

CITY OF YUCAIPA
FINANCIAL STATEMENTS
Year Ended June 30, 2011

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Year Ended June 30, 2011

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Independent Auditors' Report

The Honorable City Council
City of Yucaipa, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Yucaipa, California, as of and for the year ended June 30, 2011, which collectively comprise the City of Yucaipa's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Yucaipa's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Yucaipa, California, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 15 to the financial statements, there have been recent changes in legislation affecting redevelopment agencies in the State of California which requires the dissolution of redevelopment agencies as of February 1, 2012, including the Yucaipa Redevelopment Agency. Also, as discussed in Note 15, the Redevelopment Agency repaid advances to the City's general fund during the 2010-11 fiscal year. It is unclear whether these repayments are allowable under the current legislation.

As described in Note 16 to the financial statements, the City adopted the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as of June 30, 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2012 on our consideration of the City of Yucaipa'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11, the budgetary comparison information and schedule of funding progress for OPEB on pages 50 through 52 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 to provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statement 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 the financial statements as a whole.

Seaman Ramirez & Smith, Llc.

February 22, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Yucaipa, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2011.

FINANCIAL HIGHLIGHTS

- The City's Governmental Net Assets increased by approximately 0.9% to \$212 million as a result of this year's operations.
- During the year, the City's taxes and other governmental revenues exceeded expenses by approximately \$1.92million.
- The total revenues from all sources were approximately \$31.1 million.
- The total cost of all City programs was approximately \$29.2 million.
- The General Fund reported total net revenues over expenditures in the amount of approximately \$1.60 million. In addition, the amount of approximately \$1.77 million was transferred out for the construction of the Solar Canopy Carport project at the Community Center. The net change to the General Fund Balance was (\$171,792).
- For the General Fund, actual operating revenues received exceeded final budget estimates by \$717,563, primarily due to increased sales and use taxes, and increases in franchise fees received and other miscellaneous revenues.
- Actual operating expenditures were approximately \$1.3 million less than the final budget.
- Transfers from other funds were allocated to abate expenditures by the amount of \$934,268, including the calculation of staff charges on capital projects and administrative overhead.
- During fiscal year 2010-11, funds from previous years' General Fund carryover balances were expended and/or transferred to other funds in the amount of \$716,977, which has been included in the total net change in Fund Balance.
- At the end of fiscal year 2010-11, the Unassigned Fund Balance in the General Fund was approximately \$15.24 million or 101% of total General Fund budgeted expenditures. This represents a net decrease from the previous year's Undesignated Fund Balance in the amount of approximately (\$644,764). This is the net result of five primary factors:
 1. The conversion of Fund Balance through the implementation of GASB 54 in which categorical changes were made to Fund Balance definitions. Through this change, the Restricted, Designated and Undesignated Fund Balance categories were replaced with categories of Nonspendable, Restricted, Committed, Assigned and Unassigned Fund Balance. Converting Undesignated Fund Balance to the GASB 54 definition of Unassigned Fund Balance results in a conversion from approximately \$15.9 million undesignated as of June 30, 2010, to \$15.2 million as of June 30, 2011;
 2. The formalization of the General Fund Emergency Operating Contingency Account in which a portion of the Fund Balance has been committed by City Council specifically for utilization in the event a local emergency is declared. The formalization of this contingency account, formally included in the Undesignated Fund Balance, committed approximately\$2.464 million, or 20% of the General Fund Expenditures;

3. Total net operating revenue over expenditures in the amount of approximately \$1.60 million;
4. An increase due to payments made against other General Fund advances in the amount of \$112,000;
5. A reconciliation of prior year carryovers incurred in the current year in the amount of approximately \$138,000;

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Yucaipa's basic financial statements. The City's basic financial statements are comprised of three components, 1) Government-wide financial statements, 2) Fund financial statements and, 3) Notes to the financial statements. This report contains other supplementary information in addition to the basic financial statements and required information.

Government-wide Financial Statements. The Government-wide Financial Statements are designed to provide readers with a broad overview of the City's financial position, in a manner similar to that of a private-sector business. These statements are reported on the full accrual basis of accounting. Thus, revenues and expenses are reported for some items that will not affect cash flows until future periods.

The Government-wide Financial Statements typically will separate Governmental Activities that are principally supported by taxes and revenues from other agencies, from Business-type Activities and other service fees that are intended to recover all, or a significant portion of their costs, through user fees and charges. The City of Yucaipa currently has no Business-type Activities. The Governmental Activities of the City include General Government, Public Safety, Public Works, Community Development and Community Services.

The **Government-wide Financial Statements** include not only the City, but also all legal entities for which the City is financially accountable. Accordingly, the financial information for the City's Redevelopment Agency (RDA) is included as an integral part of the City's financial statements and is reported as a blended component unit. (See subsequent event on page 11 for further information relative to the RDA.)

The **Statement of Net Assets** presents information on all of the City's assets and liabilities; the difference between the two is reported as net assets. These assets include infrastructure and all assets previously included in the General Fixed Asset Account Group. The liabilities include all obligations previously reported in the General Long Term Debt Account Group. This is the seventh year the financial statements are being presented in accordance with GASB No. 34. As a result, the comparison to previous years regarding net assets is limited to five years. However, evaluating increases or decreases in net assets over time may serve as a useful indicator of whether the financial position of the City is improving or declining.

The **Statement of Activities** presents information on the net cost of each governmental function (activity) during the fiscal year. This statement also identifies the amount of general revenues needed to fully fund each governmental function.

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

Governmental Funds (General Fund, Special Revenue, Debt Service and Capital Projects Funds) are used to account for the same functions reported as Governmental Activities in the Government-wide Financial Statements. However, unlike Government-wide Financial Statements, Fund Financial Statements focus on short-term inflows and outflows of spendable resources. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. This information may be useful in evaluating the City's short-term financing requirements.

The focus of the Fund Financial Statements is narrower than that of the Government-wide Financial Statements. The various fund Balance Sheets and the Statement of Revenues, Expenditures, and Changes in Fund Balances, require a reconciliation to facilitate the comparison between fund statements and the government-wide statements. This reconciliation is required because the government-wide statements are prepared on the full accrual basis of accounting while the fund statements are prepared on the modified accrual basis of accounting. This reconciliation can be found on pages 16 and 19, immediately following the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds.

Proprietary Funds are Enterprise and Internal Service Funds. The City currently has no enterprise funds. Internal Service Funds are used to accumulate and allocate costs internally to various functions. The City uses an Internal Service Fund to account for its self-insurance activities related to Worker's Compensation, liability and property insurance. The proprietary fund statements provide financial information for the Internal Service fund.

Fiduciary Funds are used to account for resources held for the benefit of parties outside of the City. Fiduciary funds are not reflected in the government-wide and fund financial statements because the resources of those funds are not available to support the City's own programs. Fiduciary Funds are reported in the financial section, as appropriate. The City currently maintains three fiduciary funds. The first is for a donation received many years ago on behalf of the Sheriff's Department; the interest received thereon funds minor incidental needs of the department's station. The second fiduciary fund is used to account for transactions related to a deposit made for the benefit of the Yucaipa Historical Society relating to the disposition of the Kramer House, previously located within Chapman Heights. The third fiduciary fund includes the debt service reserve funds required for the Community Facilities District No. 98-1 of the City of Yucaipa (Chapman Heights).

Notes to the Financial Statements. The notes provide additional information that is essential to the reader for a full understanding of the data provided in the Government-wide and Fund Financial Statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of the City of Yucaipa, assets exceeded liabilities by \$211,961,489 at the close of the most recent fiscal year. See Table 1, below, for a comparative analysis of net assets between the fiscal years ended June 30, 2007 through June 30, 2011.

Table 1
Net Assets
Governmental Activities

	Fiscal Year Ended June 30				
	2011	2010	2009	2008	2007
Current and other Assets	\$ 72,782,043	\$ 68,379,073	\$ 75,409,848	\$ 75,833,494	\$ 67,938,005
Capital Assets, Net	151,975,674	148,144,100	150,529,949	143,812,593	143,626,532
Total Assets	\$ 224,757,717	\$ 216,523,173	\$ 225,939,797	\$ 219,646,087	\$ 211,564,537
Current Liabilities	3,911,481	3,656,609	3,302,503	4,150,918	3,817,819
Long Term Liabilities	8,884,747	2,820,679	2,865,361	2,915,219	3,051,013
Total Liabilities	\$ 12,796,228	\$ 6,477,288	\$ 6,167,864	\$ 7,066,137	\$ 6,868,832
Net Assets:					
Invested in Capital Assets, Net of related debt	151,975,674	148,144,100	150,529,949	143,812,593	143,626,532
Restricted	21,265,156	15,709,950	24,330,227	30,770,199	30,094,677
Unrestricted	38,720,659	46,191,835	44,911,757	37,997,158	30,974,496
Total Net Assets	\$ 211,961,489	\$ 210,045,885	\$ 219,771,933	\$ 212,579,950	\$ 204,695,705

The City’s assets exceeded liabilities by approximately \$212 million at June 30, 2011. This represents an increase from the previous year in the amount of approximately \$1.92 million.

A large portion of the City’s net assets (\$152 million) reflects its investment in capital assets (i.e., land buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding, if applicable. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. 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 the capital assets themselves cannot be used to liquidate these liabilities. (It is important to note that the only debt currently reported in the financial statements is that debt incurred by the Redevelopment Agency [RDA].)

An additional portion of the City's net assets (\$21.3 million, or 10.98%) represents resources that are subject to external restrictions on how they may be used. This typically refers to funds received through State and Federal grants.

The remaining balance of Unrestricted Net Assets (\$38.7 million) may be used to meet the government's ongoing obligations to citizens and creditors. The RDA, a blended component unit of the City, represents approximately (\$78,941) of total net assets. The RDA exists to finance improvements to the commercial environment, upgrade residential neighborhoods and provide new public improvements. Often these activities do not result in a residual asset, but rather underwrite the cost of a development activity deemed beneficial in meeting the Agency's objectives. The resulting statement of net assets reflects the debt obligation to be repaid through future tax revenues, without an offsetting asset. This is considered the routine and standard operating procedures of such an entity.

The condensed summary of activities, which follows, shows that net assets increased by approximately \$1.92 million during the year as a result of operations. The summary reflects an increase in total revenues in the amount of approximately \$2.6 million from the previous year.

During fiscal year 2003-04, CFD No. 98-1 issued approximately \$6.7 million in Mello-Roos bonds, the proceeds of which were included as revenue. In addition, the special taxes collected on behalf of the CFD were treated as revenues. In 2004-05, this fund was transferred to an Agency Fund. As a result, the special taxes are no longer recorded as revenue in the government wide statements.

The summary also reflects a decrease in total expenditures in the amount of approximately \$4.7 million from the previous year. The difference is primarily the net result of typical increases in costs associated with public safety operations and the volume and cost associated with city initiated capital projects.

Table 2
Summary of Governmental Activities

	Fiscal Year Ended June 30				
	2011	2010	2009	2008	2007
Revenues					
Program Revenues:					
Charges for Services	\$ 3,067,686	\$ 3,062,820	\$ 4,294,014	\$ 5,986,509	\$ 8,023,190
General Revenues:					
Property Taxes	10,870,359	11,367,661	12,021,282	11,771,494	10,730,950
Sales Taxes	2,569,402	2,284,676	2,375,635	2,672,179	2,790,442
Other Taxes and Fees	1,414,893	1,357,012	1,412,026	1,348,544	1,526,834
Motor Vehicle In-Lieu Fees	4,082,936	4,223,851	4,585,039	4,499,944	4,619,932
Grants/Other	9,159,573	6,306,128	10,166,931	6,703,254	6,758,359
Total Revenues	\$ 31,164,849	\$ 28,602,148	\$ 34,854,927	\$ 32,981,924	\$ 34,449,707
Expenses					
General Government	2,993,619	3,363,269	2,600,522	2,827,084	2,179,937
Public Safety/Fire	9,783,228	10,115,418	9,130,282	8,364,342	7,288,951
Comm. Dev. / Pub. Works	14,855,581	18,877,371	14,247,157	11,741,517	11,146,392
Community Services	1,260,665	1,416,868	1,435,576	1,405,366	1,321,191
Interest and Fiscal Charges	356,152	188,331	249,407	188,310	132,439
Total Expenses	\$ 29,249,245	\$ 33,961,257	\$ 27,662,944	\$ 24,526,619	\$ 22,068,910
Increase in Net Assets	\$ 1,915,604	\$ (5,359,109)	\$ 7,191,983	\$ 8,455,305	\$ 12,380,797
Beginning Net Assets	\$ 210,045,885	\$ 215,404,994 ***	\$ 212,579,950 **	\$ 204,124,645 *	\$ 192,314,909
Ending Net Assets	\$ 211,961,489	\$ 210,045,885	\$ 219,771,933	\$ 212,579,950	\$ 204,695,706

*as restated pursuant to GASB 34 inclusion of prior infrastructure valuation

** The beginning net assets as of July 1, 2007 were restated by the reduced amount of \$571,060 to account for the elimination of a previously recorded prepaid asset and to properly record prior year transactions in accordance with generally accepted accounting principles.

*** The beginning net assets as of July 1, 2009 were restated by the reduced amount of \$4,366,939 to account for the removal of infrastructure assets in construction in process due to the property not being owned by the City of Yucaipa, but instead by the State of California.

Table 3
Revenues by Source – Governmental Activities
For the Years Ended June 30, 2011, 2010, 2009, and 2008

	2010/2011		2009/2010		2008/2009		2007/2008	
	Amount	% of Total						
Taxes								
Property	\$ 8,045,155	25.8%	\$ 8,755,952 *	30.6%	\$ 8,686,398	25.0%	\$ 8,493,524	25.8%
Property-Fire	2,825,204	9.1%	2,611,709	9.1%	3,334,884	9.6%	3,277,970	9.9%
Sales and Use	2,569,402	8.2%	2,284,676	8.0%	2,375,635	6.8%	2,672,179	8.1%
Franchise Fees	1,294,626	4.2%	1,245,207	4.4%	1,288,024	3.7%	1,195,630	3.6%
Doc. Transfer	105,563	0.3%	96,459	0.3%	105,435	0.3%	133,474	0.4%
Other Taxes	14,704	0.0%	15,346	0.1%	18,567	0.1%	19,440	0.1%
Fees for Services	3,067,686	9.8%	3,062,820	10.7%	4,294,014	12.3%	5,167,583	15.7%
Fines & Forfeitures	83,985	0.3%	144,082	0.5%	190,430	0.5%	137,659	0.4%
Other Agencies	12,079,383	38.8%	9,337,133	32.6%	12,573,851	36.1%	9,434,155	28.6%
Interest	206,707	0.7%	318,916	1.1%	831,250	2.4%	1,474,373	4.5%
Licenses & Permits	508,734	1.6%	383,386	1.3%	453,413	1.3%	681,267	2.1%
Miscellaneous Revenues	363,700	1.2%	346,462	1.2%	642,065	1.8%	294,670	0.9%
Total	\$ 31,164,849	100%	\$ 28,602,148	100%	\$ 34,793,966	100%	\$ 32,981,924	100% *I

includes Proposition 1A Securitization funds of \$1.15 million

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

In FY 2010/11 GASB 54 was implemented, substantially altering the fund balance categories. This pronouncement directs the City to present fund balance in classifications of: Nonspendable, Restricted, Committed, Assigned and Unassigned fund balance. Previous year fund balance categories are not altered by the current pronouncement.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of approximately \$67.8 million, an increase of approximately \$3.8 million in comparison with the prior year. Approximately 44.05% of this amount (\$29.9million) constitutes Committed, Assigned and Unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is Nonspendable or Restricted to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period, 2) for public facilities construction, and 3) for a variety of other restricted purposes.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund is the chief operating fund of the City. At the end of the fiscal year ending on June 30, 2011, the unassigned fund balance of the General Fund was approximately \$15.2 million. Included in committed fund balance was approximately \$3.46million was authorized by City Council for future operating and economic contingencies. The total fund balance in the General Fund, as of June 30, 2011, was approximately \$45.86million.

