u>
Excess of revenues over (under) expenditures	<u>16,474</u>	<u>163,146</u>	<u>146,672</u>
Other Financing Sources (Uses):			
Transfers out	<u>(87,123)</u>	<u>(87,116)</u>	<u>7</u>
Total other financing sources (uses)	<u>(87,123)</u>	<u>(87,116)</u>	<u>7</u>
Net change in fund balance	(70,649)	76,030	146,679
Fund balance - beginning of fiscal year	<u>401,890</u>	<u>401,890</u>	
Fund balance - end of fiscal year	<u><u>\$ 331,241</u></u>	<u><u>\$ 477,920</u></u>	<u><u>\$ 146,679</u></u>

CITY OF YUBA CITY
CAL-HOME GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ -	\$ 571	\$ 571
Intergovernmental revenues	257,253	35,330	(221,923)
Program revenue	2,000	629	(1,371)
Total revenues	259,253	36,530	(222,723)
Expenditures:			
Current:			
Community development	24,175	1,500	22,675
Total expenditures	24,175	1,500	22,675
Net change in fund balance	235,078	35,030	(200,048)
Fund balance (deficit) - beginning of fiscal year	(35,477)	(35,477)	
Fund balance (deficit) - end of fiscal year	\$ 199,601	\$ (447)	\$ (200,048)

CITY OF YUBA CITY
FIRE MITIGATION FEES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ 100	\$ 69	\$ (31)
Licenses, permits, and fees	<u>5,000</u>	<u>392</u>	<u>(4,608)</u>
Total revenues	<u>5,100</u>	<u>461</u>	<u>(4,639)</u>
Other Financing Sources (Uses):			
Transfers out	<u>(100,000)</u>	<u>(100,000)</u>	
Total other financing sources (uses)	<u>(100,000)</u>	<u>(100,000)</u>	
Net change in fund balance	(94,900)	(99,539)	(4,639)
Fund balance - beginning of fiscal year	<u>100,681</u>	<u>100,681</u>	
Fund balance - end of fiscal year	<u><u>\$ 5,781</u></u>	<u><u>\$ 1,142</u></u>	<u><u>\$ (4,639)</u></u>

CITY OF YUBA CITY
HARTER SPECIFIC PLAN SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ -	\$ 6,415	\$ 6,415
Total revenues		6,415	6,415
Net change in fund balance		6,415	6,415
Fund balance - beginning of fiscal year	146,126	146,126	
Fund balance - end of fiscal year	\$ 146,126	\$ 152,541	\$ 6,415

CITY OF YUBA CITY
 SPECIFIC PLAN SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Licenses, permits, and fees	\$ -	\$ 45,809	\$ 45,809
Total revenues		45,809	45,809
Excess of revenues over (under) expenditures		45,809	45,809
Other Financing Sources (Uses):			
Transfers out		(71,144)	(71,144)
Total other financing sources (uses)		(71,144)	(71,144)
Net change in fund balance		(25,335)	(25,335)
Fund balance - beginning of fiscal year	25,335	25,335	
Fund balance - end of fiscal year	<u>\$ 25,335</u>	<u>\$ -</u>	<u>\$ (25,335)</u>

CITY OF YUBA CITY

NEIGHBORHOOD STABILIZATION PROGRAM GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the Fiscal Year Ended June 30, 2013

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental revenues	<u>\$ 4,404,656</u>	<u>\$ 1,093,426</u>	<u>\$ (3,311,230)</u>
Total revenues	<u>4,404,656</u>	<u>1,093,426</u>	<u>(3,311,230)</u>
Expenditures:			
Current:			
Community development	<u>4,404,656</u>	<u>1,064,587</u>	<u>3,340,069</u>
Total expenditures	<u>4,404,656</u>	<u>1,064,587</u>	<u>3,340,069</u>
Excess of revenues over (under) expenditures		<u>28,839</u>	<u>28,839</u>
Other Financing Sources (Uses):			
Transfers out		<u>(23,420)</u>	<u>(23,420)</u>
Total other financing sources (uses)		<u>(23,420)</u>	<u>(23,420)</u>
Net change in fund balance		5,419	5,419
Fund balance (deficit) - beginning of fiscal year	<u>(5,419)</u>	<u>(5,419)</u>	
Fund balance (deficit) - end of fiscal year	<u><u>\$ (5,419)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,419</u></u>

CITY OF YUBA CITY
 DOE ENERGY CONSERVATION GRANT SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 For the Fiscal Year Ended June 30, 2013

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental revenues	\$ -	\$ 9,728	\$ 9,728
Use of money and property		482	482
Total revenues		10,210	10,210
Net change in fund balance		10,210	10,210
Fund balance - beginning of fiscal year	59,883	59,883	
Fund balance - end of fiscal year	\$ 59,883	\$ 70,093	\$ 10,210

CITY OF YUBA CITY

Internal Service Funds

Internal Service Funds are used to account for the financing of goods and services provided by one department to other departments on a cost reimbursement basis. Internal service funds used by the City are listed below:

Vehicle Replacement Fund – This fund is used to account for the replacement of City vehicles upon the expiration of their useful life.

Vehicle Maintenance Fund – This fund is used to account for the maintenance of City vehicles.

Technology Replacement Fund – This fund is used to account for the replacement of City computers and servers upon the expiration of their useful life.

Employee Benefits Fund – This fund is used to account for the provision of health and unemployment benefits.

Vision/Dental Fund – This fund is used to account for the provisions of employee vision and dental benefits.

Disability Program Fund – This fund is used to account for the City's self-funded employee disability benefits.

Workers' Compensation Program Fund – This fund is used to account for the City's self-insured employee workers' compensation benefits.

General Liability Program Fund – This fund is used to account for the provision of the City's self-insured general liability program.

CITY OF YUBA CITY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2013

	Vehicle Replacement Fund	Vehicle Maintenance Fund	Technology Replacement Fund
ASSETS			
Current Assets:			
Cash and investments	\$ 8,161,680	\$ 309,070	\$ 2,661,807
Accounts receivable			
Inventory		14,007	
Prepaid expenses			
	<u>8,161,680</u>	<u>323,077</u>	<u>2,661,807</u>
Total current assets			
Capital Assets:			
Depreciable			
Buildings		306,372	
Machinery and equipment	9,706,881	88,821	1,884,297
	<u>9,706,881</u>	<u>395,193</u>	<u>1,884,297</u>
Total depreciable capital assets	9,706,881	395,193	1,884,297
Less accumulated depreciation	<u>(8,066,425)</u>	<u>(258,210)</u>	<u>(1,351,490)</u>
Net depreciable capital assets	<u>1,640,456</u>	<u>136,983</u>	<u>532,807</u>
Net capital assets	<u>1,640,456</u>	<u>136,983</u>	<u>532,807</u>
Total noncurrent assets	<u>1,640,456</u>	<u>136,983</u>	<u>532,807</u>
Total assets	<u>9,802,136</u>	<u>460,060</u>	<u>3,194,614</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	6,945	13,751	2,042
Accrued wages		9,614	
Unearned revenue			
	<u>6,945</u>	<u>23,365</u>	<u>2,042</u>
Total current liabilities	6,945	23,365	2,042
Noncurrent Liabilities:			
Compensated absences		34,136	
	<u>6,945</u>	<u>57,501</u>	<u>2,042</u>
Total liabilities	6,945	57,501	2,042
NET POSITION			
Net investment in capital assets	1,640,456	136,983	532,807
Unrestricted	<u>8,154,735</u>	<u>265,576</u>	<u>2,659,765</u>
Total net position	<u>\$ 9,795,191</u>	<u>\$ 402,559</u>	<u>\$ 3,192,572</u>

Employee Benefits Fund	Vision/ Dental Fund	Disability Program Fund	Workers' Compensation Program Fund	General Liability Program Fund	Totals
\$ 286,731	\$ 270,002	\$ 56,727	\$ 1,692,242	\$ 557,844	\$ 13,996,103
41,497					41,497
168,424				287,916	456,340
496,652	270,002	56,727	1,692,242	845,760	14,507,947
					306,372
					11,679,999
					11,986,371
					(9,676,125)
					2,310,246
					2,310,246
					2,310,246
496,652	270,002	56,727	1,692,242	845,760	16,818,193
14,153	17,332	1,197	53,981		109,401
8,029					9,614
22,182	17,332	1,197	53,981		8,029
					127,044
					34,136
22,182	17,332	1,197	53,981		161,180
474,470	252,670	55,530	1,638,261	845,760	2,310,246
					14,346,767
\$ 474,470	\$ 252,670	\$ 55,530	\$ 1,638,261	\$ 845,760	\$ 16,657,013

CITY OF YUBA CITY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
For the Fiscal Year Ended June 30, 2013

	Vehicle Replacement Fund	Vehicle Maintenance Fund	Technology Replacement Fund
Revenues:			
Charges for services	\$ 631,598	\$ 592,949	\$ 356,866
Other revenues	22,609		27,961
Total revenues	<u>654,207</u>	<u>592,949</u>	<u>384,827</u>
Expenses:			
Salaries and benefits		289,539	
Professional services		2,454	29,510
Supplies	5,804	530	
Benefits, claims, and insurance		3,784	
Maintenance and operation		422,963	157,528
Tools and equipment		10,018	119,857
Power and utilities		7,175	18,605
Training		558	
Depreciation	395,056	10,063	164,085
Total expenses	<u>400,860</u>	<u>747,084</u>	<u>489,585</u>
Operating Income (Loss)	<u>253,347</u>	<u>(154,135)</u>	<u>(104,758)</u>
Non-Operating Revenues (Expenses):			
Interest income	(14,620)	2,895	20,813
Total non-operating revenues (expenses)	<u>(14,620)</u>	<u>2,895</u>	<u>20,813</u>
Income (Loss) before transfers	238,727	(151,240)	(83,945)
Transfers:			
Transfers in	378,000		
Change in net position	616,727	(151,240)	(83,945)
Net Position, July 1, 2012	<u>9,178,464</u>	<u>553,799</u>	<u>3,276,517</u>
Net Position, June 30, 2013	<u><u>\$ 9,795,191</u></u>	<u><u>\$ 402,559</u></u>	<u><u>\$ 3,192,572</u></u>

