

City of

# YUBA CITY



California  
Chrome Edition

Comprehensive  
Annual Financial  
Report for the  
Fiscal Year Ending  
June 30, 2014

**CITY OF YUBA CITY  
CALIFORNIA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended  
June 30, 2014**

**CITY OF YUBA CITY  
Finance Department**

Robin Bertagna, CPA  
Finance Director

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## About the Cover

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### California Chrome

*Hometown horse and his owners honored with proclamation and key to the City*

The City of Yuba City honored California Chrome and his local owners, Perry and Denise Martin, recognizing a local addition into the nation's long and proud thoroughbred racing history.

After winning the 140<sup>th</sup> Kentucky Derby and the 139<sup>th</sup> Preakness Stakes – the first time a California-bred colt swept the first two legs of the Triple Crown – California Chrome valiantly finished in a tie for fourth, despite an injury, at the 146<sup>th</sup> Belmont Stakes.

California Chrome is an outstanding representative of Yuba City and his namesake state. The copper-colored colt inspired countless “Chromies” across the country and carried invaluable impressions of the city, community and state with him everywhere he went.

The Yuba City City Council's proclamation recognizes California Chrome's history, heritage and success.



*Photograph by: MARK ANTHONY CARTER*

*Cover photo caption:* Thousands came from all over northern California to the Yuba City viewing party featuring two nine-foot broadcast screens placed at either end of downtown's main street, Plumas Street. These Chromies, with the crowds, live bands, and vendors cheered their horse's efforts in the Belmont Stakes and watched with pride as the race unfolded.

**Cover Graphics by:  
SCOTT HANSEN**

**Cover Photograph by:  
JERRY GREGG**

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November 26, 2014

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, 2014. 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, 2014, the City implemented the requirements of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, Statement No. 66, *Technical Corrections 2012*, Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial, Guarantees*. Implementation of Statement No. 66, Statement No. 67, and Statement No. 70 had no impact on these financial statements. More information regarding the implementation of GASB 65 is available in Note 4 and Note 6 to the Basic 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 65,677 and the City comprises 14.91 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 Successor Agency to 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. Additionally, the financial report also includes the activities of various other legally separate entities in the section Agency Funds. The activities of Sutter Buttes Flood Control Agency (SBFCA) and the Sutter Animal Services Authority (SASA) both issue their own independent financial statements, but because the City serves as Treasurer for these entities, their financial statements are summarized in the Agency Funds section.

## **ECONOMIC CONDITION & FINANCIAL INFORMATION**

### Local Economy

The local economy has been slower to recover from 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 continues to show several positive signs of recovery. The City has enjoyed positive sales tax growth in twelve of the past fourteen quarters and has experienced an increase of 19 percent in residential home sales prices in the past year. New home construction in Yuba City remains slow following years of significant residential development. As of the end of October, 2014, the City issued 59 new single family dwelling building permits, an 18 percent increase over the 50 total issued in all of 2013. 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 continue to steadily increase.

Assessed valuations have been slower to show an increase. After peaking in FY 2007-08, the City suffered declining values over the next five fiscal years. General fund values increased 2 percent in FY 2013-14 and slightly over 6 percent in FY 2014-15. The increase in FY 2014-15 included increasing values related to Proposition 8 recapture of \$175.5 million in single family residential properties and \$13.1 million in non-residential properties caused by increasing real estate values.

Values increased by \$9.5 million due to the CPI increase of 0.45%. An additional 4,976 parcels remain under Proposition 8 status, with a total potential recapture of assessed value of \$351 million as long as they do not sell for a lesser value prior to the recapture.

As mentioned above, two years ago 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 issued a Finding of Completion for the Yuba City Successor Agency (the Agency). The Agency has now submitted 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 when assessed values increase sufficiently to support the increased costs. Presently, property values have dropped in the former Redevelopment project area to a level wherein the Redevelopment Property Tax Trust Fund (RPTTF) receipts are not sufficient to cover the annual debt service payments on outstanding bonds and loan commitments. The deficiency is being paid for using residual cash reserve balances that the DOF has allowed the Agency to retain for this purpose. The Agency has also prepared and submitted a long-range property management plan for initiating the disposal of Agency property and assets.

For additional information regarding Yuba City's local economy, please refer to the MD&A section, which begins on page 5.

### 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 remains committed to reviewing and updating its long range fiscal model which looks out five to ten years but is placing more emphasis and focus on evaluating the three to five-year sustainability of our general fund budget. Projections in the three to five-year range indicate anticipated growth in revenues, particularly in both property and sales taxes. However, expenditures are also expected to grow for employee benefits costs including retirement, healthcare, and worker's compensation.

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 previous five fiscal years. City Council recognized that with the City recovering from the recession, it was time to initiate a plan to stop deficit spending and bring the budget back into balance. Rather than requiring this all at once,

likely causing a reduction in service levels, City Council instead opted to approve a budget for FY 2014-15 that once again used one-time reserve funds from the ESR to meet on-going expenditure requirements. The City is phasing-in the updated Fiscal Policy by continuing to use the City's ESR to balance out operating deficits while growing out of the recessionary fiscal environment. City Council has set a goal to have a balanced budget wherein operating revenues exceed operating expenditures by FY 2017-18. General fund expenditures will decline by \$1.2 million when the City's pension obligation bonds are paid off in FY 2016-17.

With the recession being worse and lasting longer than originally expected, additional concessions were obtained from employee bargaining groups which increased the City's furlough program from 5 percent to 10 percent. The first priority in getting back to a balanced budget includes elimination of the furlough program in phases. The City's fiscal goals include eliminating the first 5 percent during FY 2014-15 and the second 5 percent at the beginning of FY 2015-16. This is, of course, subject to approval by the City's bargaining unit members and is one of the subjects of on-going negotiation discussions.

The City's three to five year financial projections all include a combination of anticipated revenue increases along with expenditure increases. The largest of the expenditure increases are related to elimination of the furlough programs. Each 5 percent furlough represents an additional cost to the general fund of \$1.15 million. In the City's financial projections, the ESR will provide adequate funding over the next several years until the City once again has a balanced budget and the structural deficit is eliminated. Additional information regarding the City's ESR and budget deficit is provided in the Management's Discussion and Analysis section beginning on page 5.

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 both revenues and expenditures while ensuring we provide adequate service levels to our citizens. 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 many major accomplishments during FY 2013-14. Included are: Advanced the wastewater collection system rehabilitation and replacement project that provides major essential improvements to priority areas of the City with 50 to 100 year old infrastructure; completed construction of the Western Parkway/State Route 20 intersection improvement project; completed construction of the raw water intake and low lift pump station modifications including installation of a fish screen; continued partnership with the Yuba-Sutter Chamber of Commerce to provide a Visitor Center and tourism program for regional tourism promotion, attraction, and branding; became the lead agency of the Sutter Animal Services Authority (SASA) and Animal Services operations when the new facility opened in October, 2013; accepted \$4.4 million in Neighborhood Stabilization Program funding for the restoration of foreclosed and distressed properties within the community; advanced construction of the Proposition 84 waterline project to construct a 16 inch water main on Franklin Road from Ohleyer Road to Township Road to serve Franklin Elementary school and residential properties on the north side of Franklin Road; received an award of a \$17.1

million grant from the Sacramento Area Council of Governments for the 5<sup>th</sup> Street bridge replacement project; accepted a \$1.7 million grant through Proposition 50 for phase II of the Feather River Parkway project; obtained a new NPDES permit from the Regional Water Quality Control Board for the wastewater treatment plant; hosted a very successful Yuba City California Chrome Triple Crown Viewing Event Street Party in honor of local, hometown residents Perry and Denise Martin's famous horse; kicked off the "Clean and Safe" program to eliminate blight and other issues related to vagrancy including a shopping cart round-up and developing a no camping on private property ordinance; and continued to participate in the Sutter Butte Flood Control Agency Joint Powers Authority to advance levee improvements.

## **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, and infrastructure maintenance. Additionally, notable capital improvement projects include advancing the replacement of the Fifth Street Bridge over the Feather River; advancing construction of phase II of the Feather River Parkway – Willow Island project; assure Yuba City's continued supply of quality surface water with supplemental availability from well water if necessary during the continued drought; advance the City's water conservation plan to address current drought conditions; forward a long-range infrastructure strategic plan; advance the Highway 20 design study to revitalize the older and underutilized commercial corridor that serves as a prominent gateway in Yuba City; advance a rate study for the water and wastewater rates; advance solutions to address and reduce vagrancy issues; and continue to advance the City's Economic Development Strategic Work Plan to "*Grow Our Image, Grow Our Businesses and Grow Our People*".

## **PROSPECTS FOR THE FUTURE**

In summation, last year the City 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, 2014, the City's uncommitted general fund reserve was equal to 12.5% of the FY 2014-15 general fund appropriations. This amount is in addition to the committed ESR balance (\$4.5 million) which is shown as committed as it has been set aside by City Council to fund the City's anticipated deficits until the pension obligation bonds are paid off in FY 2016-17.

In addition to the reserves within the City's general fund, the City also has an 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. Even with recovery continuing, the City has still not gotten back to the peak amounts previously recorded for property tax revenues 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, 2013. This was the 14<sup>th</sup> 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 2013-14. 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/IT Director

**CITY OF YUBA CITY**  
**CITY OFFICIALS**  
For the Fiscal Year Ended June 30, 2014

**CITY COUNCIL**

Kash Gill, Mayor

John M. Dukes, Mayor Pro-Tem

John Buckland, Council Member

Tej Maan, Council Member

Craig Starkey, Council Member

**ELECTED OFFICIALS**

Terrel Locke, City Clerk

Spencer Morrison, City Treasurer

**APPOINTED OFFICIALS**

Steven Kroeger, City Manager

Timothy Hayes, City Attorney

**EXECUTIVE TEAM**

Robin Bertagna, Finance Director

Aaron Busch, Community Development Director

Pete Daley, Fire Chief

Darin Gale, Economic Development Manager

Robert Landon, Police Chief

Diana Langley, Public Works Director

Terrel Locke, Assistant to the City Manager

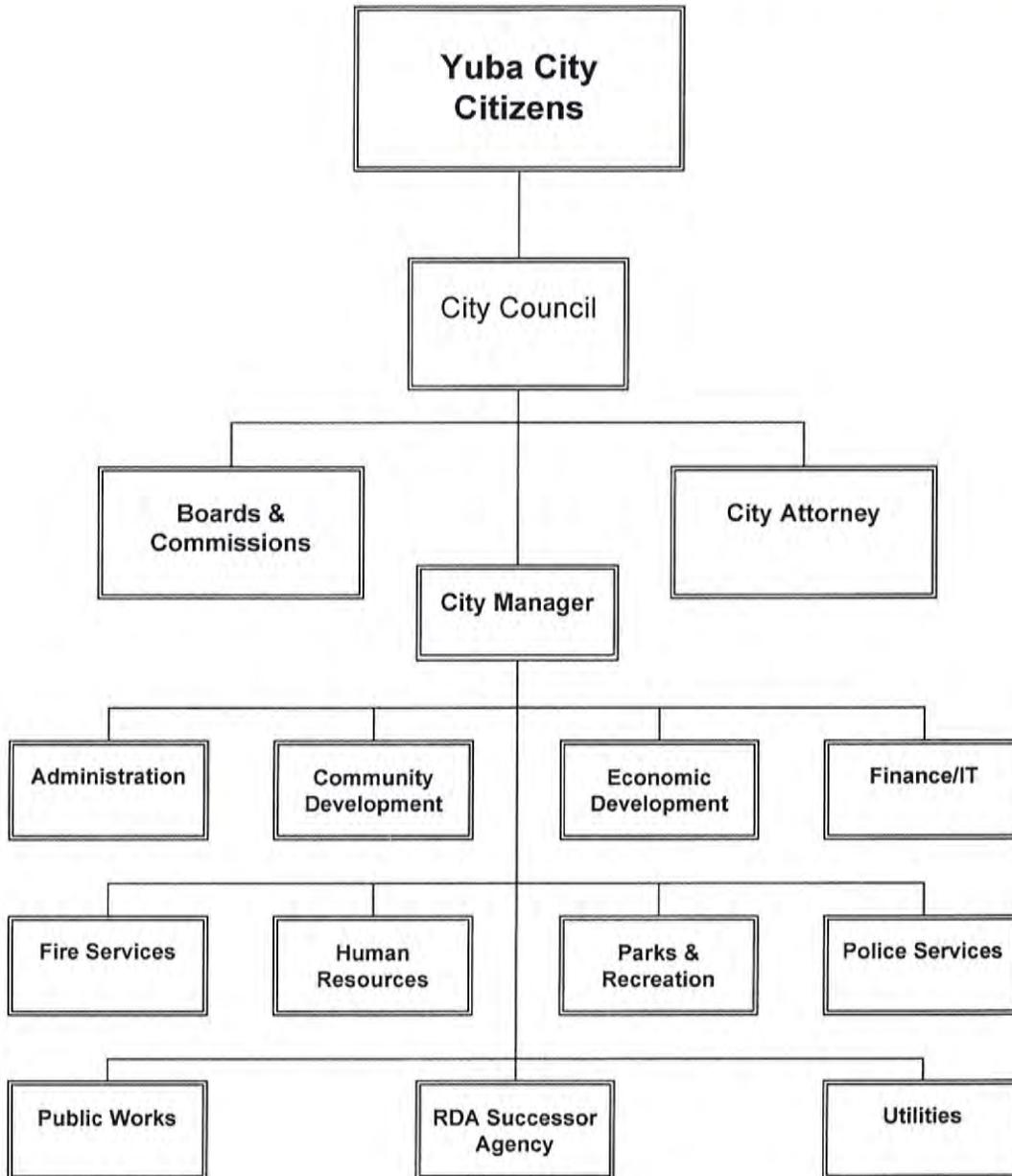
Brad McIntire, Parks and Recreation Director

Natalie Walter, Human Resources Director

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# City Organization Chart

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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, 2013**

Executive Director/CEO



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

**PARTNERS**

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

**COMMERCIAL ACCOUNTING & TAX SERVICES**

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BEVERLY HILLS, CA 90210  
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FAX: 310.670.1689  
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CULVER CITY, CA 90230  
TEL: 310.670.2745  
FAX: 310.670.1689  
www.mlhcpas.com

**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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

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

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, 2014, 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**

### *Change in Accounting Principles*

As discussed in Note 1 to the basic financial statements effective July 1, 2013, the City of Yuba City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, Statement No. 66, *Technical Corrections 2012*, Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 70, *Accounting and Financial Reporting for Non-exchange Financial Guarantees*. 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 5 through 18 and pages 81 through 87 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 November 26, 2014, 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  
November 26, 2014

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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, 2014. 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 \$631.4 million. Of this amount, \$53.9 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$3.1 million, including prior period adjustments of \$2.9 million.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$42.3 million, a decrease of \$0.5 million from the prior fiscal year, including prior period adjustments of (\$1.8 million).
- The General Fund reported excess revenues (and other financing sources) over expenditures (and other financing uses) of \$0.9 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 page 25 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.

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 92 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; and information regarding any excess of expenditures over appropriations.

**C. GOVERNMENT-WIDE FINANCIAL STATEMENT ANALYSIS**

The City's combined Net Position for the fiscal year ended June 30, 2014, totaled \$631.4 million, a decrease of \$3.1 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
	2014	2013	2014	2013	2014	2013	
<b>Assets:</b>							
Current and Other Assets	\$ 77.5	\$ 80.7	\$ 25.9	\$ 29.3	\$ 103.3	\$ 110.0	-6.1%
Capital Assets	423.0	428.3	210.5	199.7	633.5	628.0	0.9%
<b>Total Assets</b>	<b>500.5</b>	<b>509.1</b>	<b>236.3</b>	<b>229.0</b>	<b>736.8</b>	<b>738.1</b>	<b>-0.2%</b>
<b>Deferred Outflows of Resources:</b>							
Deferred loss on refunding			1.2		1.2		
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>-</b>	<b>1.2</b>	<b>-</b>	<b>1.2</b>	<b>-</b>	<b>0.0%</b>
<b>Liabilities:</b>							
Current and Other Liabilities	16.0	16.5	7.1	5.4	23.1	21.8	5.6%
Long-term Liabilities	20.4	22.1	63.1	59.6	83.6	81.7	2.3%
<b>Total Liabilities</b>	<b>36.4</b>	<b>38.6</b>	<b>70.2</b>	<b>65.0</b>	<b>106.6</b>	<b>103.5</b>	<b>3.0%</b>
<b>Net Position:</b>							
Net Investment in Capital Assets	408.4	413.0	146.2	138.2	554.6	551.2	0.6%
Restricted	21.5	27.6	1.3	0.3	22.8	27.9	-18.1%
Unrestricted	34.2	29.8	19.8	25.6	54.0	55.4	-2.6%
<b>Total Net Position</b>	<b>\$ 464.1</b>	<b>\$ 470.5</b>	<b>\$ 167.3</b>	<b>\$ 164.0</b>	<b>\$ 631.4</b>	<b>\$ 634.5</b>	<b>-0.5%</b>

At June 30, 2014, a significant portion of net position (88 percent) consisted of the City's investment in capital assets, net of related debt. This component, which reflects the total amount of funds used to acquire those assets less any outstanding debt used for such acquisition, increased from the prior fiscal year by \$3.4 million. The increase is comprised of both a decrease of \$4.6 million in governmental invested in capital assets and an increase of \$8.0 million in business type invested in capital assets.

Governmental net investment in capital assets increased by \$8.1 million due to the City's investment in new capital assets, and decreased \$.3 million due to deletions and adjustments to capital assets, increased \$1.0 million due to the change in the long-term debt associated with capital assets, and decreased by \$13.2 million due to depreciation. The largest investments in governmental type capital assets were the Public Safety Radio System project \$0.6 million, the 2014 Road Rehabilitation Project of \$1.3 million, Bicycle Lane Construction project \$0.7 million, the Western Parkway/SR 20 Intersection Improvement project \$2.1 million, and \$1.1 million for the purchase of two new Fire Engines.

Business-type net investment in capital assets increased by \$18.7 million due to an increase in the investment in new assets, decreased by \$2.5 million due to an increase in long-term debt associated with capital assets, and decreased by \$7.9 million due to depreciation. Increases in business type capital assets include the Water Intake Structure Improvement project \$1.7 million, the Water Treatment Plant Filter Underdrain Replacement project \$0.8 million, the Prop 84 Waterline project \$2.7 million, Coating and Rehabilitation of the Oxygen Reactors at the Wastewater Plant project \$1.2 million, Wastewater Collection System Improvements project \$9.4 million and acquisition of a new Vac-Con Sewer Jet Truck \$0.4 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.

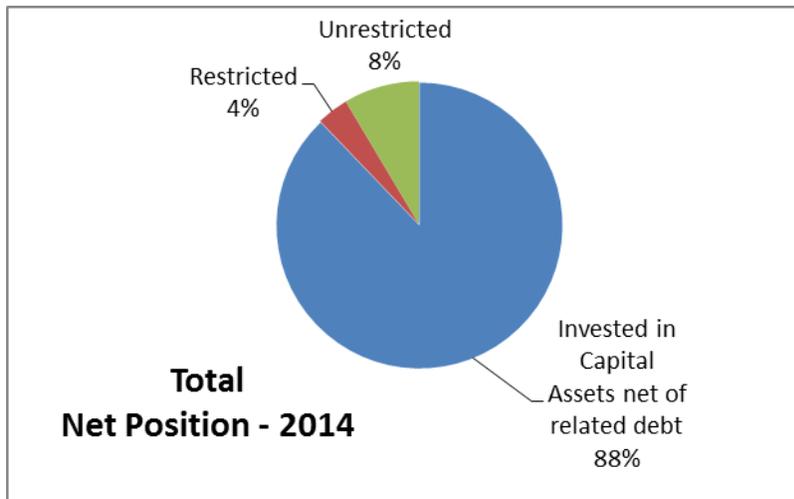
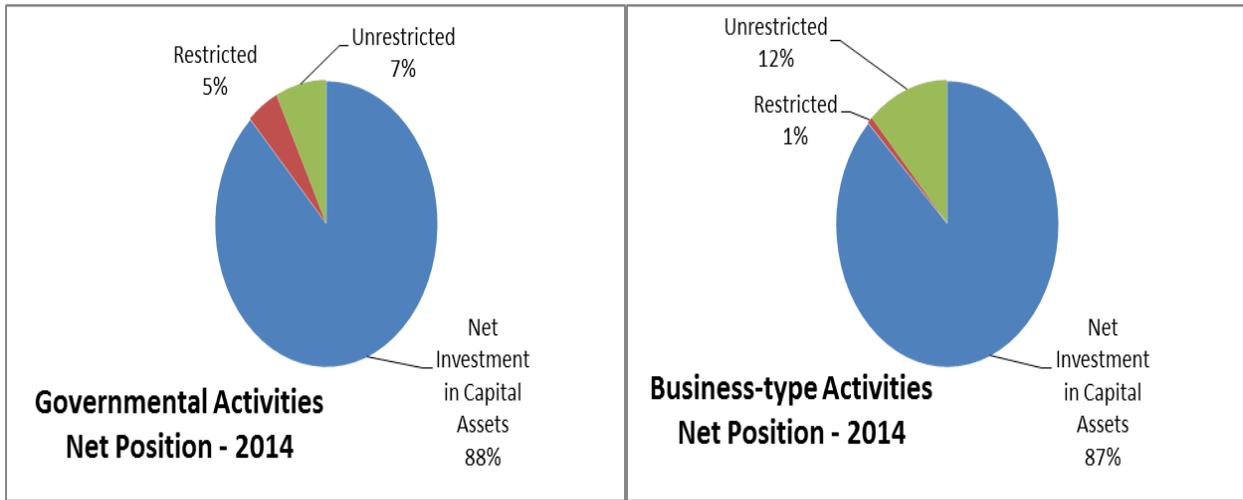
Restricted net position of \$22.8 million (4 percent) represent resources subject to external restrictions as to how they may be used. Of the \$5.1 million decrease in restricted net position, \$6.1 million was decreased within governmental activities and \$1.0 was increased in business activities. The \$5.1 million decrease in governmental activities primarily included a decrease of \$11.1 million restricted for capital projects, an increase of \$3.7 million restricted to neighborhood stabilization, and an increase of \$0.9 million restricted for streets & roads (see page 19 for the detailed listing). The increase in business-type activities was due to an increase of \$1.0 million restricted for debt service.

Unrestricted Net Position of \$53.9 million (8 percent) represent amounts that may be used to meet the City's ongoing obligations to its residents, businesses, customers, and creditors has decreased \$1.4 million from the prior fiscal year. Of this decrease, \$4.4 million increased in the governmental activities primarily due to a decrease in cash and investments of \$5.3 million and a decrease in net position restricted for capital projects of \$11.5 (due to a change in the calculation for 2014). Unrestricted Net Position for business-type activities decreased \$5.8 million mostly due to a decrease in cash and investments of \$4.1 million, an increase in accounts receivable of \$3.3 million, a decrease from an internal advance of \$2.3 million, and an increase in accounts payable and other current liabilities of \$1.7 million.

The decrease in Current and Other Assets of \$6.7 million included a decrease of \$3.3 million in governmental activities and \$3.4 million in business-type activities. The decrease in governmental activities was mainly related to a decrease in all types of cash and investments of \$6.6 million, offset by increases in both accounts receivable of \$1.0 million and an internal advance of \$2.3 million. The decrease in business-type activities was mainly due to a decrease in all types of cash and investments of \$4.1 million, an increase in accounts receivable of \$3.4 million, a decrease from an internal advance of \$2.3 million, and the elimination of deferred charges of \$0.4 million.

The increase in Current and Other Liabilities of \$1.3 million is mostly related to a decrease of \$0.4 million of accounts payable in governmental activities and an increase of \$1.5 million in accounts payable in the business-type activities.

Long-term Liabilities increased by \$1.9 million with a decrease of \$1.7 million in governmental activities and an increase of \$3.5 million in business activities. Governmental activities decreased due to normal debt service retirement decrease of \$2.1 million, offset by an increase of \$0.2 million for post-employment benefits not including the reclassification of non-current long-term debt to current amounts due within one year. The increase in business activities was due to the new wastewater revenue refunding bonds increase of \$7.3 million and additional loan proceeds of \$5.5 million, with a decrease for the payoff of the 2007 COPs of \$7.8 million, normal debt service retirement decrease of \$2.5 million, and the reclassification of the refunding difference of negative \$1.1 million to a deferred outflow of resources, 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, 2014

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)

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>		<u>Total % Change</u>
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	
<b>Revenues:</b>							
Program Revenues:							
Charges for services	\$ 5.7	\$ 5.2	\$23.7	\$22.0	\$29.3	\$27.3	7.6%
Operating Grants and Contributions	5.2	4.0	3.5	1.4	8.7	5.4	60.5%
Capital Grants and Contributions	6.0	6.6	0.4	-	6.3	6.6	-4.1%
General Revenues:							
Property Taxes	13.2	13.0	-	-	13.2	13.0	1.3%
Sales and Other Taxes	11.6	11.2	-	-	11.6	11.2	3.9%
Investment Income	0.7	0.2	0.2	0.5	1.0	0.7	44.3%
Other	0.8	0.1	-	-	0.8	0.1	929.4%
<b>Total Revenues</b>	<b>43.3</b>	<b>40.3</b>	<b>27.8</b>	<b>24.0</b>	<b>71.0</b>	<b>64.3</b>	<b>10.5%</b>
<b>Expenses:</b>							
General Government	4.4	4.1	-	-	4.4	4.1	6.1%
Public Safety	25.0	23.8	-	-	25.0	23.8	4.9%
Parks and Recreation	3.5	2.3	-	-	3.5	2.3	51.9%
Public Works and Facilities	15.4	14.7	-	-	15.4	14.7	5.0%
Community Development	1.3	2.7	-	-	1.3	2.7	-51.8%
Interest on Long-term Debt	0.8	0.9	-	-	0.8	0.9	-8.2%
Water	-	-	10.7	10.9	10.7	10.9	-1.9%
Wastewater	-	-	10.1	9.9	10.1	9.9	1.5%
<b>Total Expenses</b>	<b>50.5</b>	<b>48.6</b>	<b>20.8</b>	<b>20.8</b>	<b>71.2</b>	<b>69.4</b>	<b>2.7%</b>
Transfers	3.4	3.8	(3.4)	(3.8)	-	-	n/a
Change in Net Position	(3.8)	(4.5)	3.6	(0.7)	(0.2)	(5.1)	-95.7%
Net Position - Beginning	470.5	479.6	164.0	164.7	634.5	644.3	-1.5%
Prior Period Adjustment	(2.6)	(4.7)	(0.4)	-	(2.9)	(4.7)	-37.5%
Net Position - Beginning, Restated	467.9	474.9	163.7	164.7	631.6	639.7	-1.3%
Net Position - Ending	464.1	470.5	167.3	164.0	631.4	634.5	-0.5%

**Governmental Activities**

The City's governmental activities decreased the City's net position by \$3.8 million (before the prior period adjustment). Revenues increased by 7.4 percent (\$3.0 million), while total expenses increased by 3.9 percent (\$1.9 million). Revenue Highlights include the following:

- Capital Grants and Contributions decreased by \$0.6 million due to a decrease in public safety capital grants.
- Operating contributions and grants increased by \$1.2 million mainly due to a decrease in public safety operating contributions and grants of \$0.4 million, an increase in public works and facilities operating contributions and grants of \$0.5 million, and an increase in community development operating grants of \$1.1 million (NSP Grant).
- Secured and unsecured property tax revenues increased \$0.2 million from the previous fiscal year.
- Charges for services increased \$0.5 million from the previous fiscal year.
- Sales and use taxes increased by \$0.4 million due to increases in sales tax revenues.