The total Fund Balance of the City's General Fund decreased by approximately (\$171,792). This net decrease was the direct result of five primary factors:

- 1) Revised budget reflected estimated revenues over expenditures in the amount of \$69,732;
- 2) Actual revenues, including transfers in, exceeded their budgeted estimates by the amount of approximately \$933,041 and expenditure savings were achieved as a result of tight budgetary and fiscal controls;
- 3) Actual operational expenditures were below the budgeted authorization by the amount of approximately \$1.3 million;
- 4) Prior year carryover funds were expended and/or transferred to other funds in the net amount of approximately (\$716,977);

- 5) Funds were transferred to a Capital Projects Fund for the Solar Canopy Carport project at the Community Center in the amount of approximately \$1.77 million, a the Uptown Alleyway CDBG project in the amount of \$21,500.

The differences in General Fund revenues from the total budgeted estimates can be summarized as follows:

Description	2010/11 Budget Estimate	2010/11 Actual Revenue	Amount of Increase	% Increase
Property Tax	\$ 5,003,272	\$ 5,022,507	\$ 19,235	0.4%
Sales Tax	2,104,252	2,569,402	465,150	22.1%
Current Services	1,249,832	1,225,241	(24,591)	-2.0%
Other Taxes	1,236,300	1,344,931	108,631	8.8%
Other Governmental	4,073,945	4,082,936	8,991	0.2%
Licenses & Permits	480,700	456,562	(24,138)	-5.0%
Misc. Revenues	319,319	483,604	164,285	51.4%
Transfers	718,790	934,268	215,478	30.0%

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental activities as of June 30, 2011 amounts to \$151,975,674 million (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings and improvements, equipment and construction-in-progress.

The total net increase in the City's net investment in capital assets for the current fiscal year was approximately (\$3.83 million). The primary major capital assets added during fiscal year 2010-11 were the completion of several public works projects, including the widening of Oak Glen Road between 2nd Street and Bryant Street, Uptown Alleyway Project, and Dry Sewer extension. Construction-in-progress totaled \$19million at June 30, 2011 and depreciation expense during the fiscal year was approximately \$7.1 million. See Table 4, below, for the amounts recorded by category as of June 30, 2011

Table 4
City of Yucaipa
Recorded Capital Assets at Year-End
(Net of Depreciation)

Land	\$ 60,669,066
Infrastructure	63,680,671
Structures and Improvements	8,221,578
Equipment / Vehicles	432,736
Construction-in-Progress	18,971,623
Total Capital Assets	<u>\$ 151,975,674</u>

Long-term Debt. At the end of the current fiscal year, the City had no outstanding long-term debt. As of June 30, 2011 the RDA had incurred total long-term debt in the amount of \$8,489,786. This amount represents bonded indebtedness incurred as a result of Tax Allocation Bonds issued by the RDA in 1998, 2004, and 2010. The RDA issued 2010 Tax Allocation Bonds, dated November 2, 2010, in the amount of \$6,030,000 to finance Redevelopment projects. The 2010 bonds are issued on parity with the Agency's 1998 and 2004 bonds and have interest rates ranging from 4.00% to 5.50%. The final payment is due September 1, 2040. During fiscal year 2010-11 the RDA repaid advances made by the City in the amount of \$1,491,170.

SUBSEQUENT EVENT

AB X1 26 and AB X1 27 are two bills that were enacted on June 29, 2011 as part of the State of California budget for fiscal year 2011-12, which upon their effectiveness prohibited redevelopment agencies from engaging in most activities, including issuing new debt and executing new contracts. On July 18, 2011, the California Redevelopment Association and the League of California Cities filed a petition with the California Supreme Court, requesting to review the constitutionality of AB X1 26 and AB X1 27. On December 29, 2011, the Court issued its opinion on the CRA Lawsuit. The Court upheld AB X1 26, which provides for the windup and dissolution of redevelopment agencies, and invalidated in its entirety AB X1 27, which provides for an alternative voluntary redevelopment program. The Court held that AB X1 26 may be severed from AB X1 27 and enforced independently. As a result of the decision, all California redevelopment agencies, including the Yucaipa RDA, will be dissolved as of February 1, 2012, and the City does not have the option of making remittance payments to enable the continued operation of the RDA.

AB X1 26 provides for a successor agency to be designated as the successor entity to the former redevelopment agency and to wind down the affairs of the dissolved redevelopment agency, with limited authority to the extent needed to implement a wind-down of redevelopment agency affairs. On January 9, 2012, the City elected to serve as the successor agency for the Yucaipa RDA. The City will be subject to the direction of an oversight board, which will, with certain exceptions, direct the City to dispose of all assets and properties of the RDA and direct the City to cease performance in connection with and terminate all existing agreements that do not qualify as enforceable obligations.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City's financial condition for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Administrative Services, 34272 Yucaipa Blvd., Yucaipa, CA 92399.

BASIC FINANCIAL STATEMENTS

City of Yucaipa
Statement of Net Assets
June 30, 2011

	Governmental Activities
ASSETS	
Cash and Investments	\$ 69,180,176
Cash and Investments with Fiscal Agents	779,707
Receivables:	
Accounts	675,378
Interest Receivable	53,209
Due From Other Governments	1,829,587
Debt Issuance Costs	263,986
Capital Assets, Not Being Depreciated:	79,640,689
Capital Assets, Net of Accumulated Depreciation	72,334,985
Total Assets	224,757,717
LIABILITIES	
Accounts Payable	3,020,867
Accrued Liabilities	75,000
Interest Payable	140,767
Deposits Payable	674,847
Noncurrent Liabilities:	
Due Within One Year	238,937
Due in More Than One Year	8,645,810
Total Liabilities	12,796,228
NET ASSETS	
Invested in Capital Assets	151,975,674
Restricted for:	
Low and Moderate Housing	1,100,139
Public Safety	1,557,703
Public Works/Transportation	4,222,907
Community Development	4,632,943
Community Services/Public Education	194,924
Debt Service	779,707
Capital Projects	7,002,308
Other Purposes	1,774,525
Unrestricted	38,720,659
Total Net Assets	\$ 211,961,489

The accompanying notes are an integral part of this statement.

City of Yucaipa
Statement of Activities
Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Change in Net Assets
					Governmental Activities
Governmental Activities:					
General Government	\$ 2,993,619	\$ 412,992	\$ 236,192	\$	\$ (2,344,435)
Community Development	7,779,173	1,252,611	480,000	1,393,494	(4,653,068)
Building and Safety	273,870	408,847			134,977
Public Works	6,802,538	159,644	2,007,293	4,173,923	(461,678)
Public Safety	6,310,298	125,429	100,877		(6,083,992)
Fire Protection Services	2,503,526	26,394	118,542		(2,358,590)
Paramedic Services	969,404		78,845		(890,559)
Community Services	1,260,665	681,769			(578,896)
Interest on Long-Term Debt	356,152				(356,152)
Total Governmental Activities	\$ 29,249,245	\$ 3,067,686	\$ 3,021,749	\$ 5,567,417	(17,592,393)

General Revenues:

Taxes:

Property Taxes	10,870,359
Sales and Use Taxes	2,569,402
Franchise Taxes	1,294,626
Documentary Transfer Tax	105,563
Other Taxes	14,704
Vehicle License Fees, Unrestricted	4,082,936
Investment Income	206,707
Miscellaneous	363,700

Total General Revenues 19,507,997

Change in Net Assets 1,915,604

Net Assets - Beginning of Year 210,045,885

Net Assets - End of Year \$ 211,961,489

The accompanying notes are an integral part of this statement.

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**City of Yucaipa
Balance Sheet
Governmental Funds
June 30, 2011**

		<u>Special Revenue</u>	<u>Capital Projects</u>	
	<u>General</u>	<u>Fire</u>	<u>Traffic Facilities</u>	<u>Developer Fees Public Facilities</u>
ASSETS				
Cash and Investments	\$ 30,016,683	\$ 10,105,540	\$ 4,186,391	\$ 1,703,116
Cash and Investments with Fiscal Agent				
Receivables:				
Accounts	675,378			
Interest	23,676	8,720	3,569	1,484
Due From Other Governments	25,469	108,853	946,430	416,013
Due From Other Funds	82,336			
Advances to Other Funds	16,649,006			
	<u>16,649,006</u>			
Total Assets	<u>\$ 47,472,548</u>	<u>\$ 10,223,113</u>	<u>\$ 5,136,390</u>	<u>\$ 2,120,613</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable & Accrued Liabilities	\$ 938,274	\$ 89,953	\$ 204,703	\$ 245,259
Deposits Payable	674,847			
Due to Other Funds				
Advances From Other Funds			6,551,246	4,646,631
Deferred Revenue				182,737
			<u>6,551,246</u>	<u>4,646,631</u>
Total Liabilities	<u>1,613,121</u>	<u>89,953</u>	<u>6,755,949</u>	<u>5,074,627</u>
Fund Balances:				
Nonspendable	16,649,006			
Restricted	871,873			
Committed	5,419,667	10,133,160		
Assigned	7,677,045			
Unassigned	15,241,836		(1,619,559)	(2,954,014)
	<u>15,241,836</u>		<u>(1,619,559)</u>	<u>(2,954,014)</u>
Total Fund Balances	<u>45,859,427</u>	<u>10,133,160</u>	<u>(1,619,559)</u>	<u>(2,954,014)</u>
Total Liabilities and Fund Balances	<u>\$ 47,472,548</u>	<u>\$ 10,223,113</u>	<u>\$ 5,136,390</u>	<u>\$ 2,120,613</u>

The accompanying notes are an integral part of this statement.

Capital Projects				
Developer Impact Fees Parks	Developer Fees Drainage	Developer Fees Fire	Non-Major Funds	Total Governmental Funds
\$ 1,191,163	\$ 1,458,741	\$ 253,676	\$ 19,396,498 779,707	\$ 68,311,808 779,707
695	1,756	217	12,543 332,822 1,054,475	675,378 52,660 1,829,587 1,136,811 16,649,006
<u>\$ 1,191,858</u>	<u>\$ 1,460,497</u>	<u>\$ 253,893</u>	<u>\$ 21,576,045</u>	<u>\$ 89,434,957</u>
\$ 44,845	\$ 313,689	\$	\$ 1,177,417	\$ 3,014,140 674,847
2,804,050		2,647,079	1,136,811 12,332	1,136,811 16,649,006 195,069
<u>2,848,895</u>	<u>313,689</u>	<u>2,647,079</u>	<u>2,326,560</u>	<u>21,669,873</u>
	1,146,808		19,246,475	16,649,006 21,265,156 15,552,827
(1,657,037)		(2,393,186)	570,420 (567,410)	8,247,465 6,050,630
<u>(1,657,037)</u>	<u>1,146,808</u>	<u>(2,393,186)</u>	<u>19,249,485</u>	<u>67,765,084</u>
<u>\$ 1,191,858</u>	<u>\$ 1,460,497</u>	<u>\$ 253,893</u>	<u>\$ 21,576,045</u>	<u>\$ 89,434,957</u>

The accompanying notes are an integral part of this statement.

City of Yucaipa
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2011

Fund balances of governmental funds	\$ 67,765,084
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Cost of Capital Assets Not Being Depreciated	79,640,689
Cost of Capital Assets Being Depreciated	180,298,519
Accumulated Depreciation	(107,963,534)
Long-term debt obligations are not due and payable in the current period and, therefore, are not reported in the funds:	
Tax Allocation Bonds	(8,465,000)
Unamortized Premium	(24,786)
Compensated Absences	(209,805)
Net OPEB Obligation	(185,156)
Accrued interest payable for the current portion of interest due on Tax Allocation Bonds has not been reported in the governmental funds.	(140,767)
Issuance costs net of accumulated amortization were recorded as expenditures in the governmental funds.	263,986
The internal service fund is used by management to charge costs of activities involved in rendering services to departments within the City. The assets and liabilities of the internal service fund are included in the statement of net assets.	787,190
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	<u>195,069</u>
Net assets of governmental activities	<u><u>\$ 211,961,489</u></u>

The accompanying notes are an integral part of this statement.

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City of Yucaipa
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2011

	<u>General</u>	<u>Special Revenue</u> Fire	<u>Capital Projects</u>	
			Traffic Facilities	Developer Fees Public Facilities
REVENUES				
Taxes:				
Property Taxes	\$ 5,022,507	\$	\$	\$
Property Taxes - Fire		2,825,204		
Sales and Use Taxes	2,569,402			
Franchise Taxes	1,224,664			
Documentary Transfers Tax	105,563			
Other Taxes	14,704			
Licenses and Permits	508,734			
Fines and Forfeitures	26,530			
Charges for Services	1,213,258	26,394	410,239	59,793
Intergovernmental	4,222,235	118,542	1,353,691	1,358,571
Investment Income	128,372	41,881	21,526	5,684
Other	149,214	58,355	4,130	40,113
Total Revenues	<u>15,185,183</u>	<u>3,070,376</u>	<u>1,789,586</u>	<u>1,464,161</u>
EXPENDITURES				
Current:				
General Government	2,351,588			
Community Development	657,350			
Building and Safety	273,870			
Public Works	1,871,990			
Public Safety	6,005,731			
Fire Protection Services		2,500,841		
Paramedic Services				
Community Services	1,037,780			
Capital Outlay	122,577	60,326	2,642,128	497,997
Debt Service:				
Interest and Fiscal Charges				
Principal Payments				
Bond Issuance Costs				
Total Expenditures	<u>12,320,886</u>	<u>2,561,167</u>	<u>2,642,128</u>	<u>497,997</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,864,297</u>	<u>509,209</u>	<u>(852,542)</u>	<u>966,164</u>
OTHER FINANCING SOURCES (USES)				
Transfers In			393,600	
Transfers Out	(3,036,089)	(43,187)	(78,470)	
Tax Allocation Bonds Issued				
Premium on Bonds				
Total Other Financing Sources (Uses)	<u>(3,036,089)</u>	<u>(43,187)</u>	<u>315,130</u>	<u>-</u>
Net Change in Fund Balances	(171,792)	466,022	(537,412)	966,164
Fund Balances, Beginning of Year	46,031,219	9,667,138	(1,082,147)	(3,920,178)
Fund Balances, End of Year	<u>\$ 45,859,427</u>	<u>\$ 10,133,160</u>	<u>\$ (1,619,559)</u>	<u>\$ (2,954,014)</u>

The accompanying notes are an integral part of this statement.