Employee Benefits Fund	Vision/ Dental Fund	Disability Program Fund	Workers' Compensation Program Fund	General Liability Program Fund	Totals
\$ 2,950,465	\$ 485,038	\$ 20,905 16,821	\$ 340,200 22,184	\$ 442,000	\$ 5,820,021 89,575
2,950,465	485,038	37,726	362,384	442,000	5,909,596
					289,539
27,574			17,594		77,132
					6,334
2,926,092	469,322	40,717	734,499	419,445	4,593,859
					580,491
					129,875
					25,780
					558
					569,204
2,953,666	469,322	40,717	752,093	419,445	6,272,772
(3,201)	15,716	(2,991)	(389,709)	22,555	(363,176)
1,383	1,909	382	12,402	2,713	27,877
1,383	1,909	382	12,402	2,713	27,877
(1,818)	17,625	(2,609)	(377,307)	25,268	(335,299)
					378,000
(1,818)	17,625	(2,609)	(377,307)	25,268	42,701
476,288	235,045	58,139	2,015,568	820,492	16,614,312
<u>\$ 474,470</u>	<u>\$ 252,670</u>	<u>\$ 55,530</u>	<u>\$ 1,638,261</u>	<u>\$ 845,760</u>	<u>\$ 16,657,013</u>

CITY OF YUBA CITY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2013

	<u>Vehicle Replacement Fund</u>	<u>Vehicle Maintenance Fund</u>	<u>Technology Replacement Fund</u>
Cash Flows from Operating Activities:			
Receipts from customers	\$ 654,207	\$ 594,422	\$ 384,827
Payment to suppliers and users	(34,015)	(444,423)	(323,531)
Payment to employees		(293,125)	
Net Cash Provided (Used) by Operating Activities	<u>620,192</u>	<u>(143,126)</u>	<u>61,296</u>
Cash flows from Non-Capital Financing Activities:			
Interest paid on negative cash	(14,620)		
Transfers out	378,000		
Net Cash Provided by Non-Capital Financing Activities	<u>363,380</u>		
Cash Flows from Capital and Related Financing Activities:			
Acquisition of capital assets	(151,128)		(299,005)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(151,128)</u>		<u>(299,005)</u>
Cash Flows from Investing Activities:			
Interest received		2,895	20,813
Net Cash Provided (Used) by Investing Activities		<u>2,895</u>	<u>20,813</u>
Net Increase (Decrease) in Cash and Cash Equivalents	832,444	(140,231)	(216,896)
Cash and Cash Equivalents, July 1, 2012	<u>7,329,236</u>	<u>449,301</u>	<u>2,878,703</u>
Cash and Cash Equivalents, June 30, 2013	<u>\$ 8,161,680</u>	<u>\$ 309,070</u>	<u>\$ 2,661,807</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 253,347	\$ (154,135)	\$ (104,758)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	395,056	10,063	164,085
(Increase) Decrease in Operating Assets:			
Accounts receivable		1,473	
Inventory		4,315	
Prepaid expenses			
Increase (Decrease) in Operating Liabilities:			
Accounts payable	(28,211)	(1,256)	1,969
Accrued wages		(3,818)	
Unearned revenue			
Compensated absences		232	
Net Cash Provided (Used) by Operating Activities	<u>\$ 620,192</u>	<u>\$ (143,126)</u>	<u>\$ 61,296</u>

Employee Benefits Fund	Vision/ Dental Fund	Disability Program Fund	Workers' Compensation Program Fund	General Liability Program Fund	Totals
\$ 2,945,423 (2,879,041)	\$ 492,647 (463,479)	\$ 37,726 (42,518)	\$ 362,384 (298,484)	\$ 442,000 (471,323)	\$ 5,913,636 (4,914,296) (335,643)
<u>66,382</u>	<u>29,168</u>	<u>(4,792)</u>	<u>63,900</u>	<u>(29,323)</u>	<u>663,697</u>
					(14,620)
					<u>378,000</u>
					<u>363,380</u>
					(450,133)
					(450,133)
<u>1,383</u>	<u>1,909</u>	<u>382</u>	<u>12,402</u>	<u>2,713</u>	<u>42,497</u>
<u>1,383</u>	<u>1,909</u>	<u>382</u>	<u>12,402</u>	<u>2,713</u>	<u>42,497</u>
<u>67,765</u>	<u>31,077</u>	<u>(4,410)</u>	<u>76,302</u>	<u>(26,610)</u>	<u>619,441</u>
<u>218,966</u>	<u>238,925</u>	<u>61,137</u>	<u>1,615,940</u>	<u>584,454</u>	<u>13,376,662</u>
<u>\$ 286,731</u>	<u>\$ 270,002</u>	<u>\$ 56,727</u>	<u>\$ 1,692,242</u>	<u>\$ 557,844</u>	<u>\$ 13,996,103</u>
\$ (3,201)	\$ 15,716	\$ (2,991)	\$ (389,709)	\$ 22,555	\$ (363,176)
					569,204
(5,142)	7,609				3,940
					4,315
62,763			400,847	(51,548)	412,062
11,862	5,843	(1,801)	52,762	(330)	40,838
					(3,818)
100					100
					232
<u>\$ 66,382</u>	<u>\$ 29,168</u>	<u>\$ (4,792)</u>	<u>\$ 63,900</u>	<u>\$ (29,323)</u>	<u>\$ 663,697</u>

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CITY OF YUBA CITY

Fiduciary Funds

Private-Purpose Trust Funds are used to account for the Successor Agency funds of the former Redevelopment Agency and are presented in the following two funds:

RDA Low/Mod Successor Agency Private-Purpose Trust Fund – This fund is used to account for the activities related to the former Redevelopment Agency’s low/moderate income housing fund.

RDA Successor Agency Private-Purpose Trust Fund – This fund is used to account for all activities related to the former Redevelopment Agency’s activities that are not already accounted for in the RDA Low/Mod Successor Agency Private-Purpose Trust Fund.

Agency Funds are used to account for the receipt and disbursement of various taxes, deposits, deductions, and property collected by the City, acting in the capacity of an agent for distribution to other governmental units or other organizations. The agency funds maintained by the City are divided into the following categories for presentation in this report.

City Trust Fund – This fund is used to account for assets held for employees and outside independent entities in a fiduciary capacity.

Assessment District Funds – These funds are used to account for assets held for independent assessment districts in a fiduciary capacity.

Sunsweet Boulevard CFD Fund – This fund is used to account for assets held for an independent community facilities district in a fiduciary capacity.

Net – 5 Operations Fund – This fund is used to account for assets held for an independent agency in a fiduciary capacity.

Cal-Met Program Fund – This fund is used to account for Net-5 grant funded activity held for an independent agency in a fiduciary capacity.

Flood Control Agency Fund – This fund is used to account for the operating activities of the Sutter-Butte Flood Control Agency.

SBFCA Capital Fund – This fund is used to account for the capital project activities of the Sutter-Butte Flood Control Agency.

CITY OF YUBA CITY
PRIVATE-PURPOSE TRUST FUNDS
COMBINING STATEMENT OF NET POSITION
June 30, 2013

	RDA Low/Mod Successor Agency Fund	RDA Successor Agency Fund	Totals
Assets:			
Cash and investments	\$ 5,751	\$ 1,236,496	\$ 1,242,247
Cash and investments with fiscal agents		2,659,724	2,659,724
Interest receivable		1	1
Accounts receivable		32,507	32,507
Taxes and assessments receivable		234,718	234,718
Prepaid expenses		343	343
Deposit receivable	9,800		9,800
Deferred charges		449,652	449,652
Notes receivable, net	3,191,222		3,191,222
Advances to other trust funds	1,626,817		1,626,817
Capital assets, nondepreciable	3,087,127	859,317	3,946,444
Capital assets, depreciable, net of accumulated depreciation	1,633,226	62,358	1,695,584
Total assets	\$ 9,553,943	\$ 5,535,116	\$ 15,089,059
Liabilities:			
Accounts payable	\$ -	\$ 149,117	\$ 149,117
Interest payable		641,613	641,613
Advances from other trust funds		1,626,817	1,626,817
Long-term debt, due within one year		614,024	614,024
Long-term debt, due in more than one year		45,453,895	45,453,895
Total liabilities		48,485,466	48,485,466
Net Position			
Restricted for debt service		2,018,111	2,018,111
Unrestricted	9,553,943	(44,968,461)	(35,414,518)
Total net position (deficit)	\$ 9,553,943	\$ (42,950,350)	\$ (33,396,407)

CITY OF YUBA CITY
PRIVATE-PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
For the Fiscal Year Ended June 30, 2013

	RDA Low/Mod Successor Agency Fund	RDA Successor Agency Fund	Totals
Additions:			
Investment revenue	\$ 62,617	\$ 170,890	\$ 233,507
Taxes and assessments		3,195,252	3,195,252
Contribution from agency fund		48,451	48,451
Other revenue		145,596	145,596
	<u>62,617</u>	<u>3,560,189</u>	<u>3,622,806</u>
Deductions:			
Administration		85,418	85,418
Community development	2,439,796	1,004,102	3,443,898
Contributions to City for debt service		174,033	174,033
Interest expense		1,953,786	1,953,786
Depreciation and amortization	104,177	32,859	137,036
	<u>2,543,973</u>	<u>3,250,198</u>	<u>5,794,171</u>
Change in net assets	(2,481,356)	309,991	(2,171,365)
Net Position (Deficit) - July 1, 2012	<u>12,035,299</u>	<u>(43,260,341)</u>	<u>(31,225,042)</u>
Net Position (Deficit) - June 30, 2013	<u>\$ 9,553,943</u>	<u>\$ (42,950,350)</u>	<u>\$ (33,396,407)</u>

CITY OF YUBA CITY
AGENCY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
June 30, 2013

	City Trust	Net-5 Operations	Cal-Met Program	West Hillcrest Assessment District
Assets:				
Cash and investments	\$ 607,098	\$ 206,262	\$ 25,891	\$ 91,381
Cash and investments with fiscal agent				
Interest receivable				
Accounts receivable	12,431	242		
Deposits receivable				
	<u>619,529</u>	<u>206,504</u>	<u>25,891</u>	<u>91,381</u>
Total assets	<u>\$ 619,529</u>	<u>\$ 206,504</u>	<u>\$ 25,891</u>	<u>\$ 91,381</u>
Liabilities:				
Accounts payable	\$ 8,820	\$ 4,753	\$ -	\$ -
Accrued liabilities				
Loan payable				
Bond payable				
Deposits payable	610,709	201,751	25,891	91,381
	<u>619,529</u>	<u>206,504</u>	<u>25,891</u>	<u>91,381</u>
Total liabilities	<u>\$ 619,529</u>	<u>\$ 206,504</u>	<u>\$ 25,891</u>	<u>\$ 91,381</u>

