

CITY OF YUCAIPA
FINANCIAL STATEMENTS
Year Ended June 30, 2013

City of Yucaipa
Financial Statements
Year Ended June 30, 2013

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Independent Auditor's Report

The Honorable City Council
City of Yucaipa, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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, 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 15 to the financial statements, in 2013, the City adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information and schedule of funding progress for OPEB 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The supplementary information, as 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. Such 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 basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2014 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.

Van Lant & Fankhaenel, LLP

March 4, 2014

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, 2013.

FINANCIAL HIGHLIGHTS

- The City's Governmental Net Position (Assets) increased by approximately 0.06% to \$213.6 million as a result of this year's operations.
- During the year, the City's taxes and other governmental revenues exceeded expenses by approximately \$131,734.
- The total revenues from all sources were approximately \$28.8 million.
- The total cost of all City programs was approximately \$28.6 million.
- The General Fund reported total net revenues over expenditures in the amount of approximately \$1.85 million. In addition, the amount of approximately \$5.16 million was transferred for the construction of the Police Station, \$1.04 was expended for other capital projects and \$1.81 was expended related to previous years' General Fund carryover balances. The net change to the General Fund Balance was (\$6.15 million)
- For the General Fund, actual operating revenues received exceeded final budget estimates by \$649,900, primarily due to increased property taxes, and increases in licenses and permits received and other miscellaneous revenues.
- Actual operating expenditures were approximately \$1.03 million less than the final budget.
- Transfers from other funds were allocated to abate expenditures in the amount of \$749,860, including the calculation of staff charges on capital projects and administrative overhead.
- During Fiscal Year 2012-13, funds from previous years' One-Time Capital Project Fund balances were expended and/or transferred to other funds in the net amount of (\$1.8) million, which has been included in the total net change in Fund Balance.
- During Fiscal Year 2012-13, funds from previous years' General Fund carryover balances were expended and/or transferred to other funds in the net amount of (\$1.039) million, which has been included in the total net change in Fund Balance.
- At the end of Fiscal Year 2012-13, the Unassigned Fund Balance in the General Fund was approximately \$13.07 million or 84% of total General Fund budgeted expenditures. This represents a net decrease from the previous year's Unassigned Fund Balance in the amount of approximately \$4.57 million. This is the net result of six primary factors:
 1. Total net operating revenue over expenditures in the amount of approximately \$1.85 million;
 2. An increase due to payments made against other General Fund advances in the amount of \$53,000;
 3. A decrease due to an allocation of \$4.6 million, and a loan of \$3.77 million from One-Time Capital Project Funds from the General Fund to the Public Facilities Fund to fund the construction of the Police Station.;
 4. A transfer of the origin of the Fire Facilities Loan from the General Fund to the Fire Special Revenue Fund in the amount of approximately \$2.58 million.;

5. A reconciliation of prior year carryover accounts activity incurred in the current year in the net amount of approximately (\$622,046).

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.

The **Statement of Net Position** presents information on all of the City's assets and liabilities; the difference between the two is reported as the net position. 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 four 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). The fourth fiduciary fund maintained includes the financial information related to the Successor Agency to the City's Redevelopment Agency (RDA).

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 \$213,602,662 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, 2009 through June 30, 2013.

Table 1
Net Position
Governmental Activities

Fiscal Year Ended June 30					
	2013	2012	2011	2010	2009
Current and other Assets	\$ 65,012,726	\$ 64,308,934	\$ 72,782,043	\$ 68,379,073	\$ 75,409,848
Capital Assets, Net	152,718,653	153,597,104	151,975,674	148,144,100	150,529,949
Total Assets	\$ 217,731,379	\$ 217,906,038	\$ 224,757,717	\$ 216,523,173	\$ 225,939,797
Current Liabilities	3,574,535	3,958,971	3,911,481	3,656,609	3,302,503
Long Term Liabilities	554,182	476,139	8,884,747	2,820,679	2,865,361
Total Liabilities	\$ 4,128,717	\$ 4,435,110	\$ 12,796,228	\$ 6,477,288	\$ 6,167,864
Net Position:					
Invested in Capital Assets,					
Net of related debt	152,718,653	153,597,104	151,975,674	148,144,100	150,529,949
Restricted	19,790,996	12,913,310	21,265,156	15,709,950	24,330,227
Unrestricted	41,093,013	46,960,514	38,720,659	46,191,835	44,911,757
Total Net Position	\$ 213,602,662	\$ 213,470,928	\$ 211,961,489	\$ 210,045,885	\$ 219,771,933

The City's assets exceeded liabilities by approximately \$214 million at June 30, 2013. This represents an increase from the previous year in the amount of approximately \$131,734.

A large portion of the City's net assets (\$153 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 routine payments of current obligations.) Debt obligations incurred by the former RDA and the Community Facilities District no. 98-1 are not included in the City's Governmental Financial Statements.

An additional portion of the City's net assets (\$19.79 million, or 9%) 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 (\$41 million) may be used to meet the government's ongoing obligations to citizens and creditors.

The condensed summary of activities, which follows, shows that net assets increased by approximately \$131,734 during the year as a result of operations. The summary reflects a decrease in total revenues in the amount of approximately \$1.2 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 \$216,932 from the previous year. The difference is primarily the net result of variation in the volume and cost associated with city initiated capital projects.

Table 2
Summary of Governmental Activities

Fiscal Year Ended June 30						
	2013	2012	2011	2010	2009	
Revenues						
Program Revenues:						
Charges for Services	\$ 2,649,133	\$ 3,115,795	\$ 3,067,686	\$ 3,062,820	\$ 4,294,014	
General Revenues:						
Property Taxes	9,158,269	10,002,732	10,870,359	11,367,661	12,021,282	
Sales Taxes	2,663,584	2,731,544	2,569,402	2,284,676	2,375,635	
Other Taxes and Fees	1,475,124	1,438,029	1,414,893	1,357,012	1,412,026	
Motor Vehicle In-Lieu Fees	3,895,205	3,883,523	4,082,936	4,223,851	4,585,039	
Grants/Other	8,931,714	6,774,363	9,159,573	6,306,128	10,166,931	
Extraordinary Item	-	1,987,816	-	-	-	
Total Revenues	\$ 28,773,029	\$ 29,933,802	\$ 31,164,849	\$ 28,602,148	\$ 34,854,927	
Expenses						
General Government	5,211,697	3,279,187	2,993,619	3,363,269	2,600,522	
Public Safety/Fire	10,403,781	9,975,310	9,783,228	10,115,418	9,130,282	
Comm. Dev. / Pub. Works	11,632,384	13,692,926	14,855,581	18,877,371	14,247,157	
Community Services	1,393,432	1,234,728	1,260,665	1,416,868	1,435,576	
Interest and Fiscal Charges	-	242,212	356,152	188,331	249,407	
Total Expenses	\$ 28,641,294	\$ 28,424,363	\$ 29,249,245	\$ 33,961,257	\$ 27,662,944	
Increase in Net Position	\$ 131,735	\$ 1,509,439	\$ 1,915,604	\$ (5,359,109)	\$ 7,191,983	
Beginning Net Position	\$ 213,470,928	\$ 211,961,489 **	\$ 210,045,885	\$ 215,404,994 *	\$ 212,579,950	
Ending Net Position	\$ 213,602,663	\$ 213,470,928	\$ 211,961,489	\$ 210,045,885	\$ 219,771,933	

* 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.

** Total net assets include Successor Agency as a fiduciary fund.

Table 3
Revenues by Source – Governmental Activities
For the Years Ended June 30, 2013, 2012, 2011, and 2010

	2012/13		2011/12		2010/2011		2009/2010	
	Amount	% of Total						
Taxes								
Property	\$ 6,327,698	22.1%	\$ 7,207,289	24.1%	\$ 8,045,155	25.8%	\$ 8,755,952	30.6%
Property-Fire	2,830,571	9.9%	2,795,443	9.3%	2,825,204	9.1%	2,611,709	9.1%
Sales and Use	2,663,584	9.3%	2,731,544	9.1%	2,569,402	8.2%	2,284,676	8.0%
Franchise Fees	1,343,430	4.7%	1,321,021	4.4%	1,294,626	4.2%	1,245,207	4.4%
Doc. Transfer	115,833	0.4%	104,569	0.3%	105,563	0.3%	96,459	0.3%
Other Taxes	15,861	0.1%	12,439	0.0%	14,704	0.0%	15,346	0.1%
Fees for Services	2,088,953	7.3%	3,115,795	10.4%	3,067,686	9.8%	3,062,820	10.7%
Fines & Forfeitures	99,282	0.3%	61,941	0.2%	83,985	0.3%	144,082	0.5%
Other Agencies	10,921,608	38.2%	9,501,052	31.7%	12,079,383	38.8%	9,337,133	32.6%
Interest	220,434	0.8%	161,622	0.5%	206,707	0.7%	318,916	1.1%
Licenses & Permits	426,965	1.5%	385,983	1.3%	508,734	1.6%	383,386	1.3%
Miscellaneous Revenues	1,559,870	5.5%	547,288	1.8%	363,700	1.2%	346,462	1.2%
Extraordinary Item	-	0.0%	1,987,816	6.6%	-	0.0%	-	0.0%
Total	\$ 28,614,089	100%	\$ 29,933,802	100%	\$ 31,164,849	100%	\$ 28,602,148	100%

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 \$60.2 million, an increase of approximately \$1.04 million in comparison with the prior year. Approximately 49.84% of this amount (\$29.99 million) 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, 2013, the Unassigned Fund Balance of the General Fund was approximately \$13.07 million. Included in the Committed Fund Balance is approximately \$3.92 million that was authorized by City Council for future operating and economic contingencies. The total Fund Balance in the General Fund, as of June 30, 2013, was approximately \$39.41 million.