Capital Projects				
Developer Impact Fees Parks	Developer Fees Drainage	Developer Fees Fire	Non-Major Funds	Total Governmental Funds
\$	\$	\$	\$ 3,022,648	\$ 8,045,155
				2,825,204
				2,569,402
			69,962	1,294,626
				105,563
				14,704
				508,734
			57,455	83,985
72,519	173,662	34,417	70,452	2,060,734
	2,515,775		2,904,613	12,473,427
4,947	9,870	439	53,696	266,415
1,497	9,161	1,422	497,056	760,948
<u>78,963</u>	<u>2,708,468</u>	<u>36,278</u>	<u>6,675,882</u>	<u>31,008,897</u>
			98,976	2,450,564
			1,820,429	2,477,779
				273,870
			2,870,780	4,742,770
			49,543	6,055,274
		2,685		2,503,526
			969,404	969,404
				1,037,780
769,319	4,181,112		3,646,198	11,919,657
			256,128	256,128
			55,000	55,000
			273,089	273,089
<u>769,319</u>	<u>4,181,112</u>	<u>2,685</u>	<u>10,039,547</u>	<u>33,014,841</u>
<u>(690,356)</u>	<u>(1,472,644)</u>	<u>33,593</u>	<u>(3,363,665)</u>	<u>(2,005,944)</u>
278,853	94,995	43,187	5,232,457	6,043,092
(21,000)	(630,453)	(21,000)	(2,417,893)	(6,248,092)
			6,030,000	6,030,000
			25,631	25,631
<u>257,853</u>	<u>(535,458)</u>	<u>22,187</u>	<u>8,870,195</u>	<u>5,850,631</u>
(432,503)	(2,008,102)	55,780	5,506,530	3,844,687
(1,224,534)	3,154,910	(2,448,966)	13,742,955	63,920,397
<u>\$ (1,657,037)</u>	<u>\$ 1,146,808</u>	<u>\$ (2,393,186)</u>	<u>\$ 19,249,485</u>	<u>\$ 67,765,084</u>

The accompanying notes are an integral part of this statement.

City of Yucaipa
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2011

Net change in fund balances-total governmental funds \$ 3,844,687

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense:

Capital Outlay	10,980,063
Depreciation	(7,148,489)

The issuance of long-term debt (e.g, bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Bond Issuance	(6,030,000)
Premium on Bonds	(25,631)
Amortization of Premium	845
Principal Repayment - Tax Allocation Bonds	55,000
Issuance Costs	273,089
Amortization of Issuance Costs	(9,103)

The internal service fund is reported as a proprietary fund separate from the governmental funds. The revenues and expenses of the internal service fund are included in the statement of activities. (13,106)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the net change in deferred revenue for the current period. 153,400

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued Interest	(100,869)
Compensated Absences	(4,433)
Net OPEB Obligation	(59,849)

Change in Net Assets of Governmental Activities \$ 1,915,604

**City of Yucaipa
Statement of Net Assets
Proprietary Fund
June 30, 2011**

	Governmental Activities - Internal Service Fund
ASSETS	
Cash and Investments	\$ 868,368
Accounts Receivable	-
Interest Receivable	549
Due From Other Funds	-
Total Assets	868,917
LIABILITIES	
Accounts Payable	6,727
Accrued Liabilities	75,000
Total Liabilities	81,727
NET ASSETS	
Unrestricted	787,190
Total Net Assets	\$ 787,190

The accompanying notes are an integral part of this statement.

City of Yucaipa
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Fund
Year Ended June 30, 2011

	Governmental Activities - Internal Service Fund
OPERATING REVENUES	
Other Income	\$
Total Operating Revenues	-
OPERATING EXPENSES	
Professional Services	8,461
Property and Liability Premiums	162,464
Claims Expense	49,732
Total Operating Expenses	220,657
Operating Income (Loss)	(220,657)
NON-OPERATING REVENUE (EXPENSES)	
Investment Earnings	2,551
Total Non-operating revenues (expenses)	2,551
Income (Loss) before contributions and transfers	(218,106)
OTHER FINANCING SOURCES (USES)	
Transfers In	205,000
Total Other Financing Sources (Uses)	205,000
Change in Net Assets	(13,106)
Total Net Assets, Beginning of Year	800,296
Total Net Assets, End of Year	\$ 787,190

The accompanying notes are an integral part of this statement.

**City of Yucaipa
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2011**

	<u>Governmental Activities - Internal Service Fund</u>
Cash Flows from Operating Activities	
Cash Paid to Suppliers for Goods and Service	\$ (165,648)
Cash Paid for Claims	(49,732)
Other Income	-
Net Cash Provided (Used) by Operating Activities	<u>(215,380)</u>
Cash Flows from Non-Capital Financing Activities	
Cash Transferred From (Paid To) Other Funds	<u>205,000</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>205,000</u>
Cash Flows from Investing Activities	
Interest on Investments	<u>2,624</u>
Net Cash Provided (Used) by Investing Activities	<u>2,624</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(7,756)
Cash and Cash Equivalents, Beginning of Year	<u>876,124</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 868,368</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Cash Flows from Operating Activities	
Operating income (loss)	\$ (220,657)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
(Increase) Decrease in Accounts Receivable	-
Increase (Decrease) in Accounts Payable	<u>5,277</u>
Net Cash Provided (Used) By Operating Activities	<u><u>\$ (215,380)</u></u>

City of Yucaipa
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2011

ASSETS

Cash and Investments	\$ 2,511,637
Cash and Investments with Fiscal Agent	2,410,130
Accounts Receivable	33,144
Interest Receivable	<u>1,773</u>
Total Assets	<u>\$ 4,956,684</u>

LIABILITIES

Deposits Payable	\$ 143,027
Due to Bondholders	<u>4,813,657</u>
Total Liabilities	<u>\$ 4,956,684</u>

The accompanying notes are an integral part of this statement.

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2011

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A) Reporting Entity

The City of Yucaipa was incorporated on November 27, 1989 under the general laws of the State of California. The City operates under the Council-Administrator form of government.

As required by generally accepted accounting principles, these financial statements present the City of Yucaipa and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization's governing body and the City is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City). In certain cases, other organizations are included as component units if the nature and significance of their relationship with the City are such that their exclusion would cause the City's financial statements to be misleading or incomplete.

Included within the financial reporting entity of the City of Yucaipa is the Yucaipa Redevelopment Agency (Agency). The Agency was established on December 17, 1990 pursuant to the State of California Health and Safety Code, Section 33000 entitled Community Redevelopment Laws. The primary purpose of the Agency is to eliminate blighted areas by encouraging development of residential, commercial, industrial, recreational and public facilities. The City Council serves as the board, appoints the Agency director and has full accountability for the Agency's fiscal matters. Revenues of the Agency consist primarily of property tax allocations on the incremental increase of property values in the redevelopment area and interest income.

Since the City Council serves as the governing board for the Agency, or the component unit is considered fiscally dependent on the City, the Agency is considered to be a blended component unit. Blended component units, although legally separate entities, are in substance, part of the City's operations and so data from these units are reported with the interfund data of the primary government. The Yucaipa Redevelopment Agency issues separate component unit financial statements. These financial statements can be obtained at City Hall.

B) Basis of Accounting and Measurement Focus

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

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

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2011

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B) Basis of Accounting and Measurement Focus - Continued

Financial reporting is based upon all GASB pronouncements, as well as the FASB Statements and Interpretations, APB Opinions, and Accounting and Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989 are not allowed in preparation of the accompanying financial statements.

Government-Wide Financial Statements

Government-wide financial statements display information about the reporting government as a whole, except for its fiduciary activities. Eliminations have been made in the Statement of Activities so that certain allocated expenses are recorded only once (by the function to which they were allocated). However, general government expenses have not been allocated as indirect expenses to the various functions of the City.

Government-wide financial statements are presented using the economic resources measurement focus and accrual basis of accounting. Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

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

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

Fund Financial Statements

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

Fund financial statements for the primary government's governmental funds are presented after the government-wide financial statements. These statements display information about the major funds individually and nonmajor funds in the aggregate for all funds.

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2011

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B) Basis of Accounting and Measurement Focus - Continued

Governmental Funds

In the fund financial statements, governmental funds are presented using the *modified accrual basis of accounting*. Their revenues are recognized when they become measurable and available as net current assets. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The City uses an availability period of 60 days, except for grants which are considered available if they are collected within 120 days after year-end.

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

Revenue recognition is subject to the *measurable* and *availability* criteria for the governmental funds in the fund financial statements. Exchange transactions are recognized as revenues in the period in which they are earned (i.e., the related goods or services are provided). *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed nonexchange transactions* are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary nonexchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

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

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

Recognition of governmental fund type revenues represented by non-current receivables are deferred until they become current receivables. Non-current portions of long-term receivables are offset by nonspendable fund balance.

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

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2011

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B) Basis of Accounting and Measurement Focus - Continued

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

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

Proprietary Fund and Fiduciary Funds

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

The proprietary fund distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's internal service fund are charges to internal customers for risk management functions. Operating expenses for the internal service fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C) Fund Classifications

The City reports the following major governmental funds:

The *General Fund* is the City's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

The *Fire Special Revenue Fund* accounts for property taxes collected and set-aside for financing and administering fire services.

The *Traffic Facilities Capital Projects Fund* accounts for and reports financial resources collected from development impact fees and restricted for construction of major traffic facilities.

The *Developer Fees Public Facilities Capital Projects Fund* accounts for and reports financial resources collected from development impact fees on new development and restricted for construction of public facilities.

The *Developer Impact Fees Parks Capital Projects Fund* accounts for and reports financial resources collected pursuant to Ordinance No. 33 which establishes a requirement for the dedication of land or the payment of in-lieu fees for park and recreational purposes.

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2011

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C) Fund Classifications - Continued

The *Developer Fees Drainage Capital Projects Fund* accounts for and reports financial resources collected from development impact fees and restricted for construction of major drainage facilities.

The *Developer Fees Fire Capital Projects Fund* accounts for and reports financial resources collected from development impact fees and restricted for construction of major fire facilities.

Additionally, the City reports the following fund types:

The *Self Insurance Internal Service Fund* accounts for self-funded insurance. Departments of the City are charged for services provided or benefits received from this fund.

The *Agency Fund* accounts for monies held for assessment districts, and other deposits.

D) Cash and Investments

Cash includes amounts in demand and time deposits. Investments are reported in the accompanying financial statements at fair value, except for certain certificates of deposit and investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rates.

Changes in fair value that occur during a fiscal year are recognized as *investment income* reported for that fiscal year. *Investment income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The City pools cash and investments of all funds, except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as *cash and investments*. Investment income earned by the pooled investments is allocated to the various funds based on each fund's average cash and investment balance.

E) Cash Equivalents

For purposes of the statement of cash flows, cash equivalents are defined as short-term highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates, and have an original maturity date of 3 months or less.

F) Due from Other Governments

The amounts recorded as due from other governments, include sales taxes, property taxes, and grant revenues, collected or provided by Federal, State, County and City governments and remain unremitted to the City as of June 30, 2011.

G) Advances Between Funds

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

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2011

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

H) Property Tax Calendar

Property taxes attach as an enforceable lien on property as of January 1, each year. Taxes are levied on July 1, and are payable in two installments no later than December 10, and April 10, of each year. The County of San Bernardino bills and collects the property taxes and remits them to the City in installments during the year. Under the provisions of NCGA Interpretation 3, property tax revenue is recognized in the fiscal year for which the taxes have been levied, provided it is collected within 60 days of the end of the fiscal year.

The County is permitted by State law (Proposition 13) to levy taxes at 1% of full market value (at time of purchase) and can increase the property tax rate no more than 2% per year. The City receives a share of this basic levy proportionate to what was received in the 1976 to 1978 period and transferred to the City upon incorporation.

I) Claims and Judgments

The City maintains funds in the Self Insurance Internal Service Fund as a reserve for litigation, judgments and claims equal to a minimum of three times the City's self-insured retention. This reserve represents an estimate for claims, including "incurred but not reported" (IBNR).

J) Employee Leave Benefits

In accordance with GASB Statement No 16, a liability is recorded for unused balances only to the extent that it is probable that the unused balances will result in termination payments. This is estimated by including in the liability the unused balances of employees currently entitled to receive termination payment, as well as those who are expected to become eligible to receive termination benefits as a result of continuing their employment with the City. Other amounts of unused sick leave are excluded from the liability since their payment is contingent solely upon the occurrence of a future event (illness) which is outside the control of the City and the employee.

K) Capital Assets

Capital assets are recorded at cost where historical records are available and at an estimated historical cost where no historical records exist. Contributed capital assets are valued at their estimated fair market value at the date of the contribution. Generally, capital asset purchases in excess of \$10,000 and infrastructure greater than \$100,000 are capitalized.

Capital assets include public domain (infrastructure) assets consisting of certain improvements including roads, streets, sidewalks, medians and storm drains. Depreciation has been provided using the straight line method over the estimated useful life of the asset in the government-wide financial statements.

The following schedule summarizes capital asset useful lives:

Building and Improvements	10 - 30 years
Equipment	7 - 10 years
Vehicles	7 - 10 years
Infrastructure	10- 30 years

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2011

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

L) Use of Estimates

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

2) CASH AND INVESTMENTS

Cash and investments are classified in the accompany financial statements as follows:

Statement of Net Assets:	
Cash and Investments	\$ 69,180,176
Cash and Investments with Fiscal Agents	779,707
Statement of Fiduciary Assets and Liabilities:	
Cash and Investments	2,511,637
Cash and Investments with Fiscal Agents	<u>2,410,130</u>
Total Cash and Investments	<u>\$ 74,881,650</u>

Cash and Investments consist of the following:

Cash on Hand	\$ 700
Deposits with Financial Institutions	25,361,582
Investments	<u>49,519,368</u>
Total Cash and Investments	<u>\$ 74,881,650</u>

Investments Authorized by 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, if more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2011

2) CASH AND INVESTMENTS - Continued

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

<u>Authorized Investment Type</u>	<u>Authorized by Investment Policy</u>	<u>Maximum Maturity*</u>	<u>Maximum Percentage of Portfolio*</u>	<u>Maximum Investment In One Issuer*</u>
Local Agency Bonds	No	5 years	None	None
U.S. Treasury Obligations	Yes	2 years	None	None
U.S. Agency Securities	Yes	5 years	None	None
Banker's Acceptances	Yes	180 days	40%	30%
Commercial Paper	Yes	270 days	15%	10%
Negotiable Certificates of Deposit	Yes	2 years	30%	None
Repurchase Agreements	Yes	1 year	None	None
Reverse Repurchase Agreements	No	92 days	20% of base value	None
Medium Term Notes	No	5 years	30%	None
Mutual Funds	No	N/A	20%	10%
Money Market Mutual Funds	Yes	N/A	20%	10%
Mortgage Pass-through Securities	No	5 years	20%	None
County Pooled Investment Funds	No	N/A	None	None
Local Agency Investment Fund (LAIF)	Yes	N/A	None	None
JPA Pools (other investments pools)	No	N/A	None	None

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

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provision 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.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment In One Issuer</u>
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	180 days	None	30%
Commercial Paper	270 days	None	10%
Money Market Mutual Funds	N/A	None	None
Repurchase Agreements	270 days	None	None
Investment Contracts	30 years	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2011

2) CASH AND INVESTMENTS - Continued

Disclosures Relating to Interest Rate Risk

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

Information about the sensitivity of the fair values of the City's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investment by maturity:

Investment Type		Remaining Maturity 12 Months or Less
State Investment Pool	\$ 46,329,785	\$ 46,329,785
Held by Bond Trustee:		
LAIF	54,201	54,201
Money Market Mutual Funds	1,793,082	1,793,082
Investment Contracts	1,342,300	1,342,300
Total Pooled Investments	\$ 49,519,368	\$ 49,519,368

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 rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

Investment Type	Total	Minimum Legal Rating	Exempt From Disclosure	AAA	Not Rated
State Investment Pool	\$ 46,329,785	N/A	\$ -	\$ -	\$ 46,329,785
Held by Bond Trustee:					
LAIF	54,201				54,201
Money Market Mutual Funds	1,793,082	A	-	1,793,082	-
Investment Contracts	1,342,300	N/A	-	-	1,342,300
Total Pooled Investments	\$ 49,519,368		\$ -	\$ 1,793,082	\$ 47,726,286

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2011

2) CASH AND INVESTMENTS - Continued

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There were no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments.

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 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, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2011, no deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts.

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 investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities.

Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF). As of June 30, 2011, none of the City's investments were held by the broker-dealer (counterparty) that was used by the City to purchase the securities. For investments identified herein as held by bond trustee, the bond trustee selects the investments under terms of the applicable trust agreement, acquires the investment, and holds the investment on behalf of the reporting government.

Investment in State Investment Pool

The City is a voluntary participant in the 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.

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2011

3) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables at June 30, 2011 are as follows:

<u>Due From (Receivable)</u>	<u>Due To (Payable)</u>	<u>Amount</u>
General Fund	Non-major Governmental Funds	\$ 82,336
Non-major Governmental Funds	Non-major Governmental Funds	<u>1,054,475</u>
Total		<u>\$ 1,136,811</u>

The interfund balance from the General Fund was the result of short-term borrowings to cover deficit cash balances at June 30, 2011 while those between the Nonmajor Governmental Funds was for cash flow to cover operations.

Interfund advances at June 30, 2011 are as follows:

<u>Advances to Other Funds (Receivable)</u>	<u>Advances From Other Funds (Payable)</u>	<u>Amount</u>
General Fund	Traffic Facilities	\$ 6,551,246
	Developer Fees Public Facilities	4,646,631
	Developer Impact Fees Parks Fund	2,804,050
	Developer Fees Fire	<u>2,647,079</u>
Total Advances To/From Other Funds		<u>\$ 16,649,006</u>

The interfund balances were a result of the City's General Fund financing the construction improvements to the Live Oak/Oak Glen Road Interchange, construction of the Transit and Aquatic Centers, construction of the Community Park, and construction of Fire Station No. 3, respectively. These balances are expected to be repaid with future revenues.

Interfund transfers at June 30, 2011 are as follows:

<u>Transfers In (Receiving Fund)</u>	<u>Transfer Out (Paying Fund)</u>	<u>Amount</u>
Nonmajor Governmental Funds	General Fund	\$ 2,781,764
Developer Fees Drainage Fund		49,325
Self Insurance Internal Service Fund		<u>205,000</u>
		<u>3,036,089</u>
Traffic Facilities	Developer Fees Drainage Fund	351,600
	Developer Impact Fees Parks Fund	21,000
	Developer Fees Fire Fund	<u>21,000</u>
		<u>393,600</u>
Nonmajor Governmental Fund	Nonmajor Governmental Fund	399,768
	Traffic Facilities Fund	<u>32,800</u>
		<u>432,568</u>
Developer Fees Drainage Fund	Traffic Facilities Fund	<u>45,670</u>
Developer Fees Fire Fund	Fire Fund	<u>43,187</u>

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2011

3) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued

Interfund transfers at June 30, 2011 are as follows - Continued:

<u>Transfers In (Receiving Fund)</u>	<u>Transfer Out (Paying Fund)</u>	<u>Amount</u>
Developer Impact Fees Parks Fund	Developer Fees Drainage Fund	\$ 278,853
Nonmajor Governmental Funds	Nonmajor Governmental Funds	2,018,125
Total Interfund Transfers		<u>\$ 6,248,092</u>

The transfer from the General Fund to Non-major Governmental and Self-Insurance Internal Service Funds was to finance various activities in those funds. The transfer from the Developer Fees Drainage Fund to the Traffic Facilities and Developer Impact Fees Parks Funds was to finance certain activities in those funds while the transfer between the Non-major Governmental Funds was for administrative expenses and payments relative to tax sharing agreements and to cover reserve fund requirements and cost of issuance expenditures.

4) CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Buildings and Improvements	\$ 14,983,217	\$ 113,318	\$ -	\$ 15,096,535
Equipment	778,682	152,583	-	931,265
Vehicles	1,492,669	30,841	-	1,523,510
Infrastructure	<u>161,533,642</u>	<u>1,213,567</u>	-	<u>162,747,209</u>
Total Cost of Depreciable Capital Assets	<u>178,788,210</u>	<u>1,510,309</u>	-	<u>180,298,519</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(6,427,975)	(446,982)	-	(6,874,957)
Equipment	(579,572)	(67,081)	-	(646,653)
Vehicles	(1,303,631)	(71,755)	-	(1,375,386)
Infrastructure	<u>(92,503,867)</u>	<u>(6,562,671)</u>	-	<u>(99,066,538)</u>
Total Accumulated Depreciation	<u>(100,815,045)</u>	<u>(7,148,489)</u>	-	<u>107,963,534</u>
Net Depreciable Assets	<u>77,973,165</u>	<u>(5,638,180)</u>	-	<u>72,334,985</u>
Capital Assets, Not Depreciated:				
Land	2,657,118	642,025	-	3,299,143
Rights of Way	57,369,923	-	-	57,369,923
Construction in Progress	<u>10,143,894</u>	<u>9,804,700</u>	<u>(976,971)</u>	<u>18,971,623</u>
Total Capital Assets Not Depreciated, Net	<u>70,170,935</u>	<u>10,446,725</u>	<u>(976,971)</u>	<u>79,640,689</u>
Governmental Activities Capital Assets, Net	<u>\$ 148,144,100</u>	<u>\$ 4,808,545</u>	<u>\$ (976,971)</u>	<u>\$ 151,975,674</u>

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2011

4) CAPITAL ASSETS - Continued

Depreciation expense was charged in the following function of the Statement of Activities:

General Government	\$ 220,085
Public Safety	225,398
Public Works	1,820,484
Community Development	4,685,530
Community Services	<u>196,992</u>
 Total Depreciation Expense	 <u>\$ 7,148,489</u>

5) CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2011 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>	<u>Due Beyond One Year</u>
Governmental Activities:						
Tax Allocation Bonds:						
1998 Tax Allocation Bonds	\$ 525,000	\$	\$ (25,000)	\$ 500,000	\$ 15,000	\$ 485,000
2004 Tax Allocation Bonds	1,965,000		(30,000)	1,935,000	40,000	1,895,000
2010 Tax Allocation Bonds		6,030,000		6,030,000	145,000	5,885,000
Unamortized Premium on 2010 Bonds		<u>25,631</u>	<u>(845)</u>	<u>24,786</u>	<u>845</u>	<u>23,941</u>
 Total Tax Allocation Bonds	 2,490,000	 6,055,631	 (55,845)	 8,489,786	 200,845	 8,288,941
 Other Long-Term Liabilities:						
Net OPEB Obligation	125,307	66,362	(6,513)	185,156		185,156
Compensated Absences	<u>205,372</u>	<u>54,175</u>	<u>(49,742)</u>	<u>209,805</u>	<u>38,092</u>	<u>171,713</u>
 Total Long-term Liabilities	 <u>\$ 2,820,679</u>	 <u>\$ 6,176,168</u>	 <u>\$ (112,100)</u>	 <u>\$8,884,747</u>	 <u>\$ 238,937</u>	 <u>\$ 8,645,810</u>

6) TAX ALLOCATION BONDS

1998 Tax Allocation Bonds

In 1998, the Yucaipa Redevelopment Agency issued \$720,000 of 1998 Tax Allocation Bonds. The proceeds were used to finance various improvement projects throughout the Agency. The bonds are payable exclusively from tax revenues allocated to the Agency.

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2011

6) TAX ALLOCATION BONDS - Continued

1998 Tax Allocation Bonds - Continued

The 1998 Bonds consist of \$720,000 of term bonds. The bonds accrue interest at rates between 4.00% and 5.60% and are payable semiannually on March 1 and September 1 of each year commencing September 1, 1998. Principal on the bonds is payable in amounts ranging from \$15,000 to \$50,000 and in annual installments commencing on March 1, 1998 and ending September 1, 2028. The outstanding balance at June 30, 2011 was \$500,000.

Per the bond covenants, the Agency is required to maintain on deposit a reserve fund in an amount equal to \$53,638. At June 30, 2011, the amount held in the reserve account was \$54,201.

2004 Tax Allocation Bonds

On October 12, 2004, the Yucaipa Redevelopment Agency issued \$2,500,000 of 2004 Tax Allocation Bonds. The proceeds were used to finance various improvement projects throughout the Agency. The bonds are payable exclusively from pledged tax revenues.

The 2004 Bonds consist of \$2,500,000 of term bonds. The bonds accrue interest rates between 2.10% and 5.00% and are payable semiannually on March 1 and September 1 of each year commencing March 1, 2005. Principal on the bonds is payable in amounts ranging from \$30,000 to \$170,000 and is payable in semi-annual installments commencing on March 1, 2005 and ending September 1, 2034. The outstanding balance at June 30, 2011 was \$1,935,000.

Per the bond covenants, the Agency is required to maintain on deposit a reserve fund in an amount equal to \$191,069. At June 30, 2011, the amount held in the reserve account was \$191,072.

2010 Tax Allocation Bonds

On November 2, 2010, the Yucaipa Redevelopment Agency issued \$6,030,000 of 2010 Tax Allocation Bonds. The proceeds are to be used to finance various improvement projects throughout the project area and are payable exclusively from pledged tax revenue. The 2010 Tax Allocation Bonds consisted of \$6,030,000 of term bonds. The bonds accrue interest at rates between 4.00% and 5.50% and are payable semiannually on March 1 and September 1 of each year commencing March 1, 2011. Principal on the bonds is payable in amounts ranging from \$85,000 to \$525,000 and is payable in annual installments commencing on September 1, 2011 and ending September 1, 2040. The outstanding balance at June 30, 2011 was \$6,030,000.

Per the bond covenants, the Agency is required to maintain a reserve account in an amount equal to \$522,580. At June 30, 2011, the amount held in the reserve account was \$522,589.

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2011

6) TAX ALLOCATION BONDS - Continued

The annual requirements to amortize outstanding Tax Allocation Bonds at June 30, 2011 are as follows:

Year Ending June 30,	Tax Allocation Bonds	
	Principal	Interest
2012	\$ 200,000	\$ 419,402
2013	140,000	412,688
2014	150,000	406,985
2015	155,000	400,775
2016	160,000	394,394
2017	165,000	387,682
2018	175,000	380,703
2019	180,000	373,272
2020	190,000	365,578
2021	195,000	357,377
2022	205,000	348,866
2023	215,000	339,550
2034	225,000	329,598
2025	235,000	318,846
2026	245,000	307,921
2027	255,000	295,788
2028	270,000	282,691
2029	285,000	268,653
2030	300,000	253,828
2031	315,000	238,456
2032	330,000	221,922
2033	345,000	204,497
2034	365,000	186,284
2035	385,000	166,094
2036	405,000	141,509
2037	425,000	118,938
2038	450,000	94,875
2039	475,000	69,437
2040	500,000	42,626
2041	525,000	14,438
	<u>\$ 8,465,000</u>	<u>\$ 8,143,673</u>

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2011

7) OTHER LIABILITIES

Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation time. The balance of unpaid vacation time which has not matured at June 30, 2011 is recorded as a liability in the statements of net assets. The General Fund finances this liability.

8) DEBT WITHOUT GOVERNMENT COMMITMENT

The following issues of Yucaipa Redevelopment Agency Mobile Home Park Revenue Bonds are not reflected in the Long-Term Liabilities because these bonds are special obligations payable solely from and secured by specific revenue sources described in the bond resolutions and official statements of the respective issue. Neither the faith and credit nor the taxing power of the City, the Redevelopment Agency, the State of California or any political subdivision thereof, is pledged for the payment of these bonds.

On October 9, 2000, the Agency issued Mobile Home Park Revenue Bonds (Valley View) Series 2000 A and B in the amounts of \$1,100,000 and \$505,000, respectively. These bonds have interest rates of 5.0% and 7.5%, respectively and mature on November 15, 2030. The principal balance of outstanding bonds at June 30, 2011 is \$876,968 and \$440,000, respectively.

On May 15, 2001 the Agency issued Mobile Home Park Revenue Bonds (Rancho Del Sol and Grandview East) Series 2001 A and B in the amount of \$6,130,000 and \$245,000, respectively. These bonds have interest rates ranging from 5.0% to 6.9% and have maturity dates in increments from May 2002 through May 2036. The principal balance of outstanding bonds at June 30, 2011 is \$5,505,000 and \$0, respectively.

9) RETIREMENT PLAN

Plan Description

The City of Yucaipa contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public employers within the State of California. Copies of PERS's annual financial report may be obtained from the PERS executive Office at 400 "P" Street-Sacramento, California, 95814.

Funding Policy

Participants are required to contribute 7% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is also required to make an additional contribution at an actuarially determined rate. The required employer contribution rate for the fiscal year 2010/11 was 9.868%. The contribution requirements for plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2011

9) RETIREMENT PLAN - Continued

Three Year Trend Information:

Fiscal Year	Required Contributions	Percent Contributed
6/30/09	\$ 262,300	100%
6/30/10	\$ 281,935	100%
6/30/11	\$ 270,339	100%

10) OTHER POST EMPLOYMENT BENEFITS

Plan Description

The City's single-employer defined benefit postemployment healthcare plan, (DPHP), provides medical benefits to eligible retired City employees and spouses through PERS Health. A menu of benefit provisions as well as other requirements is established by State statute within the Public Employees' Retirement Law. DPHP selects optional benefit provisions from the benefit menu by contract with PERS Health and adopts those benefits through City resolution. The DPHP does not issue a publicly available financial report.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the Council. The City contributes \$108 per employee per month.

Annual OPEB Cost

For 2011, the City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$	68,249
Interest on net OPEB obligation		6,265
Adjustment to annual required contribution		(8,152)
Annual OPEB cost (expense)		66,362
Contributions made		(6,513)
Increase in net OPEB obligation		59,849
Net OPEB obligation – beginning of the year		125,307
Net OPEB obligation – end of the year	\$	185,156

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2011

10) OTHER POST EMPLOYMENT BENEFITS - Continued

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ending June 30, 2011 and the two preceding fiscal years as follows:

THREE-YEAR TREND INFORMATION FOR CERBT			
Fiscal Year	Annual OPEB Cost (AOC)	Percentage of OPEB Cost Contributed	Net OPEB Obligation
6/30/11	\$ 66,362	10%	\$ 185,156
6/30/10	\$ 67,296	8%	\$ 125,307
6/30/09	\$ 68,249	7%	\$ 63,401

Funded Status and Funding Progress

As of June 30, 2009, the actuarial valuation accrued liability for benefits was 468,320, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$2,961,445 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 16 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 financial statements, presents multiyear trend information that shows whether the actuarial value of the 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 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 short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following is a summary of the actuarial assumptions and methods:

Valuation Date	June 30, 2009
Discount Rate	0.05
Ultimate Trend Rate	0.05
HealthCare trend rates	0.08
Dental	0.04
Vision (tied to dental)	0.04
Other (tied to dental)	0.04
Age-adjustment factor	0
Cap inflator	-1
(neg = full inflation, 0 = frozen)	
Percent of Retirees with Spouses)	0.6

**City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2011**

11) SUMMARY DISCLOSURE OF SELF-INSURANCE CONTINGENCIES

The City maintains self-insurance programs for workers' compensation, general and auto liability. Claims are processed by an independent third party claims administrator.

The general and auto liability programs provide for self-insurance up to a maximum of \$50,000 per incident. Claims which exceed the limit are insured by the Public Agency Risk Sharing Authority of California (PARSAC), a joint powers authority of California municipalities, up to a maximum \$15,000,000 per incident.

The membership of PARSAC consists of thirty-seven California cities. The primary purpose of PARSAC is to provide coverage for losses from tort liability, workers' compensation, health benefits, and the ownership or use of real and personal property. A representative from each member city, appointed to the position by their City Council, serves on the Governing Board of the Authority. Each member of the Board has an equal vote in matters concerning the Authority.