City of Yuba City  
**Management's Discussion and Analysis**  
For the Fiscal Year Ended June 30, 2014

- Miscellaneous revenues increased by \$0.7 million of which \$0.4 million is due to reimbursements from Sutter County for their share of constructions costs for the new animal control facility.
- Investment Income, which is a combination of interest earnings and change in the fair value of investments, increased by \$0.5 million.
- Total expenses for governmental activities were \$50.5 million, which is a \$1.9 million increase from the prior fiscal year. General Government increased \$0.3 million, Public Safety increased \$1.2 million, Parks and Recreation increased \$1.2 million, Public Works increased \$0.7 million, Community Development decreased \$1.4 million, and Interest on long-term debt decreased by \$0.1 million.
- A prior period adjustment of (\$2.6) million from an overstatement of deferred charges (\$0.5) million, an understatement of loans payable (\$0.3) million, an overstatement of investment in JPA (\$2.9) million and an understatement of property held for housing authority \$1.1 million.

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	
	2014	2013	2014	2013
General Government	\$ 4.4	\$ 4.1	\$ (4.2)	\$ (3.9)
Public Safety	25.0	23.8	(22.1)	(19.8)
Parks and Recreation	3.5	2.3	(2.4)	(1.2)
Public Works and Facilities	15.4	14.7	(7.3)	(7.1)
Community Development	1.3	2.7	3.3	0.2
Interest on Long-term Debt	0.8	0.9	(0.9)	(0.9)
<b>Total Net Cost</b>	<b>\$ 50.5</b>	<b>\$ 48.6</b>	<b>\$ (33.6)</b>	<b>\$ (32.8)</b>

As shown in the Statement of Activities, the amount that taxpayers ultimately financed for governmental activities was \$33.6 million because some of the cost was paid by those who directly benefited from the programs (\$5.7 million), or by other governments and organizations that subsidized certain programs with operating grants and contributions (\$5.2 million), and capital grants and contributions (\$6.0 million). Overall, these governmental program revenues totaled \$16.9 million. The City paid for the remaining "public benefit" portion of the governmental activities with \$26.4 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 \$3.4 million transferred in from business-type activities.

**Business-type Activities**

The City's business-type activities increased the City's net position by \$3.6 million (before the prior period adjustment). Total revenues increased by 15.8 percent (\$3.8 million), while total expenses stayed the same.

The net revenue increase includes the combination of an increase in service fees (\$1.7 million), an increase in operating grants and contributions (\$2.1 million), an increase in capital grants and contributions (\$0.4 million), and a reduction in investment income (\$0.3 million). Both the water (\$0.6 million) and wastewater (\$1.0 million) revenue service fee increases were attributable to an increase in charges for services. Operating grants and contributions increased in the water enterprise mostly due to a Prop 84 grant (\$2.7 million). Capital contributions and grants increased in the wastewater enterprise due to an SRF grant (\$0.4 million).

Operating costs for the water enterprise decreased \$0.2 million and increased \$0.2 million for the wastewater enterprise. The decrease in the water fund's expenses primarily consisted of an increase in maintenance and operation expense (\$0.3 million), an increase in power and utilities (\$0.1 million), and a

reduction in interest expense (\$0.8 million). The wastewater fund experienced an increase in interest expense (\$0.1 million) and debt issuance costs (\$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, 2014, the total fund balance of the General Fund was \$20.2 million (of which 55 percent is attributable to a long-term receivable from the City's Successor Agency). The unassigned fund balance of \$4.5 million is equal to 13.3 percent of total General Fund expenditures. Total fund balance increased by \$0.9 million 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. The economic downturn turned into a recession and in FY 2010-11 the City transferred additional funds into the ESR to cover anticipated structural budget deficits for FY 2011-12 through FY 2013-14. The chart below is the activity of the ESR since inception and shows that during FY 2013-14, instead of using funds from the ESR to cover a general fund deficit, a surplus was generated of \$0.6 million from operations and the committed fund balance (the ESR) was increased from operations:

**Summary of Economic Stabilization Reserve**

Initial Funding FY 08-09	\$ 2,300,000
Utilized for Operations FY 08-09	(592,000)
Utilized for Operations FY 09-10	(255,170)
Utilized for Operations FY 10-11	(827,579)
Remainder as of 6/30/11	\$ 625,251
VRP Funding FY 10-11 Budget	1,350,000
VRP Funding FY 11-12 Budget	1,350,000
General Unallocated CIP FY 11-12	1,350,000
Total Carryover FY 11-12 thru FY 13-14	\$ 4,675,251
Utilized for Operations FY 11-12	(422,623)
Utilized for Operations FY 12-13	(347,204)
Generated from Operations FY 13-14	636,133
Total ESR Committed as of 6/30/14	\$ 4,541,557

At June 30, 2014, the HOME Grant Special Revenue Fund balance increased only slightly from the previous fiscal year. There was a decrease of \$0.1 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 an unearned revenue liability (deferred inflow of resources) until they are repaid at which time the repayment is program income revenue. Both the notes receivable and unearned revenue were \$5.3 million as of June 30, 2014.

The Streets and Roads Special Revenue fund balance increased by \$0.9 million primarily due to an increase in revenues of \$0.6 million, a transfer in of \$0.2 million and a reduction in project expenditures (shown as transfers out) of \$0.3 million.

The General Capital Improvement Projects fund shows a decrease in fund balance of \$3.2 million (including the prior period adjustment). The decrease in fund balance includes the net impact of expending funds on projects (\$2.0 million), an increase from receiving reimbursements for costs advanced for Sutter County's share of the new animal control facility (\$0.4 million), and a decrease due to a prior period adjustment (\$1.5 million) due to an overstatement of investment in JPA in the prior fiscal year.

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 \$8.0 million and \$.5 million for deferred inflows of resources is a decrease of \$1.7 million from the previous fiscal year, and 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, 2014, 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 \$1.6 million, which was attributable to: 1) Additional appropriations for carryover expenditures from the previous fiscal year for existing contractual obligations that totaled \$0.3 million; 2) additional appropriations for grant activities in the amount of \$1.0 million, which are not included in the budget until funds are physically received by the City; 3) supplemental appropriations of \$0.1 million strike team expenditures which were reimbursed by the State; and 4) a supplemental appropriation of \$0.1 million for an efficiency study for police and fire operations. Actual expenditures were \$1.0 million less than the adopted budget and \$2.6 million less than the final budget.

The net increase in budgeted revenues from the original budget to the final budget was \$1.1 million. This was attributable to increasing revenue budgets to account for the receipt of grant funds. Actual revenues were \$1.4 million more than the adopted budget and \$0.3 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, 2014, net capital assets of the governmental activities totaled \$423.0 million and the net capital assets of business type activities totaled \$210.5 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)

<b>Governmental Activities:</b>	
Land	\$ 125,347
Buildings and Improvements	49,684
Equipment, Vehicles, Machinery	18,256
Construction in Progress	5,116
Infrastructure	<u>362,280</u>
Total Governmental Capital Assets	560,684
Less: Depreciation	<u>(137,677)</u>
Total Net Governmental Activities:	<u><u>\$ 423,006</u></u>
<b>Business Type Activities</b>	
Land	\$ 1,675
Buildings and Improvements	99,932
Equipment, Vehicles, Machinery	26,660
Construction in Progress	22,581
Infrastructure	<u>149,300</u>
Total Business-Type Capital Assets	300,148
Less: Depreciation	<u>(89,665)</u>
Total Net Business Type Activities:	<u><u>\$ 210,482</u></u>

This fiscal year's major capital asset additions were:

- Public Radio System Project \$0.6 million
- Street Rehabilitation and Improvement Projects \$1.0 million
- Bicycle Lane Construction Project \$0.7 million
- Western Parkway/SR 20 Intersection Improvements \$2.1 million
- 2 new Fire Engines \$1.1 million
- Water Intake Structure Improvements \$1.7 million
- Prop 84 Waterline Project \$2.7 million
- Recoating/Rehabbing Wastewater Oxygen Reactors \$1.2 million
- 8" Wastewater Collection System Improvements Project \$9.4 million

**Long-Term Debt** – as of June 30, 2014, 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 underwent rating reviews 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 implied general obligation rating for the general fund and affirmed the A+ rating with a stable outlook related to the City's General Fund 2006 Gauche Aquatics Parks Certificates of Participation in their rating review update in January, 2014.
- 2) Standard & Poor's affirmed the A rating with a stable outlook on the City's General Fund 2006 Gauche Aquatics Park Certificates of Participation in their rating review update in April, 2014.

**Summary of Long Term Indebtedness**  
(Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Loans Payable	\$ 279	\$ -	\$ 29,285	\$ 24,762	\$ 29,564	\$ 24,762
Capital Lease Payable	3,925	4,664	-	-	3,925	4,664
Certificates of Participation	10,650	10,945	-	-	10,650	10,945
Pension Obligation Bonds	3,115	3,980	-	-	3,115	3,980
Water Certificates of Participation	-	-	-	-	-	-
Water Revenue Refunding Bonds	-	-	20,930	21,710	20,930	21,710
Wastewater Revenue Refunding Bonds	-	-	15,782	9,270	15,782	9,270
Wastewater Certificates of Participation	-	-	-	7,814	-	7,814
Total Indebtedness	<u>\$ 17,969</u>	<u>\$ 19,589</u>	<u>\$ 65,996</u>	<u>\$ 63,556</u>	<u>\$ 83,965</u>	<u>\$ 83,144</u>

The City refinanced the 2007 Wastewater Revenue Certificates of Participation on April 22, 2014 by issuing the 2014 Wastewater Revenue Refunding Bonds in the amount of \$7,321,914. This resulted in an economic gain of \$0.8 million.

The City approved two Project Finance Agreements with the California State Water Resources Control Board for \$6.5 million and \$10.2 million, both of which include 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 3, 2014, the Council adopted the FY 2014-15 Operating Budget with total appropriations of \$73.6 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 the continuation of the City's furlough program while negotiations are on-going with City employee bargaining groups. The budget also includes the planned use of one-time resources as part of the City's long term fiscal plan through FY 2016-17. In FY 2016-17 the final payment will be made on the City's Pension Obligation Bond debt and general fund expenditures will be reduced by \$1.2 million in future years.

The past several years have presented significant financial challenges nationally, in California, and in Yuba City due to the recession. While the recession ended in mid-2009, the economy has been recovering for the past several years. The City has benefitted from increased revenues including both property tax and sales tax revenues. Unfortunately, the City has also incurred rising employee benefit costs in the categories of pensions, health care, and worker's compensation costs.

The FY 2014-15 adopted general fund budget includes revenues of \$34.9 million and appropriations of \$36.3 million, a deficit budget of \$1.4 million wherein excess expenditures must be funded with one-time reserves. In comparing FY 2014-15 projected revenues to those in the previous year's budget, they show a substantial increase of slightly over \$1.0 million. Expenditures unfortunately increased by the same amount, therefore causing the deficit to remain at the same level. The adopted budget also still includes a 10 percent employee furlough. During the budget preparation process, staff met with City Council and employees to discuss the long-term strategy of eliminating employee furloughs and working towards a balanced budget. City Council developed the following strategic budgetary goals:

- 1) Eliminate existing 10 percent employee furlough program;
- 2) Work toward having employee's contribute to their retirement costs; and
- 3) Eliminate the budget deficit by a date certain.

Finance staff put together a financial model wherein increases in revenue are used to cover increasing employee benefit costs for retirement, healthcare, and worker's compensation while balancing the on-going general fund deficit with the continued use of the City's Economic Stabilization Reserve (ESR) fund. The City has been negotiating with employee bargaining groups to eliminate the furlough program, typically over a two year period with one-half being eliminated during FY 2014-15 and the remaining 5 percent being eliminated July 1, 2015, with the start of the FY 2015-16 fiscal year. Concurrently, the City is working towards having employees' pay one-half of the employee's portion of their retirement costs. For example, the bargaining units which the City has reached agreement with to date include a 5 percent return of the furlough during FY 2014-15 in exchange for the employees paying either 4 percent (Miscellaneous employees) or 4.5 percent (Safety employees) for Classic CalPERS members towards their retirement contributions.

City Council agreed to continue using the City's ESR for the next several years to balance out revenues and expenditures in order to phase out the furlough programs and avoid reducing service levels to the public. It is anticipated that in FY 2016-17, after the City's pension obligations bonds are paid off, the deficit will be eliminated. Beginning in FY 2017-18, the City does not anticipate any further general fund deficits. Additionally, the City's ESR is expected to sustain the general fund operating budget deficits until FY 2017-18.

The ESR was originally funded in FY 2008-09. It was added to in FY 2010-11 as part of the three year budget plan including furloughs in order avoid employee layoffs. The City has held the line on expenditures and left vacant positions vacant for a period of time prior to authorizing rehire. This has caused the use of the ESR to be significantly less than originally planned. It was originally expected that the ESR would be fully utilized at the end of FY 2013-14, but this has not been the case. In fact, as is shown on page 26, the FY 2013-14 revenues and other financing sources exceeded expenditures and other financing uses by \$0.9 million. This surplus added to the ESR balance available for fund future year budget deficits. The City's ESR balance as of June 30, 2014, remains healthy at \$4.5 million. With anticipated budget deficits continuing for FY 2014-15 through FY 2016-17, the ESR will be utilized during this three year period.

The adopted budget for FY 2013-14 included a deficit of \$1.3 million, but as stated, the City ended the year with a budget surplus of \$0.9 million. This was mostly attributable to vacant positions. The City has had a problem with recruitment and retention in Police Officer positions. The City is addressing this through eliminating the furlough program and has provided a small increase in compensation in order to attract and retain qualified officers. The City has also benefitted from significant salary and benefit savings due to vacant positions. At the time of this writing, the City currently has 36 vacant positions that are being processed for recruitment. With the budget including 294 authorized full-time equivalent positions, this represents a vacancy factor of 12.25 percent, one of the largest that the City has seen in recent years.

Yuba City continues to work towards a balanced budget, 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 status of the City's reserves. Despite having a budget deficit for the past six years (including FY 2013-14 which ended with a surplus), the City still has strong reserves within the general fund. City staff attributes this to balancing the need for providing services to the public with managing reserve balances to sustain the City on a long-term basis.

The FY 2014-15 adopted budget projected a 4.0% increase in property taxes. Based upon the final assessed valuation reports from the Sutter County Auditor-Controller's Office, general fund assessed values increased by 6.28%. The City therefore anticipates property tax revenues for the year to be approximately \$225,000 higher than budget projections. The six largest components of the change in assessed values are as follows:

- Properties were adjusted by a CPI factor of 0.45% between 2013-14 and 2014-15, an increase of \$9.5 million in assessed valuations.
- Single family residential increased by \$175.5 million in values due to Proposition 8 recaptures.
- Non-single family residential increased by \$13.1 million in values due to Proposition 8 recaptures.

- Assessed values declined \$38.0 million due to parcels with negative growth.
- Prior year transfer of ownerships increased values by \$25.5 million.
- Other net values increased by \$27.9 million related to changes in utilities, effects of assessment appeals, residential improvements and changes to secured personal property and exemptions.

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

- Residential values increased by 7.54% (\$212.4 million in assessed valuations).
- Vacant values increased by 17.27% (\$14.4 million in assessed valuations).
- Industrial values decreased by 0.65% (\$1.3 million in assessed valuations).
- Unsecured increased by 1.11% (\$3.8 million in assessed valuations).

Home sales prices continue to rebound 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 convincing them to reenter the market. The median price of homes sold in Sutter County increased between July, 2013, and July, 2014, from \$170,500 to \$200,000, an increase of 17.3 percent. During the same period the median price of homes sold in Yuba City increased from \$176,500 to \$210,000, an increase of 19 percent.

As it relates to sales tax, consumer confidence has returned as the City has had increases in retail sales tax revenues in twelve out of the past fourteen quarters. Revenue projections included in the FY 2014-15 budget include a projected 3.5% increase for sales tax revenues. On a cash basis the most recent quarterly sales tax results were up 1.8% (July – September, 2014). The two prior quarter receipts were up 5.0% on a cash basis and down 0.2% on an adjusted basis (April – June, 2014) and up 8.4% on a cash basis and 0.3% on an adjusted basis (January – March, 2014). Even with the smaller than budgeted increase in first quarter FY 2014-15 cash receipts for sales tax, the City believes we will still achieve the 3.5% increase included in the budget for the fiscal year.

With the trend in the past decade of the state balancing it's budget through raiding and eliminating local revenue sources, the state budget will likely continue to be a source of economic uncertainty. The use of local resources to help solve State budget problems has unfortunately become far too common. 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.

In July, 2012, the State adopted AB 1484 implementing the elimination of Redevelopment agencies throughout California. The City, as the Successor Agency, continues to file it's required 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 legal obligations. The property tax values within the former Redevelopment Project Area have fallen in recent years to a level such that the tax increment revenues generated in a given fiscal year do not support the payment of bonded debt obligations. As such, through the Due Diligence Review process, the City was approved to retain reserve funds to meet on-going debt service obligations. The activities of the former Agency have ceased, and as part of the winding down process the City completes the administrative process necessary to make debt service payments to meet the legal obligations of the former Agency. As part of this process, in September, 2013, the City as the Successor Agency, received a Finding of Completion from the State Department of Finance and prepared of a Property Management Plan. This will allow the City to begin the final winding down of the affairs of the former Agency by selling off its assets and property.

Current unemployment rate data approximates the annualized unemployment rate around 10.1 percent. This is a significant decline from historical amounts of the past several years. Previous unemployment rates were:

FY 2010-11	21.9%
FY 2011-12	17.7%
FY 2012-13	12.4%
FY 2013-14	10.1%

The current 10.1 percent rate still seems high when compared to a statewide average of 7.0 percent. The significant decline indicates that the local economic and job outlook has improved tremendously. 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 updated Fiscal Policy is a commitment of the City Council, but the policy allows City Council the flexibility to adopt a deficit budget as long as they note an exception to the Fiscal Policy and have a plan for recovery to a balanced budget. At the conclusion of the FY 2013-14, the City increased the general fund unassigned reserve to \$4,530,069, or 12.5% of FY 2014-15 appropriations. This does not include the ESR that City Council intends to use to cover anticipated budget deficits over the next three fiscal years.

The City has positioned its operations so that this reserve can be properly maintained into the future. Taking into consideration the impacts of increased employee benefit costs for retirement, healthcare, and worker's compensation, 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 during 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 Proposition 84 waterline project, the recoating and rehabilitation of the oxygen reactors at the Wastewater plant, and the wastewater system improvements 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.

With the drought being the worst in California's recent history, the City has incorporated several water conservation measures into operations including a public education and information campaign, rebates for installing water conserving shower heads and toilets, restricting days for watering landscape to two days per week, and implementing water patrols. The City has seen a 20% reduction in water usage by citizens with a related decrease of 13% in water revenues. City staff has begun the process of preparing both a Water Rate Study and a Wastewater Rate Study. As part of this process, the consultant preparing the studies has been asked to provide options including a tiered rate structure and a drought conservation rate structure with the recognition that when a drought occurs, conservation is necessary and encouraged, but yet revenues must be sufficient to cover on-going fixed and operational costs. It is anticipated that the rate study will be completed in the Spring of 2015 with rates being approved by City Council in Summer, and implementation occurring in September, 2015.

#### **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](mailto:lhaile@yubacity.net).

**CITY OF YUBA CITY**  
**STATEMENT OF NET POSITION**  
June 30, 2014

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 43,242,186	\$ 19,951,227	\$ 63,193,413
Cash and investments with fiscal agents	778,351	488,151	1,266,502
Restricted cash and investments		1,117,282	1,117,282
Property held for housing authority	3,032,704		3,032,704
Interest receivable	206,649	6	206,655
Accounts receivable	4,957,485	6,451,042	11,408,527
Taxes and assessments receivable	3,601,944	110,000	3,711,944
Internal balances	2,273,578	(2,273,578)	
Receivable due from Successor Agency trust fund	11,069,664		11,069,664
Prepaid expenses	602,319	19,183	621,502
Inventory	13,479		13,479
Deposits receivable	15,000		15,000
Notes receivable	7,687,888		7,687,888
Capital assets:			
Nondepreciable:			
Land	125,347,238	1,674,698	127,021,936
Construction in progress	5,115,634	22,581,053	27,696,687
Depreciable:			
Buildings	38,423,190	25,417,272	63,840,462
Improvements	11,261,053	74,514,761	85,775,814
Machinery and equipment	18,256,389	26,660,155	44,916,544
Infrastructure	362,280,090	149,299,795	511,579,885
Accumulated depreciation	(137,677,296)	(89,665,435)	(227,342,731)
Total assets	<u>500,487,545</u>	<u>236,345,612</u>	<u>736,833,157</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred loss on refunding		1,185,058	1,185,058
Total deferred outflows of resources		<u>1,185,058</u>	<u>1,185,058</u>
<b>LIABILITIES</b>			
Accounts payable	2,398,903	3,573,550	5,972,453
Accrued liabilities	1,213,929	201,137	1,415,066
Accrued interest payable	72,972	259,093	332,065
Deposits payable	747,619	70,255	817,874
Unearned revenue	9,496,584	194,793	9,691,377
Compensated absences, due within one year	23,219	285,003	308,222
Noncurrent liabilities, due within one year	1,984,908	2,542,756	4,527,664
Noncurrent liabilities:			
Other post-employment benefits obligation	903,217		903,217
Compensated absences, due in more than one year	3,557,601	174,786	3,732,387
Other, due in more than one year	15,983,894	62,960,550	78,944,444
Total liabilities	<u>36,382,846</u>	<u>70,261,923</u>	<u>106,644,769</u>
<b>NET POSITION</b>			
Net investment in capital assets	408,431,621	146,164,051	554,595,672
Restricted for:			
Community development	7,284,889		7,284,889
Streets and roads	2,483,536		2,483,536
Landscape districts	618,836		618,836
Lighting districts	1,333,059		1,333,059
Mitigation purposes	1,248		1,248
Specific plan	158,753		158,753
Neighborhood stabilization	3,668,594		3,668,594
Energy conservation	84,340		84,340
Rate stabilization	4,709		4,709
Capital projects	5,073,569		5,073,569
Debt service	801,357	1,346,340	2,147,697
Unrestricted	<u>34,160,188</u>	<u>19,758,356</u>	<u>53,918,544</u>
Total net position	<u>\$ 464,104,699</u>	<u>\$ 167,268,747</u>	<u>\$ 631,373,446</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, 2014

<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	\$ 4,393,129	\$ 53,769	\$ 102,340	\$ -
Public safety	24,980,039	2,556,336	39,111	282,597
Public works and facilities	15,409,666	418,210	2,042,511	5,673,402
Community development	1,292,742	1,520,681	3,047,081	
Parks and recreation	3,536,186	1,134,791		
Interest on long term debt	843,038			
<b>Total governmental activities</b>	<b>50,454,800</b>	<b>5,683,787</b>	<b>5,231,043</b>	<b>5,955,999</b>
Business-type activities:				
Water	10,726,296	11,794,764	3,503,728	
Wastewater	10,061,207	11,863,241		358,760
<b>Total business-type activities</b>	<b>20,787,503</b>	<b>23,658,005</b>	<b>3,503,728</b>	<b>358,760</b>
<b>Total government</b>	<b>\$ 71,242,303</b>	<b>\$ 29,341,792</b>	<b>\$ 8,734,771</b>	<b>\$ 6,314,759</b>