The total Fund Balance of the City's General Fund decreased by approximately (\$6.15) million. This decrease was the net result of six primary factors:

- 1) Revised budget reflected estimated revenues over expenditures in the amount of \$162,362;
- 2) Actual revenues, including transfers in, exceeded their budgeted estimates by the amount of approximately \$649,900 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 \$1.03 million;
- 4) Prior year carryover funds were expended and/or transferred to other funds in the net amount of approximately (\$1.039) million.;
- 5) Funds were transferred from the General Fund to the Public Facilities Fund to complete the Police Station in the amount of approximately (\$5.828) million.;
- 6) Funds were transferred from the General Fund One Time Capital Projects Account to other Capital Project funds for the completion of various capital projects including, but not limited to, the 13th St. Sports Complex, Dunlap Dain, Vision Quest facility updates, Wildwood Basin, Uptown Streetscape in the amount of approximately (\$1.127) million.

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

Description	2012/13 Budget Estimate	2012/13 Actual Revenue	Amount of Increase	% Increase
Property Tax	\$ 5,129,302	\$ 5,278,146	\$ 148,844	2.9%
Sales Tax	2,759,748	2,663,584	(96,164)	-3.5%
Current Services	1,183,748	1,050,600	(133,148)	-11.2%
Other Taxes	1,348,765	1,394,078	45,313	3.4%
Other Governmental	3,921,913	4,042,661	120,748	3.1%
Licenses & Permits	325,383	426,965	101,582	31.2%
Misc. Revenues	398,200	860,925	462,725	116.2%

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental activities as of June 30, 2013 amounts to \$152,718,653 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings and improvements, equipment and construction-in-progress.

The total net decrease in the City’s net investment in capital assets for the current fiscal year was approximately (\$878,451). The primary major capital assets added during fiscal year 2012-13 were the completion of several public works projects, including the completion of the Wildwood Creek Detention Basin, sidewalk projects along 6th Street, 12th Street, 13th Street and Avenue E. Construction-in-progress totaled \$20.73 million at June 30, 2013 and depreciation expense during the fiscal year was approximately \$7.62 million. See Table 4, below, for the amounts recorded by category as of June 30, 2013

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

Land	\$	60,669,066
Infrastructure		62,815,095
Structures and Improvements		7,531,811
Equipment / Vehicles		976,170
Construction-in-Progress		20,726,511
Total Capital Assets	\$	152,718,653

Long-term Debt. At the end of the current fiscal year, other than the obligations outlined in Note 5 related to Other Post-Employment Benefits (OPEB) and Compensated Absences, the City had no outstanding long-term debt. As of June 30, 2013 the Successor Agency to the Yucaipa RDA had incurred total long-term debt in the amount of \$8,148,116. This amount represents bonded indebtedness incurred as a result of Tax Allocation Bonds issued by the former RDA in 1998, 2004, and 2010. The former 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.

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.

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BASIC FINANCIAL STATEMENTS

**City of Yucaipa
Statement of Net Position
June 30, 2013**

	Governmental Activities
ASSETS	
Cash and Investments	\$ 63,145,871
Receivables:	
Accounts	740,705
Interest Receivable	26,578
Due From Other Governments	1,099,572
Capital Assets, Not Being Depreciated	81,395,576
Capital Assets, Net of Accumulated Depreciation	71,323,077
Total Assets	217,731,379
 LIABILITIES	
Accounts Payable	2,834,147
Accrued Liabilities	75,000
Deposits Payable	665,388
Noncurrent Liabilities:	
Due Within One Year	35,519
Due in More Than One Year	518,663
Total Liabilities	4,128,717
 NET POSITION	
Net Investment in Capital Assets	152,718,653
Restricted for:	
Public Safety	1,511,857
Public Works/Transportation	8,763,810
Community Development	5,546,679
Community Services/Public Education	1,978,972
Capital Projects	617,337
Other Purposes	1,372,341
Unrestricted	41,093,013
Total Net Position	\$ 213,602,662

The accompanying notes are an integral part of this statement.

**City of Yucaipa
Statement of Activities
Year Ended June 30, 2013**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
General Government	\$ 3,886,687	\$ 528,459	\$ 97,632	\$ 23,523	\$ (3,237,073)
Community Development	6,281,252	721,657		152,425	(5,407,170)
Building and Safety	262,910	395,457			132,547
Public Works	6,336,623	197,268	893,611	6,287,006	1,041,262
Public Safety	7,008,652	159,144	156,919		(6,692,589)
Fire Protection Services	2,477,517	99,244	139,201		(2,239,072)
Paramedic Services	960,248				(960,248)
Community Services	1,427,406	547,904			(879,502)
Total Governmental Activities	<u>\$ 28,641,295</u>	<u>\$ 2,649,133</u>	<u>\$ 1,287,363</u>	<u>\$ 6,462,954</u>	<u>(18,241,845)</u>
General Revenues:					
Taxes:					
					9,158,269
					2,663,584
					1,343,430
					115,833
					15,861
					3,895,205
					217,721
					963,676
					<u>18,373,579</u>
					131,734
					<u>213,470,928</u>
					<u>\$ 213,602,662</u>

The accompanying notes are an integral part of this statement.

**City of Yucaipa
Balance Sheet
Governmental Funds
June 30, 2013**

	General	Special Revenue	Capital Projects	
		Fire	Traffic Facilities	Developer Fees Public Facilities
ASSETS				
Cash and Investments	\$ 27,815,651	\$ 8,651,949	\$ 4,555,364	\$ 9,157,419
Receivables:				
Accounts	740,705			
Interest	14,774	4,993	2,900	
Due From Other Governments	3,587	86,528	174,828	378,229
Due From Other Funds	604,503			
Advances to Other Funds	11,788,003	2,577,079		
Total Assets	\$ 40,967,223	\$ 11,320,549	\$ 4,733,092	\$ 9,535,648
LIABILITIES				
Accounts Payable & Accrued Liabilities	\$ 816,180	\$ 655,472	\$ 41,462	\$ 600,244
Deposits Payable	665,388			
Due to Other Funds				
Advances From Other Funds			662,324	8,345,629
Total Liabilities	1,481,568	655,472	703,786	8,945,873
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues	77,990	34,722		371,796
Total Deferred Inflows of Resources	77,990	34,722	-	371,796
FUND BALANCES				
Nonspendable	11,788,003	2,577,079		
Restricted	928,749		4,029,306	217,979
Committed	5,037,196	8,053,276		
Assigned	8,579,695			
Unassigned	13,074,022			
Total Fund Balances	39,407,665	10,630,355	4,029,306	217,979
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 40,967,223	\$ 11,320,549	\$ 4,733,092	\$ 9,535,648

The accompanying notes are an integral part of this statement.

Capital Projects			
Developer Impact Fees Parks	Developer Fees Fire	Non-Major Funds	Total Governmental Funds
\$ 656,272	\$ 269,879	\$ 11,297,758	\$ 62,404,292
			740,705
	136	3,531	26,334
		456,400	1,099,572
			604,503
			14,365,082
<u>\$ 656,272</u>	<u>\$ 270,015</u>	<u>\$ 11,757,689</u>	<u>\$ 79,240,488</u>
\$ 60,245	\$	\$ 657,899	\$ 2,831,502
			665,388
		604,503	604,503
<u>2,780,050</u>	<u>2,577,079</u>		<u>14,365,082</u>
<u>2,840,295</u>	<u>2,577,079</u>	<u>1,262,402</u>	<u>18,466,475</u>
		104,140	588,648
		104,140	588,648
			14,365,082
		10,650,632	15,826,666
			13,090,472
		358,898	8,938,593
<u>(2,184,023)</u>	<u>(2,307,064)</u>	<u>(618,383)</u>	<u>7,964,552</u>
<u>(2,184,023)</u>	<u>(2,307,064)</u>	<u>10,391,147</u>	<u>60,185,365</u>
<u>\$ 656,272</u>	<u>\$ 270,015</u>	<u>\$ 11,757,689</u>	<u>\$ 79,240,488</u>

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

Fund balances of governmental funds		\$ 60,185,365
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:</p>		
Cost of Capital Assets Not Being Depreciated		81,395,576
Cost of Capital Assets Being Depreciated		194,257,700
Accumulated Depreciation		(122,934,623)
<p>Long-term debt obligations are not due and payable in the current period and, therefore, are not reported in the funds:</p>		
Compensated Absences		(225,289)
Net OPEB Obligation		(328,893)
<p>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 position.</p>		
		664,178
<p>Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.</p>		
		<u>588,648</u>
Net position of governmental activities		<u><u>\$ 213,602,662</u></u>

The accompanying notes are an integral part of this statement.

City of Yucaipa
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2013

	General	Special Revenue	Capital Projects	
		Fire	Traffic Facilities	Developer Fees Public Facilities
REVENUES				
Taxes:				
Property Taxes	\$ 5,278,146	\$	\$	\$
Property Taxes - Fire		2,830,571		
Sales and Use Taxes	2,663,584			
Franchise Taxes	1,262,384			
Documentary Transfer Tax	115,833			
Other Taxes	15,861			
Licenses and Permits	426,965			
Fines and Forfeitures	15,292			
Charges for Services	1,050,600	51,862	490,196	89,706
Intergovernmental	4,042,661	18,303	4,207,387	80,690
Investment Income	160,411	26,478	10,505	2,012
Other	685,222	61,394		10,000
Total Revenues	15,716,959	2,988,608	4,708,088	182,408
EXPENDITURES				
Current:				
General Government	2,110,146			
Community Development	625,170			
Building and Safety	262,910			
Public Works	1,390,691			577,591
Public Safety	6,661,640			
Fire Protection Services		2,477,517		
Paramedic Services				
Community Services	1,190,224			
Capital Outlay	1,630,707	550,222	561,563	1,655,305
Total Expenditures	13,871,488	3,027,739	561,563	2,232,896
Excess (Deficiency) of Revenues over Expenditures	1,845,471	(39,131)	4,146,525	(2,050,488)
OTHER FINANCING SOURCES (USES)				
Transfers In	61,716		61,444	5,912,374
Transfers Out	(8,056,358)		(271,480)	(52,000)
Total Other Financing Sources (Uses)	(7,994,642)	-	(210,036)	5,860,374
Net Change in Fund Balances	(6,149,171)	(39,131)	3,936,489	3,809,886
Fund Balances, Beginning of Year	45,556,836	10,669,486	92,817	(3,591,907)
Fund Balances, End of Year	\$ 39,407,665	\$ 10,630,355	\$ 4,029,306	\$ 217,979

The accompanying notes are an integral part of this statement.