The City also participates in PARSAC's workers' compensation program. The program operates as a partially self-insured program, which is combined with joint-purchased commercial excess insurance. Participants' losses are pooled to the programs' self insured retention of \$250,000 then the commercial excess insurance attaches and provides coverage to statutory limits.

Included in the accrued claims of the Internal Service Fund is an estimated liability for claims filed, as calculated by the City's third party claims administrator, but not paid, in the amount of \$75,000 for general and auto liability claims.

Fiscal Year	Claims Payable Beginning of Year	Additions	Deletions	Claims Payable End of Year
6/30/09	\$ 75,000	368,338	(368,338)	\$ 75,000
6/30/10	\$ 75,000	20,133	(20,133)	\$ 75,000
6/30/11	\$ 75,000	41,271	(41,271)	\$ 75,000

During the past three fiscal years none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability covered from coverage in the prior year.

12) TAX SHARING AGREEMENT

Yucaipa-Calimesa Joint Unified School District

This agreement requires the Redevelopment Agency to pay into a Special Account of the Agency for the benefit of the School District, all of the School District's share of the base year inflation and 40% of the School District's share of the annual tax increment. The Agency may defer the payment to the Special Fund until the Agency receives \$500,000 per year net of all other pass through payments or the 17th year of the Redevelopment Plan, whichever is earlier. As of June 30, 2011 there is \$1,105,772 in accumulated deferred amounts, which will ultimately be utilized for mutually agreed-upon projects. There is no long-term debt reported in these financial statements for this agreement. However, fund balance has been restricted for the accumulated deferred amounts.

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2011

13) DEVELOPMENT IMPACT FEES

The City of Yucaipa collects development impact fees for the construction of new development in accordance with the State Government Code. Normally, the City collects the development impact fees at the time building permits are issued. City policy allows builders to defer fees until the issuance of certificates of occupancy. The City secures the deferral of such fees by putting liens on the properties. The liens are then released when payment of the fees are received. As of June 30, 2011, deferral fees owed to the City for all types of development impact fees totaled approximately \$1,453,625.

The City development impact fee ordinances allow for the entering of agreements with developers for the construction of improvements identified to be paid for such fees. Through such agreements, the developer constructs certain public improvements and is given credit for the value of the improvements to offset developer fees due from the developer.

14) COMMUNITY FACILITIES DISTRICT NO. 98-1 OF THE CITY OF YUCAIPA (CHAPMAN HEIGHTS)

During the 1998-99 fiscal year the Community Facilities District No. 98-1 of the City of Yucaipa (Chapman Heights) (CFD) was formed. The District was formed to finance a portion of the costs associated with the construction of certain public facilities including streets, utilities, parks, landscaping and other infrastructure improvements within the Chapman Heights project. These other improvements include improvements to water and sewer facilities, which will be owned and operated by the Yucaipa Valley Water District, and certain storm drainage facilities which will be owned and operated by the San Bernardino County Flood Control District. The City has entered into joint community facilities agreements with the Flood Control District and the Water District whereby proceeds from the sale of Bonds will be used for the acquisition of the facilities as discussed above.

On March 9, 1999 the CFD issued \$17,500,000 of bonds for the purpose of constructing infrastructure as discussed above. The 1998 Special Tax Bonds are authorized pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, and are payable from certain special taxes to be levied on property within CFD 98-1 (Chapman Heights) of the City of Yucaipa, according to the Rate and Method of Apportionment of Special Tax approved by the voters within the district and by the City Council of the City. The bonds were issued pursuant to a bond indenture dated February 1, 1999 between the City and Dai-Ichi Kangyo Bank of California as the fiscal agent. The principal balance of bonds outstanding as of June 30, 2011 is \$14,370,000.

In June 2002, the CFD issued an additional \$5,800,000 in bonds. All payment obligations will remain the same as the bonds issued previously. The proceeds from the issuance were deposited into the Bank of New York (BNY). The proceeds have been accounted for in the CFD 98-1 Agency Fund. The principal balance of bonds outstanding as of June 30, 2011 is \$5,240,000.

In July 2003, the CFD issued an additional \$6,700,000 in bonds. All payment obligations will remain the same as the bonds issued previously. The proceeds from the issuance were deposited into the Bank of New York (BNY). The proceeds have been accounted for in the CFD 98-1 Agency Fund. The principal balance of bonds outstanding as of June 30, 2011 is \$5,970,000.

In November 2011, the City Council authorized issuance of \$28 million in Special Tax refunding Bonds to refund the CFD bonds.

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2011

14) CFD NO. 98-1 OF THE CITY OF YUCAIPA (CHAPMAN HEIGHTS) - Continued

Neither the faith and credit nor the taxing power of the City, the County of San Bernardino, the State of California or any political subdivision thereof is pledged to the payment of the bonds. Except for the special taxes, no other taxes are pledged to the payment of the bonds. The bonds are not general obligations of the City or County or general obligations of the District, but are limited obligations of the District payable solely from the special taxes as described in the official bond documents.

15) COMMITMENTS AND CONTINGENCIES

The City has contracts with the County of San Bernardino for various services, most notably law enforcement. These service contracts are renegotiated annually and cancelable by the City or the County. These are based on an hourly rate and may be adjusted throughout the fiscal year.

As of June 30, 2011 the City had construction commitments totaling \$3,608,122.

The City is involved as a defendant in various legal proceedings. While it is not feasible to predict or determine the outcome in these cases, it is the opinion of the City that the outcome will have no material adverse effect on the financial position of the City.

Recent Changes in Legislation Affecting California Redevelopment Agencies

On June 29, 2011, the Governor of the State of California signed Assembly Bills X1 26 and 27 as part of the State's budget package. Assembly Bill X1 26 requires each California redevelopment agency to suspend (effective July 1, 2011) nearly all activities except to implement existing contracts, meet already-incurred obligations, preserve its assets and prepare for the impending dissolution of the agency. Assembly Bill X1 27 provides a means for redevelopment agencies to continue to exist and operate by means of a Voluntary Alternative Redevelopment Program. Under this program, each local government would adopt an ordinance agreeing to make certain payments to the County Auditor Controller in fiscal year 2011-12 and annual payments each fiscal year thereafter. Assembly Bill X1 26 indicates that the city, special district or county "may use any available funds not otherwise obligated for other uses" to make this payment. The City of Yucaipa (City) and the Agency intend to use available monies of its redevelopment agency for this purpose. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the State legislature.

Assembly Bill X1 26 directs the 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 Assembly Bill X1 26.

In the event that Assembly Bill X1 26 is upheld (which it was as of December 29, 2011), the receivable recognized by funds of the City that had previously loaned or advanced funds to the redevelopment agency may become uncollectible with a loss recognized to the City. Additionally, the City would be impacted by the elimination of reimbursements previously paid to the City by the redevelopment agency for shared administrative services. Specifically, in April 2011 the Agency repaid the City's general fund approximately \$1.5 million in prior advances. Approximately one-half of that amount represented advances made to the Agency within the first two years after formation of the Agency. It is unclear at this point whether all or some of the repayment is allowable under the current law.

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2011

15) COMMITMENTS AND CONTINGENCIES - Continued

Recent Changes in Legislation Affecting California Redevelopment Agencies - Continued

The League of California Cities and the California Redevelopment Association (CRA) filed a lawsuit on July 18, 2011 on behalf of cities, counties and redevelopment agencies petitioning the California Supreme Court to overturn Assembly Bills X1 26 and 27 on the grounds that they violate the California Constitution. On August 11, 2011, the California Supreme Court issued a stay of all of Assembly Bill X1 27 and most of Assembly Bill X1 26. The California Supreme Court stated in its order that “the briefing schedule is designed to facilitate oral argument as early as possible in 2011, and a decision before January 15, 2012.” A second order issued by the California Supreme Court on August 17, 2011 indicated that certain provisions of Assembly Bills X1 26 and 27 were still in effect and not affected by its previous stay, including requirements to file an appeal of the determination of the community remittance payment by August 15, the requirement to adopt an Enforceable Obligations Payment Schedule (“EOPS”) by August 29, 2011, and the requirement to prepare a preliminary draft of the initial Recognized Obligation Payment Schedule (“ROPS”) by September 30, 2011.

Because the stay provided by Assembly Bill X1 26 only affects enforcement, each agency must adopt an Enforceable Obligation Payment Schedule and draft Recognized Obligation Payment Schedule prior to September 30, as required by the statute. Enforceable obligations include bonds, loans and payments required by the federal or State government; legally enforceable payments required in connection with agency employees such as pension payments and unemployment payments judgments or settlements; legally binding and enforceable agreements or contracts; and contracts or agreements necessary for the continued administration or operation of the agency that are permitted for purposes set forth in AB X1 26.

On July 25, 2011, City of Yucaipa Ordinance No. 310 was adopted indicating that the City will comply with the Voluntary Alternative Redevelopment Program in order to permit the continued existence and operation of the Agency, in the event Assembly Bills X1 26 and/or 27 are upheld as constitutional. The initial payment by the City is estimated to be \$585,091 with one half due on January 15, 2012 and the other half due May 15, 2012. Thereafter, an estimated \$150,000 will be due annually. The amounts to be paid after fiscal year 2012-13 have yet to be determined by the State Legislature. The semi-annual payments will be due on January 15 and May 15 of each year and would increase or decrease with changes in tax increment. Additionally, an increased amount would be due to schools if any "new debt" is incurred. Assembly Bill X1 27 allows a one-year reprieve on the Agency’s obligation to contribute 20% of tax increment to the low-and-moderate-income housing fund so as to permit the Agency to assemble sufficient funds to make its initial payments. Failure to make these payments would require agencies to be terminated under the provisions of AB X1 26.

As of December 29, 2011, the Supreme Court of California upheld the provisions of Assembly Bill X1 26 and invalidated Assembly Bill X1 27. The ruling provides for the wind-up and dissolution of redevelopment agencies as of February 1, 2012.

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2011

16) FUND BALANCE

The City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* as of June 30, 2011. Fund balances in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The City considers restricted fund balance to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the City considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance - Amounts that cannot be spent either because they are in nonspendable form or are required to be maintained intact.

Restricted Fund Balance - Amounts that are constrained to specific purposes by state or federal laws, or externally imposed conditions by grantors or creditors.

Committed Fund Balance - Amounts that may be specified by the City Council by ordinance or resolution to formally commit part of the City's fund balances or future revenues for a specific purpose(s) or program. To change or repeal any such commitment will require an additional formal City Council action utilizing the same type of action that was originally used.

The City's committed fund balance includes:

- **General Fund Emergency Operating Contingency:**
Fund balance in the General Fund has been committed for emergency contingencies, as set by resolution, and is specifically for severe economic emergencies defined as a state or federal state of emergency, or declaration of a local emergency as defined in the City of Yucaipa Municipal Code Section 8.36.030.

- **Economic Stabilization Contingency:**
Fund balance in the General Fund has been committed for economic stabilization contingencies, set by resolution in the amount of \$1,000,000, and is available specifically for use in an event of severe fiscal hardship or instability, defined as any fiscal year in which actual General Fund revenue is at least 30% less than budgeted General Fund revenue.

Assigned Fund Balance - Amounts that are constrained by the City Council's intent to use specified financial resources for specific purposes, but are neither restricted nor committed. The City's fund balance policy delegates the authority to assign amounts to be used for specific purposes to the City Manager, or his designee.

Unassigned Fund Balance - These are either residual positive net resources of fund balance in excess of what can properly be classified in one of the other four categories, or negative balances.

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2011

16) FUND BALANCE - Continued

The City's governmental fund balances at June 30, 2011, are presented below:

	General Fund	Fire Fund	Traffic Facilities Fund	Developer Fees Public Facilities Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Nonspendable:				
Advances to Other Funds	\$ 16,649,006	\$	\$	\$
Restricted for:				
Solid Waste Disposal	647,573			
Capital Projects				
Public Works/Transportation				
Public Safety	224,300			
Community Development				
Tax Sharing Agreements				
Community Services/Public Education				
Low and Moderate Income Housing				
Debt Service				
Committed to:				
Emergency Contingency	2,464,177			
Economic Stabilization Contingency	1,000,000			
Redevelopment Projects	1,487,170			
OPEB	468,320			
Fire Protection		10,133,160		
Assigned to:				
Capital Projects	4,514,640			
Continuing Appropriations	2,068,003			
Redevelopment Projects/Activities				
Other Purposes	1,094,402			
Unassigned	<u>15,241,836</u>		<u>(1,619,559)</u>	<u>(2,954,014)</u>
Total Fund Balance (Deficit)	<u>\$ 45,859,427</u>	<u>\$ 10,133,160</u>	<u>\$ (1,619,559)</u>	<u>\$ (2,954,014)</u>

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2011

Developer Impact Fees Park Fund	Developer Fees Drainage Fund	Developer Fees Fire Fund	Non-Major Governmental Funds	Total
\$	\$	\$	\$	\$ 16,649,006
				647,573
	1,146,808		5,855,500	7,002,308
			4,222,907	4,222,907
			1,333,403	1,557,703
			4,632,943	4,632,943
			1,126,952	1,126,952
			194,924	194,924
			1,100,139	1,100,139
			779,707	779,707
				2,464,177
				1,000,000
				1,487,170
				468,320
				10,133,160
				4,514,640
				2,068,003
			570,420	570,420
				1,094,402
(1,657,037)		(2,393,186)	(567,410)	6,050,630
<u>\$ (1,657,037)</u>	<u>\$ 1,146,808</u>	<u>\$ (2,393,186)</u>	<u>\$ (19,249,485)</u>	<u>\$ 67,765,084</u>

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2011

17) ACCUMULATED FUND DEFICITS

At June 30, 2011 the following funds had deficit fund balances:

Major Funds - Capital Projects:	
Traffic Facilities Fund	\$ (1,619,559)
Developer Fees Public Facilities Fund	(2,954,014)
Developer Impact Fees Parks Fund	(1,657,037)
Developer Fees Fire Fund	(2,393,186)
Non-major Funds	
State Gas Tax Fund	(35,776)
Low Water Crossing Fund	(25,726)
RDA 2004 TABS Fund	(235,647)

Management's explanations for the resolution of accumulated fund deficits in the major funds are summarized as follows:

Traffic Facilities Fund - The deficit fund balance of \$1,619,559 is the result of accumulated expenditures in excess of revenues, offset by advances from the General Fund reflected in the financial statements as nonspendable fund balance in the amount of \$6,551,246.

Developer Fees Public Facilities Fund - The deficit fund balance of \$2,954,014 is the result of accumulated expenditures in excess of revenues, offset by advances from the General Fund reflected in the financial statements as nonspendable fund balance in the amount of \$4,646,631.

Developer Impact Fees Parks Fund - The deficit fund balance of \$1,657,037 is the result of accumulated expenditures in excess of revenues, offset by advances from the General Fund reflected in the financial statements as nonspendable fund balance in the amount of \$2,804,050.

Developer Fees Fire Fund - The deficit fund balance of \$2,393,186 is the result of accumulated expenditures in excess of revenues, offset by advances from the General Fund reflected in the financial statements as nonspendable fund balance in the amount of \$2,647,079.

18) SUBSEQUENT EVENTS

On September 12, 2011, the City Council authorized the issuance of Multi Family Housing Bonds in the amount of \$6,500,000 to finance construction of the Yucaipa Senior Terrace Apartments Senior Multi-Family Rental Housing project.