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

Gain on sale of capital assets

Transfers

Total general revenues and transfers

Change in net position

Net Position, July 1, 2013

Prior period adjustment

Net Position, July 1, 2013, restated

Net Position, June 30, 2014

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

**Net (Expense) Revenue and Change in Net Position**

<b>Net Governmental Activities</b>	<b>Net Business-type Activities</b>	<b>Total</b>
\$ (4,237,020)	\$ -	\$ (4,237,020)
(22,101,995)		(22,101,995)
(7,275,543)		(7,275,543)
3,275,020		3,275,020
(2,401,395)		(2,401,395)
(843,038)		(843,038)
<u>(33,583,971)</u>		<u>(33,583,971)</u>
	4,572,196	4,572,196
	2,160,794	2,160,794
	<u>6,732,990</u>	<u>6,732,990</u>
<u>(33,583,971)</u>	<u>6,732,990</u>	<u>(26,850,981)</u>
13,203,137		13,203,137
8,304,105		8,304,105
696,092		696,092
1,581,936		1,581,936
997,047		997,047
27,933		27,933
734,621	248,809	983,430
741,795		741,795
96,458		96,458
3,400,139	(3,400,139)	
<u>29,783,263</u>	<u>(3,151,330)</u>	<u>26,631,933</u>
<u>(3,800,708)</u>	<u>3,581,660</u>	<u>(219,048)</u>
470,477,005	164,040,162	634,517,167
<u>(2,571,598)</u>	<u>(353,075)</u>	<u>(2,924,673)</u>
<u>467,905,407</u>	<u>163,687,087</u>	<u>631,592,494</u>
<u>\$ 464,104,699</u>	<u>\$ 167,268,747</u>	<u>\$ 631,373,446</u>

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

**FUND FINANCIAL STATEMENTS**

**CITY OF YUBA CITY**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
June 30, 2014

	<b>General Fund</b>	<b>HOME Grant Special Revenue Fund</b>	<b>Streets and Roads Special Revenue Fund</b>
<b>ASSETS</b>			
Cash and investments	\$ 7,285,812	\$ 124,653	\$ 695,821
Cash and investments with fiscal agent			
Interest receivable	206,649		
Accounts receivable	740,572		1,220,239
Taxes and assessments receivable	3,013,049		567,476
Prepaid expenditures	27,538		
Due from other funds	949,667		
Deposits receivable	15,000		
Property held for housing authority			
Notes receivable		5,271,568	
Receivable due from Successor Agency trust fund	11,069,664		
<b>Total assets</b>	<b>\$ 23,307,951</b>	<b>\$ 5,396,221</b>	<b>\$ 2,483,536</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 340,060	\$ -	\$ -
Accrued liabilities	1,199,463		
Deposits payable			
Unearned revenue	870,984		
Due to other funds			
<b>Total liabilities</b>	<b>2,410,507</b>		
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned revenue - notes receivable		5,271,568	
Unearned revenue - taxes	728,616		
<b>Total deferred inflows of resources</b>	<b>728,616</b>	<b>5,271,568</b>	
<b>FUND BALANCES</b>			
Nonspendable	11,097,202		
Restricted		124,653	2,483,536
Committed	4,541,557		
Unassigned	4,530,069		
<b>Total fund balances</b>	<b>20,168,828</b>	<b>124,653</b>	<b>2,483,536</b>
<b>Total liabilities and fund balances</b>	<b>\$ 23,307,951</b>	<b>\$ 5,396,221</b>	<b>\$ 2,483,536</b>

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

<b>General CIP Capital Projects Fund</b>	<b>Impact Fees CIP Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
\$ 7,371,340	\$ 13,155,823	\$ 4,312,840	\$ 32,946,289
		778,351	778,351
			206,649
368,153	495,845	2,090,579	4,915,388
		21,419	3,601,944
			27,538
87,690			1,037,357
			15,000
		3,032,704	3,032,704
	528,825	1,887,495	7,687,888
			11,069,664
<u>\$ 7,827,183</u>	<u>\$ 14,180,493</u>	<u>\$ 12,123,388</u>	<u>\$ 65,318,772</u>
\$ 294,813	\$ 937,113	\$ 557,494	\$ 2,129,480
			1,199,463
	42,501	705,118	747,619
7,109	8,039,620	570,794	9,488,507
	87,690	949,667	1,037,357
<u>301,922</u>	<u>9,106,924</u>	<u>2,783,073</u>	<u>14,602,426</u>
	528,825	1,887,495	7,687,888
			728,616
	528,825	1,887,495	8,416,504
		3,032,704	14,129,906
820,200	4,544,744	2,892,467	10,865,600
6,705,061		1,529,566	12,776,184
		(1,917)	4,528,152
<u>7,525,261</u>	<u>4,544,744</u>	<u>7,452,820</u>	<u>42,299,842</u>
<u>\$ 7,827,183</u>	<u>\$ 14,180,493</u>	<u>\$ 12,123,388</u>	<u>\$ 65,318,772</u>

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**CITY OF YUBA CITY**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
June 30, 2014

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 42,299,842

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	\$	547,675,446	
Accumulated depreciation		<u>(128,276,253)</u>	
Net			419,399,193

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. (72,972)

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 8,416,504

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	\$	(903,217)	
Certificates of participation, net of issue costs		(10,650,000)	
Pension obligation bonds		(3,115,000)	
Capital leases payable		(3,924,677)	
Sutter County loan payable		(279,125)	
Compensated absences		<u>(3,549,109)</u>	
Net			(22,421,128)

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. 16,483,260

TOTAL NET POSITION, GOVERNMENTAL ACTIVITIES \$ 464,104,699

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, 2014

	<b>General Fund</b>	<b>HOME Grant Special Revenue Fund</b>	<b>Streets and Roads Special Revenue Fund</b>
<b>Revenues:</b>			
Taxes and assessments	\$ 24,557,539	\$ -	\$ 3,841,801
Use of money and property	112,600	297	14,038
Intergovernmental revenues	503,983		1,273,682
Charges for services	2,502,490		
Licenses, permits, and fees	1,133,637		
Fines and forfeitures	8,932		
Program income		75,455	
Contribution from trust fund	72,310		
Other revenues	138,433		75,000
Total revenues	<u>29,029,924</u>	<u>75,752</u>	<u>5,204,521</u>
<b>Expenditures:</b>			
Current:			
General government	3,827,441		
Public safety	22,712,634		
Parks and recreation	1,746,818		
Public works and facilities	4,365,750		
Community development	950,185	2	
Capital outlay	39,350		
Debt service:			
Principal	275,655		
Interest and other charges	268,530		
Total expenditures	<u>34,186,363</u>	<u>2</u>	
Excess of revenues over (under) expenditures	<u>(5,156,439)</u>	<u>75,750</u>	<u>5,204,521</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in	6,079,259		171,665
Transfers out			(4,496,507)
Total other financing sources (uses)	<u>6,079,259</u>		<u>(4,324,842)</u>
Net changes in fund balances	<u>922,820</u>	<u>75,750</u>	<u>879,679</u>
Fund balances - July 1, 2013	19,246,008	48,903	1,603,857
Prior period adjustments			
Fund balances - July 1, 2013, restated	<u>19,246,008</u>	<u>48,903</u>	<u>1,603,857</u>
Fund balances - June 30, 2014	<u>\$ 20,168,828</u>	<u>\$ 124,653</u>	<u>\$ 2,483,536</u>

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

<b>General CIP Capital Projects Fund</b>	<b>Impact Fees CIP Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Totals</b>
\$ -	\$ -	\$ 688,258	\$ 29,087,598
114,962	197,451	71,441	510,789
2,626	140,402	3,103,321	5,024,014
2,731	2,519,386	1,080,444	6,105,051
		99	1,133,736
		267,295	276,227
	1,835	38,086	115,376
			72,310
422,390		107,883	743,706
<u>542,709</u>	<u>2,859,074</u>	<u>5,356,827</u>	<u>43,068,807</u>
35,000		1,118	3,863,559
841,922	609,651		24,164,207
		1,536,889	3,283,707
		185,374	4,551,124
		331,366	1,281,553
1,066,059	1,241,017	2,854,639	5,201,065
10,588	149,248	1,484,541	1,920,032
643	223,249	359,803	852,225
<u>1,954,212</u>	<u>2,223,165</u>	<u>6,753,730</u>	<u>45,117,472</u>
<u>(1,411,503)</u>	<u>635,909</u>	<u>(1,396,903)</u>	<u>(2,048,665)</u>
30,568		3,619,548	9,901,040
(333,747)	(539,091)	(1,131,556)	(6,500,901)
<u>(303,179)</u>	<u>(539,091)</u>	<u>2,487,992</u>	<u>3,400,139</u>
<u>(1,714,682)</u>	<u>96,818</u>	<u>1,091,089</u>	<u>1,351,474</u>
10,720,339	5,901,519	5,268,305	42,788,931
<u>(1,480,396)</u>	<u>(1,453,593)</u>	<u>1,093,426</u>	<u>(1,840,563)</u>
<u>9,239,943</u>	<u>4,447,926</u>	<u>6,361,731</u>	<u>40,948,368</u>
<u>\$ 7,525,261</u>	<u>\$ 4,544,744</u>	<u>\$ 7,452,820</u>	<u>\$ 42,299,842</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, 2014

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 \$ 1,351,474

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	5,201,065
Depreciation expense not reported in governmental funds	(12,365,079)
Capital outlay expenditures reported as salary expenditures in governmental funds	451,889
Contributed capital not reported in governmental funds	270,000

Gain or loss on disposition of capital assets is not reported in the governmental funds. This is the net book value of the capital assets disposed during the current period (221,071)

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	
Repayment of debt principal is added back to fund balances	1,920,032
Amortization expense of costs of issuance not reported in governmental funds	

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	9,187
Compensated absences	88,299

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. (195,437)

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. (137,314)

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. (173,753)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (3,800,708)

**CITY OF YUBA CITY**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
June 30, 2014

	<b>Business-type Activities Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>
	<b>Water</b>	<b>Wastewater</b>	<b>Totals</b>	
<b>ASSETS</b>				
Current Assets:				
Cash and investments	\$ 11,214,252	\$ 8,736,975	\$ 19,951,227	\$ 10,295,897
Cash and investments with fiscal agents	488,151		488,151	
Restricted cash and investments		1,117,282	1,117,282	
Accounts receivable - net	4,986,693	1,464,349	6,451,042	42,097
Taxes and assessments receivable		110,000	110,000	
Interest receivable	6		6	
Inventory				13,479
Prepaid expenses	18,714	469	19,183	574,781
<b>Total Current Assets</b>	<b>16,707,816</b>	<b>11,429,075</b>	<b>28,136,891</b>	<b>10,926,254</b>
Capital Assets:				
Nondepreciable				
Land	974,698	700,000	1,674,698	
Construction in progress	8,168,506	14,412,547	22,581,053	
<b>Total Nondepreciable Capital Assets</b>	<b>9,143,204</b>	<b>15,112,547</b>	<b>24,255,751</b>	
Depreciable				
Buildings	9,124,700	16,292,572	25,417,272	306,372
Improvements	41,326,875	33,187,886	74,514,761	
Infrastructure	104,942,773	44,357,022	149,299,795	
Machinery and equipment	9,870,414	16,789,741	26,660,155	12,701,776
<b>Total Depreciable Capital Assets</b>	<b>165,264,762</b>	<b>110,627,221</b>	<b>275,891,983</b>	<b>13,008,148</b>
Less Accumulated Depreciation	(47,820,813)	(41,844,622)	(89,665,435)	(9,401,043)
<b>Net Depreciable Capital Assets</b>	<b>117,443,949</b>	<b>68,782,599</b>	<b>186,226,548</b>	<b>3,607,105</b>
<b>Net Capital Assets</b>	<b>126,587,153</b>	<b>83,895,146</b>	<b>210,482,299</b>	<b>3,607,105</b>
Advances to other funds				2,273,578
<b>Total Noncurrent Assets</b>	<b>126,587,153</b>	<b>83,895,146</b>	<b>210,482,299</b>	<b>5,880,683</b>
<b>Total Assets</b>	<b>143,294,969</b>	<b>95,324,221</b>	<b>238,619,190</b>	<b>16,806,937</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred loss on refunding	688,615	496,443	1,185,058	
<b>Total Deferred Outflows of Resources</b>	<b>688,615</b>	<b>496,443</b>	<b>1,185,058</b>	

(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, 2014

	<b>Business-type Activities Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>
	<b>Water</b>	<b>Wastewater</b>	<b>Totals</b>	
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	\$ 1,277,579	\$ 2,295,971	\$ 3,573,550	\$ 269,423
Accrued interest payable	87,734	171,359	259,093	
Accrued wages	87,853	113,284	201,137	14,466
Unearned revenue	81,380	113,413	194,793	8,077
Deposits payable		70,255	70,255	
Compensated absences	117,881	167,122	285,003	23,219
Loans payable	1,012,019		1,012,019	
Bonds payable	788,681	742,056	1,530,737	
	<u>3,453,127</u>	<u>3,673,460</u>	<u>7,126,587</u>	<u>315,185</u>
Total Current Liabilities				
Noncurrent Liabilities:				
Compensated absences	111,141	63,645	174,786	8,492
Loans payable	21,342,489	6,930,061	28,272,550	
Bonds payable	19,799,985	14,888,015	34,688,000	
Advances from other funds		2,273,578	2,273,578	
	<u>41,253,615</u>	<u>24,155,299</u>	<u>65,408,914</u>	<u>8,492</u>
Total Noncurrent Liabilities				
	<u>44,706,742</u>	<u>27,828,759</u>	<u>72,535,501</u>	<u>323,677</u>
Total Liabilities				
<b>NET POSITION</b>				
Net investment in capital assets	84,332,594	61,831,457	146,164,051	3,607,105
Restricted for:				
Debt service	400,417	945,923	1,346,340	
Unrestricted	14,543,831	5,214,525	19,758,356	12,876,155
	<u>\$ 99,276,842</u>	<u>\$ 67,991,905</u>	<u>\$ 167,268,747</u>	<u>\$ 16,483,260</u>
Total Net Position				

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, 2014

	<b>Business-type Activities</b>			<b>Governmental Activities - Internal Service Funds</b>
	<b>Enterprise Funds</b>			
	<b>Water</b>	<b>Wastewater</b>	<b>Totals</b>	
Operating Revenues:				
Sales and charges for services	\$ 10,964,525	\$ 11,195,109	\$ 22,159,634	\$ 6,360,698
Connection fees	760,487	461,562	1,222,049	
Other revenues	69,752	206,570	276,322	38,629
Total Operating Revenues	<u>11,794,764</u>	<u>11,863,241</u>	<u>23,658,005</u>	<u>6,399,327</u>
Operating Expenses:				
Salaries and benefits	1,867,445	2,672,150	4,539,595	302,054
Professional services	194,455	460,822	655,277	51,526
Supplies	19,733	39,170	58,903	5,360
Benefits, claims, and insurance	35,931	44,271	80,202	4,860,552
Maintenance and operation	569,183	606,437	1,175,620	599,436
Tools and equipment	226,385	1,015,823	1,242,208	116,725
Rents and leases	2,282	1,004	3,286	
Power and utilities	1,067,986	985,498	2,053,484	25,065
Training	27,480	27,348	54,828	13,489
Water purchases	804,784		804,784	
Depreciation	4,718,299	3,209,239	7,927,538	835,196
Total Operating Expenses	<u>9,533,963</u>	<u>9,061,762</u>	<u>18,595,725</u>	<u>6,809,403</u>
Operating Income (Loss)	<u>2,260,801</u>	<u>2,801,479</u>	<u>5,062,280</u>	<u>(410,076)</u>
Non-Operating Revenues (Expenses):				
Interest income	157,523	91,286	248,809	141,776
Debt issuance costs		(113,086)	(113,086)	
Interest expense	(1,143,092)	(807,109)	(1,950,201)	
Amortization expense	(49,241)	(79,250)	(128,491)	
Gain (loss) on sale of capital assets				94,547
Intergovernmental revenues	3,503,728	358,760	3,862,488	
Total Non-Operating Revenue (Expenses)	<u>2,468,918</u>	<u>(549,399)</u>	<u>1,919,519</u>	<u>236,323</u>
Income (Loss) Before Transfers	4,729,719	2,252,080	6,981,799	(173,753)
Transfers:				
Transfers in		245,000	245,000	
Transfers out	(1,932,273)	(1,712,866)	(3,645,139)	
Change in Net Position	<u>2,797,446</u>	<u>784,214</u>	<u>3,581,660</u>	<u>(173,753)</u>
Net Position, July 1, 2013	96,662,438	67,377,724	164,040,162	16,657,013
Prior period adjustments	(183,042)	(170,033)	(353,075)	
Net Assets, July 1, 2013, restated	<u>96,479,396</u>	<u>67,207,691</u>	<u>163,687,087</u>	<u>16,657,013</u>
Net Position, June 30, 2014	<u>\$ 99,276,842</u>	<u>\$ 67,991,905</u>	<u>\$ 167,268,747</u>	<u>\$ 16,483,260</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, 2014

	<b>Business-type Activities</b>			<b>Governmental Activities - Internal Service Funds</b>
	<b>Enterprise Funds</b>			
	<b>Water</b>	<b>Wastewater</b>	<b>Totals</b>	
Cash Flows from Operating Activities:				
Receipts from customers	\$ 8,676,661	\$ 11,645,589	\$ 20,322,250	\$ 6,398,775
Amounts (paid)/from interfund receivable		2,273,578	2,273,578	(2,273,578)
Payments to suppliers and users	(2,610,196)	(1,997,799)	(4,607,995)	(5,589,193)
Payments to employees	(1,821,626)	(2,646,720)	(4,468,346)	(340,478)
Net Cash Provided (Used) by Operating Activities	4,244,839	9,274,648	13,519,487	(1,804,474)
Cash Flows from Non-Capital Financing Activities:				
Intergovernmental revenues	3,503,728		3,503,728	
Transfers in		245,000	245,000	
Transfers out	(1,932,273)	(1,712,866)	(3,645,139)	
Net Cash Provided (Used) by Non-Capital Financing Activities	1,571,455	(1,467,866)	103,589	
Cash Flows from Capital and Related Financing Activities:				
Intergovernmental revenues		358,760	358,760	
Acquisition of capital assets	(5,102,364)	(13,620,820)	(18,723,184)	(2,207,149)
Proceeds from sale of capital assets				169,641
Proceeds from issuance of debt		12,833,184	12,833,184	
Debt issuance costs paid		(113,086)	(113,086)	
Principal paid on debt	(1,768,787)	(8,624,048)	(10,392,835)	
Interest paid on debt	(1,146,362)	(829,384)	(1,975,746)	
Net Cash Provided (Used) by Capital and Related Financing Activities	(8,017,513)	(9,995,394)	(18,012,907)	(2,037,508)
Cash Flows from Investing Activities:				
Interest received	157,517	91,286	248,803	141,776
Net Cash Provided (Used) by Investing Activities	157,517	91,286	248,803	141,776
Net Increase (Decrease) in Cash and Cash Equivalents	(2,043,702)	(2,097,326)	(4,141,028)	(3,700,206)
Cash and Cash Equivalents, July 1, 2013	13,746,105	11,951,583	25,697,688	13,996,103
Cash and Cash Equivalents, June 30, 2014	<u>\$ 11,702,403</u>	<u>\$ 9,854,257</u>	<u>\$ 21,556,660</u>	<u>\$ 10,295,897</u>
Reconciliation of Cash and Cash Equivalents to Statement of Net Position				
Cash and investments	\$ 11,214,252	\$ 8,736,975	\$ 19,951,227	\$ 10,295,897
Cash and investments with fiscal agents	488,151		488,151	
Restricted cash and investments		1,117,282	1,117,282	
Total Cash and Investments	<u>\$ 11,702,403</u>	<u>\$ 9,854,257</u>	<u>\$ 21,556,660</u>	<u>\$ 10,295,897</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, 2014

	<b>Business-type Activities Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>
	<b>Water</b>	<b>Wastewater</b>	<b>Totals</b>	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 2,260,801	\$ 2,801,479	\$ 5,062,280	\$ (410,076)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	4,718,299	3,209,239	7,927,538	835,196
(Increase) Decrease in Operating Assets:				
Accounts receivable	(3,144,799)	(217,503)	(3,362,302)	(600)
Inventory				528
Prepaid expenses	(3,079)	(40)	(3,119)	(118,441)
Increase (Decrease) in Operating Liabilities:				
Accounts payable	341,102	1,182,614	1,523,716	160,022
Accrued wages	19,401	10,370	29,771	4,852
Compensated absences	26,418	15,060	41,478	(2,425)
Advances from other funds		2,273,578	2,273,578	
Unearned revenue	26,696	(149)	26,547	48
 Net Cash Provided (Used) by Operating Activities	 <u>\$ 4,244,839</u>	 <u>\$ 9,274,648</u>	 <u>\$ 13,519,487</u>	 <u>\$ (1,804,474)</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, 2014

	<b>Private-Purpose Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and investments	\$ 2,286,702	\$ 29,070,851
Cash and investments with fiscal agent	2,645,076	432,243
Interest receivable	1	5,093
Accounts receivable	32,507	9,229,115
Taxes and assessments receivable	70,485	
Prepaid expenses	322,469	63
Deposits receivable	9,800	
Deferred charges	93,852	
Notes receivable	3,248,090	
Capital assets, nondepreciable	3,907,713	
Capital assets, depreciable, net of accumulated depreciation	1,618,658	
Total Assets	14,235,353	\$ 38,737,365
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred loss on refunding	506,991	
Total Deferred Outflows of Resources	506,991	
<b>LIABILITIES</b>		
Accounts payable	703	\$ 13,012,358
Accrued liabilities		21,562
Interest payable	630,450	
Deposits payable		25,703,445
Long-term debt, due within one year	665,681	
Long-term debt, due in more than one year	45,448,804	
Total Liabilities	46,745,638	\$ 38,737,365
<b>NET POSITION</b>		
Restricted for Debt Service	2,014,626	
Unrestricted	(34,017,920)	
Total Net Position (Deficit)	\$ (32,003,294)	

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, 2014

	<b>Private-Purpose Trust Funds</b>
Additions:	
Investment revenue	\$ 166,560
Taxes and assessments	2,830,432
Contribution from City for debt service	1,274,660
Contribution from agency fund	48,369
Other revenue	93,852
Total additions	4,413,873
Deductions:	
Administration	132,726
Community development	580,440
Interest expense	1,925,191
Depreciation and amortization	136,323
Total deductions	2,774,680
Change in net position	1,639,193
Net Position (Deficit) - July 1, 2013	(33,396,407)
Prior Period Adjustment	(246,080)
Net Position (Deficit) - July 1, 2013, restated	(33,642,487)
Net Position (Deficit) - June 30, 2014	\$ (32,003,294)

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

**CITY OF YUBA CITY**  
**Notes to Basic Financial Statements**  
**June 30, 2014**

**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, 2014**

**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, 2014**

**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, 2014**

**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, 2014**

**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, 2014**

**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, 2014, 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, 2014**

**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 7 for details of interfund transactions.

**CITY OF YUBA CITY**  
**Notes to Basic Financial Statements**  
**June 30, 2014**

**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 as a deferred inflow of resource.

**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, 2014**

**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 and shown as a deferred inflow of resources. 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.

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 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 and discount. Refunding differences are reported as deferred outflows of resources on the Statement of Net Position.

**CITY OF YUBA CITY**  
**Notes to Basic Financial Statements**  
**June 30, 2014**

**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, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. Net Position/Fund Balances (Continued)**

At June 30, 2014, 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	\$ 7,284,889	\$ -
Streets and roads	2,483,536	
Landscape districts	618,836	
Lighting districts	1,333,059	
Mitigation purposes	1,248	
Specific plans	158,753	
Neighborhood stabilization	3,668,594	
Energy conservation	84,340	
Rate stabilization	4,709	
Capital projects	5,073,569	
Debt service	801,357	1,346,340
Total Restricted	\$ 21,512,890	\$ 1,346,340

Included in total restricted net position at June 30, 2014 is net position restricted by enabling legislation of \$1,131,695.

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, 2014**

**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, 2014 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
<b>Nonspendable:</b>							
Prepays	\$ 27,538	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27,538
Receivable from Successor Agency	11,069,664						11,069,664
Property held for housing authority						3,032,704	3,032,704
<b>Total Nonspendable</b>	<b>11,097,202</b>					<b>3,032,704</b>	<b>14,129,906</b>
<b>Restricted for:</b>							
Community Development		124,653				1,503	126,156
Neighborhood Stabilization						635,890	635,890
Streets and Roads			2,483,536				2,483,536
Landscaping						618,836	618,836
Lighting				820,200		512,859	1,333,059
Mitigation Fees						1,248	1,248
Specific Plans						158,753	158,753
Rate Stabilization						4,709	4,709
Energy Conservation						84,340	84,340
Debt Service						874,329	874,329
Capital Projects					4,544,744		4,544,744
<b>Total Restricted</b>		<b>124,653</b>	<b>2,483,536</b>	<b>820,200</b>	<b>4,544,744</b>	<b>2,892,467</b>	<b>10,865,600</b>
<b>Committed for:</b>							
Economic Stabilization	4,541,557						4,541,557
Traffic Safety						181,838	181,838
Law Enforcement						140,042	140,042
Capital Projects				6,705,061		1,207,686	7,912,747
<b>Total Committed</b>	<b>4,541,557</b>			<b>6,705,061</b>		<b>1,529,566</b>	<b>12,776,184</b>
Unassigned	4,530,069					(1,917)	4,528,152
<b>Total Fund Balances</b>	<b>\$ 20,168,828</b>	<b>\$ 124,653</b>	<b>\$ 2,483,536</b>	<b>\$ 7,525,261</b>	<b>\$ 4,544,744</b>	<b>\$ 7,452,820</b>	<b>\$ 42,299,842</b>

**CITY OF YUBA CITY**  
**Notes to Basic Financial Statements**  
**June 30, 2014**

**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	\$ 259,148	\$ 10,841	\$ -	\$ 223,149	\$ 281,301	\$ 1,497,941	\$ 2,272,380

Stabilization Agreements/Rainy Day Fund/Budget Reserves

The City, has established, by resolution, a reserve for budget stabilization within the General Fund, to cover deficit spending during times of economic downturn. Amounts are added to or utilized from the Economic Stabilization Reserve Fund through City Council action. As of June 30, 2014 the balance in the Economic Stabilization Reserve Fund was \$4,541,557 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, 2014**

**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. 65, 66, 67, and 70 during the fiscal year ended June 30, 2014.

*Governmental Accounting Standards Board Statement No. 65*

For the fiscal year ended June 30, 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 65, "Items Previously Reported as Assets and Liabilities." This Statement is effective for periods beginning after December 15, 2012. The objective of this Statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. Implementation of GASB Statement No. 65 had an impact on the City's financial statements for the fiscal year ended June 30, 2014 by requiring the removal of unamortized debt issuance costs from the Statement of Net Position and adding deferred inflows and outflows of resources (see Note 4 and Note 6).