Village Green - Del Wayne Assessment District 2003-2	Marcia Avenue Assessment District	East Hillcrest Assessment District	Staple/Ashley/ Dennis/Cornwell Assessment District 2004-1	Butte Vista Assessment District 2000-1	Butte Vista Assessment District 2002-1
\$ 28,816	\$ 8,516	\$ 1,447	\$ 11,382	\$ 175,183 34,411 1,595	\$ 107,268 34,049 747
<u>\$ 28,816</u>	<u>\$ 8,516</u>	<u>\$ 1,447</u>	<u>\$ 11,382</u>	<u>\$ 211,189</u>	<u>\$ 142,064</u>
\$ 46	\$ -	\$ -	\$ 59	\$ -	\$ -
<u>28,770</u>	<u>8,516</u>	<u>1,447</u>	<u>11,323</u>	<u>211,189</u>	<u>142,064</u>
<u>\$ 28,816</u>	<u>\$ 8,516</u>	<u>\$ 1,447</u>	<u>\$ 11,382</u>	<u>\$ 211,189</u>	<u>\$ 142,064</u>

(Continued)

CITY OF YUBA CITY
AGENCY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
June 30, 2013
(Continued)

	Darrough Assessment District 2003	Tierra Buena Assessment District	Sunsweet Boulevard CFD	Flood Control Agency
Assets				
Cash and investments	\$ 39,587	\$ 257,096	\$ 129,867	\$ 2,545,481
Cash and investments with fiscal agent		94,291	482,302	
Interest receivable			132	
Accounts receivable	94	2,879		1,146
Deposits receivable				
	<u>39,681</u>	<u>354,266</u>	<u>612,301</u>	<u>2,546,627</u>
Total assets	<u>\$ 39,681</u>	<u>\$ 354,266</u>	<u>\$ 612,301</u>	<u>\$ 2,546,627</u>
Liabilities:				
Accounts payable	\$ -	\$ 313	\$ -	\$ 40,683
Accrued liabilities				32,749
Loan payable				
Bond payable				
Deposits payable	39,681	353,953	612,301	2,473,195
	<u>39,681</u>	<u>353,953</u>	<u>612,301</u>	<u>2,473,195</u>
Total liabilities	<u>\$ 39,681</u>	<u>\$ 354,266</u>	<u>\$ 612,301</u>	<u>\$ 2,546,627</u>

SBFCA Capital	Totals
\$ 2,895,292	\$ 7,130,567
36,260,215	36,905,268
301	433
5,157,750	5,176,884
<u>6,702,761</u>	<u>6,702,761</u>
<u>\$ 51,016,319</u>	<u>\$ 55,915,913</u>
\$ 4,110,879	\$ 4,165,553
	32,749
5,870,440	5,870,440
41,035,000	41,035,000
<u></u>	<u>4,812,171</u>
<u>\$ 51,016,319</u>	<u>\$ 55,915,913</u>

CITY OF YUBA CITY
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
CITY TRUST				
ASSETS				
Cash and investments	\$ 544,757	\$ 65,773	\$ (3,432)	\$ 607,098
Accounts receivable	18,728	12,431	(18,728)	12,431
Total Assets	<u>\$ 563,485</u>	<u>\$ 78,204</u>	<u>\$ (22,160)</u>	<u>\$ 619,529</u>
LIABILITIES				
Accounts payable	\$ 3,432	\$ 8,820	\$ (3,432)	\$ 8,820
Deposits payable	560,053	69,384	(18,728)	610,709
Total Liabilities	<u>\$ 563,485</u>	<u>\$ 78,204</u>	<u>\$ (22,160)</u>	<u>\$ 619,529</u>
NET-5 OPERATIONS				
ASSETS				
Cash and investments	\$ 164,231	\$ 44,932	\$ (2,901)	\$ 206,262
Due from agency fund	23,470		(23,470)	
Accounts receivable	3,006	242	(3,006)	242
Total Assets	<u>\$ 190,707</u>	<u>\$ 45,174</u>	<u>\$ (29,377)</u>	<u>\$ 206,504</u>
LIABILITIES				
Accounts payable	\$ 2,901	\$ 4,753	\$ (2,901)	\$ 4,753
Deposits payable	187,806	40,421	(26,476)	201,751
Total Liabilities	<u>\$ 190,707</u>	<u>\$ 45,174</u>	<u>\$ (29,377)</u>	<u>\$ 206,504</u>
CAL-MET PROGRAM				
ASSETS				
Cash and investments	\$ -	\$ 50,451	\$ (24,560)	\$ 25,891
Accounts receivable	47,202		(47,202)	
Total Assets	<u>\$ 47,202</u>	<u>\$ 50,451</u>	<u>\$ (71,762)</u>	<u>\$ 25,891</u>
LIABILITIES				
Due to agency fund	\$ 23,470	\$ -	\$ (23,470)	\$ -
Accounts payable	1,090		(1,090)	
Deposits payable	22,642	50,451	(47,202)	25,891
Total Liabilities	<u>\$ 47,202</u>	<u>\$ 50,451</u>	<u>\$ (71,762)</u>	<u>\$ 25,891</u>
WEST HILLCREST ASSESSMENT DISTRICT				
ASSETS				
Cash and investments	\$ 92,148	\$ 694	\$ (1,461)	\$ 91,381
Total Assets	<u>\$ 92,148</u>	<u>\$ 694</u>	<u>\$ (1,461)</u>	<u>\$ 91,381</u>
LIABILITIES				
Deposits payable	\$ 92,148	\$ 694	\$ (1,461)	\$ 91,381
Total Liabilities	<u>\$ 92,148</u>	<u>\$ 694</u>	<u>\$ (1,461)</u>	<u>\$ 91,381</u>

CITY OF YUBA CITY
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
VILLAGE GREEN - DEL WAYNE ASSESSMENT DISTRICT 2003-2				
ASSETS				
Cash and investments	\$ 47,028	\$ 21,686	\$ (39,898)	\$ 28,816
Total Assets	<u>\$ 47,028</u>	<u>\$ 21,686</u>	<u>\$ (39,898)</u>	<u>\$ 28,816</u>
LIABILITIES				
Accounts payable	\$ -	\$ 46	\$ -	\$ 46
Deposits payable	47,028	21,640	(39,898)	28,770
Total Liabilities	<u>\$ 47,028</u>	<u>\$ 21,686</u>	<u>\$ (39,898)</u>	<u>\$ 28,816</u>
MARCIA AVENUE ASSESSMENT DISTRICT				
ASSETS				
Cash and investments	\$ 15,393	\$ 1,001	\$ (7,878)	\$ 8,516
Accounts receivable	869		(869)	
Total Assets	<u>\$ 16,262</u>	<u>\$ 1,001</u>	<u>\$ (8,747)</u>	<u>\$ 8,516</u>
LIABILITIES				
Deposits payable	\$ 16,262	\$ 1,001	\$ (8,747)	\$ 8,516
Total Liabilities	<u>\$ 16,262</u>	<u>\$ 1,001</u>	<u>\$ (8,747)</u>	<u>\$ 8,516</u>
EAST HILLCREST ASSESSMENT DISTRICT				
ASSETS				
Cash and investments	\$ 4,263	\$ 4,226	\$ (7,042)	\$ 1,447
Total Assets	<u>\$ 4,263</u>	<u>\$ 4,226</u>	<u>\$ (7,042)</u>	<u>\$ 1,447</u>
LIABILITIES				
Deposits payable	\$ 4,263	\$ 4,226	\$ (7,042)	\$ 1,447
Total Liabilities	<u>\$ 4,263</u>	<u>\$ 4,226</u>	<u>\$ (7,042)</u>	<u>\$ 1,447</u>
STAPLE/ASHLEY/DENNIS/CORNWELL ASSESSMENT DISTRICT 2004-1				
ASSETS				
Cash and investments	\$ 9,694	\$ 15,856	\$ (14,168)	\$ 11,382
Accounts receivable	3,576		(3,576)	
Total Assets	<u>\$ 13,270</u>	<u>\$ 15,856</u>	<u>\$ (17,744)</u>	<u>\$ 11,382</u>
LIABILITIES				
Accounts payable	\$ -	\$ 59	\$ -	\$ 59
Deposits payable	13,270	15,797	(17,744)	11,323
Total Liabilities	<u>\$ 13,270</u>	<u>\$ 15,856</u>	<u>\$ (17,744)</u>	<u>\$ 11,382</u>

(Continued)

CITY OF YUBA CITY
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
BUTTE VISTA ASSESSMENT DISTRICT 2000-1				
ASSETS				
Cash and investments	\$ 112,992	\$ 786,185	\$ (723,994)	\$ 175,183
Cash and investments with fiscal agent	147,781		(113,370)	34,411
Interest receivable	76		(76)	
Accounts receivable	<u>1,657</u>	<u>1,595</u>	<u>(1,657)</u>	<u>1,595</u>
Total Assets	<u>\$ 262,506</u>	<u>\$ 787,780</u>	<u>\$ (839,097)</u>	<u>\$ 211,189</u>
LIABILITIES				
Accounts payable	\$ 56	\$ -	\$ (56)	\$ -
Deposits payable	<u>262,450</u>	<u>787,780</u>	<u>(839,041)</u>	<u>211,189</u>
Total Liabilities	<u>\$ 262,506</u>	<u>\$ 787,780</u>	<u>\$ (839,097)</u>	<u>\$ 211,189</u>
BUTTE VISTA ASSESSMENT DISTRICT 2002-1				
ASSETS				
Cash and investments	\$ 127,734	\$ 774,576	\$ (795,042)	\$ 107,268
Cash and investments with fiscal agent	135,725		(101,676)	34,049
Interest receivable	68		(68)	
Accounts receivable	<u>1,678</u>	<u>747</u>	<u>(1,678)</u>	<u>747</u>
Total Assets	<u>\$ 265,205</u>	<u>\$ 775,323</u>	<u>\$ (898,464)</u>	<u>\$ 142,064</u>
LIABILITIES				
Accounts payable	\$ 71	\$ -	\$ (71)	\$ -
Deposits payable	<u>265,134</u>	<u>775,323</u>	<u>(898,393)</u>	<u>142,064</u>
Total Liabilities	<u>\$ 265,205</u>	<u>\$ 775,323</u>	<u>\$ (898,464)</u>	<u>\$ 142,064</u>
DARROUGH ASSESSMENT DISTRICT 2003				
ASSETS				
Cash and investments	\$ 42,377	\$ 11,711	\$ (14,501)	\$ 39,587
Accounts receivable	<u>562</u>	<u>94</u>	<u>(562)</u>	<u>94</u>
Total Assets	<u>\$ 42,939</u>	<u>\$ 11,805</u>	<u>\$ (15,063)</u>	<u>\$ 39,681</u>
LIABILITIES				
Accounts payable	\$ 10	\$ -	\$ (10)	\$ -
Deposits payable	<u>42,929</u>	<u>11,805</u>	<u>(15,053)</u>	<u>39,681</u>
Total Liabilities	<u>\$ 42,939</u>	<u>\$ 11,805</u>	<u>\$ (15,063)</u>	<u>\$ 39,681</u>