REQUIRED SUPPLEMENTARY INFORMATION

City of Yucaipa
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property Taxes	\$ 5,003,272	\$ 5,003,272	\$ 5,022,507	\$ 19,235
Sales and Use Taxes	2,104,252	2,104,252	2,569,402	465,150
Franchise Taxes	1,132,000	1,132,000	1,224,664	92,664
Documentary Transfer Tax	88,000	88,000	105,563	17,563
Other Taxes	16,300	16,300	14,704	(1,596)
Licenses and Permits	440,193	480,700	508,734	28,034
Fines and Forfeitures	25,500	25,500	26,530	1,030
Charges for Services	1,215,387	1,249,832	1,213,258	(36,574)
Intergovernmental	4,048,945	4,073,945	4,222,235	148,290
Investment Income	274,952	200,000	128,372	(71,628)
Other	93,819	93,819	149,214	55,395
Total Revenues	<u>14,442,620</u>	<u>14,467,620</u>	<u>15,185,183</u>	<u>717,563</u>
EXPENDITURES				
Current:				
General Government	3,115,736	3,192,735	2,351,588	841,147
Community Development	742,762	742,764	657,350	85,414
Building and Safety	245,200	245,200	273,870	(28,670)
Public Works	2,245,351	2,503,351	1,871,990	631,361
Public Safety:				
Police Services	6,273,291	6,273,291	6,005,731	267,560
Community Services	1,206,337	1,224,334	1,037,780	186,554
Capital Outlay	1,063,000	735,000	122,577	612,423
Total Expenditures	<u>14,891,677</u>	<u>14,916,675</u>	<u>12,320,886</u>	<u>2,595,789</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(449,057)</u>	<u>(449,055)</u>	<u>2,864,297</u>	<u>3,313,352</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	718,790	718,790		(718,790)
Transfers Out	(200,000)	(200,000)	(3,036,089)	(2,836,089)
Total Other Financing Sources (Uses)	<u>518,790</u>	<u>518,790</u>	<u>(3,036,089)</u>	<u>(3,554,879)</u>
Net Change in Fund Balances	69,733	69,735	(171,792)	(241,527)
Fund Balances, Beginning of Year	<u>46,031,219</u>	<u>46,031,219</u>	<u>46,031,219</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 46,100,952</u>	<u>\$ 46,100,954</u>	<u>\$ 45,859,427</u>	<u>\$ (241,527)</u>

City of Yucaipa
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Fire Special Revenue Fund
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes - Fire	\$ 2,814,336	\$ 2,814,336	\$ 2,825,204	\$ 10,868
Charges for Services	25,375	25,375	26,394	1,019
Intergovernmental			118,542	118,542
Investment Income			41,881	41,881
Other	39,634	39,634	58,355	18,721
Total Revenues	<u>2,879,345</u>	<u>2,879,345</u>	<u>3,070,376</u>	<u>191,031</u>
EXPENDITURES				
Current:				
Fire Protection Services	2,392,408	2,412,243	2,500,841	(88,598)
Capital Outlay	145,715	145,715	60,326	85,389
Total Expenditures	<u>2,538,123</u>	<u>2,557,958</u>	<u>2,561,167</u>	<u>(3,209)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>341,222</u>	<u>321,387</u>	<u>509,209</u>	<u>187,822</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out			(43,187)	(43,187)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(43,187)</u>	<u>(43,187)</u>
Net Change in Fund Balances	341,222	321,387	466,022	144,635
Fund Balances, Beginning of Year	<u>9,667,138</u>	<u>9,667,138</u>	<u>9,667,138</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 10,008,360</u>	<u>\$ 9,988,525</u>	<u>\$ 10,133,160</u>	<u>\$ 144,635</u>

City of Yucaipa
Schedule of Funding Progress for DPHP
Year Ended June 30, 2011

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B - A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll [(B-A)/C]
06/30/09	\$ -	\$ 468,320	\$ 468,320	0%	\$ 2,961,445	16%

*GASB 45 was implemented in fiscal year 2009. There were no previous actuarial valuations.

City of Yucaipa
Notes to Required Supplementary Information
Year Ended June 30, 2011

1. Budgetary Control and Accounting

The City Council approves each year’s budget submitted by the City Manager and Director of Administrative Services prior to the beginning of the new fiscal year. Public hearings are conducted prior to its adoption by the Council. All supplemental appropriations, where required during the period, are also approved by the Council. Intradepartmental budget transfers are approved by the City Manager. In most cases, expenditures may not exceed appropriations at the departmental level within the general fund and at the fund level for other funds. At fiscal year-end, all operating budget appropriations lapse.

Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP).

2. Expenditures in Excess of Appropriations

Expenditures exceeded appropriations in the following funds:

	Final Budget	Actual	Excess
Fire Special Revenue Fund	\$ 2,557,958	\$ 2,561,167	\$ (3,209)

SUPPLEMENTARY INFORMATION

City of Yucaipa
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Traffic Facilities Capital Projects Fund
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 1,130,000	\$ 61,002	\$ 410,239	\$ 349,237
Intergovernmental			1,353,691	1,353,691
Investment Income			21,526	21,526
Other			4,130	4,130
Total Revenues	<u>1,130,000</u>	<u>61,002</u>	<u>1,789,586</u>	<u>1,728,584</u>
EXPENDITURES				
Capital Outlay	<u>1,179,000</u>	<u>19,736,175</u>	<u>2,642,128</u>	<u>17,094,047</u>
Total Expenditures	<u>1,179,000</u>	<u>19,736,175</u>	<u>2,642,128</u>	<u>17,094,047</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(49,000)</u>	<u>(19,675,173)</u>	<u>(852,542)</u>	<u>18,822,631</u>
OTHER FINANCING SOURCES (USES)				
Transfers In			393,600	393,600
Transfers Out			<u>(78,470)</u>	<u>(78,470)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>315,130</u>	<u>315,130</u>
Net Change in Fund Balance	(49,000)	(19,675,173)	(537,412)	19,137,761
Fund Balance (Deficit), Beginning of Year	<u>(1,082,147)</u>	<u>(1,082,147)</u>	<u>(1,082,147)</u>	<u>-</u>
Fund Balance (Deficit), End of Year	<u>\$ (1,131,147)</u>	<u>\$ (20,757,320)</u>	<u>\$ (1,619,559)</u>	<u>\$ 19,137,761</u>

City of Yucaipa
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Developer Fees Public Facilities Capital Projects Fund
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 512,000	\$ 11,397	\$ 59,793	\$ 48,396
Intergovernmental			1,358,571	1,358,571
Investment Income			5,684	5,684
Other			40,113	40,113
Total Revenues	<u>512,000</u>	<u>11,397</u>	<u>1,464,161</u>	<u>1,452,764</u>
EXPENDITURES				
Current:				
Public Works				-
Capital Outlay	<u>546,000</u>	<u>2,367,203</u>	<u>497,997</u>	<u>1,869,206</u>
Total Expenditures	<u>546,000</u>	<u>2,367,203</u>	<u>497,997</u>	<u>1,869,206</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(34,000)</u>	<u>(2,355,806)</u>	<u>966,164</u>	<u>3,321,970</u>
OTHER FINANCING SOURCES (USES)				
Transfers In				-
Transfers Out				-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(34,000)	(2,355,806)	966,164	3,321,970
Fund Balance (Deficit), Beginning of Year	<u>(3,920,178)</u>	<u>(3,920,178)</u>	<u>(3,920,178)</u>	<u>-</u>
Fund Balance (Deficit), End of Year	<u>\$ (3,954,178)</u>	<u>\$ (6,275,984)</u>	<u>\$ (2,954,014)</u>	<u>\$ 3,321,970</u>

City of Yucaipa
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Development Impact Fees Parks Capital Projects Fund
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges For Services	\$ 42,215	\$ 12,215	\$ 72,519	\$ 60,304
Intergovernmental				-
Investment Income			4,947	4,947
Other			1,497	1,497
Total Revenues	<u>42,215</u>	<u>12,215</u>	<u>78,963</u>	<u>66,748</u>
EXPENDITURES				
Capital Outlay	42,215	2,206,315	769,319	1,436,996
Total Expenditures	<u>42,215</u>	<u>2,206,315</u>	<u>769,319</u>	<u>1,436,996</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>(2,194,100)</u>	<u>(690,356)</u>	<u>1,503,744</u>
OTHER FINANCING SOURCES (USES)				
Transfers In			278,853	278,853
Transfers Out			(21,000)	(21,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>257,853</u>	<u>257,853</u>
Net Change in Fund Balances	-	(2,194,100)	(432,503)	1,761,597
Fund Balances (Deficit), Beginning of Year	<u>(1,224,534)</u>	<u>(1,224,534)</u>	<u>(1,224,534)</u>	<u>-</u>
Fund Balances (Deficit), End of Year	<u>\$ (1,224,534)</u>	<u>\$ (3,418,634)</u>	<u>\$ (1,657,037)</u>	<u>\$ 1,761,597</u>

City of Yucaipa
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Developer Fees Drainage Capital Projects Fund
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 1,578,000	\$ 37,879	\$ 173,662	\$ 135,783
Intergovernmental			2,515,775	2,515,775
Investment Income			9,870	9,870
Other			9,161	9,161
Total Revenues	<u>1,578,000</u>	<u>37,879</u>	<u>2,708,468</u>	<u>2,670,589</u>
EXPENDITURES				
Capital Outlay	<u>1,649,000</u>	<u>16,413,340</u>	<u>4,181,112</u>	<u>12,232,228</u>
Total Expenditures	<u>1,649,000</u>	<u>16,413,340</u>	<u>4,181,112</u>	<u>12,232,228</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(71,000)</u>	<u>(16,375,461)</u>	<u>(1,472,644)</u>	<u>14,902,817</u>
OTHER FINANCING SOURCES (USES)				
Transfers In			94,995	94,995
Transfers Out			(630,453)	(630,453)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(535,458)</u>	<u>(535,458)</u>
Net Change in Fund Balances	(71,000)	(16,375,461)	(2,008,102)	14,367,359
Fund Balance (Deficit), Beginning of Year	<u>3,154,910</u>	<u>3,154,910</u>	<u>3,154,910</u>	<u>-</u>
Fund Balance (Deficit), End of Year	<u>\$ 3,083,910</u>	<u>\$ (13,220,551)</u>	<u>\$ 1,146,808</u>	<u>\$ 14,367,359</u>

City of Yucaipa
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Developer Fees Fire Capital Projects Fund
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 21,000	\$ 6,162	\$ 34,417	\$ 28,255
Investment Income			439	439
Other			1,422	1,422
	<u>21,000</u>	<u>6,162</u>	<u>36,278</u>	<u>30,116</u>
Total Revenues	<u>21,000</u>	<u>6,162</u>	<u>36,278</u>	<u>30,116</u>
EXPENDITURES				
Current:				
Public Safety	60,000		2,685	(2,685)
Capital Outlay				-
	<u>60,000</u>	<u>-</u>	<u>2,685</u>	<u>(2,685)</u>
Total Expenditures	<u>60,000</u>	<u>-</u>	<u>2,685</u>	<u>(2,685)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(39,000)</u>	<u>6,162</u>	<u>33,593</u>	<u>27,431</u>
OTHER FINANCING SOURCES (USES)				
Transfers In			43,187	43,187
Transfers Out			(21,000)	(21,000)
	<u>-</u>	<u>-</u>	<u>22,187</u>	<u>22,187</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>22,187</u>	<u>22,187</u>
Net Change in Fund Balances	(39,000)	6,162	55,780	49,618
Fund Balance (Deficit), Beginning of Year	<u>(2,448,966)</u>	<u>(2,448,966)</u>	<u>(2,448,966)</u>	<u>-</u>
Fund Balance (Deficit), End of Year	<u>\$ (2,487,966)</u>	<u>\$ (2,442,804)</u>	<u>\$ (2,393,186)</u>	<u>\$ 49,618</u>

**City of Yucaipa
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2011**

	Special Revenue				
	Miscellaneous Special Revenue	State Gas Tax	Measure I Maintenance	Energy Independence Program	State COPs Grant
ASSETS					
Cash and Investments	\$ 1,322,044	\$	\$ 916,642	\$ 1,962,042	\$ 118,994
Cash and Investments with Fiscal Agents					
Receivables:					
Interest	922		810		104
Due From Other Governments	12,134	79,887	45,142		11,324
Due From Other Funds					
Total Assets	<u>\$ 1,335,100</u>	<u>\$ 79,887</u>	<u>\$ 962,594</u>	<u>\$ 1,962,042</u>	<u>\$ 130,422</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable & Accrued Liabilities	\$ 46,110	\$ 34,184	\$	\$ 1,199	\$ 5,834
Deposits Payable					
Due to Other Funds	857	81,479			
Advances From Other Funds					
Deferred Revenue					
Total Liabilities	<u>46,967</u>	<u>115,663</u>	<u>-</u>	<u>1,199</u>	<u>5,834</u>
Fund Balances:					
Restricted	1,288,133		962,594	1,960,843	124,588
Assigned					
Unassigned		<u>(35,776)</u>			
Total Fund Balances	<u>1,288,133</u>	<u>(35,776)</u>	<u>962,594</u>	<u>1,960,843</u>	<u>124,588</u>
Total Liabilities and Fund Balances	<u>\$ 1,335,100</u>	<u>\$ 79,887</u>	<u>\$ 962,594</u>	<u>\$ 1,962,042</u>	<u>\$ 130,422</u>

Office of Traffic and Safety	Special Revenue				Capital Projects	
	LLMD	RDA Low-Income Housing	Paramedic	PEG Video	Miscellaneous Capital Projects	CDBG Capital
\$ 80,019	\$ 1,395,037	\$ 1,105,545	\$ 1,159,885	\$ 176,956	\$ 621,553	\$ 35,275
63	2,108	1,167 9,470	1,219 13,337	133 17,835	89	14,694
<u>\$ 80,082</u>	<u>\$ 1,397,145</u>	<u>\$ 1,116,182</u>	<u>\$ 1,174,441</u>	<u>\$ 194,924</u>	<u>\$ 621,642</u>	<u>\$ 49,969</u>
\$	\$ 50,730	\$ 16,043	\$ 45,708	\$	\$ 81,017	\$ 85
						12,332
-	50,730	16,043	45,708	-	81,017	12,417
80,082	1,346,415	1,100,139	1,128,733	194,924	540,625	37,552
80,082	1,346,415	1,100,139	1,128,733	194,924	540,625	37,552
<u>\$ 80,082</u>	<u>\$ 1,397,145</u>	<u>\$ 1,116,182</u>	<u>\$ 1,174,441</u>	<u>\$ 194,924</u>	<u>\$ 621,642</u>	<u>\$ 49,969</u>

Continued

City of Yucaipa
Combining Balance Sheet
Non-Major Governmental Funds (Continued)
June 30, 2011

	Capital Projects					
	Air Quality Improvement	Low Water Crossings	RDA Capital Projects	Pool Capital Replacement	RDA Uptown Revitalization	
ASSETS						
Cash and Investments	\$ 390,297	\$ 26,286	\$ 2,532,352	\$ 54,830	\$ 25,699	\$ 2,785,808
Cash and Investments with Fiscal Agents Receivables:						
Interest	304		1,383		20	1,368
Due From Other Governments	12,343		162			76,623
Due From Other Funds			308,796			
Total Assets	\$ 402,944	\$ 26,286	\$ 2,842,693	\$ 54,830	\$ 25,719	\$ 2,863,799
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable	\$ 10	\$ 52,012	\$ 425,361	\$	\$	\$ 6,420
Deposits Payable						
Due to Other Funds			745,679			
Advances From Other Funds						
Deferred Revenue						
Total Liabilities	10	52,012	1,171,040	-	-	6,420
Fund Balances:						
Restricted	402,934		1,126,952	54,830		2,857,379
Assigned			544,701		25,719	
Unassigned		(25,726)				
Total Fund Balances	402,934	(25,726)	1,671,653	54,830	25,719	2,857,379
Total Liabilities and Fund Balances	\$ 402,944	\$ 26,286	\$ 2,842,693	\$ 54,830	\$ 25,719	\$ 2,863,799