Capital Projects			
Developer Impact Fees Parks	Developer Fees Fire	Non-Major Funds	Total Governmental Funds
\$	\$	\$ 1,049,552	\$ 6,327,698
			2,830,571
			2,663,584
		81,046	1,343,430
			115,833
			15,861
			426,965
		83,990	99,282
191,176	47,381	168,032	2,088,953
		2,572,567	10,921,608
3	726	20,299	220,434
212,033		591,221	1,559,870
<u>403,212</u>	<u>48,107</u>	<u>4,566,707</u>	<u>28,614,089</u>
		1,099,851	3,209,997
		14,650	639,820
			262,910
		1,660,138	3,628,420
	5694	43,659	6,710,993
			2,477,517
		960,248	960,248
			1,190,224
687,874		3,206,981	8,292,652
<u>687,874</u>	<u>5,694</u>	<u>6,985,527</u>	<u>27,372,781</u>
(284,662)	42,413	(2,418,820)	1,241,308
1,255,290		3,924,266	11,215,090
(300,000)		(2,735,252)	(11,415,090)
955,290	-	1,189,014	(200,000)
670,628	42,413	(1,229,806)	1,041,308
(2,854,651)	(2,349,477)	11,620,953	59,144,057
<u>\$ (2,184,023)</u>	<u>\$ (2,307,064)</u>	<u>\$ 10,391,147</u>	<u>\$ 60,185,365</u>

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, 2013

Net change in fund balances-total governmental funds \$ 1,041,308

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	6,738,672
Depreciation	(7,617,123)

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. (110,652)

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 unavailable revenue for the current period. 157,572

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.

Compensated Absences	(4,444)
Net OPEB Obligation	(73,599)

Change in net position of governmental activities \$ 131,734

The accompanying notes are an integral part of this statement.

**City of Yucaipa
Statement of Net Position
Proprietary Fund
June 30, 2013**

	Governmental Activities - Internal Service Fund
ASSETS	
Cash and Investments	\$ 741,579
Interest Receivable	244
Total Assets	741,823
LIABILITIES	
Accounts Payable	2,645
Accrued Liabilities	75,000
Total Liabilities	77,645
NET POSITION	
Unrestricted	664,178
Total Net Position	\$ 664,178

The accompanying notes are an integral part of this statement.

City of Yucaipa
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
Year Ended June 30, 2013

	Governmental Activities - Internal Service Fund
OPERATING REVENUES	
Other Income	\$
Total Operating Revenues	-
OPERATING EXPENSES	
Professional Services	6,604
Property and Liability Premiums	202,941
Claims Expense	102,474
Total Operating Expenses	312,019
Operating Income (Loss)	(312,019)
NON-OPERATING REVENUES (EXPENSES)	
Investment Earnings	1,367
Total Non-Operating Revenues (Expenses)	1,367
Income (Loss) before contributions and transfers	(310,652)
Transfers In	200,000
Change in Net Position	(110,652)
Total Net Position, Beginning of Year	774,830
Total Net Position, End of Year	\$ 664,178

The accompanying notes are an integral part of this statement.

**City of Yucaipa
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2013**

	<u>Governmental Activities - Internal Service Fund</u>
Cash Flows from Operating Activities	
Cash Paid to Suppliers for Goods and Service	\$ (225,304)
Cash Paid for Claims	(102,474)
Other Income	<u>114</u>
Net Cash Provided (Used) by Operating Activities	<u>(327,664)</u>
Cash Flows from Non-Capital Financing Activities	
Cash Transferred From (Paid To) Other Funds	<u>200,000</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>200,000</u>
Cash Flows from Investing Activities	
Interest on Investments	<u>1,367</u>
Net Cash Provided (Used) by Investing Activities	<u>1,367</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(126,297)
Cash and Cash Equivalents, Beginning of Year	<u>867,876</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 741,579</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Cash Flows from Operating Activities	
Operating income (loss)	\$ (312,019)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
(Increase) Decrease in Accounts Receivable	114
Increase (Decrease) in Accounts Payable	<u>(15,759)</u>
Net Cash Provided (Used) By Operating Activities	<u><u>\$ (327,664)</u></u>

The accompanying notes are an integral part of this statement.

**City of Yucaipa
Statement of Fiduciary Position
Fiduciary Funds
June 30, 2013**

	Successor Agency Private-Purpose Trust Fund	Agency Funds
ASSETS		
Cash and Investments	\$ 2,684,494	\$ 2,200,043
Cash and Investments with Fiscal Agent	768,269	2,318,361
Accounts Receivable		14,505
Interest Receivable	865	895
Total Assets	3,453,628	\$ 4,533,804
LIABILITIES		
Accounts Payable	50,813	\$ 115,357
Deposits Payable		
Interest Payable	135,662	
Bonds Payable	8,148,116	
Due to Bondholders		4,418,447
Due to City	731,498	
Total Liabilities	9,066,089	\$ 4,533,804
NET POSITION		
Net Position Held in Trust for Successor Agency	\$ (5,612,461)	

The accompanying notes are an integral part of this statement.

City of Yucaipa
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2013

	<u>Successor Agency Private-Purpose Trust Fund</u>
ADDITIONS	
Taxes	\$ 1,017,367
Investment Income	5,545
Other	<u>4,078</u>
Total Additions	<u>1,026,990</u>
DEDUCTIONS	
Administration Costs	579,410
Project Improvement Costs	568,474
Interest Expense	<u>409,150</u>
Total Deductions	<u>1,557,034</u>
Change in Net Position	(530,044)
Net Position - Beginning	(4,827,534)
Restatement of Net Position	<u>(254,883)</u>
Net Position - Ending	<u><u>\$ (5,612,461)</u></u>

The accompanying notes are an integral part of this statement.

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2013

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.

Currently, the City of Yucaipa does not have any component units to report.

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

Financial reporting is based upon all GASB pronouncements, as well as the FASB Statements and Interpretations, APB Opinions, and Accounting and Research Bulletins.

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.

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2013

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 another 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.

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.

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2013

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 when 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.

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.

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2013

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 and the private-purpose trust fund are 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 position.

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.

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.

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2013

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The *Private-purpose Trust Fund* accounts for the balances and transactions of the Successor Agency to the Yucaipa Redevelopment Agency.

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, 2013.

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, 2013

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.

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2013

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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.

M) Fund Equity

In the government-wide financial statements, net position is classified in the following categories:

Net investment in capital assets describes the portion of net position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of net position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulation, laws, or other restrictions which the City cannot unilaterally alter.

Unrestricted describes the portion of net position which is not restricted to use.

N) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The City currently has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under the modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, special assessments, grant receivables, and other miscellaneous receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2013**

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

O) Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the statement of net position, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position.

2) CASH AND INVESTMENTS

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

Statement of Net Position:	
Cash and Investments	\$ 63,145,871
Statement of Fiduciary Net Position:	
Cash and Investments	4,884,537
Cash and Investments with Fiscal Agents	<u>3,086,630</u>
Total Cash and Investments	<u>\$ 71,117,038</u>

Cash and Investments consist of the following:

Cash on Hand	\$ 700
Deposits with Financial Institutions	21,359,062
Investments	<u>49,757,276</u>
Total Cash and Investments	<u>\$ 71,117,038</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, 2013

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, 2013

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	\$ 46,670,647	\$ 46,670,647
Held by Bond Trustee:		
LAIF	54,600	54,600
Money Market Mutual Funds	3,032,029	3,032,029
Total Pooled Investments	\$ 49,757,276	\$ 49,757,276

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	\$46,670,647	N/A	\$ -	\$ -	\$ 46,670,647
Held by Bond Trustee:					
LAIF	54,600				54,600
Money Market Mutual Funds	3,032,029	A	-	3,032,029	-
Total Pooled Investments	\$49,757,276		\$ -	\$3,032,029	\$ 46,725,247

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2013

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, 2013, 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, 2013, 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, 2013**

3) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables at June 30, 2013 are as follows:

<u>Due From (Receivable)</u>	<u>Due To (Payable)</u>	<u>Amount</u>
General Fund	Non-major Governmental Funds	\$ 604,503
Total		<u>\$ 604,503</u>

The interfund balance from the General Fund was the result of short-term borrowings to cover deficit cash balances at June 30, 2013 as well as for cash flow to cover operations.

Interfund advances at June 30, 2013 are as follows:

<u>Advances to Other Funds (Receivable)</u>	<u>Advances From Other Funds (Payable)</u>	<u>Amount</u>
General Fund	Traffic Facilities	\$ 662,324
	Developer Fees Public Facilities	8,345,629
	Developer Impact Fees Parks Fund	2,780,050
Fire Special Revenue Fund	Developer Fees Fire	<u>2,577,079</u>
Total Advances To/From Other Funds		<u>\$ 14,365,082</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 City Hall, 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.

The Due to City of \$731,498 in the Successor Agency Private-purpose Trust Fund is the result of Redevelopment Agency borrowings from the City in prior years, however, due to the dissolution of the redevelopment agency's, it is uncertain if this liability will ever be paid back to the City. Therefore, an allowance for doubtful accounts has been established in the General Fund and the Governmental Activities for \$731,498.

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2013

3) INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued

Interfund transfers at June 30, 2013 are as follows:

<u>Transfers In (Receiving Fund)</u>	<u>Transfer Out (Paying Fund)</u>	<u>Amount</u>
Traffic Facilities	General Fund	\$ 26,295
Developer Fees Public Facilities	General Fund	5,912,374
Developer Impact Fees Parks	General Fund	625,290
Nonmajor Governmental Funds	General Fund	1,292,399
Self Insurance Internal Service Fund	General Fund	200,000
		<hr/>
		8,056,358
		<hr/>
Nonmajor Governmental Funds	Traffic Facilities	271,480
Developer Impact Fees Parks	Developer Fees Public Facilities	52,000
Nonmajor Governmental Funds	Developer Impact Fees Parks	300,000
General Fund	Nonmajor Governmental Funds	61,716
Traffic Facilities	Nonmajor Governmental Funds	35,149
Developer Impact Fees Parks	Nonmajor Governmental Funds	578,000
Nonmajor Governmental Funds	Nonmajor Governmental Funds	2,060,387
		<hr/>
		2,735,252
		<hr/>
Total Interfund Transfers		<u>\$ 11,415,090</u>

The transfer from the General Fund to the Development Impact Fees Parks, Non-major Governmental and Self-Insurance Internal Service Funds were to fund a parks project, street projects and claims liabilities respectively.