CITY OF YUBA CITY
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
TIERRA BUENA ASSESSMENT DISTRICT				
ASSETS				
Cash and investments	\$ 97,185	\$ 2,144,436	\$ (1,984,525)	\$ 257,096
Cash and investments with fiscal agent	389,537		(295,246)	94,291
Interest receivable	199		(199)	
Accounts receivable	6,318	2,879	(6,318)	2,879
Total Assets	<u>\$ 493,239</u>	<u>\$ 2,147,315</u>	<u>\$ (2,286,288)</u>	<u>\$ 354,266</u>
LIABILITIES				
Accounts payable	\$ 314	\$ 313	\$ (314)	\$ 313
Deposits payable	492,925	2,147,002	(2,285,974)	353,953
Total Liabilities	<u>\$ 493,239</u>	<u>\$ 2,147,315</u>	<u>\$ (2,286,288)</u>	<u>\$ 354,266</u>
SUNSWEEP BOULEVARD CFD				
ASSETS				
Cash and investments	\$ 196,813	\$ 199,241	\$ (266,187)	\$ 129,867
Cash and investments with fiscal agent	404,942	77,360		482,302
Interest receivable	191	132	(191)	132
Total Assets	<u>\$ 601,946</u>	<u>\$ 276,733</u>	<u>\$ (266,378)</u>	<u>\$ 612,301</u>
LIABILITIES				
Deposits payable	\$ 601,946	\$ 276,733	\$ (266,378)	\$ 612,301
Total Liabilities	<u>\$ 601,946</u>	<u>\$ 276,733</u>	<u>\$ (266,378)</u>	<u>\$ 612,301</u>
FLOOD CONTROL AGENCY				
ASSETS				
Cash and investments	\$ 1,997,717	\$ 5,002,296	\$ (4,454,532)	\$ 2,545,481
Prepaid expenses	500		(500)	
Accounts receivable	1,118,891	1,146	(1,118,891)	1,146
Total Assets	<u>\$ 3,117,108</u>	<u>\$ 5,003,442</u>	<u>\$ (5,573,923)</u>	<u>\$ 2,546,627</u>
LIABILITIES				
Accounts payable	\$ 38,617	\$ 40,683	\$ (38,617)	\$ 40,683
Accrued liabilities	18,437	32,749	(18,437)	32,749
Loan payable	3,060,054		(3,060,054)	
Deposits payable		4,930,010	(2,456,815)	2,473,195
Total Liabilities	<u>\$ 3,117,108</u>	<u>\$ 5,003,442</u>	<u>\$ (5,573,923)</u>	<u>\$ 2,546,627</u>

(Continued)

CITY OF YUBA CITY
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(Continued)

	<u>Balance</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
SBFCA CAPITAL				
ASSETS				
Cash and investments	\$ 2,279,289	\$ 3,258,439	\$ (2,642,436)	\$ 2,895,292
Cash and investments with fiscal agent		41,035,000	(4,774,785)	36,260,215
Interest receivable		301		301
Accounts receivable	3,258,439	5,157,750	(3,258,439)	5,157,750
Deposits receivable		6,702,761		6,702,761
	<u>\$ 5,537,728</u>	<u>\$ 56,154,251</u>	<u>\$ (10,675,660)</u>	<u>\$ 51,016,319</u>
Total Assets				
LIABILITIES				
Accounts payable	\$ 1,847,850	\$ 12,938,689	\$ (10,675,660)	\$ 4,110,879
Loan payable	3,689,878	2,180,562		5,870,440
Bond payable		41,035,000		41,035,000
	<u>\$ 5,537,728</u>	<u>\$ 56,154,251</u>	<u>\$ (10,675,660)</u>	<u>\$ 51,016,319</u>
Total Liabilities				
TOTAL AGENCY FUNDS				
ASSETS				
Cash and investments	\$ 5,731,621	\$ 12,381,503	\$ (10,982,557)	\$ 7,130,567
Cash and investments with fiscal agent	1,077,985	41,112,360	(5,285,077)	36,905,268
Due from agency fund	23,470		(23,470)	
Interest receivable	534	433	(534)	433
Prepaid expenses	500		(500)	
Accounts receivable	4,460,926	5,176,884	(4,460,926)	5,176,884
Deposits receivable		6,702,761		6,702,761
	<u>\$ 11,295,036</u>	<u>\$ 65,373,941</u>	<u>\$ (20,753,064)</u>	<u>\$ 55,915,913</u>
Total Assets				
LIABILITIES				
Due to agency fund	\$ 23,470	\$ -	\$ (23,470)	\$ -
Accounts payable	1,894,341	12,993,363	(10,722,151)	4,165,553
Accrued liabilities	18,437	32,749	(18,437)	32,749
Loan payable	6,749,932	2,180,562	(3,060,054)	5,870,440
Bond payable		41,035,000		41,035,000
Deposits payable	2,608,856	9,132,267	(6,928,952)	4,812,171
	<u>\$ 11,295,036</u>	<u>\$ 65,373,941</u>	<u>\$ (20,753,064)</u>	<u>\$ 55,915,913</u>
Total Liabilities				

CITY OF YUBA CITY
STATISTICAL SECTION

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

• Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

• Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

• Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

• Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

• Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

CITY OF YUBA CITY
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year			
	2004	2005	2006	2007
Governmental Activities				
Net Investment In Capital Assets	\$ 27,740,167	\$ 18,162,443	\$ 25,793,897	\$ 398,797,672
Restricted	6,007,497	4,741,946	16,552,036	26,188,402
Unrestricted	17,752,933	43,119,246	30,678,331	10,968,014
Total Governmental Activities Net Position	\$ 51,500,597	\$ 66,023,635	\$ 73,024,264	\$ 435,954,088
Business-Type Activities				
Net Investment In Capital Assets	\$ 36,771,797	\$ 53,889,915	\$ 48,346,102	\$ 141,461,866
Restricted	614,250	762,967	762,967	762,967
Unrestricted	25,507,906	25,259,121	37,874,324	28,969,981
Total Business-Type Activities Net Position	\$ 62,893,953	\$ 79,912,003	\$ 86,983,393	\$ 171,194,814
Primary Government				
Net Investment In Capital Assets	\$ 64,511,964	\$ 72,052,358	\$ 74,139,999	\$ 540,259,538
Restricted	6,621,747	5,504,913	17,315,003	26,951,369
Unrestricted	43,260,839	68,378,367	68,552,655	39,937,995
Total Primary Government Net Position	\$ 114,394,550	\$ 145,935,638	\$ 160,007,657	\$ 607,148,902

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002/2003. The City implemented retroactive reporting of infrastructure in fiscal year 2006/2007.

Source: Comprehensive Annual Financial Reports - City of Yuba City, California

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 403,278,221	\$ 403,377,779	\$ 402,012,636	\$ 396,981,908	\$ 419,160,425	\$413,009,592
32,249,323	29,786,112	33,415,439	28,759,126	26,619,342	27,627,518
22,227,025	21,847,750	17,490,649	25,320,209	33,828,556	29,839,895
<u>\$ 457,754,569</u>	<u>\$ 455,011,641</u>	<u>\$ 452,918,724</u>	<u>\$ 451,061,243</u>	<u>\$ 479,608,323</u>	<u>\$470,477,005</u>
\$ 145,579,890	\$ 144,507,456	\$ 155,334,486	\$ 151,195,721	\$ 135,862,972	\$ 138,177,551
762,967	448,717	3,206,069	2,371,293	1,596,243	250,270
28,952,704	27,368,372	14,013,290	15,566,305	27,262,871	25,612,341
<u>\$ 175,295,561</u>	<u>\$ 172,324,545</u>	<u>\$ 172,553,845</u>	<u>\$ 169,133,319</u>	<u>\$ 164,722,086</u>	<u>\$ 164,040,162</u>
\$ 548,858,111	\$ 547,885,235	\$ 557,347,122	\$ 548,177,629	\$ 555,023,397	\$ 551,187,143
33,012,290	30,234,829	36,621,508	31,130,419	28,215,585	27,877,788
51,179,729	49,216,122	31,503,939	40,886,514	61,091,427	55,452,236
<u>\$ 633,050,130</u>	<u>\$ 627,336,186</u>	<u>\$ 625,472,569</u>	<u>\$ 620,194,562</u>	<u>\$ 644,330,409</u>	<u>\$ 634,517,167</u>

CITY OF YUBA CITY
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year				
	2004	2005	2006	2007	2008
Expenses					
Governmental Activities					
General government	\$ 4,915,935	\$ 4,374,806	\$ 4,961,963	\$ 5,196,149	\$ 5,363,212
Public safety	13,310,227	15,739,089	17,342,884	20,685,388	23,282,357
Parks and recreation	2,983,167	2,879,858	3,287,171	3,825,886	4,113,957
Public works and facilities	2,804,148	3,261,043	4,450,059	9,832,488	10,417,186
Community development	1,661,702	3,934,728	3,930,166	5,228,659	3,900,994
Interest on long-term debt	2,025,268	2,669,496	3,007,720	3,979,112	5,337,470
Total Governmental Activities Expenses	27,700,447	32,859,020	36,979,963	48,747,682	52,415,176
Business-Type Activities					
Water	5,003,127	5,136,621	6,620,198	8,618,468	9,706,835
Wastewater	6,396,021	7,409,572	9,045,282	9,585,377	9,749,245
Total Business-Type Activities Expenses	11,399,148	12,546,193	15,665,480	18,203,845	19,456,080
Total Primary Government Net Expenses	\$ 39,099,595	\$ 45,405,213	\$ 52,645,443	\$ 66,951,527	\$ 71,871,256
Program Revenues					
Governmental Activities					
Charges for Services					
General government	\$ 520,408	\$ 715,587	\$ 710,437	\$ 736,964	\$ 993,453
Public safety	1,416,699	1,474,532	1,299,653	1,850,442	1,891,045
Parks and recreation	959,178	1,161,026	1,253,188	1,391,504	1,142,165
Public works and facilities	2,351,483	4,344,153	1,677,018	7,636,006	587,212
Community development	2,169,256	2,586,062	1,665,665	1,100,788	1,723,654
Operating Contributions and Grants	3,009,326	2,435,938	2,801,619	4,279,532	3,800,202
Capital Contributions and Grants	1,303,315	2,515,181	1,089,792	1,598,196	18,809,192
Total Governmental Activities Program Revenues	11,729,665	15,232,479	10,497,372	18,593,432	28,946,923
Business-Type Activities					
Charges for Services					
Water	10,395,107	14,975,662	12,530,784	10,334,839	9,237,474
Wastewater	10,731,002	11,589,788	10,986,322	9,515,078	9,695,363
Operating Contributions and Grants				166,030	
Capital Contributions and Grants		4,550,414		166,030	773,751
Total Business-Type Activities Program Revenues	21,126,109	31,115,864	23,517,106	20,181,977	19,706,588
Total Primary Government Program Revenues	\$ 32,855,774	\$ 46,348,343	\$ 34,014,478	\$ 38,775,409	\$ 48,653,511