Capital Projects			Debt Service	Total Nonmajor Governmental Funds
RDA 2004 TAB	RDA 2010 TAB	I-10 Specific Plan	RDA	
\$ 176,509	\$ 4,467,031	\$ 43,694	\$ 779,707	\$ 19,396,498 779,707
548	3,607	34	772	12,543
	745,679		37,763	332,822
				1,054,475
<u>\$ 177,057</u>	<u>\$ 5,216,317</u>	<u>\$ 43,728</u>	<u>\$ 818,242</u>	<u>\$ 21,576,045</u>
\$ 412,704	\$	\$	\$	\$ 1,177,417
			308,796	-
				1,136,811
				-
				12,332
<u>412,704</u>	<u>-</u>	<u>-</u>	<u>308,796</u>	<u>2,326,560</u>
	5,216,317	43,728	779,707	19,246,475
(235,647)			(270,261)	570,420
				(567,410)
<u>(235,647)</u>	<u>5,216,317</u>	<u>43,728</u>	<u>509,446</u>	<u>19,249,485</u>
<u>\$ 177,057</u>	<u>\$ 5,216,317</u>	<u>\$ 43,728</u>	<u>\$ 818,242</u>	<u>\$ 21,576,045</u>

City of Yucaipa
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2011

	Special Revenue				
	Miscellaneous Special Revenue	State Gas Tax	Measure I Maintenance	Energy Independence Program	State COPs Grant
REVENUES					
Property Taxes	\$ 6,273	\$	\$	\$	\$
Franchise Taxes	-				
Fines & Forfeitures	57,455				
Charges for Services	65,952				
Intergovernmental	37,233	842,134	626,578		100,095
Investment Income	4,683		4,127		372
Other	-	7,362		19,806	
Total Revenues	171,596	849,496	630,705	19,806	100,467
EXPENDITURES					
Current:					
General Government	91,426			7,550	
Community Development					
Public Works	4,162	822,194	6,219		
Public Safety	16,519				33,024
Fire Protection Services					
Paramedic Services					
Community Services					
Capital Outlay		13,541		155,210	18,286
Debt Service:					
Interest and Fiscal Charges					
Principal Payments					
Bond Issuance Costs					
Total Expenditures	112,107	835,735	6,219	162,760	51,310
Excess (Deficiency) of Revenues over Expenditures	59,489	13,761	624,486	(142,954)	49,157
OTHER FINANCING SOURCES (USES)					
Transfers In					
Transfers Out		(48,884)	(221,429)		
Tax Allocation Bonds Issued					
Premium on Bonds					
Total Other Financing Sources (Uses)	-	(48,884)	(221,429)	-	-
Net Change in Fund Balances	59,489	(35,123)	403,057	(142,954)	49,157
Fund Balances (Deficit), Beginning of Year	1,228,644	(653)	559,537	2,103,797	75,431
Fund Balances (Deficit), End of Year	\$ 1,288,133	\$ (35,776)	\$ 962,594	\$ 1,960,843	\$ 124,588

Office of Traffic and Safety	Special Revenue				Capital Projects	
	LLMD	RDA Low-Income Housing	Paramedic	PEG Video	Miscellaneous Capital Projects	CDBG Capital
\$	\$	\$ 401,570	\$ 1,012,431	\$ 69,962	\$	\$
4,500			78,845		431,963	171,271
317		6,306	5,388	537	459	
	389,942	2,000				
4,817	389,942	409,876	1,096,664	70,499	432,422	171,271
		817,723				
	318,966				20,020	208,588
			969,404			
	432		98,725		1,727,098	
-	319,398	817,723	1,068,129	-	1,747,118	208,588
4,817	70,544	(407,847)	28,535	70,499	(1,314,696)	(37,317)
	155				1,767,920	21,500
-	155	-	-	-	1,767,920	21,500
4,817	70,699	(407,847)	28,535	70,499	453,224	(15,817)
75,265	1,275,716	1,507,986	1,100,198	124,425	87,401	53,369
\$ 80,082	\$ 1,346,415	\$ 1,100,139	\$ 1,128,733	\$ 194,924	\$ 540,625	\$ 37,552

Continued

City of Yucaipa
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds (Continued)
Year Ended June 30, 2011

	Capital Projects					
	Air Quality Improvement	Low Water Crossings	RDA Capital Projects	Pool Capital Replacement	RDA Uptown Revitalization	Street Maintenance
REVENUES						
Taxes:						
Property Taxes	\$	\$	\$	\$	\$	\$
Franchise Taxes						
Fines & Forfeitures						
Charges for Services						
Intergovernmental	56,514	67,055				492,925
Investment Income	1,818		10,174		104	7,692
Other		69,614	8,332			
Total Revenues	58,332	136,669	18,506	-	104	500,617
EXPENDITURES						
Current:						
General Government						
Community Development			1,002,706			
Public Works	5,908	35,187				
Public Safety						
Fire Protection Services						
Paramedic Services						
Community Services						
Capital Outlay	115,437	168,520	17,328			1,291,677
Debt Service:						
Interest and Fiscal Charges			48,425			
Principal Payments						
Bond Issuance Costs						
Total Expenditures	121,345	203,707	1,068,459	-	-	1,291,677
Excess (Deficiency) of Revenues over Expenditures	(63,013)	(67,038)	(1,049,953)	-	104	(791,060)
OTHER FINANCING SOURCES (USES)						
Transfers In			1,455,000	8,000		1,284,680
Transfers Out						
Tax Allocation Bonds Issued						
Premium on Bonds						
Total Other Financing Sources (Uses)	-	-	1,455,000	8,000	-	1,284,680
Net Change in Fund Balances	(63,013)	(67,038)	405,047	8,000	104	493,620
Fund Balances (Deficit), Beginning of Year	465,947	41,312	1,266,606	46,830	25,615	2,363,759
Fund Balances (Deficit), End of Year	<u>\$ 402,934</u>	<u>\$ (25,726)</u>	<u>\$ 1,671,653</u>	<u>\$ 54,830</u>	<u>\$ 25,719</u>	<u>\$ 2,857,379</u>

Capital Projects			Debt Service	Total Nonmajor Governmental Funds
RDA 2004 TAB	RDA 2010 TAB	I-10 Specific Plan	RDA	
\$	\$	\$	\$ 1,602,374	\$ 3,022,648
				69,962
				57,455
				70,452
				2,904,613
1,441	8,324	170	1,784	53,696
				497,056
<u>1,441</u>	<u>8,324</u>	<u>170</u>	<u>1,604,158</u>	<u>6,675,882</u>
				98,976
1,449,536				1,820,429
				2,870,780
				49,543
				-
				969,404
				-
	39,944			3,646,198
	200		207,503	256,128
			55,000	55,000
	114,914		158,175	273,089
<u>1,449,536</u>	<u>155,058</u>	<u>-</u>	<u>420,678</u>	<u>10,039,547</u>
<u>(1,448,095)</u>	<u>(146,734)</u>	<u>170</u>	<u>1,183,480</u>	<u>(3,363,665)</u>
		2,622	692,580	5,232,457
	(692,580)		(1,455,000)	(2,417,893)
	6,030,000			6,030,000
	25,631			25,631
<u>-</u>	<u>5,363,051</u>	<u>2,622</u>	<u>(762,420)</u>	<u>8,870,195</u>
(1,448,095)	5,216,317	2,792	421,060	5,506,530
1,212,448	-	40,936	88,386	13,742,955
<u>\$ (235,647)</u>	<u>\$ 5,216,317</u>	<u>\$ 43,728</u>	<u>\$ 509,446</u>	<u>\$ 19,249,485</u>

City of Yucaipa
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Miscellaneous Special Revenue Fund
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Property Taxes	\$ 6,000	\$ 6,000	\$ 6,273	\$ 273
Fines and Forfeits	16,500	16,500	57,455	40,955
Charges for Services	69,322	69,322	65,952	(3,370)
Intergovernmental	12,000	12,000	37,233	25,233
Investment Income	1,500	1,500	4,683	3,183
Other				-
	<u>105,322</u>	<u>105,322</u>	<u>171,596</u>	<u>66,274</u>
EXPENDITURES				
Current:				
General Government	79,449	67,449	91,426	(23,977)
Public Works	6,000	6,000	4,162	1,838
Public Safety	5,000		16,519	(16,519)
	<u>90,449</u>	<u>73,449</u>	<u>112,107</u>	<u>(38,658)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>14,873</u>	<u>31,873</u>	<u>59,489</u>	<u>27,616</u>
OTHER FINANCING SOURCES (USES)				
Transfers In				-
Transfers Out	(70,000)	(70,000)		70,000
	<u>(70,000)</u>	<u>(70,000)</u>	<u>-</u>	<u>70,000</u>
Net Change in Fund Balance	(55,127)	(38,127)	59,489	97,616
Fund Balance (Deficit), Beginning of Year	<u>1,228,644</u>	<u>1,228,644</u>	<u>1,228,644</u>	<u>-</u>
Fund Balance (Deficit), End of Year	<u>\$ 1,173,517</u>	<u>\$ 1,190,517</u>	<u>\$ 1,288,133</u>	<u>\$ 97,616</u>

City of Yucaipa
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - State Gas Tax Special Revenue Fund
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 837,500	\$ 837,500	\$ 842,134	\$ 4,634
Investment Income	2,500	2,500		(2,500)
Other			7,362	7,362
	<u>840,000</u>	<u>840,000</u>	<u>849,496</u>	<u>9,496</u>
EXPENDITURES				
Current:				
Public Works	860,615	860,615	822,194	38,421
Capital Outlay	35,000	35,000	13,541	21,459
	<u>895,615</u>	<u>895,615</u>	<u>835,735</u>	<u>59,880</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(55,615)</u>	<u>(55,615)</u>	<u>13,761</u>	<u>69,376</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(57,000)</u>	<u>(57,000)</u>	<u>(48,884)</u>	<u>8,116</u>
	<u>(57,000)</u>	<u>(57,000)</u>	<u>(48,884)</u>	<u>8,116</u>
Net Change in Fund Balance	(112,615)	(112,615)	(35,123)	77,492
Fund Balance (Deficit), Beginning of Year	<u>(653)</u>	<u>(653)</u>	<u>(653)</u>	<u>-</u>
Fund Balance (Deficit), End of Year	<u>\$ (113,268)</u>	<u>\$ (113,268)</u>	<u>\$ (35,776)</u>	<u>\$ 77,492</u>

City of Yucaipa
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Measure I Maintenance Special Revenue Fund
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 700,000	\$ 700,000	\$ 626,578	\$ (73,422)
Investment Income	5,000	5,000	4,127	(873)
Total Revenues	<u>705,000</u>	<u>705,000</u>	<u>630,705</u>	<u>(74,295)</u>
EXPENDITURES				
Current:				
Public Works	-	-	6,219	(6,219)
Total Expenditures	<u>-</u>	<u>-</u>	<u>6,219</u>	<u>(6,219)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>705,000</u>	<u>705,000</u>	<u>624,486</u>	<u>(80,514)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(705,000)</u>	<u>(705,000)</u>	<u>(221,429)</u>	<u>483,571</u>
Total Other Financing Sources (Uses)	<u>(705,000)</u>	<u>(705,000)</u>	<u>(221,429)</u>	<u>483,571</u>
Net Change in Fund Balance	-	-	403,057	403,057
Fund Balance (Deficit), Beginning of Year	<u>559,537</u>	<u>559,537</u>	<u>559,537</u>	<u>-</u>
Fund Balance (Deficit), End of Year	<u><u>\$ 559,537</u></u>	<u><u>\$ 559,537</u></u>	<u><u>\$ 962,594</u></u>	<u><u>\$ 403,057</u></u>

City of Yucaipa
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Energy Independence Program Special Revenue Fund
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Intergovernmental	\$	\$	\$	\$ -
Investment Income				-
Other Income	<u>52,500</u>	<u>52,500</u>	<u>19,806</u>	<u>(32,694)</u>
Total Revenues	<u>52,500</u>	<u>52,500</u>	<u>19,806</u>	<u>(32,694)</u>
EXPENDITURES				
Current:				
General Government			7,550	(7,550)
Capital Outlay	<u>52,500</u>	<u>52,500</u>	<u>155,210</u>	<u>(102,710)</u>
Total Expenditures	<u>52,500</u>	<u>52,500</u>	<u>162,760</u>	<u>(110,260)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>(142,954)</u>	<u>(142,954)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In				-
Transfers Out		<u>(52,500)</u>		<u>52,500</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(52,500)</u>	<u>-</u>	<u>52,500</u>
Net Change in Fund Balance	-	(52,500)	(142,954)	(90,454)
Fund Balance, Beginning of Year	<u>2,103,797</u>	<u>2,103,797</u>	<u>2,103,797</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 2,103,797</u>	<u>\$ 2,051,297</u>	<u>\$ 1,960,843</u>	<u>\$ (90,454)</u>

City of Yucaipa
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - State COPs Grant Special Revenue Fund
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 100,095	\$ 95
Investment Income			372	372
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>100,467</u>	<u>467</u>
EXPENDITURES				
Current:				
Public Safety	100,000	100,000	33,024	66,976
Capital Outlay			18,286	(18,286)
Total Expenditures	<u>100,000</u>	<u>100,000</u>	<u>51,310</u>	<u>48,690</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>49,157</u>	<u>49,157</u>
OTHER FINANCING SOURCES (USES):				
Transfers In				-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	49,157	49,157
Fund Balance, Beginning of Year	<u>75,431</u>	<u>75,431</u>	<u>75,431</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 75,431</u>	<u>\$ 75,431</u>	<u>\$ 124,588</u>	<u>\$ 49,157</u>

City of Yucaipa
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Office of Traffic and Safety Special Revenue Fund
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for Services	\$	\$	\$ 4,500	\$ 4,500
Intergovernmental	75,000	75,000		(75,000)
Investment Income			317	317
	<hr/>		<hr/>	
Total Revenues	75,000	75,000	4,817	(70,183)
<hr/>				
EXPENDITURES				
Current:				
Public Safety	75,000	75,000		75,000
	<hr/>		<hr/>	
Total Expenditures	75,000	75,000	-	75,000
<hr/>				
Excess (Deficiency) of Revenues over Expenditures	-	-	4,817	4,817
<hr/>				
OTHER FINANCING SOURCES (USES):				
Transfers Out				-
	<hr/>		<hr/>	
Total Other Financing Sources (Uses)	-	-	-	-
<hr/>				
Net Change in Fund Balance	-	-	4,817	4,817
<hr/>				
Fund Balance (Deficit), Beginning of Year	75,265	75,265	75,265	-
<hr/>				
Fund Balance (Deficit), End of Year	\$ 75,265	\$ 75,265	\$ 80,082	\$ 4,817
<hr/> <hr/>				

City of Yucaipa
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - LLMD Special Revenue Fund
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other	\$ 501,248	\$ 501,249	\$ 389,942	(111,307)
Total Revenues	<u>501,248</u>	<u>501,249</u>	<u>389,942</u>	<u>(111,307)</u>
EXPENDITURES				
Current:				
Public Works	493,767	435,580	318,966	116,614
Capital Outlay		36,568	432	36,136
Total Expenditures	<u>493,767</u>	<u>472,148</u>	<u>319,398</u>	<u>152,750</u>
Excess (Deficiency) of Revenues over Expenditures	<u>7,481</u>	<u>29,101</u>	<u>70,544</u>	<u>41,443</u>
OTHER FINANCING SOURCES (USES)				
Transfers In			155	155
Transfers Out		(21,620)		21,620
Total Other Financing Sources (Uses)	<u>-</u>	<u>(21,620)</u>	<u>155</u>	<u>21,775</u>
Net Change in Fund Balance	7,481	7,481	70,699	63,218
Fund Balance (Deficit), Beginning of Year	<u>1,275,716</u>	<u>1,275,716</u>	<u>1,275,716</u>	<u>-</u>
Fund Balance (Deficit), End of Year	<u>\$ 1,283,197</u>	<u>\$ 1,283,197</u>	<u>\$ 1,346,415</u>	<u>\$ 63,218</u>