*Governmental Accounting Standards Board Statement No. 66*

For the fiscal year ended June 30, 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 66, "Technical Correction - 2012." This Statement is effective for periods beginning after December 15, 2012. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions," and GASB Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." Since the release of these Statements, questions have arisen concerning differences between the provisions in Statement No. 54 and Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, regarding the reporting of risk financing activities. Questions also have arisen about differences between Statement No. 62 and Statements No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, regarding the reporting of certain operating lease transactions, and No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Equity Transfers of Assets and Future Revenues*, concerning the reporting of the acquisition of a loan or a group of loans and the recognition of servicing fees related to mortgage loans that are sold. Implementation of the GASB Statement No. 66 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2014.

**CITY OF YUBA CITY**  
**Notes to Basic Financial Statements**  
**June 30, 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**P. New Accounting Pronouncements (Continued)**

*Governmental Accounting Standards Board Statement No. 67*

For the fiscal year ended June 30, 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 67, "Financial Reporting for Pension Plans." This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of Statements No. 25, "Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans" and No. 50 "Pension Disclosures" as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. Implementation of the GASB Statement No. 67 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2014.

*Governmental Accounting Standards Board Statement No. 70*

For the fiscal year ended June 30, 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 70, "Accounting and Financial Reporting for Non-exchange Financial Guarantees." This Statement is effective for periods beginning after June 15, 2013. The objective of this Statement is to improve the recognition, measurement, and disclosure guidance for state and local governments that have extended or received financial guarantees that are non-exchange transactions. Implementation of the GASB Statement No. 70 did not have an impact on the City's financial statements for the fiscal year ended June 30, 2014.

**Q. Rebatable 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.

**S. Deferred Outflows and Inflows of Resources**

Pursuant to GASB Statement No. 65 the City recognizes deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. Refer to Note 6 for a detailed listing of the deferred outflows of resources that the City has recognized.

Pursuant to GASB Statement No. 65 the City recognizes deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of fund balance by the government that is applicable to a future reporting period. Refer to Note 4 for a detailed listing of the deferred inflows of resources that the City has recognized.

**CITY OF YUBA CITY**  
**Notes to Basic Financial Statements**  
**June 30, 2014**

**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	\$ 63,193,413
Cash and investments with fiscal agents	1,266,502
Restricted cash and investments	1,117,282
Statement of Fiduciary Net Position:	
Cash and investments	31,357,553
Cash and investments with fiscal agents	<u>3,077,319</u>
Total	<u><u>\$ 100,012,069</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.

Cash on hand	\$ 5,910
Deposits with financial institutions	21,139,582
Investments	<u>78,866,577</u>
Total	<u><u>\$ 100,012,069</u></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, 2014**

**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	5 years	None	None
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, 2014**

**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	\$ 14,811,419	\$ 14,811,419	\$ -	\$ -	\$ -	\$ -	\$ -
California Asset Management Program (CAMP)	102,560	102,560					
Money market funds	11,017,902	11,017,902					
Special assessment district bonds	1,477,101	103,439	109,382	110,058	108,525	109,135	936,562
Certificates of deposit	2,073,378	575,322	1,498,056				
Yuba City RDA obligations	1,182,816						1,182,816
State of CA obligations	577,817		201,442		376,375		
U.S. treasury obligations	8,897,032	2,465,639	2,472,524	2,699,952	713,900	545,017	
U.S. government agency issues	21,112,024	2,829,478	3,447,544	8,735,627	6,099,375		
Corporate bonds	13,270,707	3,484,433	4,078,888	3,560,094	2,147,292		
Held by bond trustees:							
Money market funds	1,110,211	1,110,211					
State investment pool (LAIF)	215,391	215,391					
U.S. government agency issues	3,018,219	3,018,219					
	<u>\$ 78,866,577</u>	<u>\$ 39,734,013</u>	<u>\$ 11,807,836</u>	<u>\$ 15,105,731</u>	<u>\$ 9,445,467</u>	<u>\$ 654,152</u>	<u>\$ 2,119,378</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	\$ 14,811,419	N/A	\$ -	\$ -	\$ -	\$ -	\$ 14,811,419
California Asset Management Program (CAMP)	102,560	N/A					102,560
Money market funds	11,017,902	N/A		1,519,287			9,498,615
Special assessment district bonds	1,477,101	N/A					1,477,101
Certificates of deposit	2,073,378	N/A			475,675	1,147,976	449,727
Yuba City RDA obligations	1,182,816	N/A					1,182,816
State of CA obligations	577,817	N/A				577,817	
U.S. treasury obligations	8,897,032	N/A	8,897,032				
U.S. government agency issues	21,112,024	N/A			21,112,024		
Corporate bonds	13,270,707	N/A		1,369,554	8,406,098	3,495,055	
Held by bond trustees:							
Money market funds	1,110,211	N/A		1,110,211			
State investment pool (LAIF)	215,391	N/A					215,391
U.S. government agency issues	3,018,219	N/A			3,018,219		
<b>Total</b>	<u>\$ 78,866,577</u>		<u>\$ 8,897,032</u>	<u>\$ 3,999,052</u>	<u>\$ 33,012,016</u>	<u>\$ 5,220,848</u>	<u>\$ 27,737,629</u>

**CITY OF YUBA CITY**  
**Notes to Basic Financial Statements**  
**June 30, 2014**

**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 - \$9,480,762 with various interest rates and maturity dates of .550% to 1.625% and 10/26/15 to 5/21/18, respectively, and Federal Home Loan Mortgage Corporation - \$7,166,266 with various interest rates and maturity dates of .500% to 2.875% and 2/9/15 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, 2014, \$25,036,442 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 1.00029875 was used to calculate the fair value of the investments in LAIF.

**CITY OF YUBA CITY**  
**Notes to Basic Financial Statements**  
**June 30, 2014**

**NOTE 3 - CAPITAL ASSETS**

At June 30, 2014, the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
<b>Nondepreciable Assets:</b>			
Land	\$ 125,347,238	\$ 1,674,698	\$ 127,021,936
Construction in progress	5,115,634	22,581,053	27,696,687
<b>Total nondepreciable assets</b>	<b>130,462,872</b>	<b>24,255,751</b>	<b>154,718,623</b>
<b>Depreciable Assets:</b>			
Buildings	38,423,190	25,417,272	63,840,462
Improvements	11,261,053	74,514,761	85,775,814
Machinery and equipment	18,256,389	26,660,155	44,916,544
Infrastructure	362,280,090	149,299,795	511,579,885
<b>Total depreciable assets</b>	<b>430,220,722</b>	<b>275,891,983</b>	<b>706,112,705</b>
Less accumulated depreciation	(137,677,296)	(89,665,435)	(227,342,731)
<b>Total depreciable assets, net</b>	<b>292,543,426</b>	<b>186,226,548</b>	<b>478,769,974</b>
<b>Total capital assets, net</b>	<b>\$ 423,006,298</b>	<b>\$ 210,482,299</b>	<b>\$ 633,488,597</b>

The following is a summary of capital asset activity for governmental activities for the fiscal year ended June 30, 2014:

	Balance July 1, 2013	Additions	Deletions	Transfers	Prior Period Adjustments	Balance June 30, 2014
<b>Governmental Activities</b>						
<b>Nondepreciable capital assets:</b>						
Land	\$ 125,347,238	\$ -	\$ -	\$ -	\$ -	\$ 125,347,238
Construction in progress	3,530,870	5,570,127	(137,272)	(3,848,091)		5,115,634
<b>Total nondepreciable capital assets</b>	<b>128,878,108</b>	<b>5,570,127</b>	<b>(137,272)</b>	<b>(3,848,091)</b>	<b>-</b>	<b>130,462,872</b>
<b>Depreciable capital assets:</b>						
Buildings	38,403,671			19,519		38,423,190
Improvements	11,127,780			80,773	52,500	11,261,053
Machinery and equipment	18,285,434	2,559,976	(2,598,727)	9,706		18,256,389
Infrastructure	358,541,997			3,738,093		362,280,090
<b>Total depreciable capital assets</b>	<b>426,358,882</b>	<b>2,559,976</b>	<b>(2,598,727)</b>	<b>3,848,091</b>	<b>52,500</b>	<b>430,220,722</b>
<b>Accumulated depreciation:</b>						
Buildings	(12,413,648)	(2,128,609)				(14,542,257)
Improvements	(4,083,133)	(573,480)				(4,656,613)
Machinery and equipment	(13,749,201)	(1,126,114)	2,439,836			(12,435,479)
Infrastructure	(96,670,875)	(9,372,072)				(106,042,947)
<b>Total accumulated depreciation</b>	<b>(126,916,857)</b>	<b>(13,200,275)</b>	<b>2,439,836</b>			<b>(137,677,296)</b>
<b>Net depreciable capital assets</b>	<b>299,442,025</b>	<b>(10,640,299)</b>	<b>(158,891)</b>	<b>3,848,091</b>	<b>52,500</b>	<b>292,543,426</b>
<b>Net capital assets</b>	<b>\$ 428,320,133</b>	<b>\$ (5,070,172)</b>	<b>\$ (296,163)</b>	<b>\$ -</b>	<b>\$ 52,500</b>	<b>\$ 423,006,298</b>

**CITY OF YUBA CITY**  
**Notes to Basic Financial Statements**  
**June 30, 2014**

**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	\$ 467,861
Public safety	1,261,709
Public works	11,132,117
Parks and recreation	334,078
Community development	<u>4,510</u>
Total Governmental Activities	<u>\$ 13,200,275</u>

Depreciation on capital assets held by the City's internal service funds of \$835,196 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, 2014:

	Balance July 1, 2013	Additions	Deletions	Transfers	Balance June 30, 2014
<b>Business-type Activities</b>					
<b>Water</b>					
Nondepreciable capital assets:					
Land	\$ 974,698	\$ -	\$ -	\$ -	\$ 974,698
Construction in progress	6,230,778	5,040,203		(3,102,475)	8,168,506
Total nondepreciable capital assets	<u>7,205,476</u>	<u>5,040,203</u>		<u>(3,102,475)</u>	<u>9,143,204</u>
Depreciable capital assets:					
Buildings	9,124,700				9,124,700
Improvements	40,994,739			332,136	41,326,875
Machinery and equipment	9,830,593	62,161	(22,340)		9,870,414
Infrastructure	102,172,434			2,770,339	104,942,773
Total depreciable capital assets	<u>162,122,466</u>	<u>62,161</u>	<u>(22,340)</u>	<u>3,102,475</u>	<u>165,264,762</u>
Accumulated depreciation:					
Buildings	(5,223,197)	(363,479)			(5,586,676)
Improvements	(18,109,409)	(1,455,999)			(19,565,408)
Machinery and equipment	(4,186,609)	(485,614)	22,340		(4,649,883)
Infrastructure	(15,605,639)	(2,413,207)			(18,018,846)
Total accumulated depreciation	<u>(43,124,854)</u>	<u>(4,718,299)</u>	<u>22,340</u>		<u>(47,820,813)</u>
Net depreciable capital assets	<u>118,997,612</u>	<u>(4,656,138)</u>		<u>3,102,475</u>	<u>117,443,949</u>
Net capital assets	<u>\$ 126,203,088</u>	<u>\$ 384,065</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,587,153</u>

**CITY OF YUBA CITY**  
**Notes to Basic Financial Statements**  
**June 30, 2014**

**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, 2014: (Continued)

	Balance July 1, 2013	Additions	Deletions	Transfers	Balance June 30, 2014
<b>Business-type Activities</b>					
<b>Wastewater</b>					
Nondepreciable capital assets:					
Land	\$ 700,000	\$ -	\$ -	\$ -	\$ 700,000
Construction in progress	3,625,524	11,209,836		(422,813)	14,412,547
Total nondepreciable capital assets	4,325,524	11,209,836		(422,813)	15,112,547
Depreciable capital assets:					
Buildings	16,142,692			149,880	16,292,572
Improvements	33,187,886				33,187,886
Machinery and equipment	14,378,757	2,410,984			16,789,741
Infrastructure	44,084,089			272,933	44,357,022
Total depreciable capital assets	107,793,424	2,410,984		422,813	110,627,221
Accumulated depreciation:					
Buildings	(8,160,932)	(437,638)			(8,598,570)
Improvements	(17,410,184)	(990,035)			(18,400,219)
Machinery and equipment	(7,782,809)	(948,120)			(8,730,929)
Infrastructure	(5,281,458)	(833,446)			(6,114,904)
Total accumulated depreciation	(38,635,383)	(3,209,239)			(41,844,622)
Net depreciable capital assets	69,158,041	(798,255)		422,813	68,782,599
Net capital assets	\$ 73,483,565	\$ 10,411,581	\$ -	\$ -	\$ 83,895,146

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:

<b>Business-Type Activities:</b>	
Water	\$ 4,718,299
Wastewater	3,209,239
Depreciation Expense-Business-type Activities	<u>\$ 7,927,538</u>

**CITY OF YUBA CITY**  
**Notes to Basic Financial Statements**  
**June 30, 2014**

**NOTE 4 – UNEARNED REVENUE**

At June 30, 2014, 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	\$ 397,134	\$ -
Senior fund raising revenue received but not earned	84,871	
Impact fees collected but not earned	8,039,620	
Franchise fees received but not earned	570,794	
Employee benefit contributions received but not earned	8,077	
Grant revenues received but not earned	396,088	
Water revenues collected but not earned		81,380
Wastewater revenues collected but not earned		<u>113,413</u>
Total unearned revenue	<u>\$ 9,496,584</u>	<u>\$ 194,793</u>

At June 30, 2014, components of unearned revenue reported in the fund financial statements were as follows:

General Fund:	
Business license and miscellaneous revenue received but not earned	\$ 397,134
Senior fund raising revenue received but not earned	84,871
Grant revenue received but not earned	388,979
General CIP Capital Projects Fund:	
Grant revenue received but not earned	7,109
Impact Fees CIP Capital Projects Fund:	
Impact fees collected but not earned	8,039,620
Recology Rate Stabilization Special Revenue Fund:	
Franchise fees received but not yet earned	570,794
Water Fund:	
Water revenues collected but not earned	81,380
Wastewater Fund:	
Wastewater revenues collected but not earned	113,413
Employee Benefits Fund:	
Employee benefit contributions received but not earned	<u>8,077</u>
Total unearned revenue	<u>\$ 9,691,377</u>

At June 30, 2014, components of deferred inflows of resources - unearned revenue reported in the fund financial statements were as follows:

General Fund:	
Sales tax revenue accrued but not available	\$ 728,616
HOME Grant Special Revenue Fund:	
Notes receivable (balance may be forgiven)	5,271,568
Impact Fees CIP Capital Projects Fund:	
Notes receivable	528,825
CDBG Program Income Special Revenue Fund:	
Notes receivable (balance may be forgiven)	1,465,779
CAL-HOME Grant Special Revenue Fund:	
Notes receivable (balance may be forgiven)	<u>421,716</u>
Total unearned revenue	<u>\$ 8,416,504</u>

**CITY OF YUBA CITY**  
**Notes to Basic Financial Statements**  
**June 30, 2014**

**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, 2014:

	Balance July 1, 2013	Additions	Deletions	Prior Period Adjustments	Balance June 30, 2014	Due within one year
<b>Governmental Activities</b>						
Certificates of Participation	\$ 10,945,000		\$ (295,000)	\$ -	\$ 10,650,000	\$ 305,000
Pension Obligation Bonds	3,980,000		(865,000)		3,115,000	950,000
Other post-employment benefits	765,903	187,636	(50,322)		903,217	
Street Light Lease Payable	62,868		(62,868)			
Fire Station #4 Lease Payable	3,255,179		(601,862)		2,653,317	625,502
Sutter County Loan			(21,175)	300,300	279,125	23,100
Compensated Absences	3,671,544	1,699,686	(1,790,410)		3,580,820	23,219
Street Light Conversion Lease Payable	1,345,487		(74,127)		1,271,360	81,306
<b>Total - Governmental Activities</b>	<b>\$ 24,025,981</b>	<b>\$ 1,887,322</b>	<b>\$ (3,760,764)</b>	<b>\$ 300,300</b>	<b>\$ 22,452,839</b>	<b>\$ 2,008,127</b>
<b>Business-type Activities</b>						
Certificates of Participation	\$ 7,813,676	\$ -	\$ (7,813,676)	\$ -	\$ -	\$ -
Water Revenue Refunding Bonds	21,710,000		(780,000)		20,930,000	805,000
Wastewater Revenue Refunding Bonds	9,270,000	7,321,914	(810,373)		15,781,541	750,966
Less Deferred Amounts:						
Bond Discount	(518,033)		25,229		(492,804)	(25,229)
Bonds, net	38,275,643	7,321,914	(9,378,820)		36,218,737	1,530,737
Loans Payable	24,762,085	5,511,270	(988,786)		29,284,569	1,012,019
Compensated Absences	418,311	271,373	(229,895)		459,789	285,003
<b>Total Business-type Activities</b>	<b>\$ 63,456,039</b>	<b>\$ 13,104,557</b>	<b>\$ (10,597,501)</b>	<b>\$ -</b>	<b>\$ 65,963,095</b>	<b>\$ 2,827,759</b>

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, 2014 was \$10,650,000.

The scheduled annual minimum debt service requirements at June 30, 2014 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
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	355,000	412,181	767,181
2020-2024	2,005,000	1,827,614	3,832,614
2025-2029	2,480,000	1,353,723	3,833,723
2030-2034	3,085,000	750,402	3,835,402
2035-2036	1,435,000	97,650	1,532,650
<b>Totals</b>	<b>\$ 10,650,000</b>	<b>\$ 6,219,645</b>	<b>\$ 16,869,645</b>

**CITY OF YUBA CITY**  
**Notes to Basic Financial Statements**  
**June 30, 2014**

**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, 2014 was \$3,115,000.

The scheduled annual minimum debt service requirements at June 30, 2014 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
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>\$ 3,115,000</u>	<u>\$ 341,913</u>	<u>\$ 3,456,913</u>

Capital Leases

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 value of the assets acquired with this capital lease was \$5,718,513.

The scheduled annual minimum debt service requirements at June 30, 2014 are as follows:

Fiscal Year Ended June 30,	Total
2015	\$ 722,691
2016	722,691
2017	722,691
2018	722,691
Total requirements	<u>2,890,764</u>
Less: interest	<u>(237,447)</u>
Present value of remaining payments	<u>\$ 2,653,317</u>

**CITY OF YUBA CITY**  
**Notes to Basic Financial Statements**  
**June 30, 2014**

**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 value of the assets acquired with this capital lease was \$1,392,022.

The scheduled annual minimum debt service requirements at June 30, 2014 are as follows:

Fiscal Year Ended June 30,	Total
2015	\$ 118,844
2016	118,844
2017	118,844
2018	118,844
2019	118,844
2020-2024	501,069
2025-2027	338,534
Total requirements	1,433,823
Less: interest	(162,463)
Present value of remaining payments	<u>\$ 1,271,360</u>

Sutter County Loan

The City has entered into a loan agreement, dated April 1, 2009, with the County of Sutter to share in the design costs of the animal shelter. The original loan amount was \$346,500, with interest paid quarterly based on the County of Sutter's return on investment rate, and repayment due on or before June 1, 2026. As of June 30, 2014, the balance of the loan was \$279,125.

The scheduled annual minimum debt service requirements at June 30, 2014 are as follows:

Fiscal Year Ended June 30,	Total
2015	\$ 23,100
2016	23,100
2017	23,100
2018	23,100
2019	23,100
2020-2024	115,500
2025-2027	48,125
Balance of principal payments	<u>\$ 279,125</u>

**CITY OF YUBA CITY**  
**Notes to Basic Financial Statements**  
**June 30, 2014**

**NOTE 5 - LONG-TERM DEBT (Continued)**

**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, 2014 was \$9,120,000.

\$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, plus or minus funds on hand) of \$634,485. The aggregate difference in debt service between the old and new debt is \$3,114,732.

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.

The scheduled annual minimum debt service requirements at June 30, 2014 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
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	155,000	345,129	500,129
2020-2024	845,000	1,649,165	2,494,165
2025-2029	4,125,000	1,304,952	5,429,952
2030-2032	3,380,000	295,989	3,675,989
Totals	<u>\$ 9,120,000</u>	<u>\$ 5,011,138</u>	<u>\$ 14,131,138</u>

Wastewater Revenue Refunding Bonds – 2014

On April 22, 2014, the City issued \$7,321,914 of Wastewater Revenue Refunding Bonds bearing interest of 2.45% and payable semi-annually on December 1 and June 1, maturing on June 1, 2024. These Certificates were used to advance refund the 2007 Wastewater Certificates, which were issued originally 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 2014 Wastewater Certificates of Participation at June 30, 2014 was \$6,661,541.

\$8,057,450 from the 2014 Wastewater Revenue Refunding Bonds, including \$850,535 of reserve funds from the 2007 Wastewater Certificates, was placed in an irrevocable trust that was used to pay off the 2007 COPs. The refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debts) of \$805,031. The aggregate difference in debt service between the 2007 Wastewater Certificates and the 2014 Wastewater Revenue Refunding Bonds was \$913,612.

**CITY OF YUBA CITY**  
**Notes to Basic Financial Statements**  
**June 30, 2014**

**NOTE 5 - LONG-TERM DEBT (Continued)**

**Business-type Activities (Continued)**

The scheduled annual minimum debt service requirements at June 30, 2014 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2015	\$ 595,966	\$ 163,208	\$ 759,174
2016	610,568	148,606	759,174
2017	625,527	133,648	759,175
2018	640,852	118,322	759,174
2019	656,553	102,622	759,175
2020-2024	3,532,075	263,794	3,795,869
Totals	<u>\$ 6,661,541</u>	<u>\$ 930,200</u>	<u>\$ 7,591,741</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, 2014 was \$20,930,000.

\$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 aggregate difference in debt service between the old and new debt is \$1,799,813.

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.

The scheduled annual minimum debt service requirements at June 30, 2014 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
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	835,000	554,906	1,389,906
2020-2024	4,420,000	2,525,574	6,945,574
2025-2029	5,065,000	1,876,206	6,941,206
2030-2034	6,015,000	935,416	6,950,416
2035	1,340,000	50,920	1,390,920
Totals	<u>\$ 20,930,000</u>	<u>\$ 8,251,878</u>	<u>\$ 29,181,878</u>

**CITY OF YUBA CITY**  
**Notes to Basic Financial Statements**  
**June 30, 2014**

**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, 2014 was \$16,895,775.

The scheduled annual minimum debt service requirements at June 30, 2014 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
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	841,628	308,396	1,150,024
2020-2024	4,507,109	1,243,009	5,750,118
2025-2029	5,048,994	701,123	5,750,117
2030-2032	3,316,289	133,781	3,450,070
Totals	<u>\$ 16,895,775</u>	<u>\$ 3,804,650</u>	<u>\$ 20,700,425</u>

The outstanding principal balance of the Safe Drinking Water State Revolving Fund – Region 1 loan at June 30, 2014 was \$5,458,733.

The scheduled annual minimum debt service requirements at June 30, 2014 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
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	268,921	109,591	378,512
2020-2024	1,449,623	442,938	1,892,561
2025-2029	1,641,503	251,058	1,892,561
2030-2032	1,087,436	48,100	1,135,536
Totals	<u>\$ 5,458,733</u>	<u>\$ 1,354,485</u>	<u>\$ 6,813,218</u>

**CITY OF YUBA CITY**  
**Notes to Basic Financial Statements**  
**June 30, 2014**

**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 \$6,513,194 (\$3,000,000 forgivable) and \$10,193,965 (\$3,000,000 forgivable). The loans are payable in annual installments of \$218,991 and \$435,039, respectively and have annual interest rates of 2.2% and 1.8%. The loans have maturities of January 1, 2035 and December 31, 2034, respectively.

The outstanding principal balance of the \$6,513,194 loan at June 30, 2014 was \$3,500,000, not including \$13,194 in capitalized project interest payable. The outstanding principal balance of the \$10,193,965 loan at June 30, 2014 was \$3,430,061.

As of June 30, 2014, 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, 2014, the principal amount of special assessment debt outstanding for which the City is not obligated was \$6,340,469

**NOTE 6 - DEFERRED OUTFLOWS OF RESOURCES**

Accounting gains or losses resulting from advance refundings of long-term debt is deferred in accordance with GASB Statement No. 23 and No. 65. Deferred amounts on bond refundings are amortized over the shorter of the life of the new debt or refunded debt. The deferred loss on refunding balance at June 30, 2014 was \$1,185,058 on the Statement of Net Position for business-type activities. \$358,296 was related to the 2014 Wastewater Refunding Revenue Bonds, \$138,147 was related to the 2011 Wastewater Revenue Refunding Bonds, and \$688,615 was related to the 2013 Water Revenue Refunding Bonds.