Source: Comprehensive Annual Financial Reports - City of Yuba, California

Fiscal Year				
2009	2010	2011	2012	2013
\$ 5,176,267	\$ 4,779,423	\$ 4,320,708	\$ 4,016,418	\$ 4,141,515
24,688,420	23,727,230	23,298,449	24,602,053	23,803,495
4,054,318	3,619,636	2,039,732	2,352,919	2,327,384
11,203,066	12,561,736	13,746,466	14,378,965	14,679,065
3,612,257	4,876,451	3,466,209	1,837,460	2,681,441
5,644,530	5,832,196	3,186,505	2,963,697	918,815
54,378,858	55,396,672	50,058,069	50,151,512	48,551,715
9,938,304	9,758,320	9,819,001	10,785,207	10,931,144
9,797,636	9,746,836	9,865,739	10,051,516	9,912,472
19,735,940	19,505,156	19,684,740	20,836,723	20,843,616
\$ 74,114,798	\$ 74,901,828	\$ 69,742,809	\$ 70,988,235	\$ 69,395,331
\$ 27,482	\$ 24,097	\$ 18,203	\$ 74,070	\$ 30,072
2,710,690	2,355,913	2,502,798	2,376,915	2,576,302
1,446,139	1,237,924	1,223,333	1,202,537	1,153,643
475,349	497,209	396,971	419,187	473,896
1,304,404	940,205	920,703	932,856	983,285
3,488,022	3,814,256	3,354,619	3,582,211	3,995,600
6,728,478	9,550,250	8,344,346	4,514,869	6,583,249
16,180,564	18,419,854	16,760,973	13,102,645	15,796,047
8,629,300	8,653,769	8,824,154	9,592,893	11,177,162
9,054,820	9,353,229	9,523,380	9,745,996	10,869,354
51,196	3,810,219	499,259	68,186	1,447,342
448,415	523,868			
18,183,731	22,341,085	18,846,793	19,407,075	23,493,858
\$ 34,364,295	\$ 40,760,939	\$ 35,607,766	\$ 32,509,720	\$ 39,289,905

CITY OF YUBA CITY
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year			
	2004	2005	2006	2007
Net (Expense)/Revenue				
Governmental Activities	\$ (15,970,782)	\$ (17,626,541)	\$ (26,482,591)	\$ (30,154,250)
Business-Type Activities	9,726,961	18,569,671	7,851,626	1,978,132
Total Primary Government Net Expense	(6,243,821)	943,130	(18,630,965)	(28,176,118)
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Secured and unsecured property taxes	6,858,486	12,038,440	15,379,341	17,976,967
Sales and use taxes	8,555,594	7,572,037	9,133,964	7,700,082
Transient lodging taxes	549,938	558,236	584,771	664,856
Franchise taxes	1,031,819	1,111,651	1,264,092	1,377,674
Other and public service taxes	277,735	430,399	367,687	238,980
Grants and Contributions - Unrestricted	2,282,332	1,414,503	395,439	369,722
Interest and Investment Earnings	1,942,486	2,689,592	4,260,089	5,531,403
Miscellaneous	1,069,668	467,851	409,790	728,673
Sale of capital assets		3,466,483		
Transfers	2,294,924	2,285,892	2,229,069	3,639,983
Total Governmental Activities	24,862,982	32,035,084	34,024,242	38,228,340
Business-Type Activities				
Interest and Investment Earnings	470,276	734,271	1,718,768	1,560,862
Sale of capital assets				
Transfers	(2,294,924)	(2,285,892)	(2,229,069)	(3,639,983)
Total Business-Type Activities	(1,824,648)	(1,551,621)	(510,301)	(2,079,121)
Total Primary Government	23,038,334	30,483,463	33,513,941	36,149,219
Change in Net Position				
Governmental Activities	8,892,200	14,408,543	7,541,651	8,074,090
Business-Type Activities	7,902,313	17,018,050	7,341,325	(267,019)
Total Primary Government	\$ 16,794,513	\$ 31,426,593	\$ 14,882,976	\$ 7,807,071

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002/03.

Source: Comprehensive Annual Financial Reports - City of Yuba City, California

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ (23,468,253)	\$ (38,198,294)	\$ (36,976,818)	\$ (33,297,096)	\$ (37,048,867)	\$ (32,755,668)
250,508	(1,552,209)	2,835,929	(837,947)	(1,429,648)	2,650,242
(23,217,745)	(39,750,503)	(34,140,889)	(34,135,043)	(38,478,515)	(30,105,426)
18,211,784	17,946,109	17,216,421	16,616,162	14,258,572	13,035,024
7,593,904	6,759,997	7,009,127	7,261,010	7,797,443	8,077,442
744,133	648,209	530,582	651,970	637,662	626,485
1,374,274	1,431,844	1,357,607	1,351,524	1,454,956	1,513,729
1,008,694	960,949	864,948	926,680	904,052	919,624
313,876	238,821	209,236	295,509	32,438	33,612
6,666,935	5,006,289	4,193,845	928,351	757,501	191,015
506,607	7,062	244,794	516,964	1,038,920	81,433
100,535	25,815				
1,733,485	2,727,978	3,035,849	2,891,445	3,286,481	3,822,793
38,254,227	35,753,073	34,662,409	31,439,615	30,168,025	28,301,157
1,774,540	1,309,171	429,220	308,866	304,896	490,627
(912)					
(1,733,485)	(2,727,978)	(3,035,849)	(2,891,445)	(3,286,481)	(3,822,793)
40,143	(1,418,807)	(2,606,629)	(2,582,579)	(2,981,585)	(3,332,166)
38,294,370	34,334,266	32,055,780	28,857,036	27,186,440	24,968,991
14,785,974	(2,445,221)	(2,314,409)	(1,857,481)	(6,880,842)	(4,454,511)
290,651	(2,971,016)	229,300	(3,420,526)	(4,411,233)	(681,924)
\$ 15,076,625	\$ (5,416,237)	\$ (2,085,109)	\$ (5,278,007)	\$ (11,292,075)	\$ (5,136,435)

CITY OF YUBA CITY
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2004	2005	2006	2007	2008
General Fund					
Reserved	\$ 16,726,502	\$ 18,325,351	\$ 20,508,445	\$ 22,364,092	\$ 24,558,967
Unreserved	3,268,359	3,486,687	3,833,519	4,033,423	3,881,024
Total General Fund	\$19,994,861	\$21,812,038	\$24,341,964	\$26,397,515	\$28,439,991
All Other Governmental Funds					
Reserved	\$ 7,493,464	\$ 6,457,399	\$ 7,779,152	\$ 28,249,617	\$ 29,430,138
Unreserved, Reported In:					
Special Revenue Funds	(70,525)	5,351,375	6,174,368	23,093,007	13,359,772
Debt Service Funds	(16,467,034)	(18,139,942)	(19,953,937)	(20,904,593)	(24,144,263)
Capital Projects Funds	6,367,180	24,426,922	20,992,418	8,536,048	9,231,060
Total All Other Governmental Funds	(2,676,915)	18,095,754	14,992,001	38,974,079	27,876,707
Total Governmental Funds	\$17,317,946	\$39,907,792	\$39,333,965	\$65,371,594	\$56,316,698

General Fund
 Nonspendable
 Committed
 Unassigned

Total General Fund

All Other Governmental Funds
 Nonspendable
 Restricted
 Committed
 Assigned
 Unassigned

Total All Other Governmental Funds

Total Governmental Funds

* GASB 54 implemented in fiscal year 10/11

Source: Comprehensive Annual Financial Reports - City of Yuba City, California

		Fiscal Year		
2009	2010	2011*	2012	2013
\$ 26,888,182	\$ 29,609,352			
5,465,445	4,958,082			
<u>\$32,353,627</u>	<u>\$34,567,434</u>			
\$ 13,583,533	\$ 13,439,946			
5,783,782	4,902,184			
(26,558,689)	(29,214,558)			
<u>17,534,282</u>	<u>13,109,881</u>			
<u>10,342,908</u>	<u>2,237,453</u>			
<u><u>\$42,696,535</u></u>	<u><u>\$36,804,887</u></u>			

\$ 18,577,928	\$ 11,036,331	\$ 11,087,802
4,675,251	4,252,629	3,905,424
<u>3,629,782</u>	<u>3,967,340</u>	<u>4,252,782</u>
<u>26,882,961</u>	<u>19,256,300</u>	<u>19,246,008</u>
272		2,933,989
14,430,465	9,324,531	9,141,002
13,968,017	12,167,982	11,468,379
161,996		
<u>(18,873,149)</u>	<u>(263,157)</u>	<u>(447)</u>
<u>9,687,601</u>	<u>21,229,356</u>	<u>23,542,923</u>
<u><u>\$ 36,570,562</u></u>	<u><u>\$ 40,485,656</u></u>	<u><u>\$ 42,788,931</u></u>