City of Yucaipa
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - RDA Low Income Housing Special Revenue Fund
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 363,750	\$ 363,750	\$ 401,570	\$ 37,820
Investment Income	600		6,306	6,306
Other			2,000	2,000
Total Revenues	<u>364,350</u>	<u>363,750</u>	<u>409,876</u>	<u>46,126</u>
EXPENDITURES				
Current:				
Community Development	<u>100,067</u>	<u>87,657</u>	<u>817,723</u>	<u>(730,066)</u>
Total Expenditures	<u>100,067</u>	<u>87,657</u>	<u>817,723</u>	<u>(730,066)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>264,283</u>	<u>276,093</u>	<u>(407,847)</u>	<u>(683,940)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out		<u>(22,411)</u>	-	<u>22,411</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(22,411)</u>	<u>-</u>	<u>22,411</u>
Net Change in Fund Balance	264,283	253,682	(407,847)	(661,529)
Fund Balance, Beginning of Year	<u>1,507,986</u>	<u>1,507,986</u>	<u>1,507,986</u>	<u>-</u>
Fund Balance (Deficit), End of Year	<u>\$ 1,772,269</u>	<u>\$ 1,761,668</u>	<u>\$ 1,100,139</u>	<u>\$ (661,529)</u>

City of Yucaipa
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Paramedic Special Revenue Fund
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Property Taxes	\$ 930,000	\$ 975,000	\$ 1,012,431	\$ 37,431
Intergovernmental			78,845	78,845
Investment Income			5,388	5,388
Total Revenues	<u>930,000</u>	<u>975,000</u>	<u>1,096,664</u>	<u>121,664</u>
EXPENDITURES				
Current:				
Paramedic Services	1,165,062	1,175,062	969,404	205,658
Capital Outlay	41,000	31,000	98,725	(67,725)
Total Expenditures	<u>1,206,062</u>	<u>1,206,062</u>	<u>1,068,129</u>	<u>137,933</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(276,062)</u>	<u>(231,062)</u>	<u>28,535</u>	<u>259,597</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out				-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(276,062)	(231,062)	28,535	259,597
Fund Balance, Beginning of Year	<u>1,100,198</u>	<u>1,100,198</u>	<u>1,100,198</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 824,136</u>	<u>\$ 869,136</u>	<u>\$ 1,128,733</u>	<u>\$ 259,597</u>

City of Yucaipa
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Miscellaneous Capital Projects Fund
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 25,000	\$ 25,000	\$ 431,963	\$ 406,963
Investment Income			459	459
Other				-
	<u>25,000</u>	<u>25,000</u>	<u>432,422</u>	<u>407,422</u>
Total Revenues				
EXPENDITURES				
Current:				
Public Works	25,000	25,000	20,020	4,980
Capital Outlay		2,528,117	1,727,098	801,019
	<u>25,000</u>	<u>2,553,117</u>	<u>1,747,118</u>	<u>805,999</u>
Total Expenditures				
Excess (Deficiency) of Revenues over Expenditures	-	(2,528,117)	(1,314,696)	1,213,421
OTHER FINANCING SOURCES (USES)				
Transfers In			1,767,920	1,767,920
Transfers Out				-
	<u>-</u>	<u>-</u>	<u>1,767,920</u>	<u>1,767,920</u>
Total Other Financing Sources (Uses)				
Net Change in Fund Balances	-	(2,528,117)	453,224	2,981,341
Fund Balance (Deficit), Beginning of Year	87,401	87,401	87,401	-
Fund Balance (Deficit), End of Year	<u>\$ 87,401</u>	<u>\$(2,440,716)</u>	<u>\$ 540,625</u>	<u>\$ 2,981,341</u>

City of Yucaipa
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - CDBG Capital Projects Fund
Year Ended June 30, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 210,481	\$ 8,000	\$ 171,271	\$ 163,271
Total Revenues	<u>210,481</u>	<u>8,000</u>	<u>171,271</u>	<u>163,271</u>
EXPENDITURES				
Current:				
Public Works	210,481	519,842	208,588	311,254
Capital Outlay				-
Total Expenditures	<u>210,481</u>	<u>519,842</u>	<u>208,588</u>	<u>311,254</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>(511,842)</u>	<u>(37,317)</u>	<u>474,525</u>
OTHER FINANCING SOURCES (USES)				
Transfers In			21,500	21,500
Transfers Out				-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>21,500</u>	<u>21,500</u>
Net Change in Fund Balances	-	(511,842)	(15,817)	496,025
Fund Balance (Deficit), Beginning of Year	<u>53,369</u>	<u>53,369</u>	<u>53,369</u>	<u>-</u>
Fund Balance (Deficit), End of Year	<u>\$ 53,369</u>	<u>\$ (458,473)</u>	<u>\$ 37,552</u>	<u>\$ 496,025</u>

City of Yucaipa
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Air Quality Improvement Capital Projects Fund
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 60,000	\$ 60,000	\$ 56,514	\$ (3,486)
Investment Income			1,818	1,818
Total Revenues	<u>60,000</u>	<u>60,000</u>	<u>58,332</u>	<u>(1,668)</u>
EXPENDITURES				
Current:				
Public Works			5,908	(5,908)
Capital Outlay	255,000	633,780	115,437	518,343
Total Expenditures	<u>255,000</u>	<u>633,780</u>	<u>121,345</u>	<u>512,435</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(195,000)</u>	<u>(573,780)</u>	<u>(63,013)</u>	<u>510,767</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out				-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(195,000)	(573,780)	(63,013)	510,767
Fund Balance (Deficit), Beginning of Year	<u>465,947</u>	<u>465,947</u>	<u>465,947</u>	<u>-</u>
Fund Balance Deficit, End of Year	<u>\$ 270,947</u>	<u>\$ (107,833)</u>	<u>\$ 402,934</u>	<u>\$ 510,767</u>

City of Yucaipa
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Low Water Crossings Capital Projects Fund
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$	\$	\$ 67,055	\$ 67,055
Other Income			69,614	69,614
Total Revenues	-	-	136,669	136,669
EXPENDITURES				
Current:				
Public Works			35,187	(35,187)
Capital Outlay		5,286,273	168,520	5,117,753
Total Expenditures	-	5,286,273	203,707	5,082,566
Excess (Deficiency) of Revenues over Expenditures	-	(5,286,273)	(67,038)	5,219,235
OTHER FINANCING SOURCES (USES)				
Transfers In				-
Transfers Out				-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	(5,286,273)	(67,038)	5,219,235
Fund Balance (Deficit), Beginning of Year	41,312	41,312	41,312	-
Fund Balance (Deficit), End of Year	\$ 41,312	(5,244,961)	\$ (25,726)	\$ 5,219,235

City of Yucaipa
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - RDA Capital Projects Fund
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$	\$	\$ 10,174	\$ 10,174
Other	2,592	2,592	8,332	5,740
Total Revenues	<u>2,592</u>	<u>2,592</u>	<u>18,506</u>	<u>15,914</u>
EXPENDITURES				
Current:				
Community Development	1,092,876	908,594	1,002,706	(94,112)
Capital Outlay		174,369	17,328	157,041
Debt Service:				
Interest and Fiscal Charges			48,425	(48,425)
Total Expenditures	<u>1,092,876</u>	<u>1,082,963</u>	<u>1,068,459</u>	<u>14,504</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(1,090,284)</u>	<u>(1,080,371)</u>	<u>(1,049,953)</u>	<u>30,418</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,455,000		1,455,000	1,455,000
Transfers Out				-
Total Other Financing Sources (Uses)	<u>1,455,000</u>	<u>-</u>	<u>1,455,000</u>	<u>1,455,000</u>
Net Change in Fund Balances	364,716	(1,080,371)	405,047	1,485,418
Fund Balance (Deficit), Beginning of Year	<u>1,266,606</u>	<u>1,266,606</u>	<u>1,266,606</u>	<u>-</u>
Fund Balance (Deficit), End of Year	<u>\$ 1,631,322</u>	<u>\$ 186,235</u>	<u>\$ 1,671,653</u>	<u>\$ 1,485,418</u>

City of Yucaipa
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Street Maintenance Capital Projects Fund
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$	\$	\$ 492,925	\$ 492,925
Investment Income			7,692	7,692
Other				-
Total Revenues	-	-	500,617	500,617
EXPENDITURES				
Capital Outlay		4,435,907	1,291,677	3,144,230
Total Expenditures	-	4,435,907	1,291,677	3,144,230
Excess (Deficiency) of Revenues over Expenditures	-	(4,435,907)	(791,060)	3,644,847
OTHER FINANCING SOURCES (USES)				
Transfers In			1,284,680	1,284,680
Transfers Out				-
Total Other Financing Sources (Uses)	-	-	1,284,680	1,284,680
Net Change in Fund Balances	-	(4,435,907)	493,620	4,929,527
Fund Balance (Deficit), Beginning of Year	2,363,759	2,363,759	2,363,759	-
Fund Balance (Deficit), End of Year	\$ 2,363,759	\$ (2,072,148)	\$ 2,857,379	\$ 4,929,527

City of Yucaipa
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - RDA 2004 TAB Capital Projects Fund
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$	\$	\$ 1,441	\$ 1,441
Other				-
Total Revenues	-	-	1,441	1,441
EXPENDITURES				
Public Works		5,070,459	1,449,536	3,620,923
Capital Outlay				-
Total Expenditures	-	5,070,459	1,449,536	3,620,923
Excess (Deficiency) of Revenues over Expenditures	-	(5,070,459)	(1,448,095)	3,622,364
OTHER FINANCING SOURCES (USES)				
Transfers In				-
Transfers Out				-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	(5,070,459)	(1,448,095)	3,622,364
Fund Balance (Deficit), Beginning of Year	1,212,448	1,212,448	1,212,448	-
Fund Balance (Deficit), End of Year	\$ 1,212,448	\$ (3,858,011)	\$ (235,647)	\$ 3,622,364

City of Yucaipa
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - RDA Debt Service Fund
Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$	\$ 1,455,000	\$ 1,602,374	\$ 147,374
Investment Income			1,784	1,784
Total Revenues	-	1,455,000	1,604,158	149,158
EXPENDITURES				
Debt Service:				
Interest and Fiscal Charges		119,283	207,503	(88,220)
Principal Payments		65,000	55,000	10,000
Bond Issuance Costs			158,175	(158,175)
Total Expenditures	-	184,283	420,678	(236,395)
Excess (Deficiency) of Revenues over Expenditures	-	1,270,717	1,183,480	(87,237)
OTHER FINANCING SOURCES (USES)				
Transfers In			692,580	692,580
Transfers Out			(1,455,000)	(1,455,000)
Total Other Financing Sources (Uses)	-	-	(762,420)	(762,420)
Net Change in Fund Balances	-	1,270,717	421,060	(849,657)
Fund Balance, Beginning of Year	88,386	88,386	88,386	-
Fund Balance, End of Year	\$ 88,386	\$ 1,359,103	\$ 509,446	\$ (849,657)

City of Yucaipa
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2011

	Police Department Donation	Cramer House	CFD 98-1 Debt Reserves	Totals
ASSETS				
Cash and Investments	\$ 50,531	\$ 92,383	\$ 2,368,723	\$ 2,511,637
Cash and Investments with Fiscal Agents			2,410,130	2,410,130
Accounts Receivable			33,144	33,144
Interest Receivable	40	73	1,660	1,773
	<u>40</u>	<u>73</u>	<u>1,660</u>	<u>1,773</u>
Total Assets	<u>\$ 50,571</u>	<u>\$ 92,456</u>	<u>\$ 4,813,657</u>	<u>\$ 4,956,684</u>
LIABILITIES				
Deposits Payable	\$ 50,571	\$ 92,456	\$	\$ 143,027
Due to Bondholders			4,813,657	4,813,657
	<u>50,571</u>	<u>92,456</u>	<u>4,813,657</u>	<u>4,956,684</u>
Total Liabilities	<u>\$ 50,571</u>	<u>\$ 92,456</u>	<u>\$ 4,813,657</u>	<u>\$ 4,956,684</u>

City of Yucaipa
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2011

	Balance at July 1, 2010	Additions	Deletions	Balance at June 30, 2011
<u>POLICE DEPARTMENT DONATION</u>				
ASSETS				
Cash and Investments	\$ 50,321	\$ 210	\$	\$ 50,531
Interest Receivable	45	40	(45)	40
Total Assets	<u>\$ 50,366</u>	<u>\$ 250</u>	<u>\$ (45)</u>	<u>\$ 50,571</u>
LIABILITIES				
Deposits Payable	\$ 50,366	\$ 205	\$	\$ 50,571
Total Liabilities	<u>\$ 50,366</u>	<u>\$ 205</u>	<u>\$ -</u>	<u>\$ 50,571</u>
<u>CRAMER HOUSE</u>				
ASSETS				
Cash and Investments	\$ 96,756	\$ 391	\$ (4,764)	\$ 92,383
Interest Receivable	86	73	(86)	73
Total Assets	<u>\$ 96,842</u>	<u>\$ 464</u>	<u>\$ (4,850)</u>	<u>\$ 92,456</u>
LIABILITIES				
Deposits Payable	\$ 96,842	\$ 378	\$ (4,764)	\$ 92,456
Total Liabilities	<u>\$ 96,842</u>	<u>\$ 378</u>	<u>\$ (4,764)</u>	<u>\$ 92,456</u>
<u>CFD 98-1 DEBT RESERVES</u>				
ASSETS				
Cash and Investments	\$ 2,165,582	\$ 2,414,185	\$ (2,211,044)	\$ 2,368,723
Cash and Investments with Fiscal Agents	2,428,931	3,647,264	(3,666,065)	2,410,130
Accounts Receivable	27,833	33,144	(27,833)	33,144
Interest Receivable	1,616	1,660	(1,616)	1,660
Total Assets	<u>\$ 4,623,962</u>	<u>\$ 6,096,253</u>	<u>\$ (5,906,558)</u>	<u>\$ 4,813,657</u>
LIABILITIES				
Due to Bondholders	\$ 4,623,962	\$ 3,178,977	\$ (2,989,282)	\$ 4,813,657
Total Liabilities	<u>\$ 4,623,962</u>	<u>\$ 3,178,977</u>	<u>\$ (2,989,282)</u>	<u>\$ 4,813,657</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and Investments	\$ 2,312,659	\$ 2,414,786	\$ (2,215,808)	\$ 2,511,637
Cash and Investments with Fiscal Agents	2,428,931	3,647,264	(3,666,065)	2,410,130
Accounts Receivable	27,833	33,144	(27,833)	33,144
Interest Receivable	1,747	1,773	(1,747)	1,773
Total Assets	<u>\$ 4,771,170</u>	<u>\$ 6,096,967</u>	<u>\$ (5,911,453)</u>	<u>\$ 4,956,684</u>
LIABILITIES				
Deposits Payable	\$ 147,208	\$ 583	\$ (4,764)	\$ 143,027
Due to Bondholders	4,623,962	3,178,977	(2,989,282)	4,813,657
Total Liabilities	<u>\$ 4,771,170</u>	<u>\$ 3,179,560</u>	<u>\$ (2,994,046)</u>	<u>\$ 4,956,684</u>