**NOTE 7 - 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, 2014, 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	\$ 11,069,664
Trust Fund: Redevelopment Agency Low/Mod Successor Agency Fund	Redevelopment Agency Successor Agency Fund	1,626,817
Internal Service Fund: Vehicle Replacement Fund	Major Enterprise Fund: Wastewater Fund	2,273,578

**CITY OF YUBA CITY**  
**Notes to Basic Financial Statements**  
**June 30, 2014**

**NOTE 7 - INTERFUND AND SUCCESSOR AGENCY 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, 2014 were as follows:

Receivable Fund	Payable Fund	Amount
Major Governmental Funds:	Nonmajor Governmental Funds:	
General Fund	CDBG Grant Special Revenue Fund	\$ 151,028
	CDBG Program Income Special Revenue Fund	1,488
	CAL-HOME Grant Special Revenue Fund	35,797
	Neighborhood Stabilization Program Grant Special Revenue Fund	761,354
General CIP Capital Projects Fund	Major Governmental Funds:	
	Impact Fees CIP Capital Projects Fund	87,690
	<b>Totals</b>	<b>\$ 1,037,357</b>

**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, 2014 were as follows:

	Transfer In	Transfer Out
<b><u>Major Governmental Funds:</u></b>		
General Fund	\$ 6,079,259	\$ -
Streets and Roads Special Revenue Fund	171,665	4,496,507
General CIP Capital Projects Fund	30,568	333,747
Impact Fees CIP Capital Projects Fund		539,091
<b><u>Major Enterprise Funds:</u></b>		
Water Fund		1,932,273
Wastewater Fund	245,000	1,712,866
<b><u>Nonmajor Governmental Funds:</u></b>		
Traffic Safety Special Revenue Fund		200,000
Law Enforcement Services Special Revenue Fund		87,500
Landscape Districts Special Revenue Fund		115,261
CDBG Grant Special Revenue Fund		92,574
Miscellaneous Lighting Districts Special Revenue Fund		99,365
Neighborhood Stabilization Program Grant Special Revenue Fund		12,809
Fire Station #4 Lease Debt Service Fund	722,691	
Streets & Roads CIP Capital Projects Fund	2,896,857	524,047
<b>Totals</b>	<b>\$ 10,146,040</b>	<b>\$ 10,146,040</b>

**CITY OF YUBA CITY**  
**Notes to Basic Financial Statements**  
**June 30, 2014**

**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 2013-14 was 23.595% for miscellaneous employees and 30.068% and 29.087% 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 2013-2014, the City's contributions to CalPERS for the miscellaneous plan of \$2,094,833, and \$2,535,955 for the safety plan were equal to 100% of the required contributions. The required contributions were determined as part of the June 30, 2011 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, 2011 was 18 years for safety and 19 years for miscellaneous.

**CITY OF YUBA CITY**  
**Notes to Basic Financial Statements**  
**June 30, 2014**

**NOTE 8 - EMPLOYEE RETIREMENT PLANS (Continued)**

Funded Status and Funding Progress

As of June 30, 2013, the most recent actuarial valuation date, the miscellaneous plan was 71.9% funded. The actuarial accrued liability for benefits was \$95,085,680 and the actuarial value of assets was \$68,392,360 for the miscellaneous plan, resulting in an unfunded actuarial accrued liability of \$26,693,320. The covered payroll was \$9,711,188, which results in a ratio of the unfunded actuarial accrued liability to the covered payroll of 274.9%. 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>
<b>Miscellaneous</b>			
6/30/2012	\$ 2,008,234	100%	\$ -
6/30/2013	2,035,663	100%	-
6/30/2014	2,094,833	100%	-
<b>Safety</b>			
6/30/2012	\$ 2,649,878	100%	\$ -
6/30/2013	2,596,511	100%	-
6/30/2014	2,535,955	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, 2014**

**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 2013-2014, the City contributed \$50,322 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	\$	219,000
Interest on net OPEB obligation		30,636
Net OPEB obligation adjustment		<u>(62,000)</u>
Annual OPEB cost (expense)		187,636
Contributions made		<u>(50,322)</u>
Increase in net OPEB obligation		137,314
Net OPEB obligation - beginning of fiscal year		<u>765,903</u>
Net OPEB obligation - end of fiscal year	\$	<u><u>903,217</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 2013-2014 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>
6/30/2012	\$ 169,000	33.5%	\$ 658,917
6/30/2013	173,651	34.6%	765,903
6/30/2014	187,636	26.8%	903,217

**CITY OF YUBA CITY**  
**Notes to Basic Financial Statements**  
**June 30, 2014**

**NOTE 9 - OTHER POST EMPLOYMENT BENEFITS (Continued)**

Funded Status and Funding Progress

As of January 1, 2014, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$1,614,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,614,000. The covered payroll (annual payroll of active employees covered by the plan) was \$5,470,000, and the ratio of the UAAL to the covered payroll was 29.5 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, 2014 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.0 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 annual healthcare cost trend rates of 5.0 to 8.3 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, 2014 was twenty-five 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, 2014**

**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, 2014, 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 \$314,206 is recorded in the General Liability Program Internal Service fund as prepaid insurance. The City's negative investment of (\$92,389) is recorded in the Workers' Compensation Program Internal Service fund as accounts payable. 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, 2014**

**NOTE 10 - RISK MANAGEMENT (Continued)**

The NCCSIF's June 30, 2014 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, 2014:

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>
Total assets	\$ 36,427,316	\$ 10,512,685
Total liabilities	28,026,632	8,849,437
Net members equity	<u>\$ 8,400,684</u>	<u>\$ 1,663,248</u>
Operating revenue	\$ 9,479,062	\$ 6,319,047
Operating expenses	7,408,895	6,496,192
Operating income (loss)	2,070,167	(177,145)
Investment income	610,360	167,042
Net income (loss)	2,680,527	(10,103)
Beginning members equity	5,720,157	1,673,351
Ending members equity	<u>\$ 8,400,684</u>	<u>\$ 1,663,248</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, 2014 was \$8,393,740. 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.

**CITY OF YUBA CITY**  
**Notes to Basic Financial Statements**  
**June 30, 2014**

**NOTE 12 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Deficit Fund Balances

As of June 30, 2014 the following funds had a deficit fund balance/net position:

Nonmajor Special Revenue Fund:		
CDBG Grant Fund	\$	1,587
CDBG Program Income Fund		330

These deficit fund balances are expected to be eliminated in future years through intergovernmental revenues.

**NOTE 13 - SUCCESSOR 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, 2014**

**NOTE 14 – SUCCESSOR AGENCY**

A. Notes Receivable of the Successor Agency as of June 30, 2014 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, 2014 was \$917,852. 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, 2014 was \$332,640. 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, 2014 was \$1,947,598. 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, 2014 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, 2014 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, 2014, 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, 2014 consisted of the following:

	July 1, 2013 Balance	Additions	Deletions	Transfers	June 30, 2014 Balance
Capital assets, not being depreciated:					
Land	\$ 3,907,713	\$ -	\$ -	\$ -	\$ 3,907,713
Construction in progress	38,731			(38,731)	
Total capital assets, not being depreciated	3,946,444			(38,731)	3,907,713
Capital assets, being depreciated:					
Buildings	2,050,070				2,050,070
Improvements other than buildings	41,648			38,731	80,379
Total capital assets, being depreciated	2,091,718			38,731	2,130,449
Less accumulated depreciation for:					
Buildings	(387,880)	(99,002)			(486,882)
Improvements other than buildings	(8,254)	(16,655)			(24,909)
Total accumulated depreciation, net	(396,134)	(115,657)			(511,791)
Total capital assets, being depreciated, net	1,695,584	(115,657)		38,731	1,618,658
Total capital assets, net	\$ 5,642,028	\$ (115,657)	\$ -	\$ -	\$ 5,526,371

**CITY OF YUBA CITY**  
**Notes to Basic Financial Statements**  
**June 30, 2014**

**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, 2014, consisted of the following:

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Due within one year
Tax Allocation Bonds	\$ 33,780,000	\$ -	\$ (575,000)	\$ 33,205,000	\$ 600,000
Plus: Bond Premium	324,046		(12,002)	312,044	12,002
Bonds, net	34,104,046		(587,002)	33,517,044	612,002
Advances from City of Yuba City	11,042,125	27,539		11,069,664	
Loan payable	1,579,928		(52,151)	1,527,777	53,679
Totals	\$ 46,726,099	\$ 27,539	\$ (639,153)	\$ 46,114,485	\$ 665,681

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, 2014 was \$14,345,000.

The scheduled annual minimum debt service requirements at June 30, 2014 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
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	310,000	777,621	1,087,621
2020-2024	1,835,000	3,596,362	5,431,362
2024-2029	2,440,000	2,979,848	5,419,848
2030-2034	3,265,000	2,130,750	5,395,750
2035-2039	4,360,000	994,500	5,354,500
2040	1,035,000	31,050	1,066,050
Totals	\$ 14,345,000	\$ 13,770,503	\$ 28,115,503

**CITY OF YUBA CITY**  
**Notes to Basic Financial Statements**  
**June 30, 2014**

**NOTE 14 – SUCCESSOR AGENCY (Continued)**

D. Long-term debt of the Successor Agency as of June 30, 2014, 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, 2014 was \$3,955,000.

The scheduled annual minimum debt service requirements at June 30, 2014 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
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	85,000	214,309	299,309
2020-2024	505,000	991,583	1,496,583
2025-2029	670,000	821,820	1,491,820
2030-2034	900,000	588,000	1,488,000
2035-2039	1,205,000	274,650	1,479,650
2040	285,000	8,550	293,550
Totals	<u>\$ 3,955,000</u>	<u>\$ 3,797,575</u>	<u>\$ 7,752,575</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, 2014 was \$14,905,000.

The scheduled annual minimum debt service requirements at June 30, 2014 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
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	340,000	711,028	1,051,028
2020-2024	1,945,000	3,288,602	5,233,602
2025-2029	2,500,000	2,723,101	5,223,101
2030-2034	3,220,000	1,971,322	5,191,322
2035-2039	4,620,000	944,882	5,564,882
2040	1,095,000	29,212	1,124,212
Totals	<u>\$ 14,905,000</u>	<u>\$ 12,665,948</u>	<u>\$ 27,570,948</u>

**CITY OF YUBA CITY**  
**Notes to Basic Financial Statements**  
**June 30, 2014**

**NOTE 14 – SUCCESSOR AGENCY (Continued)**

D. Long-term debt of the Successor Agency as of June 30, 2014, 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, 2014, the interest rate was .249%. At June 30, 2014, the balance was \$11,069,664.

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, 2014 was \$1,527,777.

The scheduled annual minimum debt service requirements at June 30, 2014 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
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	60,252	37,308	97,560
2020-2024	328,796	158,599	487,395
2025-2029	379,872	106,777	486,649
2030-2034	438,882	46,904	485,786
2035	95,638	1,401	97,039
Totals	<u>\$ 1,527,777</u>	<u>\$ 517,136</u>	<u>\$ 2,044,913</u>

**NOTE 15 - SUBSEQUENT EVENTS**

On August 19, 2014, the City Council approved amendment #2 to the professional services agreement in the amount of \$3,932,712 with Dokken Engineering for final design services associated with the 5<sup>th</sup> Street bridge replacement project.

On September 2, 2014, the City Council authorized the City Manager to enter into a purchase and sale agreement for the sale price of \$600,000 for 10 acres of City-owned property.

On November 4, 2014, the City Council authorized the City Manager to enter into an equipment lease/purchase agreement for \$4,967,214 with Bank of America at an interest rate of 2.84%, to install energy efficient equipment throughout the City.

In preparing the accompanying financial statements, the City management has reviewed all known events that have occurred after June 30, 2014, and through November 26, 2014, 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, 2014**

**NOTE 16 – PRIOR PERIOD ADJUSTMENTS**

A prior period adjustment of (\$2,571,598) was made on the statement of activities for governmental activities, for an understatement of capital assets of \$52,500, an overstatement of deferred charges (\$483,235), an understatement of loans payable (\$300,300), an overstatement of investment in JPA (\$2,933,989), and an understatement of property held for housing authority of \$1,093,426 in the prior fiscal year.

A prior period adjustment of (\$353,075) was made on the statement of activities for business-type activities for an overstatement of deferred charges in the prior fiscal year. This was a result of the implementation of GASB Statement No. 65.

A prior period adjustment of (\$246,080) was made on the statement of changes in net position for fiduciary funds for an overstatement of deferred charges in the prior fiscal year. This was a result of the implementation of GASB Statement No. 65.

A prior period adjustment of (\$1,480,396) was made on the statement of revenues, expenditures, and changes in fund balances for an overstatement of investment in JPA in the General CIP Capital Projects Fund in the prior fiscal year.

A prior period adjustment of (\$1,453,593) was made on the statement of revenues, expenditures, and changes in fund balances for an overstatement of investment in JPA in the Impact Fees CIP Capital Projects Fund in the prior fiscal year.

A prior period adjustment of \$1,093,426 was made on the statement of revenues, expenditures, and changes in fund balances for and an understatement of property held for housing authority in the Neighborhood Stabilization Program Grant Fund in the prior fiscal year.

A prior period adjustment of (\$183,042) was made on the statement of revenues, expenses, and change in fund net position for an overstatement of deferred charges in the Water Fund in the prior fiscal year. This was a result of the implementation of GASB Statement No. 65.

A prior period adjustment of (\$170,033) was made on the statement of revenues, expenses, and change in fund net position for an overstatement of deferred charges in the Wastewater Fund in the prior fiscal year. This was a result of the implementation of GASB Statement No. 65.

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**CITY OF YUBA CITY**  
**Required Supplementary Information**  
**June 30, 2014**

Pension Trend Information

Required Supplementary Information  
Miscellaneous Plan

Valuation Date	Normal Accrued Liability (a)	Actuarial Value of Assets (b)	Liability (Excess Assets) (a)-(b)	Funded Status (b)/(a)	Annual Covered Payroll (c)	UAAL as a % of Payroll [(a)-(b)]/(c)
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%
6/30/2013	95,085,680	68,392,360	26,693,320	71.9%	9,711,188	274.9%

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%
1/1/2014	1,614,000	-	1,614,000	0.0%	5,470,000	29.5%

**CITY OF YUBA CITY**  
**Notes to Required Supplementary Information**  
**For the Fiscal Year Ended June 30, 2014**

**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, 2014. 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, 2014

	<u>Budgeted Amounts</u>			<b>Variance with</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<b>Final Budget</b> <b>Positive</b> <b>(Negative)</b>
<b>Revenues:</b>				
Taxes and assessments	\$ 24,397,650	\$ 24,397,650	\$ 24,557,539	\$ 159,889
Intergovernmental revenues	90,000	1,162,505	503,983	(658,522)
Licenses, permits, and fees	560,000	560,000	1,133,637	573,637
Fines and forfeitures			8,932	8,932
Use of money and property	107,300	107,300	112,600	5,300
Charges for services	2,292,390	2,292,390	2,502,490	210,100
Contribution from trust fund	72,310	72,310	72,310	
Other revenues	145,550	145,550	138,433	(7,117)
	<u>27,665,200</u>	<u>28,737,705</u>	<u>29,029,924</u>	<u>292,219</u>
<b>Expenditures:</b>				
Current:				
General government:				
City council	130,214	134,214	133,301	913
City manager	657,859	657,859	563,244	94,615
City attorney	150,000	150,000	144,754	5,246
Finance	1,503,041	1,509,510	1,415,936	93,574
City treasurer	7,111	7,116	6,906	210
Information technology	726,480	743,354	669,736	73,618
City clerk	19,244	28,225	15,441	12,784
Human resources	507,694	528,714	509,315	19,399
Non departmental	185,683	278,458	305,890	(27,432)
Contingency	197,600	76,046	62,918	13,128
	<u>4,084,926</u>	<u>4,113,496</u>	<u>3,827,441</u>	<u>286,055</u>
Public safety:				
Animal control	626,960	641,386	408,470	232,916
Police-traffic	1,009,640	1,012,186	657,222	354,964
Police-administration	1,326,119	1,332,054	1,241,174	90,880
Police-investigation	2,300,334	2,301,984	2,015,543	286,441
Police-field operations	7,286,192	7,320,258	7,356,147	(35,889)
Police-community outreach	13,719	13,719	16,820	(3,101)
Police-technology research	99,992	99,992	91,622	8,370
Police-information and analysis	28,536	28,536	27,783	753
Police-communications	1,090,631	1,094,171	1,077,604	16,567
Law Enforcement-grants		556,208	263,863	292,345
Fire-administration	889,715	914,957	921,119	(6,162)
Fire-operations	8,073,985	8,279,993	8,580,181	(300,188)
Fire-grants		214,238	55,086	159,152
	<u>22,745,823</u>	<u>23,809,682</u>	<u>22,712,634</u>	<u>1,097,048</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, 2014**

	<u>Budgeted Amounts</u>			<b>Variance with</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<b>Final Budget</b> <b>Positive</b> <b>(Negative)</b>
<b>Expenditures: (Continued)</b>				
Current:				
Parks and recreation:				
Administration	\$ 288,888	\$ 310,888	\$ 308,702	\$ 2,186
Supervision	278,094	278,094	225,272	52,822
Programs	767,235	767,952	727,164	40,788
Swimming pool	431,690	444,088	374,174	69,914
Senior center	113,780	114,130	111,506	2,624
Total parks and recreation	<u>1,879,687</u>	<u>1,915,152</u>	<u>1,746,818</u>	<u>168,334</u>
Public works and facilities:				
Administration	218,877	218,877	174,037	44,840
Streets	1,148,887	1,158,743	989,345	169,398
Parks	1,185,413	1,217,171	1,076,401	140,770
General services	627,757	626,878	566,400	60,478
Electrical maintenance	307,775	336,641	352,098	(15,457)
Engineering	1,412,877	1,451,937	1,207,469	244,468
Total public works and facilities	<u>4,901,586</u>	<u>5,010,247</u>	<u>4,365,750</u>	<u>644,497</u>
Community development:				
Planning	344,326	344,326	290,293	54,033
Building	457,944	457,944	435,186	22,758
Economic development	217,531	225,658	224,706	952
Total community development	<u>1,019,801</u>	<u>1,027,928</u>	<u>950,185</u>	<u>77,743</u>
Debt Service:				
Principal	284,495	284,495	275,655	8,840
Interest and other charges	283,967	283,967	268,530	15,437
Total debt service	<u>568,462</u>	<u>568,462</u>	<u>544,185</u>	<u>24,277</u>
Capital Outlay:				
Public safety		304,356	35,708	268,648
Public works and facilities		3,642	3,642	
Total capital outlay		<u>307,998</u>	<u>39,350</u>	<u>268,648</u>
Total expenditures	<u>35,200,285</u>	<u>36,752,965</u>	<u>34,186,363</u>	<u>2,566,602</u>
Excess of revenues over (under) expenditures	<u>(7,535,085)</u>	<u>(8,015,260)</u>	<u>(5,156,439)</u>	<u>2,858,821</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, 2014**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Other Financing Sources (Uses):</b>				
Transfers in	\$ 6,210,500	\$ 6,220,288	\$ 6,079,259	\$ (141,029)
Total other financing sources (uses)	<u>6,210,500</u>	<u>6,220,288</u>	<u>6,079,259</u>	<u>(141,029)</u>
Net changes in fund balance	(1,324,585)	(1,794,972)	922,820	2,717,792
Fund balance - July 1, 2013	<u>19,246,008</u>	<u>19,246,008</u>	<u>19,246,008</u>	
Fund balance - June 30, 2014	<u><u>\$ 17,921,423</u></u>	<u><u>\$ 17,451,036</u></u>	<u><u>\$ 20,168,828</u></u>	<u><u>\$ 2,717,792</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, 2014

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Use of money and property	\$ -	\$ -	\$ 297	\$ 297
Program income	12,000	12,000	75,455	63,455
Total revenues	<u>12,000</u>	<u>12,000</u>	<u>75,752</u>	<u>63,752</u>
<b>Expenditures:</b>				
Current:				
Community development	12,000	12,000	2	11,998
Total expenditures	<u>12,000</u>	<u>12,000</u>	<u>2</u>	<u>11,998</u>
Net changes in fund balance			75,750	75,750
Fund balance - July 1, 2013	<u>48,903</u>	<u>48,903</u>	<u>48,903</u>	
Fund balance - June 30, 2014	<u><u>\$ 48,903</u></u>	<u><u>\$ 48,903</u></u>	<u><u>\$ 124,653</u></u>	<u><u>\$ 75,750</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, 2014

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Taxes and assessments	\$ 3,702,000	\$ 3,702,000	\$ 3,841,801	\$ 139,801
Use of money and property	19,000	19,000	14,038	(4,962)
Intergovernmental revenues	625,000	1,273,682	1,273,682	
Other revenue	75,000	121,500	75,000	(46,500)
	<u>4,421,000</u>	<u>5,116,182</u>	<u>5,204,521</u>	<u>88,339</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	63,782	171,665	171,665	
Transfers out	(4,336,703)	(4,496,507)	(4,496,507)	
	<u>(4,272,921)</u>	<u>(4,324,842)</u>	<u>(4,324,842)</u>	
Net change in fund balance	148,079	791,340	879,679	88,339
Fund balance - July 1, 2013	<u>1,603,857</u>	<u>1,603,857</u>	<u>1,603,857</u>	
Fund balance - June 30, 2014	<u>\$ 1,751,936</u>	<u>\$ 2,395,197</u>	<u>\$ 2,483,536</u>	<u>\$ 88,339</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.

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, 2014

	<b>Special Revenue Funds</b>			
	<b>Traffic Safety Fund</b>	<b>Law Enforcement Services Fund</b>	<b>Landscape Districts Fund</b>	<b>Recology Rate Stabilization Fund</b>
<b>Assets</b>				
Cash and investments	\$ 165,185	\$ 137,098	\$ 624,276	\$ 555,770
Cash and investments with fiscal agent				
Accounts receivable	19,091	2,944		19,733
Taxes and assessments receivable			5,508	
Property held for housing authority				
Notes receivable				
Total assets	\$ 184,276	\$ 140,042	\$ 629,784	\$ 575,503
<b>Liabilities</b>				
Accounts payable	\$ 304	\$ -	\$ 10,948	\$ -
Deposits payable	2,134			
Unearned revenue				570,794
Due to other funds				
Total liabilities	2,438		10,948	570,794
<b>Deferred inflows of resources</b>				
Unearned revenue - notes receivable				
Total deferred inflows of resources				
<b>Fund Balances</b>				
Nonspendable				
Restricted			618,836	4,709
Committed	181,838	140,042		
Unassigned				
Total fund balances (deficits)	181,838	140,042	618,836	4,709
Total liabilities, deferred inflows of of resources and fund balances	\$ 184,276	\$ 140,042	\$ 629,784	\$ 575,503

**Special Revenue Funds**

<b>CDBG Grant Fund</b>	<b>CDBG Program Income Fund</b>	<b>Miscellaneous Lighting Districts Fund</b>	<b>CAL-HOME Grant Fund</b>
\$ -	\$ -	\$ 513,526	\$ -
206,183	1,158	10,960	39,870
	<u>1,465,779</u>		<u>421,716</u>
<u>\$ 206,183</u>	<u>\$ 1,466,937</u>	<u>\$ 524,486</u>	<u>\$ 461,586</u>
\$ 56,742	\$ -	\$ 11,627	\$ 2,570
<u>151,028</u>	<u>1,488</u>		<u>35,797</u>
<u>207,770</u>	<u>1,488</u>	<u>11,627</u>	<u>38,367</u>
	<u>1,465,779</u>		<u>421,716</u>
	<u>1,465,779</u>		<u>421,716</u>
		512,859	1,503
<u>(1,587)</u>	<u>(330)</u>		
<u>(1,587)</u>	<u>(330)</u>	<u>512,859</u>	<u>1,503</u>
<u>\$ 206,183</u>	<u>\$ 1,466,937</u>	<u>\$ 524,486</u>	<u>\$ 461,586</u>

(Continued)

**CITY OF YUBA CITY**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING BALANCE SHEET (Continued)**  
June 30, 2014

	<b>Special Revenue Funds</b>			
	<b>Fire Mitigation Fees Fund</b>	<b>Harter Specific Plan Fund</b>	<b>Neighborhood Stabilization Program Grant Fund</b>	<b>DOE Energy Conservation Fund</b>
<b>Assets</b>				
Cash and investments	\$ 1,248	\$ 861,737	\$ -	\$ 47,810
Cash and investments with fiscal agent				
Accounts receivable			1,654,065	45,556
Taxes and assessments receivable			4,951	
Property held for housing authority			3,032,704	
Notes receivable				
Total assets	\$ 1,248	\$ 861,737	\$ 4,691,720	\$ 93,366
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ 261,772	\$ 9,026
Deposits payable		702,984		
Unearned revenue				
Due to other funds			761,354	
Total liabilities		702,984	1,023,126	9,026
<b>Deferred inflows of resources</b>				
Unearned revenue - notes receivable				
Total deferred inflows of resources				
<b>Fund Balances</b>				
Nonspendable			3,032,704	
Restricted	1,248	158,753	635,890	84,340
Committed				
Unassigned				
Total fund balances (deficits)	1,248	158,753	3,668,594	84,340
Total liabilities, deferred inflows of of resources and fund balances	\$ 1,248	\$ 861,737	\$ 4,691,720	\$ 93,366

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	
\$ -	\$ 93,999	\$ -	\$ 1,312,191	\$ 4,312,840	
778,266	85			778,351	
	1,979		100,000	2,090,579	
				21,419	
				3,032,704	
				1,887,495	
<u>\$ 778,266</u>	<u>\$ 96,063</u>	<u>\$ -</u>	<u>\$ 1,412,191</u>	<u>\$ 12,123,388</u>	
\$ -	\$ -	\$ -	\$ 204,505	\$ 557,494	
				705,118	
				570,794	
				949,667	
			204,505	2,783,073	
				1,887,495	
				1,887,495	
778,266	96,063		1,207,686	3,032,704	
				2,892,467	
				1,529,566	
				(1,917)	
<u>778,266</u>	<u>96,063</u>		<u>1,207,686</u>	<u>7,452,820</u>	
<u>\$ 778,266</u>	<u>\$ 96,063</u>	<u>\$ -</u>	<u>\$ 1,412,191</u>	<u>\$ 12,123,388</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, 2014