CITY OF YUBA CITY
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2004	2005	2006	2007	2008
Revenues					
Taxes and Assessments	\$ 19,190,073	\$ 20,988,616	\$ 28,383,087	\$ 30,457,191	\$ 30,845,525
Licenses, Permits and Fees	2,682,272	3,599,183	1,921,772	1,181,053	1,353,822
Fines and Forfeitures	462,268	502,645	455,367	639,271	815,815
Use of Money and Property	1,860,369	2,673,731	3,946,664	5,181,876	6,106,793
Intergovernmental Revenues	5,741,581	7,244,922	3,320,112	3,817,490	5,329,618
Charges for Services	3,299,899	4,928,119	2,760,809	9,295,190	5,294,303
Other Revenue	995,979	1,525,897	409,790	868,266	529,093
Total Revenues	34,232,441	41,463,113	41,197,601	51,440,337	50,274,969
Expenditures					
Current					
General Government	4,807,359	4,156,553	4,620,359	5,014,327	5,152,199
Public Safety	12,597,055	14,969,069	16,828,712	20,023,229	22,847,118
Parks and Recreation	2,875,780	2,794,846	3,148,167	3,659,681	3,955,688
Public works and facilities	2,428,857	2,723,586	3,875,836	3,793,741	3,382,147
Community Development	1,659,113	3,925,128	3,908,345	5,236,196	3,673,956
Pension expenditures				7,498,612	
Debt Service					
Principal Retirement	720,191	1,334,439	333,908	384,874	1,059,894
Interest and Fiscal Charges	2,024,618	2,584,336	3,010,277	3,669,126	5,011,466
Bond Issue Cost				1,270,865	
Capital Outlay	10,238,565	4,066,608	7,319,763	16,128,372	22,118,800
Total Expenditures	37,351,538	36,554,565	43,045,367	66,679,023	67,201,268
Excess of Revenues Over (Under) Expenditures	(3,119,097)	4,908,548	(1,847,766)	(15,238,686)	(16,926,299)
Other Financing Sources (Uses)					
Transfers In	13,136,785	21,239,271	11,514,364	24,040,452	49,398,274
Transfers Out	(11,283,861)	(19,755,741)	(9,553,285)	(20,707,525)	(47,850,239)
Issuance of debt	1,055,847				6,323,368
Sales of Property		3,466,483			
Refunding Bond Proceeds		20,690,000			
Payments to Refunding Agents		(8,073,210)		7,685,000	
Loan Proceeds				1,522,332	
Certificates of Participation Issued				12,500,000	
Tax Allocation Bond Issued				16,000,000	
Premium on Tax Allocation Bond				236,056	
Total Other Financing Sources (Uses)	2,908,771	17,566,803	1,961,079	41,276,315	7,871,403
Extraordinary Item					
Net Change In Fund Balances	(\$210,326)	\$22,475,351	\$113,313	\$26,037,629	(\$9,054,896)
Debt Service as a percentage of non-capital expenditures¹	10.1%	12.1%	9.4%	12.4%	13.5%

¹For 2008, 2009, 2010, 2011, 2012, and 2013 the debt service as a percentage of noncapital expenditures was calculated by excluding the capital outlay expenditure amount from the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

Source: Comprehensive Annual Financial Reports - City of Yuba City, California

Fiscal Year				
2009	2010	2011	2012	2013
\$ 30,417,648	\$ 28,563,525	\$ 31,388,057	\$ 28,723,364	\$ 27,711,200
764,696	761,033	724,090	573,925	669,358
677,402	490,881	483,956	421,957	334,341
4,552,206	3,801,345	658,589	540,838	161,313
3,433,937	8,043,366	4,173,926	2,481,818	5,007,541
6,803,599	5,620,730	6,633,906	4,881,860	5,455,241
590,307	1,207,407	809,902	3,417,534	2,594,920
47,239,795	48,488,287	44,872,426	41,041,296	41,933,914
4,858,367	4,354,742	3,403,128	3,534,513	3,692,914
23,674,889	23,163,001	22,857,469	22,848,034	23,408,117
3,878,488	3,628,957	1,989,822	2,047,812	2,037,572
3,173,448	3,681,891	5,265,598	4,612,500	4,625,359
3,806,050	5,578,721	4,218,060	2,216,260	2,371,335
1,811,502	1,931,391	2,037,244	2,154,096	1,776,320
5,582,117	5,746,734	3,107,770	2,928,812	885,016
16,803,075	9,330,347	7,858,187	5,505,424	5,624,286
63,587,936	57,415,784	50,737,278	45,847,451	44,420,919
(16,348,141)	(8,927,497)	(5,864,852)	(4,806,155)	(2,487,005)
22,406,863	24,505,212	24,888,036	13,915,016	10,854,900
(19,678,885)	(21,469,363)	(19,257,509)	(10,628,535)	(7,410,107)
				1,345,487
2,727,978	3,035,849	5,630,527	3,286,481	4,790,280
			5,434,768	
(\$13,620,163)	(\$5,891,648)	(\$234,325)	\$3,915,094	\$2,303,275
15.8%	15.9%	12.0%	12.6%	6.9%

CITY OF YUBA CITY
ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Real Property	Personal Property	Less: Tax-Exempt Real Property	Total Taxable Assessed Value ¹	Total Direct Tax Rate
2004	\$ 2,196,686,176	\$ 346,089,378	\$ 93,317,063	\$ 2,449,458,491	1.03500%
2005	2,519,998,779	382,843,841	113,871,122	2,788,971,498	1.08250%
2006	3,291,827,504	344,080,281	134,077,257	3,501,830,528	1.06380%
2007	3,976,368,405	393,419,411	135,691,517	4,234,096,299	1.06840%
2008	4,362,825,195	398,556,414	148,818,949	4,612,562,660	1.07670%
2009	4,620,231,165	383,764,855	268,912,438	4,735,083,582	1.07503%
2010	4,476,330,929	395,589,268	289,743,659	4,582,176,538	1.11124%
2011	4,415,273,244	344,409,082	314,536,993	4,445,145,333	1.09676%
2012	4,469,891,529	358,543,219	336,512,532	4,491,922,216	1.10541%
2013	4,043,502,106	375,554,383	288,135,271	4,130,921,218	1.11033%

¹ Article XIII A, added to the California Constitution by Proposition 13 in 1978, fixed the base for valuation of property subject to taxes at the full cash value as it appeared on the Assessor's 1975-76 assessment roll. Thereafter, full cash value can be increased to reflect:

- a) annual inflation up to 2 percent
- b) current market value at time of ownership change;
- c) market value for new construction

Note: Estimated actual value of taxable property cannot easily be determined as the property in the City is not reassessed annually. Reassessment normally occurs when ownership changes.

Source: Sutter County Tax Collector/Treasurer

CITY OF YUBA CITY
DIRECT AND OVERLAPPING PROPERTY TAX RATES¹
LAST TEN FISCAL YEARS

Fiscal Year	County Direct Rate ²	Yuba City Unified and Community College Bond	Field Bond	Total Rate
2004	1.00000	0.03500	-	1.03500
2005	1.00000	0.08250	-	1.08250
2006	1.00000	0.06380	-	1.06380
2007	1.00000	0.06840	-	1.06840
2008	1.00000	0.07670	-	1.07670
2009	1.00000	0.07503	-	1.07503
2010	1.00000	0.11124	-	1.11124
2011	1.00000	0.09676	-	1.09676
2012	1.00000	0.10541	-	1.10541
2013	1.00000	0.11033	-	1.11033

¹ On June 6, 1978, California voters approved a constitutional amendment to Article XIII A of the California Constitution, commonly known as Proposition 13, that limits the taxing power of California public agencies. Legislation to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) provides that notwithstanding any other law, local agencies may not levy property taxes except to pay debt service on indebtedness approved by voters prior to July 1, 1978 or on bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the voting public.

² Proposition 13 allows each county to levy a maximum of \$1 per \$100 of full cash value. Full cash value is equivalent to assessed value pursuant to Statutes of 1978, Senate Bill 1656.

Source: Sutter County Auditor-Controller

CITY OF YUBA CITY
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Fiscal Year 2013			Fiscal Year 2004		
	Taxable Assessed Value ¹	Percent Of Total Assessed Valuation	Rank	Taxable Assessed Value ¹	Percent Of Total Assessed Valuation	Rank
Sunsweet Growers Inc.	\$ 78,491,918	1.90%	1	\$ 61,488,996	2.51%	1
Wal Mart Stores Inc./Sam's West	40,143,858	0.97%	2	20,313,318	0.83%	9
Yuba City Company - Generation LP	39,564,857	0.96%	3	48,364,500	1.97%	2
Miravista LLC	39,466,790	0.96%	4	-	0.00%	
Steadfast Yuba City I LLC	38,303,743	0.93%	5	-	0.00%	
Greenleaf Unit Two Associates	34,048,593	0.82%	6	47,090,227	1.92%	4
Twin Cities Hospital Properties LP	30,917,335	0.75%	7	-	0.00%	
Comcast of Northern California	26,215,628	0.63%	8	28,544,325	1.17%	6
Feather River Energy Center LLC	22,739,000	0.55%	9	44,705,800	1.83%	5
Yuba City Energy Center LLC	20,088,408	0.49%	10	47,163,000	1.93%	3
Sutter North Medical Foundation				26,156,531	1.07%	7
United Com Serve Inc.				18,170,214	0.74%	10
Yuba Plaza Associates Limited				24,474,561	1.00%	8
	<u>\$ 369,980,130</u>	<u>8.96%</u>		<u>\$ 366,471,472</u>	<u>14.96%</u>	

¹ Taxable assessed value includes tax assessments on real and personal properties.

Source: Sutter County Auditor-Controller

CITY OF YUBA CITY
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied for the Fiscal Year			Collections within the Fiscal Year of the Levy	
	City	RDA/Successor Agency	Total ¹	Amount	Percent of Levy
2004	\$ 3,654,765	\$ 2,738,215	\$ 6,392,980	\$ 6,392,980	100.00%
2005	4,117,593	2,480,294	6,597,887	6,597,887	100.00%
2006	5,108,389	3,031,149	8,139,538	8,139,538	100.00%
2007	6,529,780	3,533,990	10,063,770	10,063,770	100.00%
2008	7,148,318	3,338,218	10,486,536	10,486,536	100.00%
2009	7,091,491	3,712,359	10,803,850	10,803,850	100.00%
2010	6,812,588	3,512,956	10,325,544	10,325,544	100.00%
2011	6,398,070	3,476,567	9,874,637	9,874,637	100.00%
2012	6,013,572	3,121,923	9,135,495	9,135,495	100.00%
2013	6,203,157	3,149,668	9,352,825	9,352,825	100.00%

¹ Schedule excludes unitary tax.

² Yuba City is part of Sutter County which adopted the Teeter Plan in the 1993/94 fiscal year.