The transfers from the Non-major Governmental Funds to the Developer Impact Fees Parks and Non-Major Governmental Funds were to fund parks and streets projects, respectively.

The transfer of \$5,912,374 from the General Fund to the Developer Fees Public Facilities was to begin construction of a new police station.

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2013

4) CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Buildings and Improvements	\$ 15,187,048	\$ -	\$ -	\$ 15,187,048
Equipment	931,265	136,468	-	1,067,733
Vehicles	1,715,138	563,213	-	2,278,351
Infrastructure	169,078,060	6,646,508	-	175,724,568
Total Cost of Depreciable Capital Assets	<u>186,911,511</u>	<u>7,346,189</u>	<u>-</u>	<u>194,257,700</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(7,265,096)	(390,139)	-	(7,655,235)
Equipment	(713,157)	(83,248)	-	(796,405)
Vehicles	(1,462,016)	(111,493)	-	(1,573,509)
Infrastructure	(105,877,231)	(7,032,243)	-	(112,909,474)
Total Accumulated Depreciation	<u>(115,317,500)</u>	<u>(7,617,123)</u>	<u>-</u>	<u>(122,934,623)</u>
Net Depreciable Assets	<u>71,594,011</u>	<u>(270,934)</u>	<u>-</u>	<u>71,323,077</u>
Capital Assets, Not Depreciated:				
Land	3,299,143	-	-	3,299,143
Rights of Way	57,369,923	-	-	57,369,923
Construction in Progress	21,334,027	5,195,050	(5,802,567)	20,726,510
Total Capital Assets Not Depreciated, Net	<u>82,003,093</u>	<u>5,195,050</u>	<u>(5,802,567)</u>	<u>81,395,576</u>
Total Capital Assets, Net	<u>\$153,597,104</u>	<u>\$ 4,924,116</u>	<u>\$ (5,802,567)</u>	<u>\$152,718,653</u>

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

General Government	\$ 238,061
Public Safety	247,223
Public Works	2,249,317
Community Development	4,685,530
Community Services	196,992
Total Depreciation Expense	<u>\$ 7,617,123</u>

**City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2013**

5) CHANGES IN LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year	Due Beyond One Year
Governmental Activities:						
Net OPEB Obligation	\$ 255,294	\$ 84,518	\$ (10,919)	\$ 328,893	\$ -	\$ 328,893
Compensated Absences	220,845	42,536	(38,092)	225,289	35,519	189,770
Total Long-term Liabilities	\$ 476,139	\$ 127,054	\$ (49,011)	\$ 554,182	\$ 35,519	\$ 518,663

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, 2013 is recorded as a liability in the statements of net position. The General Fund finances this liability.

6) FIDUCIARY FUND LONG-TERM DEBT

Fiduciary Fund long-term debt activity for the 2012-13 fiscal year is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year	Due Beyond One Year
Tax Allocation Bonds:						
1998 Tax Allocation Bonds	\$ 485,000	\$ -	\$ (15,000)	\$ 470,000	\$ 20,000	\$ 450,000
2004 Tax Allocation Bonds	1,895,000	-	(40,000)	1,855,000	40,000	1,815,000
2010 Tax Allocation Bonds	5,885,000	-	(85,000)	5,800,000	90,000	5,710,000
Unamortized Premium on 2010 Bonds	23,941	-	(825)	23,116	825	22,291
Total Fiduciary Funds Long-term Liabilities	\$8,288,941	\$ -	\$ (140,825)	\$8,148,116	150,825	\$ 7,997,291

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.

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, 2013 was \$470,000.

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2013

6) FIDUCIARY FUND LONG-TERM DEBT - Continued

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, 2013, the amount held in the reserve account was \$54,600.

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, 2013 was \$1,855,000.

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, 2013, the amount held in the reserve account was \$191,074.

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, 2013 was \$5,800,000.

Per the bond covenants, the Agency is required to maintain a reserve account in an amount equal to \$522,580. At June 30, 2013, the amount held in the reserve account was \$522,594.

**City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2013**

6) FIDUCIARY FUND LONG-TERM DEBT - Continued

The annual requirements to amortize outstanding Tax Allocation Bonds at June 30, 2013 are as follows:

Year Ending June 30,	Tax Allocation Bonds	
	Principal	Interest
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>\$ 8,125,000</u>	<u>\$ 7,311,583</u>

7) 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 2012/13 was 11.040%.

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2013

7) RETIREMENT PLAN

The contribution requirements for plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Three Year Trend Information:

<u>Fiscal Year</u>	<u>Required Contributions</u>	<u>Percent Contributed</u>
6/30/11	\$ 270,339	100%
6/30/12	\$ 305,725	100%
6/30/13	\$ 336,704	100%

8) OTHER POST EMPLOYMENT BENEFITS

Plan Description

The City's single-employer defined benefit postemployment healthcare plan, (DHP), 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. DHP selects optional benefit provisions from the benefit menu by contract with PERS Health and adopts those benefits through City resolution. The DHP 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 \$112 per employee per month.

Annual OPEB Cost

For 2013, 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	\$	71,753
Interest on net OPEB obligation		12,765
Adjustment to annual required contribution		-
Annual OPEB cost (expense)		84,518
Contributions made		(10,919)
Increase in net OPEB obligation		73,599
Net OPEB obligation – beginning of the year		255,294
Net OPEB obligation – end of the year	\$	328,893

**City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2013**

8) 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, 2013 and the two preceding fiscal years as follows:

THREE-YEAR TREND INFORMATION			
Fiscal Year	Annual OPEB Cost (AOC)	Percentage of OPEB Cost Contributed	Net OPEB Obligation
6/30/13	\$ 84,518	13%	\$ 328,893
6/30/12	\$ 81,011	13%	\$ 255,294
6/30/11	\$ 66,362	10%	\$ 185,156

Funded Status and Funding Progress

As of July 1, 2012, the actuarial valuation accrued liability for benefits was \$559,190, 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	July 1, 2012
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, 2013**

9) 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
6/30/11	\$ 75,000	\$ 41,271	\$ (41,271)	\$ 75,000
6/30/12	75,000	83,013	(83,013)	75,000
6/30/13	75,000	102,474	(102,474)	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.

10) 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, 2013, deferral fees owed to the City for all types of development impact fees totaled approximately \$481,620.

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.

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2013

11) 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.

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.

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.

In November 2011, the City issuance \$28 million in Special Tax refunding Bonds to refund the CFD bonds issued in March 1999, June 2002 and July 2003. The principal balance of bonds outstanding as of June 30, 2013 is \$24,695,000.

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.

12) 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, 2013 the City had construction commitments totaling \$4,488,722.

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2013

12) COMMITMENTS AND CONTINGENCIES – Continued

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.

13) 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.

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2013

13) FUND BALANCE – Continued

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.

The City's governmental fund balances at June 30, 2013, 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	\$ 11,788,003	\$ 2,577,079	\$	\$
Restricted for:				
Solid Waste Disposal	733,482			
Capital Projects			4,029,306	217,979
Public Works/Transportation				
Public Safety	183,517			
Community Development				
Community Services/Public Education	11,750			
Committed to:				
Emergency Contingency	2,917,837			
Economic Stabilization Contingency	1,000,000			
Redevelopment Projects	560,169			
OPEB	559,190			
Fire Protection		8,053,276		
Assigned to:				
Capital Projects	4,737,249			
Continuing Appropriations	2,094,108			
Other Purposes	1,748,338			
Unassigned	<u>13,074,022</u>			
Total Fund Balance (Deficit)	<u>\$ 39,407,665</u>	<u>\$ 10,630,355</u>	<u>\$ 4,029,306</u>	<u>\$ 217,979</u>

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2013

13) FUND BALANCE – Continued

Developer Impact Fees Park Fund	Developer Fees Fire Fund	Non-Major Governmental Funds	Total
\$	\$	\$	\$ 14,365,082
			733,482
		274,483	4,521,768
		4,999,332	4,999,332
		1,511,857	1,695,374
		3,512,967	3,512,967
		351,993	363,743
			2,917,837
			1,000,000
			560,169
			559,190
			8,053,276
		358,898	5,096,147
			2,094,108
			1,748,338
<u>(2,184,023)</u>	<u>(2,307,064)</u>	<u>(618,383)</u>	<u>7,964,552</u>
<u>\$ (2,184,023)</u>	<u>\$ (2,307,064)</u>	<u>\$ 10,391,147</u>	<u>\$ 60,185,365</u>

City of Yucaipa
Notes to Financial Statements
Year Ended June 30, 2013

14) ACCUMULATED FUND DEFICITS

At June 30, 2013 the following funds had deficit fund balances:

Major Funds - Capital Projects:	
Developer Impact Fees Parks Fund	(2,184,023)
Developer Fees Fire Fund	(2,307,064)
Non-major Funds	
State Gas Tax Fund	(308,258)
Housing Authority	(1,268)
CDBG Capital	(73,111)
Air Quality Improvement	(45,070)
I-10 Specific Plan	(190,676)

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

Developer Impact Fees Parks Fund - The deficit fund balance of \$2,184,022 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 \$2,780,050. The deficit fund balance will be offset by future development impact fee revenue, as they are collected.

Developer Fees Fire Fund - The deficit fund balance of \$2,307,064 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 \$2,577,079. The deficit fund balance will be offset by future development impact fee revenue, as they are collected.

15) RESTATEMENT OF NET POSITION

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, in fiscal year 2012-13. As a result, the beginning net position in the Statement of Changes in Net Position - Fiduciary Funds was restated by \$254,883 to reflect the cumulative effect of applying this statement.