	<b>Special Revenue Funds</b>			
	<b>Traffic Safety Fund</b>	<b>Law Enforcement Services Fund</b>	<b>Landscape Districts Fund</b>	<b>Recology Rate Stabilization Fund</b>
<b>Revenues:</b>				
Taxes and assessments	\$ -	\$ -	\$ 371,839	\$ -
Use of money and property	1,254	993	4,885	3,086
Intergovernmental revenues				
Charges for services				
Licenses, permits, and fees				
Fines and forfeitures	172,148	95,147		
Program income				
Other revenues				
<b>Total revenues</b>	<b>173,402</b>	<b>96,140</b>	<b>376,724</b>	<b>3,086</b>
<b>Expenditures:</b>				
Current:				
General government				
Parks and recreation			259,704	
Public works and facilities				
Community development				
Capital outlay				
Debt Service:				
Principal				
Interest and other charges				
<b>Total expenditures</b>			<b>259,704</b>	
Excess of revenues over (under) expenditures	173,402	96,140	117,020	3,086
<b>Other Financing Sources (Uses):</b>				
Transfers in				
Transfers out	(200,000)	(87,500)	(115,261)	
<b>Total other financing sources (uses)</b>	<b>(200,000)</b>	<b>(87,500)</b>	<b>(115,261)</b>	
<b>Net changes in fund balances</b>	<b>(26,598)</b>	<b>8,640</b>	<b>1,759</b>	<b>3,086</b>
Fund balances (deficits) - July 1, 2013	208,436	131,402	617,077	1,623
Prior period adjustment				
Fund balances (deficits) - July 1, 2013, restated	208,436	131,402	617,077	1,623
<b>Fund balances (deficits) - June 30, 2014</b>	<b>\$ 181,838</b>	<b>\$ 140,042</b>	<b>\$ 618,836</b>	<b>\$ 4,709</b>

**Special Revenue Funds**

<b>CDBG Grant Fund</b>	<b>CDBG Program Income Fund</b>	<b>Miscellaneous Lighting Districts Fund</b>	<b>CAL-HOME Grant Fund</b>
\$ -	\$ -	\$ 316,419	\$ -
11,135	1,158	3,259	
382,234			76,870
	36,136		1,950
<u>393,369</u>	<u>37,294</u>	<u>319,678</u>	<u>78,820</u>
		185,374	
203,124	51,372		76,870
112,376			
<u>315,500</u>	<u>51,372</u>	<u>185,374</u>	<u>76,870</u>
<u>77,869</u>	<u>(14,078)</u>	<u>134,304</u>	<u>1,950</u>
<u>(92,574)</u>		<u>(99,365)</u>	
<u>(92,574)</u>		<u>(99,365)</u>	
<u>(14,705)</u>	<u>(14,078)</u>	<u>34,939</u>	<u>1,950</u>
13,118	13,748	477,920	(447)
<u>13,118</u>	<u>13,748</u>	<u>477,920</u>	<u>(447)</u>
<u>\$ (1,587)</u>	<u>\$ (330)</u>	<u>\$ 512,859</u>	<u>\$ 1,503</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, 2014

	<b>Special Revenue Funds</b>			
	<b>Fire Mitigation Fees Fund</b>	<b>Harter Specific Plan Fund</b>	<b>Neighborhood Stabilization Program Grant Fund</b>	<b>DOE Energy Conservation Fund</b>
<b>Revenues:</b>				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	7	6,212		524
Intergovernmental revenues			2,587,977	56,240
Charges for services				
Licenses, permits, and fees	99			
Fines and forfeitures				
Program income				
Other revenues				
<b>Total revenues</b>	<b>106</b>	<b>6,212</b>	<b>2,587,977</b>	<b>56,764</b>
<b>Expenditures:</b>				
Current:				
General government				
Parks and recreation				
Public works and facilities				
Community development				
Capital outlay				42,517
Debt Service:				
Principal				
Interest and other charges				
<b>Total expenditures</b>				<b>42,517</b>
Excess of revenues over (under) expenditures	106	6,212	2,587,977	14,247
<b>Other Financing Sources (Uses):</b>				
Transfers in				
Transfers out			(12,809)	
<b>Total other financing sources (uses)</b>			<b>(12,809)</b>	
<b>Net changes in fund balances</b>	<b>106</b>	<b>6,212</b>	<b>2,575,168</b>	<b>14,247</b>
Fund balances (deficits) - July 1, 2013	1,142	152,541		70,093
Prior period adjustment			1,093,426	
Fund balances (deficits) - July 1, 2013, restated	1,142	152,541	1,093,426	70,093
Fund balances (deficits) - June 30, 2014	<u>\$ 1,248</u>	<u>\$ 158,753</u>	<u>\$ 3,668,594</u>	<u>\$ 84,340</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	
\$ -	\$ -	\$ -	\$ -	\$	688,258
38,843	85				71,441
	1,080,444				3,103,321
					1,080,444
					99
					267,295
					38,086
			107,883		107,883
38,843	1,080,529		107,883		5,356,827
					1,118
1,277,185	1,118				1,536,889
					185,374
					331,366
			2,699,746		2,854,639
17,680	865,000	601,861			1,484,541
28,384	210,589	120,830			359,803
1,323,249	1,076,707	722,691	2,699,746		6,753,730
(1,284,406)	3,822	(722,691)	(2,591,863)		(1,396,903)
		722,691	2,896,857		3,619,548
			(524,047)		(1,131,556)
		722,691	2,372,810		2,487,992
(1,284,406)	3,822		(219,053)		1,091,089
2,062,672	92,241		1,426,739		5,268,305
					1,093,426
2,062,672	92,241		1,426,739		6,361,731
\$ 778,266	\$ 96,063	\$ -	\$ 1,207,686	\$	7,452,820

**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, 2014

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Fines and forfeitures	\$ 190,000	\$ 172,148	\$ (17,852)
Use of money and property	2,350	1,254	(1,096)
<b>Total revenues</b>	<u>192,350</u>	<u>173,402</u>	<u>(18,948)</u>
Excess of revenues over (under) expenditures	<u>192,350</u>	<u>173,402</u>	<u>(18,948)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers out	<u>(200,000)</u>	<u>(200,000)</u>	
<b>Total other financing sources (uses)</b>	<u>(200,000)</u>	<u>(200,000)</u>	
Net changes in fund balance	(7,650)	(26,598)	(18,948)
<b>Fund balance - beginning of fiscal year</b>	<u>208,436</u>	<u>208,436</u>	
<b>Fund balance - end of fiscal year</b>	<u><u>\$ 200,786</u></u>	<u><u>\$ 181,838</u></u>	<u><u>\$ (18,948)</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, 2014

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Fines and forfeitures	\$ 90,000	\$ 95,147	\$ 5,147
Use of money and property	1,500	993	(507)
Total revenues	<u>91,500</u>	<u>96,140</u>	<u>4,640</u>
<b>Other Financing Sources (Uses):</b>			
Transfers out	<u>(87,500)</u>	<u>(87,500)</u>	
Total other financing sources (uses)	<u>(87,500)</u>	<u>(87,500)</u>	
Net changes in fund balance	4,000	8,640	4,640
<b>Fund balance - beginning of fiscal year</b>	<u>131,402</u>	<u>131,402</u>	
<b>Fund balance - end of fiscal year</b>	<u><u>\$ 135,402</u></u>	<u><u>\$ 140,042</u></u>	<u><u>\$ 4,640</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, 2014

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Taxes and assessments	\$ 377,727	\$ 371,839	\$ (5,888)
Use of money and property	8,600	4,885	(3,715)
Total revenues	<u>386,327</u>	<u>376,724</u>	<u>(9,603)</u>
<b>Expenditures:</b>			
Current:			
Parks and recreation	264,885	259,704	5,181
Total expenditures	<u>264,885</u>	<u>259,704</u>	<u>5,181</u>
Excess of revenues over (under) expenditures	<u>121,442</u>	<u>117,020</u>	<u>(4,422)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers out	<u>(119,819)</u>	<u>(115,261)</u>	<u>4,558</u>
Total other financing sources (uses)	<u>(119,819)</u>	<u>(115,261)</u>	<u>4,558</u>
Net change in fund balance	1,623	1,759	136
<b>Fund balance - beginning of fiscal year</b>	<u>617,077</u>	<u>617,077</u>	
<b>Fund balance - end of fiscal year</b>	<u><u>\$ 618,700</u></u>	<u><u>\$ 618,836</u></u>	<u><u>\$ 136</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, 2014

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 3,086	\$ 3,086
Total Revenues		3,086	3,086
Net change in fund balance		3,086	3,086
<b>Fund balance - beginning of fiscal year</b>	1,623	1,623	
<b>Fund balance - end of fiscal year</b>	\$ 1,623	\$ 4,709	\$ 3,086

**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, 2014

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental revenues	\$ 495,713	\$ 382,234	\$ (113,479)
Use of money and property	12,000	11,135	(865)
<b>Total revenues</b>	<u>507,713</u>	<u>393,369</u>	<u>(114,344)</u>
<b>Expenditures:</b>			
Current:			
Community development	318,429	203,124	115,305
Capital outlay	302,749	112,376	190,373
<b>Total expenditures</b>	<u>621,178</u>	<u>315,500</u>	<u>305,678</u>
Excess of revenues over (under) expenditures	<u>(113,465)</u>	<u>77,869</u>	<u>191,334</u>
<b>Other Financing Sources (Uses):</b>			
Transfers out		(92,574)	(92,574)
<b>Total other financing sources (uses)</b>		<u>(92,574)</u>	<u>(92,574)</u>
Net change in fund balance	(113,465)	(14,705)	98,760
<b>Fund balance - beginning of fiscal year</b>	<u>13,118</u>	<u>13,118</u>	
<b>Fund balance (deficit) - end of fiscal year</b>	<u>\$ (100,347)</u>	<u>\$ (1,587)</u>	<u>\$ 98,760</u>

**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, 2014

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 1,158	\$ 1,158
Program income	1,440	36,136	34,696
Total revenues	1,440	37,294	35,854
<b>Expenditures:</b>			
Current:			
Community development	1,440	51,372	(49,932)
Total expenditures	1,440	51,372	(49,932)
Net change in fund balance		(14,078)	(14,078)
<b>Fund balance - beginning of fiscal year</b>	13,748	13,748	
<b>Fund balance (deficit) - end of fiscal year</b>	\$ 13,748	\$ (330)	\$ (14,078)

**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, 2014

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Taxes and assessments	\$ 299,617	\$ 316,419	\$ 16,802
Use of money and property	3,700	3,259	(441)
Total revenues	<u>303,317</u>	<u>319,678</u>	<u>16,361</u>
<b>Expenditures:</b>			
Current:			
Public works and facilities	<u>235,837</u>	<u>185,374</u>	<u>50,463</u>
Total expenditures	<u>235,837</u>	<u>185,374</u>	<u>50,463</u>
Excess of revenues over (under) expenditures	<u>67,480</u>	<u>134,304</u>	<u>66,824</u>
<b>Other Financing Sources (Uses):</b>			
Transfers out	<u>(99,365)</u>	<u>(99,365)</u>	
Total other financing sources (uses)	<u>(99,365)</u>	<u>(99,365)</u>	
Net change in fund balance	(31,885)	34,939	66,824
<b>Fund balance - beginning of fiscal year</b>	<u>477,920</u>	<u>477,920</u>	
<b>Fund balance - end of fiscal year</b>	<u><u>\$ 446,035</u></u>	<u><u>\$ 512,859</u></u>	<u><u>\$ 66,824</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, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Intergovernmental revenues	\$ 105,000	\$ 76,870	\$ (28,130)
Program revenue	<u>1,800</u>	<u>1,950</u>	<u>150</u>
 Total revenues	 <u>106,800</u>	 <u>78,820</u>	 <u>(27,980)</u>
<b>Expenditures:</b>			
Current:			
Community development	<u>106,800</u>	<u>76,870</u>	<u>29,930</u>
 Total expenditures	 <u>106,800</u>	 <u>76,870</u>	 <u>29,930</u>
 Net change in fund balance		 1,950	 1,950
 <b>Fund balance (deficit) - beginning of fiscal year</b>	 <u>(447)</u>	 <u>(447)</u>	 <u></u>
 <b>Fund balance (deficit) - end of fiscal year</b>	 <u><u>\$ (447)</u></u>	 <u><u>\$ 1,503</u></u>	 <u><u>\$ 1,950</u></u>

**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, 2014

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 7	\$ 7
Licenses, permits, and fees		99	99
Total revenues		106	106
Net change in fund balance		106	106
<b>Fund balance - beginning of fiscal year</b>	1,142	1,142	
<b>Fund balance - end of fiscal year</b>	\$ 1,142	\$ 1,248	\$ 106

**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, 2014

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Use of money and property	\$ -	\$ 6,212	\$ 6,212
Total revenues		6,212	6,212
Net change in fund balance		6,212	6,212
<b>Fund balance - beginning of fiscal year</b>	152,541	152,541	
<b>Fund balance - end of fiscal year</b>	\$ 152,541	\$ 158,753	\$ 6,212

**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, 2014

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>			
Intergovernmental revenues	\$ 3,316,649	\$ 2,587,977	\$ (728,672)
Total revenues	<u>3,316,649</u>	<u>2,587,977</u>	<u>(728,672)</u>
<b>Expenditures:</b>			
Current:			
Community development	<u>3,301,649</u>	<u>                    </u>	<u>3,301,649</u>
Total expenditures	<u>3,301,649</u>	<u>                    </u>	<u>3,301,649</u>
Excess of revenues over (under) expenditures	<u>15,000</u>	<u>2,587,977</u>	<u>2,572,977</u>
<b>Other Financing Sources (Uses):</b>			
Transfers out	<u>                    </u>	<u>(12,809)</u>	<u>(12,809)</u>
Total other financing sources (uses)	<u>                    </u>	<u>(12,809)</u>	<u>(12,809)</u>
Net change in fund balance	<u>15,000</u>	<u>2,575,168</u>	<u>2,560,168</u>
<b>Fund balance - beginning of fiscal year</b>			
<b>Prior period adjustment</b>	<u>                    </u>	<u>1,093,426</u>	<u>1,093,426</u>
<b>Fund balance - beginning of fiscal year, restated</b>	<u>                    </u>	<u>1,093,426</u>	<u>1,093,426</u>
<b>Fund balance - end of fiscal year</b>	<u>\$ 15,000</u>	<u>\$ 3,668,594</u>	<u>\$ 3,653,594</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, 2014

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental revenues	\$ 161,780	\$ 56,240	\$ (105,540)
Use of money and property		524	524
Total revenues	<u>161,780</u>	<u>56,764</u>	<u>(105,016)</u>
<b>Expenditures:</b>			
Capital outlay	<u>150,000</u>	<u>42,517</u>	<u>107,483</u>
Total Expenditures	<u>150,000</u>	<u>42,517</u>	<u>107,483</u>
Net change in fund balance	11,780	14,247	2,467
<b>Fund balance - beginning of fiscal year</b>	<u>70,093</u>	<u>70,093</u>	
<b>Fund balance - end of fiscal year</b>	<u><u>\$ 81,873</u></u>	<u><u>\$ 84,340</u></u>	<u><u>\$ 2,467</u></u>

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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, 2014

	<b>Vehicle Replacement Fund</b>	<b>Vehicle Maintenance Fund</b>	<b>Technology Replacement Fund</b>
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 4,851,846	\$ 238,955	\$ 2,585,523
Accounts receivable			
Inventory		13,479	
Prepaid expenses			
Total current assets	4,851,846	252,434	2,585,523
Capital Assets:			
Depreciable			
Buildings		306,372	
Machinery and equipment	10,524,245	88,821	2,088,710
Total depreciable capital assets	10,524,245	395,193	2,088,710
Less accumulated depreciation	(7,574,437)	(289,926)	(1,536,680)
Net depreciable capital assets	2,949,808	105,267	552,030
Net capital assets	2,949,808	105,267	552,030
Advances to other funds	2,273,578		
Total noncurrent assets	5,223,386	105,267	552,030
Total assets	10,075,232	357,701	3,137,553
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	8,136	22,389	65,836
Accrued wages		14,466	
Compensated absences		23,219	
Unearned revenue			
Total current liabilities	8,136	60,074	65,836
Noncurrent Liabilities:			
Compensated absences		8,492	
Total liabilities	8,136	68,566	65,836
<b>NET POSITION</b>			
Net investment in capital assets	2,949,808	105,267	552,030
Unrestricted	7,117,288	183,868	2,519,687
Total net position	\$ 10,067,096	\$ 289,135	\$ 3,071,717

<b>Employee Benefits Fund</b>	<b>Vision/ Dental Fund</b>	<b>Disability Program Fund</b>	<b>Workers' Compensation Program Fund</b>	<b>General Liability Program Fund</b>	<b>Totals</b>
\$ 264,632	\$ 301,881	\$ 43,802	\$ 1,582,793	\$ 426,465	\$ 10,295,897
42,090	7				42,097
260,575				314,206	574,781
567,297	301,888	43,802	1,582,793	740,671	10,926,254
					306,372
					12,701,776
					13,008,148
					(9,401,043)
					3,607,105
					3,607,105
					2,273,578
					5,880,683
567,297	301,888	43,802	1,582,793	740,671	16,806,937
27,260	40,414	2,091	92,389	10,908	269,423
					14,466
					23,219
8,077					8,077
35,337	40,414	2,091	92,389	10,908	315,185
					8,492
35,337	40,414	2,091	92,389	10,908	323,677
					3,607,105
531,960	261,474	41,711	1,490,404	729,763	12,876,155
\$ 531,960	\$ 261,474	\$ 41,711	\$ 1,490,404	\$ 729,763	\$ 16,483,260

**CITY OF YUBA CITY**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION**  
For the Fiscal Year Ended June 30, 2014

	<b>Vehicle Replacement Fund</b>	<b>Vehicle Maintenance Fund</b>	<b>Technology Replacement Fund</b>
Revenues:			
Charges for services	\$ 680,983	\$ 644,400	\$ 375,361
Other revenues	9,390	4,252	24,987
Total revenues	<u>690,373</u>	<u>648,652</u>	<u>400,348</u>
Expenses:			
Salaries and benefits		302,054	
Professional services		6,515	12,656
Supplies	4,813	547	
Benefits, claims, and insurance		4,431	
Maintenance and operation		401,256	198,180
Tools and equipment		8,851	107,874
Power and utilities		7,385	17,680
Training		1,502	11,987
Depreciation	613,879	31,716	189,601
Total expenses	<u>618,692</u>	<u>764,257</u>	<u>537,978</u>
Operating Income (Loss)	<u>71,681</u>	<u>(115,605)</u>	<u>(137,630)</u>
Non-Operating Revenues (Expenses):			
Gain (loss) on sale of capital assets	96,438		(1,891)
Interest income	103,786	2,181	18,666
Total non-operating revenues (expenses)	<u>200,224</u>	<u>2,181</u>	<u>16,775</u>
Change in net position	271,905	(113,424)	(120,855)
Net Position, July 1, 2013	<u>9,795,191</u>	<u>402,559</u>	<u>3,192,572</u>
Net Position, June 30, 2014	<u>\$ 10,067,096</u>	<u>\$ 289,135</u>	<u>\$ 3,071,717</u>

<b>Employee Benefits Fund</b>	<b>Vision/ Dental Fund</b>	<b>Disability Program Fund</b>	<b>Workers' Compensation Program Fund</b>	<b>General Liability Program Fund</b>	<b>Totals</b>
\$ 3,101,542	\$ 496,422	\$ 27,498	\$ 542,492	\$ 492,000	\$ 6,360,698
					38,629
3,101,542	496,422	27,498	542,492	492,000	6,399,327
					302,054
23,449			8,906		51,526
					5,360
3,022,389	489,658	41,745	692,761	609,568	4,860,552
					599,436
					116,725
					25,065
					13,489
					835,196
3,045,838	489,658	41,745	701,667	609,568	6,809,403
55,704	6,764	(14,247)	(159,175)	(117,568)	(410,076)
					94,547
1,786	2,040	428	11,318	1,571	141,776
1,786	2,040	428	11,318	1,571	236,323
57,490	8,804	(13,819)	(147,857)	(115,997)	(173,753)
474,470	252,670	55,530	1,638,261	845,760	16,657,013
<u>\$ 531,960</u>	<u>\$ 261,474</u>	<u>\$ 41,711</u>	<u>\$ 1,490,404</u>	<u>\$ 729,763</u>	<u>\$ 16,483,260</u>

**CITY OF YUBA CITY**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
For the Fiscal Year Ended June 30, 2014

	<b>Vehicle Replacement Fund</b>	<b>Vehicle Maintenance Fund</b>	<b>Technology Replacement Fund</b>
Cash Flows from Operating Activities:			
Receipts from customers	\$ 690,373	\$ 648,652	\$ 400,348
Amounts (paid)/from interfund receivable	(2,273,578)		
Payment to suppliers and users	(3,622)	(421,321)	(284,583)
Payment to employees		(299,627)	
Net Cash Provided (Used) by Operating Activities	<u>(1,586,827)</u>	<u>(72,296)</u>	<u>115,765</u>
Cash Flows from Capital and Related Financing Activities:			
Proceeds from sale of capital assets	169,641		
Acquisition of capital assets	(1,996,434)		(210,715)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,826,793)</u>		<u>(210,715)</u>
Cash Flows from Investing Activities:			
Interest received	103,786	2,181	18,666
Net Cash Provided (Used) by Investing Activities	<u>103,786</u>	<u>2,181</u>	<u>18,666</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(3,309,834)	(70,115)	(76,284)
Cash and Cash Equivalents, July 1, 2013	<u>8,161,680</u>	<u>309,070</u>	<u>2,661,807</u>
Cash and Cash Equivalents, June 30, 2014	<u>\$ 4,851,846</u>	<u>\$ 238,955</u>	<u>\$ 2,585,523</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 71,681	\$ (115,605)	\$ (137,630)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation	613,879	31,716	189,601
(Increase) Decrease in Operating Assets:			
Accounts receivable			
Inventory		528	
Prepaid expenses			
Advances to other funds	(2,273,578)		
Increase (Decrease) in Operating Liabilities:			
Accounts payable	1,191	8,638	63,794
Accrued wages		4,852	
Unearned revenue			
Compensated absences		(2,425)	
Net Cash Provided (Used) by Operating Activities	<u>\$ (1,586,827)</u>	<u>\$ (72,296)</u>	<u>\$ 115,765</u>

<b>Employee Benefits Fund</b>	<b>Vision/ Dental Fund</b>	<b>Disability Program Fund</b>	<b>Workers' Compensation Program Fund</b>	<b>General Liability Program Fund</b>	<b>Totals</b>
\$ 3,100,997	\$ 496,415	\$ 27,498	\$ 542,492	\$ 492,000	\$ 6,398,775
(3,124,882)	(466,576)		(663,259)	(624,950)	(5,589,193)
		(40,851)			(340,478)
(23,885)	29,839	(13,353)	(120,767)	(132,950)	(1,804,474)
					169,641
					(2,207,149)
					(2,037,508)
1,786	2,040	428	11,318	1,571	141,776
1,786	2,040	428	11,318	1,571	141,776
(22,099)	31,879	(12,925)	(109,449)	(131,379)	(3,700,206)
286,731	270,002	56,727	1,692,242	557,844	13,996,103
<u>\$ 264,632</u>	<u>\$ 301,881</u>	<u>\$ 43,802</u>	<u>\$ 1,582,793</u>	<u>\$ 426,465</u>	<u>\$ 10,295,897</u>
\$ 55,704	\$ 6,764	\$ (14,247)	\$ (159,175)	\$ (117,568)	\$ (410,076)
					835,196
(593)	(7)				(600)
					528
(92,151)				(26,290)	(118,441)
					(2,273,578)
13,107	23,082	894	38,408	10,908	160,022
					4,852
48					48
					(2,425)
<u>\$ (23,885)</u>	<u>\$ 29,839</u>	<u>\$ (13,353)</u>	<u>\$ (120,767)</u>	<u>\$ (132,950)</u>	<u>\$ (1,804,474)</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.

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.

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.

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

Animal Control Operations Fund – This fund is used to account for the operating activities of the Sutter Animal Services Authority.