Source: Sutter County Tax Collector/Treasurer

CITY OF YUBA CITY
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Governmental Activities						
Fiscal Year	Tax Allocation Revenue Bonds	Loans Payable	Certificates of Participation	Pension Obligation Bonds	Capital Lease Payable	Total ²
2004	\$ 8,010,000	\$ 88,896	\$ 460,000	\$ -	\$ 1,111,132	\$ 9,670,028
2005	20,690,000	-	-	-	972,169	21,662,169
2006	20,500,000	-	-	-	828,262	21,328,262
2007	36,255,000	1,479,727	12,500,000	7,685,000	730,993	58,650,720
2008	36,005,000	1,819,241	12,265,000	7,255,000	6,569,953	63,914,194
2009	35,615,000	1,774,102	12,020,000	6,725,000	5,968,590	62,102,692
2010	35,200,000	1,727,641	11,765,000	6,135,000	5,343,660	60,171,301
2011	34,775,000	1,679,818	11,500,000	5,485,000	4,694,239	58,134,057
2012	-	-	11,230,000	4,770,000	4,019,367	20,019,367
2013	-	-	10,945,000	3,980,000	4,663,534	19,588,534

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

¹ See Demographic and Economic Indicators schedule for personal income and population data.

² Totals do not include other post-employment benefits payable or compensated absences.

n/a: not available

Source: Comprehensive Annual Financial Reports - City of Yuba City, California

Business-Type Activities

Revenue Bonds Payable	Certificates of Participation	Loans Payable	Capital Lease Payable	Total ²	Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
\$ -	\$ 26,560,000	\$ -	\$ -	\$ 26,560,000	\$ 36,230,028	2.70%	\$ 658
-	26,080,000	-	-	26,080,000	47,742,169	3.24%	818
-	50,410,000	-	-	50,410,000	71,738,262	4.63%	1,186
-	49,910,769	-	-	49,910,769	108,561,489	6.60%	1,749
-	48,372,698	-	2,279,648	50,652,346	114,566,540	6.85%	1,809
-	47,317,394	-	-	47,317,394	109,420,086	7.63%	1,719
-	46,219,126	-	-	46,219,126	106,390,427	n/a	1,627
-	41,357,111	9,338,324	-	50,695,435	108,829,492	8.46%	1,660
9,101,310	29,897,484	24,309,381	-	63,308,175	83,327,542	6.44%	1,276
29,594,158	7,545,656	24,762,085	-	61,901,899	81,490,433	6.17%	1,238

CITY OF YUBA CITY
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt Outstanding			Percentage of Personal Income ¹	Percentage of Total Taxable Assessed Value ²	Per Capita ¹
	Certificates of Participation	Pension Obligation Bonds	Total			
2004	\$ 460,000	\$ -	\$ 460,000	0.11%	0.06%	\$ 28
2005	-	-	-	0.07%	0.03%	17
2006	-	-	-	0.05%	0.02%	14
2007	12,500,000	7,685,000	20,185,000	1.27%	0.49%	337
2008	12,265,000	7,255,000	19,520,000	1.17%	0.42%	308
2009	12,020,000	6,725,000	18,745,000	1.31%	0.40%	295
2010	11,765,000	6,135,000	17,900,000	n/a	0.39%	274
2011	11,500,000	5,485,000	16,985,000	1.32%	0.34%	259
2012	11,230,000	4,770,000	16,000,000	1.24%	0.36%	245
2013	10,945,000	3,980,000	14,925,000	1.13%	0.36%	227

¹ See Demographic and Economic Indicators schedule for personal income and population data.

² See Assessed Value and Actual Value of Taxable Property schedule for property value data.

n/a - not available

Source: Comprehensive Annual Financial Reports - City of Yuba City, California

CITY OF YUBA CITY
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2013

	Percent Applicable ¹	Debt June 30, 2013
OVERLAPPING TAX AND ASSESSMENT DEBT:		
Yuba Joint Community College District	16.963%	\$ 21,424,547
Sutter Union High School District	0.307%	36,223
Yuba City Unified School District School Facilities Improvement District No. 99-1	71.472%	13,621,023
Yuba City Unified School District School Facilities Improvement District No. 2004-1	72.673%	15,765,939
City of Yuba City Community Facilities District No. 2004-1	100.000%	2,835,000
City of Yuba City 1915 Act Bonds	100.000%	3,957,572
California Statewide Communities Development Authority 1915 Act Bonds	100.000%	<u>384,762</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		<u>58,025,066</u>
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Sutter County Certificates of Participation	54.398%	799,651
Sutter County Board of Education Certificates of Participation	54.398%	2,766,138
Yuba Joint Community College District Certificates of Participation	16.963%	3,305,437
Yuba City Unified School District Certificates of Participation	78.507%	20,015,360
City of Yuba City Capital Leases Payable	100.000%	6,989,591
City of Yuba City Certificates of Participation	100.000%	10,945,000
City of Yuba City Pension Obligations	100.000%	<u>3,980,000</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>48,801,177</u>
OVERLAPPING TAX INCREMENT DEBT:	100.000%	<u>33,780,000</u>
COMBINED TOTAL DEBT		<u><u>\$ 140,606,243</u></u> ²
TOTAL DIRECT DEBT		<u>\$ 21,914,591</u>
TOTAL OVERLAPPING DEBT		<u>118,691,652</u>
COMBINED TOTAL DEBT		<u><u>\$ 140,606,243</u></u> ²

¹ Percentage of overlapping agency's assessed valuation located within boundaries of the City of Yuba City.

² Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds.

RATIOS TO 2012-13 ASSESSED VALUATION:

Total Overlapping Tax and Assessment Debt	1.40%
Combined Direct Debt (\$21,914,591)	0.53%
Combined Total Debt	3.40%

RATIOS TO REDEVELOPMENT INCREMENTAL VALUATION (\$374,943,909):

Total Overlapping Tax Increment Debt	9.01%
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CITY OF YUBA CITY
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	Fiscal year			
	2004	2005	2006	2007
Total assessed value of all real and personal property	\$ 2,449,458,491	\$ 2,788,971,498	\$ 3,501,830,528	\$ 4,234,096,299
Debt limit percentage	15.00%	15.00%	15.00%	15.00%
Total debt limit	367,418,774	418,345,725	525,374,579	635,114,445
Amount application to debt limit	1,515,847	972,169	828,262	20,915,993
Legal debt margin	<u>\$ 365,902,927</u>	<u>\$ 417,373,556</u>	<u>\$ 524,446,317</u>	<u>\$ 614,198,452</u>
Total net debt applicable to the limit as a percentage of debt limit	0.41%	0.23%	0.16%	3.29%

Source: Comprehensive Annual Financial Reports - City of Yuba City, California

Fiscal year					
2008	2009	2010	2011	2012	2013
\$4,612,562,660	\$4,735,083,582	\$4,582,176,538	\$ 4,445,145,333	\$ 4,491,922,216	\$ 4,130,921,218
15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
691,884,399	710,262,537	687,326,481	666,771,800	673,788,332	619,638,183
26,089,953	24,713,590	23,243,660	21,679,239	20,019,367	21,914,591
<u>\$ 665,794,446</u>	<u>\$ 685,548,947</u>	<u>\$ 664,082,821</u>	<u>\$ 645,092,561</u>	<u>\$ 653,768,965</u>	<u>\$ 597,723,592</u>
3.77%	3.48%	3.38%	3.25%	2.97%	3.54%

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CITY OF YUBA CITY
PLEDGED REVENUE COVERAGE
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

Tax Allocation Revenue Bonds

Fiscal Year	Property Tax Increment	Principal	Interest	Coverage
2004	\$ 2,783,597	\$ 175,000	\$ 500,827	4.12
2005	2,526,031	-	818,351	3.09
2006	3,078,442	190,000	1,160,656	2.28
2007	3,584,401	287,605	1,232,577	2.36
2008	3,338,218	250,000	1,708,563	1.70
2009	3,712,359	390,000	1,966,559	1.58
2010	3,512,956	415,000	1,950,034	1.49
2011	3,476,567	425,000	1,932,096	1.47
2012	3,121,923	445,000	1,906,208	1.33
2013	-	-	-	-

Loans Payable

Fiscal Year	Principal	Interest
2004	\$ 18,314	\$ 2,824
2005	88,896	326
2006	-	-
2007	-	410,276
2008	43,854	53,946
2009	45,139	52,642
2010	46,461	51,301
2011	47,823	49,919
2012	49,224	48,023
2013	-	-

Note: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements. Operating expenses do not include interest, depreciation or amortization.

Note: As of June 30, 2013, pledged revenue for governmental fund debt was zero, due to transfer of liabilities to Successor Agency.

Source: Comprehensive Annual Financial Reports - City of Yuba City, California

CITY OF YUBA CITY
PLEGDED REVENUE COVERAGE
PROPRIETARY FUNDS
LAST TEN FISCAL YEARS

Water Revenue Bonds

Fiscal Year	Operating Revenue	Adjusted Operating Expenses	Other Allowed Sources (Uses)	Net Available Revenue	Principal	Interest	Coverage
2004	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
2005	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-
2007	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-

Sewer Revenue Bonds

Fiscal Year	Operating Revenue	Adjusted Operating Expenses	Other Allowed Sources (Uses)	Net Available Revenue	Principal	Interest	Coverage
2004	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
2005	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-
2007	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-

Note: Does not include 2000 Wastewater Certificates of Participation debt defeased of \$9,670,000.

Note: 2002 Wastewater Certificates of Participation were defeased in fiscal year 11/12.

Note: 2005 Water Certificates of Participation were defeased in fiscal year 12/13.

Note: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements. Operating expenses do not include interest, depreciation or amortization.