REQUIRED SUPPLEMENTARY INFORMATION

City of Yucaipa
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Property Taxes	\$ 5,081,101	\$ 5,129,302	\$ 5,278,146	\$ 148,844
Sales and Use Taxes	2,711,267	2,759,748	2,663,584	(96,164)
Franchise Taxes	1,237,000	1,237,000	1,262,384	25,384
Documentary Transfer Tax	100,000	100,000	115,833	15,833
Other Taxes	11,765	11,765	15,861	4,096
Licenses and Permits	325,383	325,383	426,965	101,582
Fines and Forfeitures	25,500	25,500	15,292	(10,208)
Charges for Services	1,183,748	1,183,748	1,050,600	(133,148)
Intergovernmental	3,857,754	3,921,913	4,042,661	120,748
Investment Income	208,900	278,900	160,411	(118,489)
Other	93,800	93,800	685,222	591,422
Total Revenues	14,836,218	15,067,059	15,716,959	649,900
EXPENDITURES				
Current:				
General Government	3,226,307	3,175,248	2,110,146	1,065,102
Community Development	730,648	743,646	625,170	118,476
Building and Safety	206,125	206,125	262,910	(56,785)
Public Works	2,209,216	1,699,680	1,390,691	308,989
Public Safety:				
Police Services	6,911,095	6,870,595	6,661,640	208,955
Community Services	1,231,703	1,243,603	1,190,224	53,379
Capital Outlay	965,800	965,800	1,630,707	(664,907)
Total Expenditures	15,480,894	14,904,697	13,871,488	1,033,209
Excess (Deficiency) of Revenues over Expenditures	(644,676)	162,362	1,845,471	1,683,109
OTHER FINANCING SOURCES (USES)				
Transfers In	720,290		61,716	61,716
Transfers Out			(8,056,358)	(8,056,358)
Total Other Financing Sources (Uses)	720,290	-	(7,994,642)	(7,994,642)
Net Change in Fund Balances	75,614	162,362	(6,149,171)	(6,311,533)
Fund Balances, Beginning of Year	45,556,836	45,556,836	45,556,836	-
Fund Balances, End of Year	<u>\$ 45,632,450</u>	<u>\$ 45,719,198</u>	<u>\$ 39,407,665</u>	<u>\$ (6,311,533)</u>

City of Yucaipa
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Fire Special Revenue Fund
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes - Fire	\$ 2,858,120	\$ 2,858,120	\$ 2,830,571	\$ (27,549)
Charges for Services	69,634	69,634	51,862	(17,772)
Intergovernmental			18,303	18,303
Investment Income			26,478	26,478
Other			61,394	61,394
Total Revenues	<u>2,927,754</u>	<u>2,927,754</u>	<u>2,988,608</u>	<u>60,854</u>
EXPENDITURES				
Current:				
Fire Protection Services	2,577,678	2,577,678	2,477,517	100,161
Capital Outlay	100,000	100,000	550,222	(450,222)
Total Expenditures	<u>2,677,678</u>	<u>2,677,678</u>	<u>3,027,739</u>	<u>(350,061)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>250,076</u>	<u>250,076</u>	<u>(39,131)</u>	<u>(289,207)</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	250,076	250,076	(39,131)	(289,207)
Fund Balances, Beginning of Year	<u>10,669,486</u>	<u>10,669,486</u>	<u>10,669,486</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 10,919,562</u>	<u>\$ 10,919,562</u>	<u>\$ 10,630,355</u>	<u>\$ (289,207)</u>

**City of Yucaipa
 Schedule of Funding Progress for DPHP
 Year Ended June 30, 2013**

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]
07/01/12	\$ -	\$ 559,190	\$ 559,190	0%	\$ 2,928,421	19%
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, 2013

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).

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 2,017,112	\$ 261,002	\$ 490,196	\$ 229,194
Intergovernmental			4,207,387	4,207,387
Investment Income			10,505	10,505
Total Revenues	<u>2,017,112</u>	<u>261,002</u>	<u>4,708,088</u>	<u>4,447,086</u>
EXPENDITURES				
Capital Outlay	<u>1,555,000</u>		<u>561,563</u>	<u>(561,563)</u>
Total Expenditures	<u>1,555,000</u>	<u>-</u>	<u>561,563</u>	<u>(561,563)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>462,112</u>	<u>261,002</u>	<u>4,146,525</u>	<u>3,885,523</u>
OTHER FINANCING SOURCES (USES)				
Transfers In			61,444	61,444
Transfers Out			(271,480)	(271,480)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(210,036)</u>	<u>(210,036)</u>
Net Change in Fund Balance	462,112	261,002	3,936,489	3,675,487
Fund Balance (Deficit), Beginning of Year	<u>92,817</u>	<u>92,817</u>	<u>92,817</u>	<u>-</u>
Fund Balance (Deficit), End of Year	<u>\$ 554,929</u>	<u>\$ 353,819</u>	<u>\$ 4,029,306</u>	<u>\$ 3,675,487</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 36,397	\$ 36,397	\$ 89,706	\$ 53,309
Intergovernmental			80,690	80,690
Investment Income			2,012	2,012
Other			10,000	10,000
Total Revenues	<u>36,397</u>	<u>36,397</u>	<u>182,408</u>	<u>146,011</u>
EXPENDITURES				
Current:				
Public Works			577,591	(577,591)
Capital Outlay			1,655,305	(1,655,305)
Total Expenditures	<u>-</u>	<u>-</u>	<u>2,232,896</u>	<u>(2,232,896)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>36,397</u>	<u>36,397</u>	<u>(2,050,488)</u>	<u>(2,086,885)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In			5,912,374	5,912,374
Transfers Out			(52,000)	(52,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>5,860,374</u>	<u>5,860,374</u>
Net Change in Fund Balance	36,397	36,397	3,809,886	3,773,489
Fund Balance (Deficit), Beginning of Year	<u>(3,591,907)</u>	<u>(3,591,907)</u>	<u>(3,591,907)</u>	<u>-</u>
Fund Balance (Deficit), End of Year	<u>\$ (3,555,510)</u>	<u>\$ (3,555,510)</u>	<u>\$ 217,979</u>	<u>\$ 3,773,489</u>

City of Yucaipa
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Developer Impact Fees Parks Capital Projects Fund
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges For Services	\$ 42,215	\$ 42,215	\$ 191,176	\$ 148,961
Intergovernmental				-
Investment Income			3	3
Other			212,033	212,033
Total Revenues	<u>42,215</u>	<u>42,215</u>	<u>403,212</u>	<u>360,997</u>
EXPENDITURES				
Capital Outlay	<u>40,528</u>		<u>687,874</u>	<u>(687,874)</u>
Total Expenditures	<u>40,528</u>	<u>-</u>	<u>687,874</u>	<u>(687,874)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,687</u>	<u>42,215</u>	<u>(284,662)</u>	<u>(326,877)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In			1,255,290	1,255,290
Transfers Out			<u>(300,000)</u>	<u>(300,000)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>955,290</u>	<u>955,290</u>
Net Change in Fund Balances	1,687	42,215	670,628	628,413
Fund Balances (Deficit), Beginning of Year	<u>(2,854,651)</u>	<u>(2,854,651)</u>	<u>(2,854,651)</u>	<u>-</u>
Fund Balances (Deficit), End of Year	<u>\$ (2,852,964)</u>	<u>\$ (2,812,436)</u>	<u>\$ (2,184,023)</u>	<u>\$ 628,413</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 21,162	\$ 21,162	\$ 47,381	\$ 26,219
Investment Income			726	726
Other				-
Total Revenues	<u>21,162</u>	<u>21,162</u>	<u>48,107</u>	<u>26,945</u>
EXPENDITURES				
Current:				
Public Safety	47,262		5,694	(5,694)
Capital Outlay				-
Total Expenditures	<u>47,262</u>	<u>-</u>	<u>5,694</u>	<u>(5,694)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(26,100)</u>	<u>21,162</u>	<u>42,413</u>	<u>21,251</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 Balances	(26,100)	21,162	42,413	21,251
Fund Balance (Deficit), Beginning of Year	<u>(2,349,477)</u>	<u>(2,349,477)</u>	<u>(2,349,477)</u>	<u>-</u>
Fund Balance (Deficit), End of Year	<u>\$ (2,375,577)</u>	<u>\$ (2,328,315)</u>	<u>\$ (2,307,064)</u>	<u>\$ 21,251</u>

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**City of Yucaipa
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2013**

	Special Revenue					
	Miscellaneous Special Revenue	State Gas Tax	Measure I Maintenance	Energy Independence Program	State COPs Grant	Office of Traffic and Safety
ASSETS						
Cash and Investments	\$ 1,406,245	\$	\$ 479,451	\$ 510,939	\$ 206,427	\$ 81,330
Receivables:						
Interest	558		628		91	37
Due From Other Governments	14,804	66,094	130,552	2,708	10,239	6,595
Total Assets	<u>\$ 1,421,607</u>	<u>\$ 66,094</u>	<u>\$ 610,631</u>	<u>\$ 513,647</u>	<u>\$ 216,757</u>	<u>\$ 87,962</u>
LIABILITIES						
Accounts Payable & Accrued Liabilities	\$ 49,266	\$ 71,981	\$	\$	\$ 16,974	\$ 7,157
Due to Other Funds		302,371				
Total Liabilities	<u>49,266</u>	<u>374,352</u>	<u>-</u>	<u>-</u>	<u>16,974</u>	<u>7,157</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenues						6,595
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,595</u>
FUND BALANCES						
Restricted	1,372,341		610,631	513,647	199,783	74,210
Assigned						
Unassigned		(308,258)				
Total Fund Balances	<u>1,372,341</u>	<u>(308,258)</u>	<u>610,631</u>	<u>513,647</u>	<u>199,783</u>	<u>74,210</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,421,607</u>	<u>\$ 66,094</u>	<u>\$ 610,631</u>	<u>\$ 513,647</u>	<u>\$ 216,757</u>	<u>\$ 87,962</u>