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, 2014

	<b>RDA Low/Mod Successor Agency Fund</b>	<b>RDA Successor Agency Fund</b>	<b>Totals</b>
<b>Assets:</b>			
Cash and investments	\$ 5,793	\$ 2,280,909	\$ 2,286,702
Cash and investments with fiscal agents		2,645,076	2,645,076
Interest receivable		1	1
Accounts receivable		32,507	32,507
Taxes and assessments receivable		70,485	70,485
Prepaid expenses		322,469	322,469
Deposit receivable	9,800		9,800
Property held for resale		93,852	93,852
Notes receivable, net	3,248,090		3,248,090
Advances to other trust funds	1,626,817		1,626,817
Capital assets, nondepreciable	3,087,127	820,586	3,907,713
Capital assets, depreciable, net of accumulated depreciation	1,523,547	95,111	1,618,658
<b>Total assets</b>	<b>9,501,174</b>	<b>6,360,996</b>	<b>15,862,170</b>
<b>Deferred Outflows of Resources:</b>			
Deferred loss on refunding		506,991	506,991
<b>Total deferred outflows of resources</b>		<b>506,991</b>	<b>506,991</b>
<b>Liabilities:</b>			
Accounts payable		703	703
Interest payable		630,450	630,450
Advances from other trust funds		1,626,817	1,626,817
Long-term debt, due within one year		665,681	665,681
Long-term debt, due in more than one year		45,448,804	45,448,804
<b>Total liabilities</b>		<b>48,372,455</b>	<b>48,372,455</b>
<b>Net Position</b>			
Restricted for debt service		2,014,626	2,014,626
Unrestricted	9,501,174	(43,519,094)	(34,017,920)
<b>Total net position (deficit)</b>	<b>\$ 9,501,174</b>	<b>\$ (41,504,468)</b>	<b>\$ (32,003,294)</b>

**CITY OF YUBA CITY**  
**PRIVATE-PURPOSE TRUST FUNDS**  
**COMBINING STATEMENT OF CHANGES IN NET POSITION**  
For the Fiscal Year Ended June 30, 2014

	<b>RDA Low/Mod Successor Agency Fund</b>	<b>RDA Successor Agency Fund</b>	<b>Totals</b>
<b>Additions:</b>			
Investment revenue	\$ 56,910	\$ 109,650	\$ 166,560
Taxes and assessments		2,830,432	2,830,432
Contribution from City for debt service		1,274,660	1,274,660
Contribution from agency fund		48,369	48,369
Other revenue		93,852	93,852
<b>Total additions</b>	<b>56,910</b>	<b>4,356,963</b>	<b>4,413,873</b>
<b>Deductions:</b>			
Administration		132,726	132,726
Community development		580,440	580,440
Interest expense		1,925,191	1,925,191
Depreciation and amortization	109,679	26,644	136,323
<b>Total deductions</b>	<b>109,679</b>	<b>2,665,001</b>	<b>2,774,680</b>
<b>Change in net position</b>	<b>(52,769)</b>	<b>1,691,962</b>	<b>1,639,193</b>
Net Position (Deficit) - July 1, 2013	9,553,943	(42,950,350)	(33,396,407)
Prior Period Adjustment		(246,080)	(246,080)
Net Position (Deficit) - July 1, 2013, Restated	9,553,943	(43,196,430)	(33,642,487)
Net Position (Deficit) - June 30, 2014	\$ 9,501,174	\$ (41,504,468)	\$ (32,003,294)

**CITY OF YUBA CITY**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
June 30, 2014

	<u>City Trust</u>	<u>Net-5 Operations</u>	<u>Cal-Met Program</u>	<u>West Hillcrest Assessment District</u>
<b>Assets:</b>				
Cash and investments	\$ 744,401	\$ 289,890	\$ -	\$ 92,045
Cash and investments with fiscal agent				
Interest receivable				
Prepaid expenses				
Accounts receivable	47,023			
	<u>47,023</u>			
Total assets	<u>\$ 791,424</u>	<u>\$ 289,890</u>	<u>\$ -</u>	<u>\$ 92,045</u>
<b>Liabilities:</b>				
Accounts payable	\$ 29,533	\$ 11,771	\$ -	\$ -
Accrued liabilities				
Deposits payable	761,891	278,119		92,045
	<u>761,891</u>	<u>278,119</u>		<u>92,045</u>
Total liabilities	<u>\$ 791,424</u>	<u>\$ 289,890</u>	<u>\$ -</u>	<u>\$ 92,045</u>

<b>Village Green - Del Wayne Assessment District 2003-2</b>	<b>Marcia Avenue Assessment District</b>	<b>East Hillcrest Assessment District</b>	<b>Staple/Ashley/ Dennis/Cornwell Assessment District 2004-1</b>	<b>Butte Vista Assessment District 2000-1</b>	<b>Butte Vista Assessment District 2002-1</b>
\$ 49,890	\$ 8,410	\$ 1,644	\$ 11,607	\$ 183,191	\$ 115,154
				194	1,110
<u>\$ 49,890</u>	<u>\$ 8,410</u>	<u>\$ 1,644</u>	<u>\$ 11,607</u>	<u>\$ 183,385</u>	<u>\$ 116,264</u>
\$ 18,318	\$ -	\$ -	\$ 91	\$ 4	\$ 86
31,572	8,410	1,644	11,516	183,381	116,178
<u>\$ 49,890</u>	<u>\$ 8,410</u>	<u>\$ 1,644</u>	<u>\$ 11,607</u>	<u>\$ 183,385</u>	<u>\$ 116,264</u>

(Continued)

**CITY OF YUBA CITY**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF ASSETS AND LIABILITIES**  
June 30, 2014  
(Continued)

	<b>Darrough Assessment District 2003</b>	<b>Tierra Buena Assessment District</b>	<b>Sunsweet Boulevard CFD</b>	<b>Flood Control Agency</b>
<b>Assets</b>				
Cash and investments	\$ 39,917	\$ 303,309	\$ 177,568	\$ 2,963,043
Cash and investments with fiscal agent			432,243	
Interest receivable			2	
Prepaid expenses				63
Accounts receivable	128	3,386	9,961	
	<u>40,045</u>	<u>306,695</u>	<u>619,774</u>	<u>2,963,106</u>
Total assets	<u>\$ 40,045</u>	<u>\$ 306,695</u>	<u>\$ 619,774</u>	<u>\$ 2,963,106</u>
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 1,587	\$ -	\$ 40,445
Accrued liabilities				21,562
Deposits payable	40,045	305,108	619,774	2,901,099
	<u>40,045</u>	<u>306,695</u>	<u>619,774</u>	<u>2,963,106</u>
Total liabilities	<u>\$ 40,045</u>	<u>\$ 306,695</u>	<u>\$ 619,774</u>	<u>\$ 2,963,106</u>

<b>Animal Control Operations</b>	<b>SBFCA Capital</b>	<b>Totals</b>
\$ 82,758	\$ 24,008,024	\$ 29,070,851
		432,243
	5,091	5,093
		63
<u>72,254</u>	<u>9,095,059</u>	<u>9,229,115</u>
<u>\$ 155,012</u>	<u>\$ 33,108,174</u>	<u>\$ 38,737,365</u>
\$ 120,087	\$ 12,790,436	\$ 13,012,358
		21,562
<u>34,925</u>	<u>20,317,738</u>	<u>25,703,445</u>
<u>\$ 155,012</u>	<u>\$ 33,108,174</u>	<u>\$ 38,737,365</u>

**CITY OF YUBA CITY**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
<b>CITY TRUST</b>				
<b>ASSETS</b>				
Cash and investments	\$ 607,098	\$ 146,123	\$ (8,820)	\$ 744,401
Accounts receivable	12,431	47,023	(12,431)	47,023
Total Assets	<u>\$ 619,529</u>	<u>\$ 193,146</u>	<u>\$ (21,251)</u>	<u>\$ 791,424</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 8,820	\$ 29,533	\$ (8,820)	\$ 29,533
Deposits payable	610,709	163,613	(12,431)	761,891
Total Liabilities	<u>\$ 619,529</u>	<u>\$ 193,146</u>	<u>\$ (21,251)</u>	<u>\$ 791,424</u>
<b>NET-5 OPERATIONS</b>				
<b>ASSETS</b>				
Cash and investments	\$ 206,262	\$ 361,018	\$ (277,390)	\$ 289,890
Accounts receivable	242		(242)	
Total Assets	<u>\$ 206,504</u>	<u>\$ 361,018</u>	<u>\$ (277,632)</u>	<u>\$ 289,890</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 4,753	\$ 11,771	\$ (4,753)	\$ 11,771
Deposits payable	201,751	349,247	(272,879)	278,119
Total Liabilities	<u>\$ 206,504</u>	<u>\$ 361,018</u>	<u>\$ (277,632)</u>	<u>\$ 289,890</u>
<b>CAL-MET PROGRAM</b>				
<b>ASSETS</b>				
Cash and investments	\$ 25,891	\$ -	\$ (25,891)	\$ -
Total Assets	<u>\$ 25,891</u>	<u>\$ -</u>	<u>\$ (25,891)</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Deposits payable	\$ 25,891	\$ -	\$ (25,891)	\$ -
Total Liabilities	<u>\$ 25,891</u>	<u>\$ -</u>	<u>\$ (25,891)</u>	<u>\$ -</u>
<b>WEST HILLCREST ASSESSMENT DISTRICT</b>				
<b>ASSETS</b>				
Cash and investments	\$ 91,381	\$ 664	\$ -	\$ 92,045
Total Assets	<u>\$ 91,381</u>	<u>\$ 664</u>	<u>\$ -</u>	<u>\$ 92,045</u>
<b>LIABILITIES</b>				
Deposits payable	\$ 91,381	\$ 664	\$ -	\$ 92,045
Total Liabilities	<u>\$ 91,381</u>	<u>\$ 664</u>	<u>\$ -</u>	<u>\$ 92,045</u>

**CITY OF YUBA CITY**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
<b>VILLAGE GREEN - DEL WAYNE ASSESSMENT DISTRICT 2003-2</b>				
<b>ASSETS</b>				
Cash and investments	\$ 28,816	\$ 41,274	\$ (20,200)	\$ 49,890
Total Assets	<u>\$ 28,816</u>	<u>\$ 41,274</u>	<u>\$ (20,200)</u>	<u>\$ 49,890</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 46	\$ 18,318	\$ (46)	\$ 18,318
Deposits payable	28,770	22,956	(20,154)	31,572
Total Liabilities	<u>\$ 28,816</u>	<u>\$ 41,274</u>	<u>\$ (20,200)</u>	<u>\$ 49,890</u>
<b>MARCIA AVENUE ASSESSMENT DISTRICT</b>				
<b>ASSETS</b>				
Cash and investments	\$ 8,516	\$ 62	\$ (168)	\$ 8,410
Total Assets	<u>\$ 8,516</u>	<u>\$ 62</u>	<u>\$ (168)</u>	<u>\$ 8,410</u>
<b>LIABILITIES</b>				
Deposits payable	\$ 8,516	\$ 62	\$ (168)	\$ 8,410
Total Liabilities	<u>\$ 8,516</u>	<u>\$ 62</u>	<u>\$ (168)</u>	<u>\$ 8,410</u>
<b>EAST HILLCREST ASSESSMENT DISTRICT</b>				
<b>ASSETS</b>				
Cash and investments	\$ 1,447	\$ 7,214	\$ (7,017)	\$ 1,644
Total Assets	<u>\$ 1,447</u>	<u>\$ 7,214</u>	<u>\$ (7,017)</u>	<u>\$ 1,644</u>
<b>LIABILITIES</b>				
Deposits payable	\$ 1,447	\$ 7,214	\$ (7,017)	\$ 1,644
Total Liabilities	<u>\$ 1,447</u>	<u>\$ 7,214</u>	<u>\$ (7,017)</u>	<u>\$ 1,644</u>
<b>STAPLE/ASHLEY/DENNIS/CORNWELL ASSESSMENT DISTRICT 2004-1</b>				
<b>ASSETS</b>				
Cash and investments	\$ 11,382	\$ 13,700	\$ (13,475)	\$ 11,607
Total Assets	<u>\$ 11,382</u>	<u>\$ 13,700</u>	<u>\$ (13,475)</u>	<u>\$ 11,607</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 59	\$ 91	\$ (59)	\$ 91
Deposits payable	11,323	13,609	(13,416)	11,516
Total Liabilities	<u>\$ 11,382</u>	<u>\$ 13,700</u>	<u>\$ (13,475)</u>	<u>\$ 11,607</u>

(Continued)

**CITY OF YUBA CITY**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**  
(Continued)

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
<b>BUTTE VISTA ASSESSMENT DISTRICT 2000-1</b>				
<b>ASSETS</b>				
Cash and investments	\$ 175,183	\$ 71,836	\$ (63,828)	\$ 183,191
Cash and investments with fiscal agent	34,411		(34,411)	
Accounts receivable	1,595	194	(1,595)	194
	<u>211,189</u>	<u>72,030</u>	<u>(99,834)</u>	<u>183,385</u>
Total Assets	<u>\$ 211,189</u>	<u>\$ 72,030</u>	<u>\$ (99,834)</u>	<u>\$ 183,385</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 4	\$ -	\$ 4
Deposits payable	211,189	72,026	(99,834)	183,381
	<u>211,189</u>	<u>72,030</u>	<u>(99,834)</u>	<u>183,385</u>
Total Liabilities	<u>\$ 211,189</u>	<u>\$ 72,030</u>	<u>\$ (99,834)</u>	<u>\$ 183,385</u>
<b>BUTTE VISTA ASSESSMENT DISTRICT 2002-1</b>				
<b>ASSETS</b>				
Cash and investments	\$ 107,268	\$ 65,431	\$ (57,545)	\$ 115,154
Cash and investments with fiscal agent	34,049		(34,049)	
Accounts receivable	747	1,110	(747)	1,110
	<u>142,064</u>	<u>66,541</u>	<u>(92,341)</u>	<u>116,264</u>
Total Assets	<u>\$ 142,064</u>	<u>\$ 66,541</u>	<u>\$ (92,341)</u>	<u>\$ 116,264</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 86	\$ -	\$ 86
Deposits payable	142,064	66,455	(92,341)	116,178
	<u>142,064</u>	<u>66,541</u>	<u>(92,341)</u>	<u>116,264</u>
Total Liabilities	<u>\$ 142,064</u>	<u>\$ 66,541</u>	<u>\$ (92,341)</u>	<u>\$ 116,264</u>
<b>DARROUGH ASSESSMENT DISTRICT 2003</b>				
<b>ASSETS</b>				
Cash and investments	\$ 39,587	\$ 14,975	\$ (14,645)	\$ 39,917
Accounts receivable	94	128	(94)	128
	<u>39,681</u>	<u>15,103</u>	<u>(14,739)</u>	<u>40,045</u>
Total Assets	<u>\$ 39,681</u>	<u>\$ 15,103</u>	<u>\$ (14,739)</u>	<u>\$ 40,045</u>
<b>LIABILITIES</b>				
Deposits payable	\$ 39,681	\$ 15,103	\$ (14,739)	\$ 40,045
	<u>39,681</u>	<u>15,103</u>	<u>(14,739)</u>	<u>40,045</u>
Total Liabilities	<u>\$ 39,681</u>	<u>\$ 15,103</u>	<u>\$ (14,739)</u>	<u>\$ 40,045</u>

**CITY OF YUBA CITY**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
<b>TIERRA BUENA ASSESSMENT DISTRICT</b>				
<b>ASSETS</b>				
Cash and investments	\$ 257,096	\$ 204,361	\$ (158,148)	\$ 303,309
Cash and investments with fiscal agent	94,291		(94,291)	
Accounts receivable	2,879	3,386	(2,879)	3,386
Total Assets	<u>\$ 354,266</u>	<u>\$ 207,747</u>	<u>\$ (255,318)</u>	<u>\$ 306,695</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 313	\$ 1,587	\$ (313)	\$ 1,587
Deposits payable	353,953	206,160	(255,005)	305,108
Total Liabilities	<u>\$ 354,266</u>	<u>\$ 207,747</u>	<u>\$ (255,318)</u>	<u>\$ 306,695</u>
<b>SUNSWEEP BOULEVARD CFD</b>				
<b>ASSETS</b>				
Cash and investments	\$ 129,867	\$ 266,891	\$ (219,190)	\$ 177,568
Cash and investments with fiscal agent	482,302		(50,059)	432,243
Interest receivable	132	2	(132)	2
Accounts receivable		9,961		9,961
Total Assets	<u>\$ 612,301</u>	<u>\$ 276,854</u>	<u>\$ (269,381)</u>	<u>\$ 619,774</u>
<b>LIABILITIES</b>				
Deposits payable	\$ 612,301	\$ 276,854	\$ (269,381)	\$ 619,774
Total Liabilities	<u>\$ 612,301</u>	<u>\$ 276,854</u>	<u>\$ (269,381)</u>	<u>\$ 619,774</u>
<b>FLOOD CONTROL AGENCY</b>				
<b>ASSETS</b>				
Cash and investments	\$ 2,545,481	\$ 769,388	\$ (351,826)	\$ 2,963,043
Prepaid expenses		63		63
Accounts receivable	1,146		(1,146)	
Total Assets	<u>\$ 2,546,627</u>	<u>\$ 769,451</u>	<u>\$ (352,972)</u>	<u>\$ 2,963,106</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 40,683	\$ 40,445	\$ (40,683)	\$ 40,445
Accrued liabilities	32,749	21,562	(32,749)	21,562
Deposits payable	2,473,195	707,444	(279,540)	2,901,099
Total Liabilities	<u>\$ 2,546,627</u>	<u>\$ 769,451</u>	<u>\$ (352,972)</u>	<u>\$ 2,963,106</u>

(Continued)

**CITY OF YUBA CITY**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**  
(Continued)

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
<b>ANIMAL CONTROL OPERATIONS</b>				
<b>ASSETS</b>				
Cash and investments	\$ -	\$ 932,887	\$ (850,129)	\$ 82,758
Accounts receivable		72,254		72,254
Total Assets	<u>\$ -</u>	<u>\$ 1,005,141</u>	<u>\$ (850,129)</u>	<u>\$ 155,012</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 120,087	\$ -	\$ 120,087
Deposits payable		885,054	(850,129)	34,925
Total Liabilities	<u>\$ -</u>	<u>\$ 1,005,141</u>	<u>\$ (850,129)</u>	<u>\$ 155,012</u>
<b>SBFCA CAPITAL</b>				
<b>ASSETS</b>				
Cash and investments	\$ 2,895,292	\$ 71,366,682	\$ (50,253,950)	\$ 24,008,024
Cash and investments with fiscal agent	36,260,215		(36,260,215)	
Interest receivable	301	5,091	(301)	5,091
Accounts receivable	5,157,750	9,095,059	(5,157,750)	9,095,059
Deposits receivable	6,702,761		(6,702,761)	
Total Assets	<u>\$ 51,016,319</u>	<u>\$ 80,466,832</u>	<u>\$ (98,374,977)</u>	<u>\$ 33,108,174</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 4,110,879	\$ 12,790,436	\$ (4,110,879)	\$ 12,790,436
Loan payable	5,870,440		(5,870,440)	
Bond payable	41,035,000		(41,035,000)	
Deposits payable		67,676,396	(47,358,658)	20,317,738
Total Liabilities	<u>\$ 51,016,319</u>	<u>\$ 80,466,832</u>	<u>\$ (98,374,977)</u>	<u>\$ 33,108,174</u>
<b>TOTAL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and investments	\$ 7,130,567	\$ 74,262,506	\$ (52,322,222)	\$ 29,070,851
Cash and investments with fiscal agent	36,905,268	0	(36,473,025)	432,243
Interest receivable	433	5,093	(433)	5,093
Prepaid expenses		63		63
Accounts receivable	5,176,884	9,229,115	(5,176,884)	9,229,115
Deposits receivable	6,702,761		(6,702,761)	
Total Assets	<u>\$ 55,915,913</u>	<u>\$ 83,496,777</u>	<u>\$ (100,675,325)</u>	<u>\$ 38,737,365</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 4,165,553	\$ 13,012,358	\$ (4,165,553)	\$ 13,012,358
Accrued liabilities	32,749	21,562	(32,749)	21,562
Loan payable	5,870,440		(5,870,440)	
Bond payable	41,035,000		(41,035,000)	
Deposits payable	4,812,171	70,462,857	(49,571,583)	25,703,445
Total Liabilities	<u>\$ 55,915,913</u>	<u>\$ 83,496,777</u>	<u>\$ (100,675,325)</u>	<u>\$ 38,737,365</u>

## **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			
	2005	2006	2007	2008
Governmental Activities				
Net Investment In Capital Assets	\$ 18,162,443	\$ 25,793,897	\$ 398,797,672	\$ 403,278,221
Restricted	4,741,946	16,552,036	26,188,402	32,249,323
Unrestricted	43,119,246	30,678,331	10,968,014	22,227,025
Total Governmental Activities Net Position	<u>\$ 66,023,635</u>	<u>\$ 73,024,264</u>	<u>\$ 435,954,088</u>	<u>\$ 457,754,569</u>
Business-Type Activities				
Net Investment In Capital Assets	\$ 53,889,915	\$ 48,346,102	\$ 141,461,866	\$ 145,579,890
Restricted	762,967	762,967	762,967	762,967
Unrestricted	25,259,121	37,874,324	28,969,981	28,952,704
Total Business-Type Activities Net Position	<u>\$ 79,912,003</u>	<u>\$ 86,983,393</u>	<u>\$ 171,194,814</u>	<u>\$ 175,295,561</u>
Primary Government				
Net Investment In Capital Assets	\$ 72,052,358	\$ 74,139,999	\$ 540,259,538	\$ 548,858,111
Restricted	5,504,913	17,315,003	26,951,369	33,012,290
Unrestricted	68,378,367	68,552,655	39,937,995	51,179,729
Total Primary Government Net Position	<u>\$ 145,935,638</u>	<u>\$ 160,007,657</u>	<u>\$ 607,148,902</u>	<u>\$ 633,050,130</u>

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									
		2009	2010	2011	2012	2013	2014				
\$	403,377,779	\$	402,012,636	\$	396,981,908	\$	419,160,425	\$	413,009,592	\$	408,431,621
	29,786,112		33,415,439		28,759,126		26,619,342		27,627,518		21,512,890
	21,847,750		17,490,649		25,320,209		33,828,556		29,839,895		34,160,188
\$	455,011,641	\$	452,918,724	\$	451,061,243	\$	479,608,323	\$	470,477,005	\$	464,104,699
\$	144,507,456	\$	155,334,486	\$	151,195,721	\$	135,862,972	\$	138,177,551	\$	146,164,051
	448,717		3,206,069		2,371,293		1,596,243		250,270		1,346,340
	27,368,372		14,013,290		15,566,305		27,262,871		25,612,341		19,758,356
\$	172,324,545	\$	172,553,845	\$	169,133,319	\$	164,722,086	\$	164,040,162	\$	167,268,747
\$	547,885,235	\$	557,347,122	\$	548,177,629	\$	555,023,397	\$	551,187,143	\$	554,595,672
	30,234,829		36,621,508		31,130,419		28,215,585		27,877,788		22,859,230
	49,216,122		31,503,939		40,886,514		61,091,427		55,452,236		53,918,544
\$	627,336,186	\$	625,472,569	\$	620,194,562	\$	644,330,409	\$	634,517,167	\$	631,373,446

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

	Fiscal Year			
	2005	2006	2007	2008
<b>Expenses</b>				
<b>Governmental Activities</b>				
General government	\$ 4,374,806	\$ 4,961,963	\$ 5,196,149	\$ 5,363,212
Public safety	15,739,089	17,342,884	20,685,388	23,282,357
Parks and recreation	2,879,858	3,287,171	3,825,886	4,113,957
Public works and facilities	3,261,043	4,450,059	9,832,488	10,417,186
Community development	3,934,728	3,930,166	5,228,659	3,900,994
Interest on long-term debt	2,669,496	3,007,720	3,979,112	5,337,470
<b>Total Governmental Activities Expenses</b>	<b>32,859,020</b>	<b>36,979,963</b>	<b>48,747,682</b>	<b>52,415,176</b>
<b>Business-Type Activities</b>				
Water	5,136,621	6,620,198	8,618,468	9,706,835
Wastewater	7,409,572	9,045,282	9,585,377	9,749,245
<b>Total Business-Type Activities Expenses</b>	<b>12,546,193</b>	<b>15,665,480</b>	<b>18,203,845</b>	<b>19,456,080</b>
<b>Total Primary Government Net Expenses</b>	<b>\$ 45,405,213</b>	<b>\$ 52,645,443</b>	<b>\$ 66,951,527</b>	<b>\$ 71,871,256</b>
<b>Program Revenues</b>				
<b>Governmental Activities</b>				
<b>Charges for Services</b>				
General government	\$ 715,587	\$ 710,437	\$ 736,964	\$ 993,453
Public safety	1,474,532	1,299,653	1,850,442	1,891,045
Parks and recreation	1,161,026	1,253,188	1,391,504	1,142,165
Public works and facilities	4,344,153	1,677,018	7,636,006	587,212
Community development	2,586,062	1,665,665	1,100,788	1,723,654
Operating Contributions and Grants	2,435,938	2,801,619	4,279,532	3,800,202
Capital Contributions and Grants	2,515,181	1,089,792	1,598,196	18,809,192
<b>Total Governmental Activities Program Revenues</b>	<b>15,232,479</b>	<b>10,497,372</b>	<b>18,593,432</b>	<b>28,946,923</b>
<b>Business-Type Activities</b>				
<b>Charges for Services</b>				
Water	14,975,662	12,530,784	10,334,839	9,237,474
Wastewater	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
<b>Total Business-Type Activities Program Revenues</b>	<b>31,115,864</b>	<b>23,517,106</b>	<b>20,181,977</b>	<b>19,706,588</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 46,348,343</b>	<b>\$ 34,014,478</b>	<b>\$ 38,775,409</b>	<b>\$ 48,653,511</b>

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

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 5,176,267	\$ 4,779,423	\$ 4,320,708	\$ 4,016,418	\$ 4,141,515	\$ 4,393,129
24,688,420	23,727,230	23,298,449	24,602,053	23,803,495	24,980,039
4,054,318	3,619,636	2,039,732	2,352,919	2,327,384	3,536,186
11,203,066	12,561,736	13,746,466	14,378,965	14,679,065	15,409,666
3,612,257	4,876,451	3,466,209	1,837,460	2,681,441	1,292,742
5,644,530	5,832,196	3,186,505	2,963,697	918,815	843,038
54,378,858	55,396,672	50,058,069	50,151,512	48,551,715	50,454,800
9,938,304	9,758,320	9,819,001	10,785,207	10,931,144	10,726,296
9,797,636	9,746,836	9,865,739	10,051,516	9,912,472	10,061,207
19,735,940	19,505,156	19,684,740	20,836,723	20,843,616	20,787,503
\$ 74,114,798	\$ 74,901,828	\$ 69,742,809	\$ 70,988,235	\$ 69,395,331	\$ 71,242,303
\$ 27,482	\$ 24,097	\$ 18,203	\$ 74,070	\$ 30,072	\$ 53,769
2,710,690	2,355,913	2,502,798	2,376,915	2,576,302	2,556,336
1,446,139	1,237,924	1,223,333	1,202,537	1,153,643	1,134,791
475,349	497,209	396,971	419,187	473,896	418,210
1,304,404	940,205	920,703	932,856	983,285	1,520,681
3,488,022	3,814,256	3,354,619	3,582,211	3,995,600	5,231,043
6,728,478	9,550,250	8,344,346	4,514,869	6,583,249	5,955,999
16,180,564	18,419,854	16,760,973	13,102,645	15,796,047	16,870,829
8,629,300	8,653,769	8,824,154	9,592,893	11,177,162	11,794,764
9,054,820	9,353,229	9,523,380	9,745,996	10,869,354	11,863,241
51,196	3,810,219	499,259	68,186	1,447,342	3,503,728
448,415	523,868				358,760
18,183,731	22,341,085	18,846,793	19,407,075	23,493,858	27,520,493
\$ 34,364,295	\$ 40,760,939	\$ 35,607,766	\$ 32,509,720	\$ 39,289,905	\$ 44,391,322