Source: Comprehensive Annual Financial Reports - City of Yuba City, California

Water Certificates of Participation, SRF Loans, and Revenue Refunding Bonds

Operating Revenue	Adjusted Operating Expenses	Use of Stabilization Reserve	Other Allowed Sources (Uses)	Net Available Revenue	Principal	Interest	Coverage
\$ 10,395,107	\$ (2,974,440)		\$ (791,400)	\$ 6,629,267	\$ 110,000	\$ 230,137	16.55
14,975,662	(3,936,113)		(1,061,863)	9,977,686	115,000	225,441	29.22
12,530,784	(4,449,497)		(370,244)	7,711,043	910,000	1,008,170	4.02
10,334,839	(4,911,422)		(392,296)	5,031,121	525,000	1,291,689	2.77
9,237,474	(5,457,677)		(324,810)	3,454,987	550,000	1,267,282	1.90
8,629,300	(5,202,852)		(634,882)	2,791,566	575,000	1,241,738	1.54
8,653,769	(4,816,519)	290,290	(1,949,504)	2,178,036	600,000	1,215,030	1.20
8,824,154	(4,770,068)		(1,709,289)	2,344,797	630,000	1,190,095	1.29
9,592,893	(4,980,680)		(1,762,644)	2,849,569	485,000	1,283,128	1.61
11,177,162	(4,286,748)		(1,555,502)	5,334,912	1,471,087	1,539,209	1.77

Wastewater Certificates of Participation and Revenue Refunding Bonds

Operating Revenue	Adjusted Operating Expenses	Use of Stabilization Reserve	Other Allowed Sources (Uses)	Net Available Revenue	Principal	Interest	Coverage
\$ 10,731,002	\$ (4,197,468)		\$ (561,746)	\$ 5,971,788	\$ 345,000	\$ 1,147,947	4.00
11,589,788	(4,639,677)		(448,566)	6,501,545	365,000	1,129,608	4.35
10,986,322	(5,600,344)		(511,629)	4,874,349	385,000	1,110,199	3.26
9,515,078	(5,846,877)		(254,145)	3,414,056	405,000	1,081,644	2.30
9,695,363	(6,046,042)		628,595	4,277,916	469,135	976,312	2.96
9,070,420	(5,937,384)		(265,983)	2,867,053	501,061	953,151	1.97
9,353,229	(5,823,559)		(673,042)	2,856,628	519,025	931,520	1.97
9,523,380	(5,732,765)		(873,291)	2,917,324	542,772	911,317	2.01
9,745,996	(6,135,668)		(1,218,941)	2,391,387	757,341	847,575	1.49
10,869,354	(5,987,918)		(1,776,664)	3,104,772	642,763	724,756	2.27

CITY OF YUBA CITY
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population ¹	Personal Income ²		School Enrollment ³	Unemployment Rate ⁴	City Square Miles ⁵
		Total (in thousands)	Per Capita			
2004	55,078	\$ 1,340,709	\$ 24,342	11,921	14.0%	12.86
2005	58,368	1,475,426	25,278	12,294	7.9%	13.30
2006	60,507	1,549,100	25,602	12,237	10.6%	13.89
2007	62,083	1,643,647	26,475	13,060	10.0%	13.94
2008	63,338	1,671,553	26,391	12,758	11.8%	14.58
2009	63,647	1,433,595	22,634	12,842	12.3%	14.58
2010	65,372	n/a	n/a	12,670	21.6%	14.65
2011	65,569	1,286,479	19,620	12,746	21.9%	14.65
2012	65,300	1,294,547	19,825	12,734	17.7%	14.65
2013	65,841	1,321,604	20,073	12,779	12.1%	14.65

¹ Source: California Department of Finance

² Source: California Franchise Tax Board

³ Source: Yuba City Unified School District

⁴ Source: California Employment Development Department

⁵ Source: Yuba City Engineering Department

n/a: not available

**CITY OF YUBA CITY
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	Fiscal Year 2013			Fiscal Year 2004		
	Employees	Percent of Total Employment	Rank	Employees	Percent of Total Employment	Rank
Fremont Rideout Medical	1,784	8.88%	1	N/A	N/A	N/A
Yuba City Unified	1,389	6.91%	2	N/A	N/A	N/A
County of Sutter	844	4.20%	3	N/A	N/A	N/A
Sunsweet Growers	727	3.62%	4	N/A	N/A	N/A
Wal-Mart	500	2.49%	5	N/A	N/A	N/A
Sutter North Medical	450	2.24%	6	N/A	N/A	N/A
City of Yuba City	292	1.45%	7	N/A	N/A	N/A
Sam's Club	250	1.24%	8	N/A	N/A	N/A
Target	200	1.00%	9	N/A	N/A	N/A
Bel Air/Raley's	175	0.87%	10	N/A	N/A	N/A
	6,611	32.89%				

Source: City of Yuba City Economic Development Division

N/A - Data not available

CITY OF YUBA CITY
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Fiscal Year				
	2004	2005	2006	2007	2008
Governmental Activities					
General Government					
City manager	2.00	2.00	3.00	2.00	2.00
Finance	14.00	14.00	16.00	16.00	16.00
Information services	4.00	4.00	4.00	4.00	4.00
Human resources	5.50	6.00	6.00	6.00	6.00
Public Safety					
Police	84.50	84.50	97.50	102.50	102.50
Fire	46.60	47.10	49.10	52.10	52.10
Parks and Recreation	29.00	26.00	28.00	30.50	32.50
Public Works and facilities					
Administration	2.00	2.00	2.00	2.00	2.00
Custodial	9.75	9.75	9.75	11.75	11.75
Streets	10.30	10.30	10.50	10.30	10.30
Engineering	9.00	8.00	8.00	8.00	6.00
Electrical maintenance	4.10	4.10	4.10	4.10	4.10
Community Development					
Planning	4.00	7.00	7.00	5.00	5.00
Building inspection	8.00	11.00	11.00	12.00	10.00
Economic development	3.50	2.60	2.60	2.60	1.60
Water	23.70	24.20	27.60	29.50	27.95
Wastewater	26.90	29.40	33.80	36.10	36.65
Vehicle maintenance	5.25	5.25	5.25	5.25	5.25
Total Full-Time Equivalent Employees	292.10	297.20	325.20	339.70	335.70

Source: City of Yuba City Finance Department

Fiscal Year				
2009	2010	2011	2012	2013
2.00	4.00	3.75	3.50	3.50
16.60	13.52	13.52	13.00	13.00
4.00	4.00	4.00	5.00	5.00
5.50	4.50	3.50	3.00	3.00
103.50	101.50	91.50	91.50	91.50
55.10	55.10	55.10	55.00	55.00
31.73	26.24	20.23	18.23	18.23
3.00	3.00	3.75	2.00	1.30
11.75	9.75	5.00	5.00	5.00
10.23	9.23	9.23	9.23	9.23
8.00	10.00	10.00	10.00	12.00
4.08	1.08	0.88	0.88	0.88
4.00	3.00	3.00	4.00	4.00
10.00	6.00	5.00	5.00	5.00
1.00	1.00	1.00	1.00	1.00
28.73	29.58	24.58	25.43	24.13
37.73	38.88	35.08	36.23	34.13
5.25	5.25	4.25	4.00	4.10
<u>342.20</u>	<u>325.63</u>	<u>293.37</u>	<u>292.00</u>	<u>290.00</u>

**CITY OF YUBA CITY
OPERATING INDICATORS
BY FUNCTION/PROGRAM
LAST TEN YEARS**

	Calendar Year				
	2004	2005	2006	2007	2008
Finance					
Utility customers billed	15,319	16,861	17,100	17,896	17,570
Community Development					
Single family dwelling building permits issued	750	991	869	292	54
Land use entitlement applications	118	126	119	74	92
Police					
Citations issued	9,148	8,978	8,130	10,298	12,597
Arrests made	3,134	3,020	3,126	3,140	3,465
Requests for services	47,708	49,563	58,368	44,593	43,936
Fire					
Fire responses	5,205	5,384	5,852	6,119	6,591
Area served (sq. miles)	11.000	17.200	17.200	17.200	30.000
Parks and Recreation					
Classes held	n/a	n/a	754	320	500
Hours of recreation offered	n/a	n/a	13,977	6,000	5,800
Total participants	n/a	n/a	12,220	7,402	12,500
Public Works					
Encroachment permits	110	130	122	105	117
Subdivision agreements	21	21	12	3	3
Capital improvement projects	26	26	9	10	17
Park acres overseen	122.50	130.00	130.00	130.00	130.00
Street maintenance - crack seal (streets)	n/a	n/a	30	-	52
Street maintenance - traffic marking paint (gal.)	600	625	650	1,175	910
Street light repairs	n/a	418	304	588	621
Water					
Water introduced to system (million gallons)	5,481	5,933	5,435	6,128	6,008
Metered water deliveries (hundred cubic feet)	4,857,062	5,198,150	5,229,748	7,404,329	6,010,883
Wastewater					
Effluent (millions of gallons per day)	5.975	5.300	5.281	6.088	5.366

n/a - information was not required to be reported in prior years and was not retained

Source: City of Yuba City Finance Department

Calendar Year				
2009	2010	2011	2012	2013
17,628	17,806	17,997	18,338	18,197
39	37	8	13	41
42	37	26	21	41
11,769	8,485	8,831	6,741	7,429
3,452	3,336	3,180	2,989	3,161
48,053	44,856	47,880	46,093	49,648
7,169	7,101	7,302	7,712	8,166
30.000	30.000	30.000	30.000	30.000
1,182	2,762	2,484	3,010	2,552
8,190	17,530	17,217	17,766	15,942
36,749	93,103	78,787	99,102	80,000
83	98	106	84	85
-	-	-	-	-
20	20	20	15	14
133.00	133.00	133.00	133.00	133.00
93	70	76	72	74
925	538	401	40	30
468	398	414	406	460
6,220	6,091	4,985	5,248	5,475
5,976,940	5,450,998	5,351,142	6,436,753	7,075,367
5.150	6.500	5.800	5.900	5.500

CITY OF YUBA CITY
CAPITAL ASSET STATISTICS
BY FUNCTION/PROGRAM
LAST TEN YEARS

	Calendar Year				
	2004	2005	2006	2007	2008
Police					
Stations	1	1	1	1	1
Fire					
Stations	5	5	5	5	5
Public Works					
Streets (centerline miles)	n/a	n/a	285	285	237
Street lights	n/a	n/a	6,000	6,000	6,071
Traffic signals	n/a	n/a	32	32	33
Parks and Recreation					
Office buildings	-	1	1	2	2
Park acreage	110	110	110	110	110
Playing fields/courts	7	7	7	7	7
Swimming pools	1	1	1	1	1
Water play features	1	1	1	1	1
Water					
Water mains (miles)	n/a	n/a	233	229	232
Fire hydrants	n/a	n/a	2,324	2,317	2,324
Storage capacity (million gallons)	10.25	14.00	14.00	18.00	18.00
Treatment capacity (million gallons)	27.0	36.3	36.3	48.3	48.5
Wastewater					
Sewer mains (miles)	n/a	158	158	155	176.5
Treatment capacity (million gallons)	7	7	7	10.5	10.5

n/a - information was not required to be reported in prior years and was not retained

Source: City of Yuba City Finance Department

Calendar Year				
2009	2010	2011	2012	2013
1	1	1	1	1
5	5	5	5	5
237	237	237	237	237
6,071	6,071	6,078	6,078	6,078
34	34	37	37	37
3	3	2	2	2
113	113	113	113	188
7	7	7	7	7
1	1	1	1	1
2	2	2	2	2
260	260	274.7	275	275
2,593	2,593	2,684	2,688	2,694
18.00	18.00	21.00	21.00	21.00
48.5	36.0	36.0	36.0	36.0
176.5	176.5	179	179	179
10.5	10.5	10.5	10.5	10.5