Special Revenue				Capital Projects				
LLMD	Housing Authority	Paramedic	PEG Video	Miscellaneous Capital Projects	CDBG Capital	Developer Fees Drainage	Air Quality Improvement	Low Water Crossings
\$ 1,659,724	\$	\$ 1,491,944	\$ 331,334	274,433	\$	\$ 434,490	\$	\$ 418,837
3,545		682 11,715	155 20,504	50	111,738	278 1	16,457	
<u>\$ 1,663,269</u>	<u>\$ -</u>	<u>\$ 1,504,341</u>	<u>\$ 351,993</u>	<u>\$ 274,483</u>	<u>\$ 111,738</u>	<u>\$ 434,769</u>	<u>\$ 16,457</u>	<u>\$ 418,837</u>
\$ 36,290	\$	\$ 266,477	\$	\$	\$ 9,490	\$ 91,914	\$ 1,542	\$ 59,939
	1,268				77,815		59,985	
36,290	1,268	266,477	-	-	87,305	91,914	61,527	59,939
					97,544	1		
-	-	-	-	-	97,544	1	-	-
1,626,979		1,237,864	351,993	274,483		342,854		358,898
	(1,268)				(73,111)		(45,070)	
1,626,979	(1,268)	1,237,864	351,993	274,483	(73,111)	342,854	(45,070)	358,898
<u>\$ 1,663,269</u>	<u>\$ -</u>	<u>\$ 1,504,341</u>	<u>\$ 351,993</u>	<u>\$ 274,483</u>	<u>\$ 111,738</u>	<u>\$ 434,769</u>	<u>\$ 16,457</u>	<u>\$ 418,837</u>

Continued

City of Yucaipa
Combining Balance Sheet
Non-Major Governmental Funds (Continued)
June 30, 2013

	Capital Projects			Total Nonmajor Governmental Funds
	Pool Capital Replacement	Street Maintenance	I-10 Specific Plan	
ASSETS				
Cash and Investments	\$ 14,830	\$ 3,987,774	\$	\$ 11,297,758
Receivables:				
Interest		1,052		3,531
Due From Other Governments		61,448		456,400
				<u>456,400</u>
Total Assets	<u>\$ 14,830</u>	<u>\$ 4,050,274</u>	<u>\$ -</u>	<u>\$ 11,757,689</u>
LIABILITIES				
Accounts Payable	\$ 2,015	\$ 17,242	\$ 27,612	\$ 657,899
Due to Other Funds			163,064	604,503
				<u>604,503</u>
Total Liabilities	<u>2,015</u>	<u>17,242</u>	<u>190,676</u>	<u>1,262,402</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues				104,140
				<u>104,140</u>
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>104,140</u>
FUND BALANCES				
Restricted	12,815	4,033,032		10,650,632
Assigned				358,898
Unassigned			(190,676)	(618,383)
				<u>(618,383)</u>
Total Fund Balances	<u>12,815</u>	<u>4,033,032</u>	<u>(190,676)</u>	<u>10,391,147</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 14,830</u>	<u>\$ 4,050,274</u>	<u>\$ -</u>	<u>\$ 11,757,689</u>

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City of Yucaipa
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2013

	Special Revenue					Office of Traffic and Safety
	Miscellaneous Special Revenue	State Gas Tax	Measure I Maintenance	Energy Independence Program	State COPs Grant	
REVENUES						
Taxes:						
Property Taxes	\$	\$	\$	\$	\$	\$
Franchise Taxes						
Fines & Forfeitures	83,990					
Charges for Services	66,476					4,960
Intergovernmental	28,821	769,054	823,624		100,021	
Investment Income	2,964		2,607		417	208
Other	22,494	5,734		86,200		
Total Revenues	204,745	774,788	826,231	86,200	100,438	5,168
EXPENDITURES						
Current:						
General Government	98,378			1,000,205		
Community Development	14,650					
Public Works	20,001	902,758	18,239			
Public Safety					43,659	
Paramedic Services						
Capital Outlay		13,693			19,684	15,522
Total Expenditures	133,029	916,451	18,239	1,000,205	63,343	15,522
Excess (Deficiency) of Revenues over Expenditures	71,716	(141,663)	807,992	(914,005)	37,095	(10,354)
OTHER FINANCING SOURCES (USES)						
Transfers In						
Transfers Out			(1,039,053)			
Total Other Financing Sources (Uses)	-	-	(1,039,053)	-	-	-
Net Change in Fund Balances	71,716	(141,663)	(231,061)	(914,005)	37,095	(10,354)
Fund Balances (Deficit), Beginning of Year	1,300,625	(166,595)	841,692	1,427,652	162,688	84,564
Fund Balances (Deficit), End of Year	\$ 1,372,341	\$ (308,258)	\$ 610,631	\$ 513,647	\$ 199,783	\$ 74,210

Special Revenue				Capital Projects				
LLMD	Housing Authority	Paramedic	PEG Video	Miscellaneous Capital Projects	CDBG Capital	Developer Fees Drainage	Air Quality Improvement	Low Water Crossings
\$	\$	\$ 1,049,552	\$ 81,046	\$	\$	\$	\$	\$
		3,250	764	7,137 275	47,064	96,596 171,966 2,079	62,849 458	152,720
453,913								
453,913	-	1,052,802	81,810	7,412	47,064	270,641	63,307	152,720
	1,268							
321,241					168,181			
		960,248 3,548				853,792	599,755	277,218
321,241	1,268	963,796	-	-	168,181	853,792	599,755	277,218
132,672	(1,268)	89,006	81,810	7,412	(121,117)	(583,151)	(536,448)	(124,498)
				(35,149)		498,000 (486,000)	114,933	1,009,000 (428,000)
-	-	-	-	(35,149)	-	12,000	114,933	581,000
132,672	(1,268)	89,006	81,810	(27,737)	(121,117)	(571,151)	(421,515)	456,502
1,494,307	-	1,148,858	270,183	302,220	48,006	914,005	376,445	(97,604)
\$ 1,626,979	\$ (1,268)	\$ 1,237,864	\$ 351,993	\$ 274,483	\$ (73,111)	\$ 342,854	\$ (45,070)	\$ 358,898

Continued

City of Yucaipa
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds (Continued)
Year Ended June 30, 2013

	Capital Projects			Total Nonmajor Governmental Funds
	Pool Capital Replacement	Street Maintenance	I-10 Specific Plan	
REVENUES				
Taxes:				
Property Taxes	\$	\$	\$	\$ 1,049,552
Franchise Taxes				81,046
Fines & Forfeitures				83,990
Charges for Services				168,032
Intergovernmental		409,311		2,572,567
Investment Income		7,218	59	20,299
Other		22,880		591,221
				<u>591,221</u>
Total Revenues	-	439,409	59	4,566,707
EXPENDITURES				
Current:				
General Government				1,099,851
Community Development				14,650
Public Works			229,718	1,660,138
Public Safety				43,659
Paramedic Services				960,248
Capital Outlay	2,015	1,421,754		3,206,981
				<u>3,206,981</u>
Total Expenditures	2,015	1,421,754	229,718	6,985,527
Excess (Deficiency) of Revenues over Expenditures	(2,015)	(982,345)	(229,659)	(2,418,820)
OTHER FINANCING SOURCES (USES)				
Transfers In		2,302,333		3,924,266
Transfers Out	(48,000)	(699,050)		(2,735,252)
				<u>(2,735,252)</u>
Total Other Financing Sources (Uses)	(48,000)	1,603,283	-	1,189,014
Net Change in Fund Balances	(50,015)	620,938	(229,659)	(1,229,806)
Fund Balances (Deficit), Beginning of Year	62,830	3,412,094	38,983	11,620,953
Fund Balances (Deficit), End of Year	<u>\$ 12,815</u>	<u>\$ 4,033,032</u>	<u>\$ (190,676)</u>	<u>\$ 10,391,147</u>