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

	Fiscal Year			
	2005	2006	2007	2008
<b>Net (Expense)/Revenue</b>				
Governmental Activities	\$ (17,626,541)	\$ (26,482,591)	\$ (30,154,250)	\$ (23,468,253)
Business-Type Activities	18,569,671	7,851,626	1,978,132	250,508
<b>Total Primary Government Net Expense</b>	<b>943,130</b>	<b>(18,630,965)</b>	<b>(28,176,118)</b>	<b>(23,217,745)</b>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities				
Taxes				
Secured and unsecured property taxes	12,038,440	15,379,341	17,976,967	18,211,784
Sales and use taxes	7,572,037	9,133,964	7,700,082	7,593,904
Transient lodging taxes	558,236	584,771	664,856	744,133
Franchise taxes	1,111,651	1,264,092	1,377,674	1,374,274
Other and public service taxes	430,399	367,687	238,980	1,008,694
Grants and Contributions - Unrestricted	1,414,503	395,439	369,722	313,876
Interest and Investment Earnings	2,689,592	4,260,089	5,531,403	6,666,935
Miscellaneous	467,851	409,790	728,673	506,607
Sale of capital assets	3,466,483			100,535
Transfers	2,285,892	2,229,069	3,639,983	1,733,485
<b>Total Governmental Activities</b>	<b>32,035,084</b>	<b>34,024,242</b>	<b>38,228,340</b>	<b>38,254,227</b>
Business-Type Activities				
Interest and Investment Earnings	734,271	1,718,768	1,560,862	1,774,540
Sale of capital assets				(912)
Transfers	(2,285,892)	(2,229,069)	(3,639,983)	(1,733,485)
<b>Total Business-Type Activities</b>	<b>(1,551,621)</b>	<b>(510,301)</b>	<b>(2,079,121)</b>	<b>40,143</b>
<b>Total Primary Government</b>	<b>30,483,463</b>	<b>33,513,941</b>	<b>36,149,219</b>	<b>38,294,370</b>
<b>Change in Net Position</b>				
Governmental Activities	14,408,543	7,541,651	8,074,090	14,785,974
Business-Type Activities	17,018,050	7,341,325	(267,019)	290,651
<b>Total Primary Government</b>	<b>\$ 31,426,593</b>	<b>\$ 14,882,976</b>	<b>\$ 7,807,071</b>	<b>\$ 15,076,625</b>

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					
2009	2010	2011	2012	2013	2014
\$ (38,198,294)	\$ (36,976,818)	\$ (33,297,096)	\$ (37,048,867)	\$ (32,755,668)	\$ (33,583,971)
(1,552,209)	2,835,929	(837,947)	(1,429,648)	2,650,242	6,732,990
(39,750,503)	(34,140,889)	(34,135,043)	(38,478,515)	(30,105,426)	(26,850,981)
17,946,109	17,216,421	16,616,162	14,258,572	13,035,024	13,203,137
6,759,997	7,009,127	7,261,010	7,797,443	8,077,442	8,304,105
648,209	530,582	651,970	637,662	626,485	696,092
1,431,844	1,357,607	1,351,524	1,454,956	1,513,729	1,581,936
960,949	864,948	926,680	904,052	919,624	997,047
238,821	209,236	295,509	32,438	33,612	27,933
5,006,289	4,193,845	928,351	757,501	191,015	734,621
7,062	244,794	516,964	1,038,920	81,433	741,795
25,815					96,458
2,727,978	3,035,849	2,891,445	3,286,481	3,822,793	3,400,139
35,753,073	34,662,409	31,439,615	30,168,025	28,301,157	29,783,263
1,309,171	429,220	308,866	304,896	490,627	248,809
(2,727,978)	(3,035,849)	(2,891,445)	(3,286,481)	(3,822,793)	(3,400,139)
(1,418,807)	(2,606,629)	(2,582,579)	(2,981,585)	(3,332,166)	(3,151,330)
34,334,266	32,055,780	28,857,036	27,186,440	24,968,991	26,631,933
(2,445,221)	(2,314,409)	(1,857,481)	(6,880,842)	(4,454,511)	(3,800,708)
(2,971,016)	229,300	(3,420,526)	(4,411,233)	(681,924)	3,581,660
\$ (5,416,237)	\$ (2,085,109)	\$ (5,278,007)	\$ (11,292,075)	\$ (5,136,435)	\$ (219,048)

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

	Fiscal Year				
	2005	2006	2007	2008	2009
General Fund					
Reserved	\$ 18,325,351	\$ 20,508,445	\$ 22,364,092	\$ 24,558,967	\$ 26,888,182
Unreserved	3,486,687	3,833,519	4,033,423	3,881,024	5,465,445
<b>Total General Fund</b>	<b>\$21,812,038</b>	<b>\$24,341,964</b>	<b>\$26,397,515</b>	<b>\$28,439,991</b>	<b>\$32,353,627</b>
All Other Governmental Funds					
Reserved	\$ 6,457,399	\$ 7,779,152	\$ 28,249,617	\$ 29,430,138	\$ 13,583,533
Unreserved, Reported In:					
Special Revenue Funds	5,351,375	6,174,368	23,093,007	13,359,772	5,783,782
Debt Service Funds	(18,139,942)	(19,953,937)	(20,904,593)	(24,144,263)	(26,558,689)
Capital Projects Funds	24,426,922	20,992,418	8,536,048	9,231,060	17,534,282
<b>Total All Other Governmental Funds</b>	<b>18,095,754</b>	<b>14,992,001</b>	<b>38,974,079</b>	<b>27,876,707</b>	<b>10,342,908</b>
<b>Total Governmental Funds</b>	<b>\$39,907,792</b>	<b>\$39,333,965</b>	<b>\$65,371,594</b>	<b>\$56,316,698</b>	<b>\$42,696,535</b>

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				
2010	2011*	2012	2013	2014
\$ 29,609,352				
4,958,082				
<u>\$34,567,434</u>				
\$ 13,439,946				
4,902,184				
(29,214,558)				
<u>13,109,881</u>				
<u>2,237,453</u>				
<u><u>\$36,804,887</u></u>				

\$ 18,577,928	\$ 11,036,331	\$ 11,087,802	\$ 11,097,202
4,675,251	4,252,629	3,905,424	4,541,557
3,629,782	3,967,340	4,252,782	4,530,069
<u>26,882,961</u>	<u>19,256,300</u>	<u>19,246,008</u>	<u>20,168,828</u>
272		2,933,989	3,032,704
14,430,465	9,324,531	9,141,002	10,865,600
13,968,017	12,167,982	11,468,379	8,234,627
161,996			
<u>(18,873,149)</u>	<u>(263,157)</u>	<u>(447)</u>	<u>(1,917)</u>
<u>9,687,601</u>	<u>21,229,356</u>	<u>23,542,923</u>	<u>22,131,014</u>
<u><u>\$ 36,570,562</u></u>	<u><u>\$ 40,485,656</u></u>	<u><u>\$ 42,788,931</u></u>	<u><u>\$ 42,299,842</u></u>

**CITY OF YUBA CITY**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**

(Modified Accrual Basis of Accounting)

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

<sup>1</sup>For 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	2014
\$ 30,417,648	\$ 28,563,525	\$ 31,388,057	\$ 28,723,364	\$ 27,711,200	\$ 29,087,598
764,696	761,033	724,090	573,925	669,358	1,133,736
677,402	490,881	483,956	421,957	334,341	276,227
4,552,206	3,801,345	658,589	540,838	161,313	510,789
3,433,937	8,043,366	4,173,926	2,481,818	5,007,541	5,024,014
6,803,599	5,620,730	6,633,906	4,881,860	5,455,241	6,105,051
590,307	1,207,407	809,902	3,417,534	2,594,920	931,392
47,239,795	48,488,287	44,872,426	41,041,296	41,933,914	43,068,807
4,858,367	4,354,742	3,403,128	3,534,513	3,692,914	3,863,559
23,674,889	23,163,001	22,857,469	22,848,034	23,408,117	24,164,207
3,878,488	3,628,957	1,989,822	2,047,812	2,037,572	3,283,707
3,173,448	3,681,891	5,265,598	4,612,500	4,625,359	4,551,124
3,806,050	5,578,721	4,218,060	2,216,260	2,371,335	1,281,553
1,811,502	1,931,391	2,037,244	2,154,096	1,776,320	1,920,032
5,582,117	5,746,734	3,107,770	2,928,812	885,016	852,225
16,803,075	9,330,347	7,858,187	5,505,424	5,624,286	5,201,065
63,587,936	57,415,784	50,737,278	45,847,451	44,420,919	45,117,472
(16,348,141)	(8,927,497)	(5,864,852)	(4,806,155)	(2,487,005)	(2,048,665)
22,406,863	24,505,212	24,888,036	13,915,016	10,854,900	9,901,040
(19,678,885)	(21,469,363)	(19,257,509)	(10,628,535)	(7,410,107)	(6,500,901)
				1,345,487	
2,727,978	3,035,849	5,630,527	3,286,481	4,790,280	3,400,139
			5,434,768		
(\$13,620,163)	(\$5,891,648)	(\$234,325)	\$3,915,094	\$2,303,275	\$1,351,474
15.8%	15.9%	12.0%	12.6%	6.9%	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 <sup>1</sup>	Total Direct Tax Rate
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%
2014	4,116,559,618	354,642,949	305,053,071	4,166,149,496	1.11574%

<sup>1</sup> 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 RATES<sup>1</sup>**  
**LAST TEN FISCAL YEARS**

Fiscal Year	County Direct Rate <sup>2</sup>	Yuba City Unified and Community College Bond	Field Bond	Total Rate
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
2014	1.00000	0.11574	-	1.11574

<sup>1</sup> 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.

<sup>2</sup> 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 2014			Fiscal Year 2005		
	Taxable Assessed Value <sup>1</sup>	Percent Of Total Assessed Valuation	Rank	Taxable Assessed Value <sup>1</sup>	Percent Of Total Assessed Valuation	Rank
Sunsweet Growers Inc.	\$ 78,629,710	1.89%	1	\$ 63,023,718	2.26%	2
Wal Mart Stores Inc./Sam's West	43,066,942	1.03%	2	20,695,067	0.74%	8
Miravista LLC	33,600,000	0.81%	3	-	-	
Yuba City Company - Generation LP	33,352,535	0.80%	4	38,267,896	1.37%	6
Kats River Oaks	19,229,100	0.46%	5	-	-	
Butte House Bel Air Investment - II LP	19,125,855	0.46%	6	17,963,690	0.64%	10
Feather River Energy Center LLC	18,987,995	0.46%	7	46,527,799	1.67%	5
Valley Fine Foods Company Inc.	15,211,969	0.37%	8	-	-	
Comcast	13,139,263	0.32%	9	88,769,940	3.18%	1
Bridge Street QC LLC	12,350,000	0.30%	10	-	-	
Greenleaf Unit Two Associates				55,509,611	1.99%	3
Yuba City Energy Center LLC				50,928,313	1.83%	4
Sutter North Medical Foundation				26,935,691	0.97%	7
United Com Serve Inc.				18,802,398	0.67%	9
	<u>\$ 286,693,369</u>	<u>6.88%</u>		<u>\$ 427,424,123</u>	<u>15.33%</u>	

<sup>1</sup> Taxable assessed value includes tax assessments on real and personal properties.

Source: Sutter County Assessor

**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 <sup>1</sup>	Amount	Percent of Levy
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%
2014	6,276,524	2,790,734	9,067,258	9,067,258	100.00%

<sup>1</sup> Schedule excludes unitary tax.

<sup>2</sup> 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 <sup>2</sup>
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
2014	-	279,125	10,650,000	3,115,000	3,924,677	17,968,802

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

<sup>1</sup> See Demographic and Economic Indicators schedule for personal income and population data.

<sup>2</sup> 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 <sup>2</sup>	Total Primary Government	Percentage of Personal Income <sup>1</sup>	Per Capita <sup>1</sup>
\$ -	\$ 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
36,218,737	-	29,284,569	-	65,503,306	83,472,108	6.22%	1,271

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

Fiscal Year	General Bonded Debt Outstanding			Percentage of Personal Income <sup>1</sup>	Percentage of Total Taxable Assessed Value <sup>2</sup>	Per Capita <sup>1</sup>
	Certificates of Participation	Pension Obligation Bonds	Total			
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
2014	10,650,000	3,115,000	13,765,000	1.03%	0.33%	210

<sup>1</sup> See Demographic and Economic Indicators schedule for personal income and population data.

<sup>2</sup> 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 DEBT GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF JUNE 30, 2014**

	Percent Applicable <sup>1</sup>	Debt June 30, 2014
<b>OVERLAPPING TAX AND ASSESSMENT DEBT:</b>		
Yuba Joint Community College District	16.873%	\$ 21,169,915
Sutter Union High School District	0.313%	36,715
Yuba City Unified School District School Facilities Improvement District No. 99-1	71.276%	12,215,170
Yuba City Unified School District School Facilities Improvement District No. 2004-1	72.515%	15,085,804
City of Yuba City Community Facilities District No. 2004-1	100.000%	2,765,000
City of Yuba City 1915 Act Bonds	100.000%	1,127,844
California Statewide Communities Development Authority 1915 Act Bonds	100.000%	381,290
Sutter Butte Flood Control Agency Assessment District	58.618%	<u>24,053,896</u>
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>		<u><b>76,835,634</b></u>
<b>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</b>		
Sutter County Certificates of Participation	54.390%	723,387
Sutter County Board of Education Certificates of Participation	54.390%	2,760,293
Yuba Joint Community College District Certificates of Participation	16.873%	3,034,849
Yuba City Unified School District Certificates of Participation	78.551%	19,453,155
City of Yuba City Certificates of Participation	100.000%	<b>10,650,000</b>
City of Yuba City Pension Obligations	100.000%	<u><b>3,115,000</b></u>
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT</b>		<u><b>39,736,684</b></u>
<b>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</b>	100.000%	<u><b>33,205,000</b></u>
<b>COMBINED TOTAL DEBT</b>		<u><u><b>\$ 149,777,318</b></u></u> <sup>2</sup>
<b>TOTAL DIRECT DEBT</b>		<u><b>\$ 13,765,000</b></u>
<b>TOTAL OVERLAPPING DEBT</b>		<u><b>136,012,318</b></u>
<b>COMBINED TOTAL DEBT</b>		<u><u><b>\$ 149,777,318</b></u></u> <sup>2</sup>

<sup>1</sup> The percentage of overlapping debt applicable to the City is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of overlapping district's assessed value that is within the boundaries of the City, divided by the District's total taxable assessed value.

<sup>2</sup> Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, tax allocation bonds and non-bonded capital lease obligations.

**RATIOS TO 2013-14 ASSESSED VALUATION:**

Total Overlapping Tax and Assessment Debt	1.81%
Combined Direct Debt (\$13,765,000)	0.33%
Combined Total Debt	3.54%

**RATIOS TO REDEVELOPMENT INCREMENTAL VALUATION (\$342,393,875):**

Total Overlapping Tax Increment Debt	9.70%
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**CITY OF YUBA CITY**  
**LEGAL DEBT MARGIN INFORMATION**  
**LAST TEN FISCAL YEARS**

	Fiscal year			
	2005	2006	2007	2008
Total assessed value of all real and personal property	\$ 2,788,971,498	\$ 3,501,830,528	\$ 4,234,096,299	\$ 4,612,562,660
Debt limit percentage	3.75%	3.75%	3.75%	3.75%
Total debt limit	104,586,431	131,318,645	158,778,611	172,971,100
Amount application to debt limit	972,169	828,262	20,915,993	26,089,953
Legal debt margin	<u>\$ 417,373,556</u>	<u>\$ 524,446,317</u>	<u>\$ 614,198,452</u>	<u>\$ 146,881,147</u>
Total net debt applicable to the limit as a percentage of debt limit	0.93%	0.63%	13.17%	15.08%

Note: California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted when assessed valuations were based on 25% of full market value. This has since changed to 100% of full market value. Thus the limit shown is 3.75% (1/4 of 15%).

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

Fiscal year					
2009	2010	2011	2012	2013	2014
\$4,735,083,582	\$4,582,176,538	\$ 4,445,145,333	\$ 4,491,922,216	\$ 4,130,921,218	\$ 4,166,149,496
3.75%	3.75%	3.75%	3.75%	3.75%	3.75%
177,565,634	171,831,620	166,692,950	168,447,083	154,909,546	156,230,606
24,713,590	23,243,660	21,679,239	20,019,367	21,914,591	13,765,000
<u>\$ 152,852,044</u>	<u>\$ 148,587,960</u>	<u>\$ 145,013,711</u>	<u>\$ 148,427,716</u>	<u>\$ 132,994,955</u>	<u>\$ 142,465,606</u>
13.92%	13.53%	13.01%	11.88%	14.15%	8.81%

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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
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	-	-	-	-
2014	-	-	-	-

Loans Payable

Fiscal Year	Principal	Interest
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	-	-
2014	21,175	1,289

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
2005	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
2006	-	-	-	-	-	-	-
2007	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-

Sewer Revenue Bonds

Fiscal Year	Operating Revenue	Adjusted Operating Expenses	Other Allowed Sources (Uses)	Net Available Revenue	Principal	Interest	Coverage
2005	-	-	-	-	-	-	-
2006	-	-	-	-	-	-	-
2007	-	-	-	-	-	-	-
2008	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-

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: 2007 Wastewater Certificates of Participation were defeased in fiscal year 13/14.

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
\$ 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
11,794,764	(4,815,664)	-	(1,774,750)	5,204,350	1,768,787	1,146,362	1.79

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
\$ 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
11,863,241	(5,852,523)	-	(1,376,580)	4,634,138	810,373	756,338	2.96

**CITY OF YUBA CITY**  
**DEMOGRAPHIC STATISTICS**  
**LAST TEN FISCAL YEARS**

Fiscal Year	Population <sup>1</sup>	Personal Income <sup>2</sup>		School Enrollment <sup>3</sup>	Unemployment Rate <sup>4</sup>	City Square Miles <sup>5</sup>
		Total (in thousands)	Per Capita			
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	14.0%	14.65
2014	65,677	1,342,164	20,436	12,822	12.6%	14.91

<sup>1</sup> Source: California Department of Finance

<sup>2</sup> Source: California Franchise Tax Board

<sup>3</sup> Source: Yuba City Unified School District

<sup>4</sup> Source: California Employment Development Department

<sup>5</sup> Source: Yuba City Engineering Department

n/a: not available

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

Employer	Fiscal Year 2014			Fiscal Year 2005		
	Employees	Percent of Total Employment	Rank	Employees	Percent of Total Employment	Rank
Fremont Rideout Medical	1,855	9.61%	1	N/A	N/A	N/A
Yuba City Unified School District	1,377	7.13%	2	N/A	N/A	N/A
County of Sutter	857	4.44%	3	N/A	N/A	N/A
Sunsweet Growers	710	3.68%	4	N/A	N/A	N/A
Wal-Mart	550	2.85%	5	N/A	N/A	N/A
Sutter North Medical	450	2.33%	6	N/A	N/A	N/A
City of Yuba City	297	1.54%	7	N/A	N/A	N/A
Sam's Club	240	1.24%	8	N/A	N/A	N/A
Target	200	1.04%	9	N/A	N/A	N/A
Bel Air/Raley's	180	0.93%	10	N/A	N/A	N/A
	6,716	34.80%				

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				
	2005	2006	2007	2008	2009
Governmental Activities					
General Government					
City manager	2.00	3.00	2.00	2.00	2.00
Finance	14.00	16.00	16.00	16.00	16.60
Information services	4.00	4.00	4.00	4.00	4.00
Human resources	6.00	6.00	6.00	6.00	5.50
Public Safety					
Police	84.50	97.50	102.50	102.50	103.50
Fire	47.10	49.10	52.10	52.10	55.10
Parks and Recreation	26.00	28.00	30.50	32.50	31.73
Public Works and facilities					
Administration	2.00	2.00	2.00	2.00	3.00
Custodial	9.75	9.75	11.75	11.75	11.75
Streets	10.30	10.50	10.30	10.30	10.23
Engineering	8.00	8.00	8.00	6.00	8.00
Electrical maintenance	4.10	4.10	4.10	4.10	4.08
Community Development					
Planning	7.00	7.00	5.00	5.00	4.00
Building inspection	11.00	11.00	12.00	10.00	10.00
Economic development	2.60	2.60	2.60	1.60	1.00
Water	24.20	27.60	29.50	27.95	28.73
Wastewater	29.40	33.80	36.10	36.65	37.73
Vehicle maintenance	5.25	5.25	5.25	5.25	5.25
SBFCA					
Total Full-Time Equivalent Employees	<u>297.20</u>	<u>325.20</u>	<u>339.70</u>	<u>335.70</u>	<u>342.20</u>

Source: City of Yuba City Finance Department

Fiscal Year				
2010	2011	2012	2013	2014
4.00	3.75	3.50	3.50	3.50
13.52	13.52	13.00	13.00	13.00
4.00	4.00	5.00	5.00	5.00
4.50	3.50	3.00	3.00	3.00
101.50	91.50	91.50	91.50	91.50
55.10	55.10	55.00	55.00	55.00
26.24	20.23	18.23	18.23	23.98
3.00	3.75	2.00	1.30	1.30
9.75	5.00	5.00	5.00	5.00
9.23	9.23	9.23	9.23	9.23
10.00	10.00	10.00	12.00	12.00
1.08	0.88	0.88	0.88	0.88
3.00	3.00	4.00	4.00	3.00
6.00	5.00	5.00	5.00	6.00
1.00	1.00	1.00	1.00	1.00
29.58	24.58	25.43	24.13	24.13
38.88	35.08	36.23	34.13	34.13
5.25	4.25	4.00	4.10	4.10
				1.00
<u>325.63</u>	<u>293.37</u>	<u>292.00</u>	<u>290.00</u>	<u>296.75</u>

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

	Calendar Year				
	2005	2006	2007	2008	2009
<b>Finance</b>					
Utility customers billed	16,861	17,100	17,896	17,570	17,628
<b>Community Development</b>					
Single family dwelling building permits issued	991	869	292	54	39
Land use entitlement applications	126	119	74	92	42
<b>Police</b>					
Citations issued	8,978	8,130	10,298	12,597	11,769
Arrests made	3,020	3,126	3,140	3,465	3,452
Requests for services	49,563	58,368	44,593	43,936	48,053
<b>Fire</b>					
Fire responses	5,384	5,852	6,119	6,591	7,169
Area served (sq. miles)	17.200	17.200	17.200	30.000	30.000
<b>Parks and Recreation</b>					
Classes held	n/a	754	320	500	1,182
Hours of recreation offered	n/a	13,977	6,000	5,800	8,190
Total participants	n/a	12,220	7,402	12,500	36,749
<b>Public Works</b>					
Encroachment permits	130	122	105	117	83
Subdivision agreements	21	12	3	3	-
Capital improvement projects	26	9	10	17	20
Park acres overseen	130.00	130.00	130.00	130.00	133.00
Street maintenance - crack seal (streets)	n/a	30	-	52	93
Street maintenance - traffic marking paint (gal.)	625	650	1,175	910	925
Street light repairs	418	304	588	621	468
<b>Water</b>					
Water introduced to system (million gallons)	5,933	5,435	6,128	6,008	6,220
Metered water deliveries (hundred cubic feet)	5,198,150	5,229,748	7,404,329	6,010,883	5,976,940
<b>Wastewater</b>					
Effluent (millions of gallons per day)	5.300	5.281	6.088	5.366	5.150

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				
2010	2011	2012	2013	2014
17,806	17,997	18,338	18,197	18,219
37	8	13	41	49
37	26	21	41	37
8,485	8,831	6,741	7,429	6,172
3,336	3,180	2,989	3,161	3,298
44,856	47,880	46,093	49,648	47,384
7,101	7,302	7,712	8,166	8,513
30.000	30.000	30.000	30.000	30.000
2,762	2,484	3,010	2,552	1,117
17,530	17,217	17,766	15,942	12,838
93,103	78,787	99,102	80,000	60,000
98	106	84	85	115
-	-	-	-	-
20	20	15	14	18
133.00	133.00	133.00	133.00	133.00
70	76	72	74	31
538	401	40	30	50
398	414	406	460	435
6,091	4,985	5,248	5,475	5,260
5,450,998	5,351,142	6,436,753	7,075,367	6,800,658
6.500	5.800	5.900	5.500	5.500

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

	Calendar Year				
	2005	2006	2007	2008	2009
Police					
Stations	1	1	1	1	1
Fire					
Stations	5	5	5	5	5
Public Works					
Streets (centerline miles)	n/a	285	285	237	237
Street lights	n/a	6,000	6,000	6,071	6,071
Traffic signals	n/a	32	32	33	34
Parks and Recreation					
Office buildings	1	1	2	2	3
Park acreage	110	110	110	110	113
Playing fields/courts	7	7	7	7	7
Swimming pools	1	1	1	1	1
Water play features	1	1	1	1	2
Water					
Water mains (miles)	n/a	233	229	232	260
Fire hydrants	n/a	2,324	2,317	2,324	2,593
Storage capacity (million gallons)	14.00	14.00	18.00	18.00	18.00
Treatment capacity (million gallons)	36.3	36.3	48.3	48.5	48.5
Wastewater					
Sewer mains (miles)	158	158	155	176.5	176.5
Treatment capacity (million gallons)	7	7	10.5	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				
2010	2011	2012	2013	2014
1	1	1	1	1
5	5	5	5	5
237	237	237	237	237
6,071	6,078	6,078	6,078	6,078
34	37	37	37	37
3	2	2	2	2
113	113	113	188	188
7	7	7	7	7
1	1	1	1	1
2	2	2	2	2
260	274.7	275	275	275
2,593	2,684	2,688	2,694	2,703
18.00	21.00	21.00	21.00	21.00
36.0	36.0	36.0	36.0	36.0
176.5	179	179	179	179
10.5	10.5	10.5	10.5	10.5