

CITY OF YORBA LINDA, CALIFORNIA
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF YORBA LINDA, CALIFORNIA
 FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

TABLE OF CONTENTS

	<u>Page Number</u>
INDEPENDENT AUDITOR'S REPORT	1
 BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	5
Statement of Activities.....	6
Fund Financial Statements:	
Balance Sheet – Governmental Funds	8
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	10
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	14
Statement of Net Position – Proprietary Funds	15
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds.....	16
Statement of Cash Flows – Proprietary Funds	17
Statement of Fiduciary Net Position – Fiduciary Funds.....	18
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	19
Notes to Financial Statements.....	20
 REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – General Fund.....	60
Budgetary Comparison Schedule – Housing Special Revenue Fund.....	61
Budgetary Comparison Schedule – Library Special Revenue Fund	62
Budgetary Comparison Schedule – Street Lighting & Maintenance District Special Revenue Fund	63

CITY OF YORBA LINDA, CALIFORNIA
 FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

TABLE OF CONTENTS

	<u>Page Number</u>
REQUIRED SUPPLEMENTARY INFORMATION	
Note to Required Supplementary Information	64
Schedule of Changes in the Net Pension Liability and Related Ratios - Last 10 Years	65
Schedule of Contributions – Last 10 Years	66
Schedule of Funding Progress – Other Postemployment Benefits	67
Modified Approach for City Infrastructure Capital Assets.....	68
OTHER SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – Capital Improvements Capital Projects Fund.....	70
Nonmajor Governmental Funds	71
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	72
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	74
Budgetary Comparison Schedules – Special Revenue Funds:	
Gas Tax	76
Aid to Cities.....	77
Traffic Safety.....	78
HCD Grant	79
Citizens Option Public Safety	80
AQMD	81
Park in-Lieu.....	82
Measure M.....	83
Mortgage Assistance Program	84
Budgetary Comparison Schedules – Capital Projects Funds:	
Master Plan of Drainage.....	85
Street and Traffic Signal Improvements	86
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	87



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA
ALEXANDER C HOM, CPA
ADAM V GUISE, CPA
TRAVIS J HOLE, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES

433 N. CAMDEN DR., SUITE 730
BEVERLY HILLS, CA 90210
TEL: 310.273.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES

5800 HANNUM AVE., SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of Yorba Linda, California

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the basic financial statements, effective July 1, 2014, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, Statement No. 69, *Government Combinations and Disposals of Government Operations*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 60 to 63, Schedule of Changes in the Net Pension Liability and Related Ratios – Last 10 Years on page 65, Schedule of Contributions – Last 10 Years on page 66, Schedule of Funding Progress - OPEB on page 67, and the Modified Approach for Infrastructure Capital Assets on page 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The budgetary comparison schedule – Capital Improvement fund, combining nonmajor fund financial statements, nonmajor funds budgetary comparison schedules, and the combining agency fund financial statement are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedule – Capital Improvement fund, combining nonmajor fund financial statements, nonmajor funds budgetary comparison schedules, and the combining agency fund financial statement are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards

generally accepted in the United States of America. In our opinion, the budgetary comparison schedule – Capital Improvement fund, combining nonmajor fund financial statements, nonmajor funds budgetary comparison schedules, and the combining agency fund financial statement are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2016, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
January 20, 2016

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF YORBA LINDA

STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 63,814,733	\$ -	\$ 63,814,733
Receivables:			
Accounts	581,550	874,912	1,456,462
Taxes	907,630	-	907,630
Notes and loans	37,033,322	-	37,033,322
Accrued interest	78,678	-	78,678
Internal balances	24,828,750	(24,828,750)	-
Advances to Successor Agency of Former RDA	9,851,425	-	9,851,425
Prepaid costs	42,840	-	42,840
Due from other governments	2,456,259	-	2,456,259
Inventories	-	133,717	133,717
Restricted assets:			
Cash and investments	5,352	-	5,352
Capital assets, not being depreciated	240,629,385	12,726,948	253,356,333
Capital assets, net of accumulated depreciation	129,013,531	13,501,585	142,515,116
Total assets	509,243,455	2,408,412	511,651,867
Deferred Outflows of Resources:			
City's contributions to pension subsequent to measurement date	1,377,543	-	1,377,543
Total assets and deferred outflows of resources	510,620,998	2,408,412	513,029,410
Liabilities:			
Accounts payable	2,911,537	553,296	3,464,833
Accrued liabilities	265,654	16,460	282,114
Unearned revenue	174,619	448,970	623,589
Deposits payable	-	10,000	10,000
Noncurrent liabilities:			
Due within one year	382,482	-	382,482
Due in more than one year	23,861,044	-	23,861,044
Total liabilities	27,595,336	1,028,726	28,624,062
Deferred Inflows of Resources:			
Differences between projected and actual earnings on person plan investments	3,057,930	-	3,057,930
Total liabilities and deferred inflows of resources	30,653,266	1,028,726	31,681,992
Net position:			
Net investment in capital assets	369,642,916	6,425,228	376,068,144
Restricted for:			
Public safety	32,613	-	32,613
Parks and recreation.	1,235,322	-	1,235,322
Public works	10,107,304	-	10,107,304
Library	16,638,795	-	16,638,795
Community Development	450,424	-	450,424
Low and moderate housing	43,139,374	-	43,139,374
Capital projects	7,185,947	-	7,185,947
Worker's compensation liability	5,352	-	5,352
Unrestricted	31,529,685	(5,045,542)	26,484,143
Total net position	\$ 479,967,732	\$ 1,379,686	\$ 481,347,418