City of Yucaipa
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Miscellaneous Special Revenue Fund
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$	\$	\$	\$ -
Fines and Forfeits	41,000	41,000	83,990	42,990
Charges for Services	68,312	68,312	66,476	(1,836)
Intergovernmental	12,000	12,000	28,821	16,821
Investment Income			2,964	2,964
Other	26,000	26,000	22,494	(3,506)
Total Revenues	<u>147,312</u>	<u>147,312</u>	<u>204,745</u>	<u>57,433</u>
EXPENDITURES				
Current:				
General Government	78,920	78,920	98,378	(19,458)
Community Development			14,650	(14,650)
Public Works	31,000	31,000	20,001	10,999
Public Safety				-
Capital Outlay				-
Total Expenditures	<u>109,920</u>	<u>109,920</u>	<u>133,029</u>	<u>(23,109)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>37,392</u>	<u>37,392</u>	<u>71,716</u>	<u>34,324</u>
OTHER FINANCING SOURCES (USES)				
Transfers In				-
Transfers Out	(16,500)	(16,500)		16,500
Total Other Financing Sources (Uses)	<u>(16,500)</u>	<u>(16,500)</u>	<u>-</u>	<u>16,500</u>
Net Change in Fund Balance	20,892	20,892	71,716	50,824
Fund Balance (Deficit), Beginning of Year	<u>1,300,625</u>	<u>1,300,625</u>	<u>1,300,625</u>	<u>-</u>
Fund Balance (Deficit), End of Year	<u>\$ 1,321,517</u>	<u>\$ 1,321,517</u>	<u>\$ 1,372,341</u>	<u>\$ 50,824</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 802,500	\$ 802,500	\$ 769,054	\$ (33,446)
Investment Income	2,500	2,500		(2,500)
Other			5,734	5,734
Total Revenues	<u>805,000</u>	<u>805,000</u>	<u>774,788</u>	<u>(30,212)</u>
EXPENDITURES				
Current:				
Public Works	954,628	905,203	902,758	2,445
Capital Outlay	35,000	35,000	13,693	21,307
Total Expenditures	<u>989,628</u>	<u>940,203</u>	<u>916,451</u>	<u>23,752</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(184,628)</u>	<u>(135,203)</u>	<u>(141,663)</u>	<u>(6,460)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out		(57,000)	-	57,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>(57,000)</u>	<u>-</u>	<u>57,000</u>
Net Change in Fund Balance	(184,628)	(192,203)	(141,663)	50,540
Fund Balance (Deficit), Beginning of Year	<u>(166,595)</u>	<u>(166,595)</u>	<u>(166,595)</u>	<u>-</u>
Fund Balance (Deficit), End of Year	<u><u>\$ (351,223)</u></u>	<u><u>\$ (358,798)</u></u>	<u><u>\$ (308,258)</u></u>	<u><u>\$ 50,540</u></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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 700,000	\$ 700,000	\$ 823,624	\$ 123,624
Investment Income	100	100	2,607	2,507
Total Revenues	<u>700,100</u>	<u>700,100</u>	<u>826,231</u>	<u>126,131</u>
EXPENDITURES				
Current:				
Public Works			18,239	(18,239)
Total Expenditures	<u>-</u>	<u>-</u>	<u>18,239</u>	<u>(18,239)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>700,100</u>	<u>700,100</u>	<u>807,992</u>	<u>107,892</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(617,000)</u>	<u>(617,000)</u>	<u>(1,039,053)</u>	<u>(422,053)</u>
Total Other Financing Sources (Uses)	<u>(617,000)</u>	<u>(617,000)</u>	<u>(1,039,053)</u>	<u>(422,053)</u>
Net Change in Fund Balance	83,100	83,100	(231,061)	(314,161)
Fund Balance (Deficit), Beginning of Year	<u>841,692</u>	<u>841,692</u>	<u>841,692</u>	<u>-</u>
Fund Balance (Deficit), End of Year	<u><u>\$ 924,792</u></u>	<u><u>\$ 924,792</u></u>	<u><u>\$ 610,631</u></u>	<u><u>\$ (314,161)</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$	\$	\$	\$ -
Investment Income	70,000	70,000		(70,000)
Other Income			86,200	86,200
Total Revenues	<u>70,000</u>	<u>70,000</u>	<u>86,200</u>	<u>16,200</u>
EXPENDITURES				
Current:				
General Government			1,000,205	(1,000,205)
Capital Outlay			-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>1,000,205</u>	<u>(1,000,205)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>70,000</u>	<u>70,000</u>	<u>(914,005)</u>	<u>(984,005)</u>
OTHER FINANCING SOURCES (USES):				
Transfers Out	<u>(70,000)</u>	<u>(70,000)</u>		<u>70,000</u>
Total Other Financing Sources (Uses)	<u>(70,000)</u>	<u>(70,000)</u>	<u>-</u>	<u>70,000</u>
Net Change in Fund Balance	-	-	(914,005)	(914,005)
Fund Balance, Beginning of Year	<u>1,427,652</u>	<u>1,427,652</u>	<u>1,427,652</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 1,357,652</u>	<u>\$ 1,427,652</u>	<u>\$ 513,647</u>	<u>\$ (914,005)</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 100,021	\$ 21
Investment Income			417	417
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>100,438</u>	<u>438</u>
EXPENDITURES				
Current:				
Public Safety	100,000	100,000	43,659	56,341
Capital Outlay			19,684	(19,684)
Total Expenditures	<u>100,000</u>	<u>100,000</u>	<u>63,343</u>	<u>36,657</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>37,095</u>	<u>37,095</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	-	-	37,095	37,095
Fund Balance, Beginning of Year	<u>162,688</u>	<u>162,688</u>	<u>162,688</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$ 162,688</u></u>	<u><u>\$ 162,688</u></u>	<u><u>\$ 199,783</u></u>	<u><u>\$ 37,095</u></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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$	\$	\$ 4,960	\$ 4,960
Intergovernmental	75,000	75,000		(75,000)
Investment Income			208	208
Total Revenues	<u>75,000</u>	<u>75,000</u>	<u>5,168</u>	<u>(69,832)</u>
EXPENDITURES				
Current:				
Public Safety	75,000	75,000		75,000
Capital Outlay			15,522	(15,522)
Total Expenditures	<u>75,000</u>	<u>75,000</u>	<u>15,522</u>	<u>59,478</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>(10,354)</u>	<u>(10,354)</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	-	-	(10,354)	(10,354)
Fund Balance (Deficit), Beginning of Year	<u>84,564</u>	<u>84,564</u>	<u>84,564</u>	<u>-</u>
Fund Balance (Deficit), End of Year	<u>\$ 84,564</u>	<u>\$ 84,564</u>	<u>\$ 74,210</u>	<u>\$ (10,354)</u>

City of Yucaipa
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - LLMD Special Revenue Fund
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Other	\$ 605,314	\$ 605,311	\$ 453,913	(151,398)
Total Revenues	<u>605,314</u>	<u>605,311</u>	<u>453,913</u>	<u>(151,398)</u>
EXPENDITURES				
Current:				
Public Works	542,265	542,265	321,241	221,024
Capital Outlay	<u>5,043</u>	<u>5,043</u>	<u> </u>	<u>5,043</u>
Total Expenditures	<u>547,308</u>	<u>547,308</u>	<u>321,241</u>	<u>226,067</u>
Excess (Deficiency) of Revenues over Expenditures	<u>58,006</u>	<u>58,003</u>	<u>132,672</u>	<u>74,669</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>58,005</u>	<u>58,005</u>	<u> </u>	<u>(58,005)</u>
Total Other Financing Sources (Uses)	<u>58,005</u>	<u>58,005</u>	<u>-</u>	<u>(58,005)</u>
Net Change in Fund Balance	116,011	116,008	132,672	16,664
Fund Balance (Deficit), Beginning of Year	<u>1,494,307</u>	<u>1,494,307</u>	<u>1,494,307</u>	<u>-</u>
Fund Balance (Deficit), End of Year	<u>\$ 1,610,318</u>	<u>\$ 1,610,315</u>	<u>\$ 1,626,979</u>	<u>\$ 16,664</u>

City of Yucaipa
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Housing Authority Special Revenue Fund
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$	\$	\$	\$ -
Investment Income				-
Other				-
Total Revenues	-	-	-	-
EXPENDITURES				
Current:				
Community Development			1,268	(1,268)
Total Expenditures	-	-	1,268	(1,268)
Excess (Deficiency) of Revenues over Expenditures	-	-	(1,268)	(1,268)
OTHER FINANCING SOURCES (USES)				
Transfers Out				-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance			(1,268)	(1,268)
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance (Deficit), End of Year	\$ -	\$ -	\$ (1,268)	\$ (1,268)

City of Yucaipa
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Paramedic Special Revenue Fund
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 1,015,000	\$ 1,015,000	\$ 1,049,552	\$ 34,552
Investment Income			3,250	3,250
Total Revenues	<u>1,015,000</u>	<u>1,015,000</u>	<u>1,052,802</u>	<u>37,802</u>
EXPENDITURES				
Current:				
Paramedic Services	1,208,121	1,208,121	960,248	247,873
Capital Outlay	8,000	8,000	3,548	4,452
Total Expenditures	<u>1,216,121</u>	<u>1,216,121</u>	<u>963,796</u>	<u>252,325</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(201,121)</u>	<u>(201,121)</u>	<u>89,006</u>	<u>290,127</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	(201,121)	(201,121)	89,006	290,127
Fund Balance, Beginning of Year	<u>1,148,858</u>	<u>1,148,858</u>	<u>1,148,858</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 947,737</u>	<u>\$ 947,737</u>	<u>\$ 1,237,864</u>	<u>\$ 290,127</u>

City of Yucaipa
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - PEG Video Special Revenue Fund
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Franchise Taxes	\$	\$	\$ 81,046	\$ 81,046
Interest			764	764
Total Revenues	-	-	81,810	81,810
OTHER FINANCING SOURCES (USES)				
Transfers In				-
Total Other Financing Sources (Uses)	-	-	-	-
Excess (Deficiency) of Revenues over Expenditures	-	-	81,810	81,810
Fund Balance, Beginning of Year	270,183	270,183	270,183	-
Fund Balance, End of Year	<u>\$270,183</u>	<u>\$ 270,183</u>	<u>\$ 351,993</u>	<u>\$ 81,810</u>

City of Yucaipa
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Miscellaneous Capital Projects Fund
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 25,000	\$ 25,000	\$ 7,137	\$ (17,863)
Investment Income			275	275
Total Revenues	<u>25,000</u>	<u>25,000</u>	<u>7,412</u>	<u>(17,588)</u>
EXPENDITURES				
Current:				
Public Works	25,000	25,000		25,000
Capital Outlay				-
Total Expenditures	<u>25,000</u>	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>7,412</u>	<u>7,412</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out			(35,149)	(35,149)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(35,149)</u>	<u>(35,149)</u>
Net Change in Fund Balances	-	-	(27,737)	(27,737)
Fund Balance (Deficit), Beginning of Year	<u>302,220</u>	<u>302,220</u>	<u>302,220</u>	<u>-</u>
Fund Balance (Deficit), End of Year	<u><u>\$302,220</u></u>	<u><u>\$ 302,220</u></u>	<u><u>\$ 274,483</u></u>	<u><u>\$ (27,737)</u></u>

City of Yucaipa
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - CDBG Capital Projects Fund
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 240,760	\$ 10,000	\$ 47,064	\$ 37,064
Total Revenues	<u>240,760</u>	<u>10,000</u>	<u>47,064</u>	<u>37,064</u>
EXPENDITURES				
Current:				
Public Works	240,760	10,000	168,181	(158,181)
Capital Outlay				<u>-</u>
Total Expenditures	<u>240,760</u>	<u>10,000</u>	<u>168,181</u>	<u>(158,181)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>(121,117)</u>	<u>(121,117)</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out				<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	(121,117)	(121,117)
Fund Balance (Deficit), Beginning of Year	<u>48,006</u>	<u>48,006</u>	<u>48,006</u>	<u>-</u>
Fund Balance (Deficit), End of Year	<u>\$ 48,006</u>	<u>\$ 48,006</u>	<u>\$ (73,111)</u>	<u>\$ (121,117)</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for Services	\$ 97,349	\$ 97,349	\$ 96,596	\$ (753)
Intergovernmental			171,966	171,966
Investment Income			2,079	2,079
Total Revenues	<u>97,349</u>	<u>97,349</u>	<u>270,641</u>	<u>173,292</u>
EXPENDITURES				
Capital Outlay	<u>197,151</u>		<u>853,792</u>	<u>(853,792)</u>
Total Expenditures	<u>197,151</u>	<u>-</u>	<u>853,792</u>	<u>(853,792)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(99,802)</u>	<u>97,349</u>	<u>(583,151)</u>	<u>(680,500)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In			498,000	498,000
Transfers Out			<u>(486,000)</u>	<u>(486,000)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>12,000</u>	<u>12,000</u>
Net Change in Fund Balances	(99,802)	97,349	(571,151)	(668,500)
Fund Balance (Deficit), Beginning of Year	<u>914,005</u>	<u>914,005</u>	<u>914,005</u>	<u>-</u>
Fund Balance (Deficit), End of Year	<u>\$814,203</u>	<u>\$ 1,011,354</u>	<u>\$ 342,854</u>	<u>\$ (668,500)</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 60,000	\$ 60,000	\$ 62,849	\$ 2,849
Investment Income			458	458
Total Revenues	<u>60,000</u>	<u>60,000</u>	<u>63,307</u>	<u>3,307</u>
EXPENDITURES				
Current:				
Public Works				-
Capital Outlay			599,755	(599,755)
Total Expenditures	<u>-</u>	<u>-</u>	<u>599,755</u>	<u>(599,755)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>60,000</u>	<u>60,000</u>	<u>(536,448)</u>	<u>(596,448)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In			114,933	114,933
Transfers Out	(16,000)	(16,000)		16,000
Total Other Financing Sources (Uses)	<u>(16,000)</u>	<u>(16,000)</u>	<u>114,933</u>	<u>130,933</u>
Net Change in Fund Balances	44,000	44,000	(421,515)	(465,515)
Fund Balance (Deficit), Beginning of Year	<u>376,445</u>	<u>376,445</u>	<u>376,445</u>	<u>-</u>
Fund Balance (Deficit), End of Year	<u>\$ 420,445</u>	<u>\$ 420,445</u>	<u>\$ (45,070)</u>	<u>\$ (465,515)</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$	\$	\$ 152,720	\$ 152,720
Other Income				-
Total Revenues	-	-	152,720	152,720
EXPENDITURES				
Current:				
Public Works				-
Capital Outlay			277,218	(277,218)
Total Expenditures	-	-	277,218	(277,218)
Excess (Deficiency) of Revenues over Expenditures	-	-	(124,498)	(124,498)
OTHER FINANCING SOURCES (USES)				
Transfers In			1,009,000	1,009,000
Transfers Out			(428,000)	(428,000)
Total Other Financing Sources (Uses)	-	-	581,000	581,000
Net Change in Fund Balances	-	-	456,502	456,502
Fund Balance (Deficit), Beginning of Year	(97,604)	(97,604)	(97,604)	-
Fund Balance (Deficit), End of Year	<u>\$ (97,604)</u>	<u>(97,604)</u>	<u>\$ 358,898</u>	<u>\$ 456,502</u>

City of Yucaipa
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - Pool Capital Replacement Fund
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$	\$	\$	\$ -
Other				-
Total Revenues	-	-	-	-
EXPENDITURES				
Capital Outlay			2,015	(2,015)
Total Expenditures	-	-	2,015	(2,015)
Excess (Deficiency) of Revenues over Expenditures	-	-	(2,015)	(2,015)
OTHER FINANCING SOURCES (USES)				
Transfers In				-
Transfers Out			(48,000)	(48,000)
Total Other Financing Sources (Uses)	-	-	(48,000)	(48,000)
Net Change in Fund Balances	-	-	(50,015)	(50,015)
Fund Balance (Deficit), Beginning of Year	62,830	62,830	62,830	-
Fund Balance (Deficit), End of Year	<u>\$62,830</u>	<u>\$ 62,830</u>	<u>\$ 12,815</u>	<u>\$ (50,015)</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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$	\$	\$ 409,311	\$ 409,311
Investment Income			7,218	7,218
Other			22,880	22,880
Total Revenues	-	-	439,409	439,409
EXPENDITURES				
Capital Outlay			1,421,754	(1,421,754)
Total Expenditures	-	-	1,421,754	(1,421,754)
Excess (Deficiency) of Revenues over Expenditures	-	-	(982,345)	(982,345)
OTHER FINANCING SOURCES (USES)				
Transfers In			2,302,333	2,302,333
Transfers Out			(699,050)	(699,050)
Total Other Financing Sources (Uses)	-	-	1,603,283	1,603,283
Net Change in Fund Balances	-	-	620,938	620,938
Fund Balance (Deficit), Beginning of Year	3,412,094	3,412,094	3,412,094	-
Fund Balance (Deficit), End of Year	<u>\$ 3,412,094</u>	<u>\$ 3,412,094</u>	<u>\$ 4,033,032</u>	<u>\$ 620,938</u>

City of Yucaipa
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - I-10 Specific Plan Capital Projects Fund
Year Ended June 30, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment Income	\$	\$	\$ 59	\$ 59
Total Revenues	-	-	59	59
EXPENDITURES				
Public Works			229,718	(229,718)
Total Expenditures	-	-	229,718	(229,718)
Excess (Deficiency) of Revenues over Expenditures	-	-	(229,659)	(229,659)
OTHER FINANCING SOURCES (USES)				
Transfers In				-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	(229,659)	(229,659)
Fund Balance (Deficit), Beginning of Year	38,983	38,983	38,983	-
Fund Balance (Deficit), End of Year	<u>\$ 38,983</u>	<u>\$ 38,983</u>	<u>\$ (190,676)</u>	<u>\$ (229,659)</u>

City of Yucaipa
Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2013

	Police Department Donation	Cramer House	CFD 98-1 Debt Reserves	Totals
ASSETS				
Cash and Investments	\$ 50,823	\$ 64,484	\$ 2,084,736	\$ 2,200,043
Cash and Investments with Fiscal Agents			2,318,361	2,318,361
Accounts Receivable			14,505	14,505
Interest Receivable	22	28	845	895
	<u>22</u>	<u>28</u>	<u>845</u>	<u>895</u>
Total Assets	<u>\$ 50,845</u>	<u>\$ 64,512</u>	<u>\$ 4,418,447</u>	<u>\$ 4,533,804</u>
LIABILITIES				
Deposits Payable	\$ 50,845	\$ 64,512	\$	\$ 115,357
Due to Bondholders			4,418,447	4,418,447
	<u>50,845</u>	<u>64,512</u>	<u>4,418,447</u>	<u>4,418,447</u>
Total Liabilities	<u>\$ 50,845</u>	<u>\$ 64,512</u>	<u>\$ 4,418,447</u>	<u>\$ 4,533,804</u>

City of Yucaipa
Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
Year Ended June 30, 2013

	Beginning Balance	Additions	Deletions	Ending Balance
<u>POLICE DEPARTMENT DONATION</u>				
ASSETS				
Cash and Investments	\$ 50,690	\$ 133	\$	\$ 50,823
Interest Receivable	31	22	(31)	22
Total Assets	<u>\$ 50,721</u>	<u>\$ 155</u>	<u>\$ (31)</u>	<u>\$ 50,845</u>
LIABILITIES				
Deposits Payable	\$ 50,722	\$ 123	\$	\$ 50,845
Total Liabilities	<u>\$ 50,722</u>	<u>\$ 123</u>	<u>\$ -</u>	<u>\$ 50,845</u>
<u>CRAMER HOUSE</u>				
ASSETS				
Cash and Investments	\$ 89,166	\$ 310	\$ (24,992)	\$ 64,484
Interest Receivable	55	28	(55)	28
Total Assets	<u>\$ 89,221</u>	<u>\$ 338</u>	<u>\$ (25,047)</u>	<u>\$ 64,512</u>
LIABILITIES				
Deposits Payable	\$ 89,221	\$ 25,444	\$ (50,153)	\$ 64,512
Total Liabilities	<u>\$ 89,221</u>	<u>\$ 25,444</u>	<u>\$ (50,153)</u>	<u>\$ 64,512</u>
<u>CFD 98-1 DEBT RESERVES</u>				
ASSETS				
Cash and Investments	\$ 3,053,323	\$ 2,242,233	\$ (3,210,819)	\$ 2,084,736
Cash and Investments with Fiscal Agents	2,288,394	30,372	(405)	2,318,361
Accounts Receivable	17,781	46,595	(49,871)	14,505
Interest Receivable	1,593	845	(1,593)	845
Total Assets	<u>\$ 5,361,091</u>	<u>\$ 2,320,045</u>	<u>\$ (3,262,688)</u>	<u>\$ 4,418,447</u>
LIABILITIES				
Due to Bondholders	\$ 5,361,091	\$ 2,268,617	\$ (3,211,261)	\$ 4,418,447
Total Liabilities	<u>\$ 5,361,091</u>	<u>\$ 2,268,617</u>	<u>\$ (3,211,261)</u>	<u>\$ 4,418,447</u>
<u>TOTALS - ALL AGENCY FUNDS</u>				
ASSETS				
Cash and Investments	\$ 3,193,179	\$ 2,242,676	\$ (3,235,811)	\$ 2,200,043
Cash and Investments with Fiscal Agents	2,288,394	30,372	(405)	2,318,361
Accounts Receivable	17,781	46,595	(49,871)	14,505
Interest Receivable	1,679	895	(1,679)	895
Total Assets	<u>\$ 5,501,033</u>	<u>\$ 2,320,538</u>	<u>\$ (3,287,766)</u>	<u>\$ 4,533,804</u>
LIABILITIES				
Deposits Payable	\$ 139,943	\$ 25,567	\$ (50,153)	\$ 115,357
Due to Bondholders	5,361,091	2,268,617	(3,211,261)	4,418,447
Total Liabilities	<u>\$ 5,501,034</u>	<u>\$ 2,294,184</u>	<u>\$ (3,261,414)</u>	<u>\$ 4,533,804</u>