CITY OF YORBA LINDA
STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2015

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Functions/programs				
Primary government:				
Governmental activities:				
General government	\$ 9,589,107	\$ 838,008	\$ 10,722	\$ -
Public safety	9,625,078	134,503	112,822	-
Community development	3,301,567	2,786,159	310,930	3,013,793
Parks and recreation	6,893,996	3,165,573	-	-
Public works	14,666,439	660,693	2,037,496	1,437,554
Total governmental activities	44,076,187	7,584,936	2,471,970	4,451,347
Business-type activities:				
Golf	6,105,749	5,886,365	-	-
Disposal	3,889,115	3,956,222	-	-
Yorba Linda Center Catering	176,712	133,888	-	-
Total business-type activities	10,171,576	9,976,475	-	-
Total primary government	\$ 54,247,763	\$ 17,561,411	\$ 2,471,970	\$ 4,451,347

General revenues:

Taxes:

Property taxes, levied for general purpose

Sales taxes

Franchise taxes

Transient occupancy taxes

Business licenses taxes

Other taxes

Motor vehicle in lieu - unrestricted

Use of money and property

Other

Total general revenues

Change in net position

Net position at beginning of fiscal year

Prior period adjustments

Net position at beginning of fiscal year, as restated

Net position at end of fiscal year

Net (Expenses) Revenues and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (8,740,377)	\$ -	\$ (8,740,377)
(9,377,753)	-	(9,377,753)
2,809,315	-	2,809,315
(3,728,423)	-	(3,728,423)
(10,530,696)	-	(10,530,696)
(29,567,934)	-	(29,567,934)
-	(219,384)	(219,384)
-	67,107	67,107
-	(42,824)	(42,824)
-	(195,101)	(195,101)
(29,567,934)	(195,101)	(29,763,035)
20,803,253	-	20,803,253
6,515,766	-	6,515,766
2,239,149	-	2,239,149
442,656	-	442,656
378,306	-	378,306
6,903,837	-	6,903,837
28,389	-	28,389
577,480	681	578,161
411,483	-	411,483
38,300,319	681	38,301,000
8,732,385	(194,420)	8,537,965
487,977,115	2,003,353	489,980,468
(16,741,768)	(429,247)	(17,171,015)
471,235,347	1,574,106	472,809,453
\$ 479,967,732	\$ 1,379,686	\$ 481,347,418

CITY OF YORBA LINDA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	Special Revenue Funds			
	General	Housing	Library	Street Lighting & Maintenance
Assets:				
Pooled cash and investments	\$ 24,861,693	\$ 2,284,022	\$ 16,721,918	\$ 4,622,909
Receivables:				
Accounts	561,285	7,500	1,687	11,078
Taxes	807,380	-	43,249	57,001
Notes and loans	-	37,033,322	-	-
Accrued interest	68,778	531	4,461	819
Prepaid costs	40,676	-	2,164	-
Due from other governments	844,307	-	-	75,691
Due from other funds	5,544,038	-	-	-
Advances to other funds	19,803,305	-	-	-
Advances to Successor Agency of Former RDA	6,035,572	3,815,853	-	-
Restricted assets:				
Cash and investments	5,352	-	-	-
Total assets	\$ 58,572,386	\$ 43,141,228	\$ 16,773,479	\$ 4,767,498
Liabilities, deferred inflows of resources, and fund balances:				
Liabilities:				
Accounts payable	\$ 1,012,685	\$ 1,854	\$ 96,069	\$ 800,958
Accrued liabilities	215,466	-	38,615	11,427
Unearned revenues	114,619	-	-	-
Due to other funds	123,466	-	-	-
Total liabilities	1,466,236	1,854	134,684	812,385
Deferred inflows of resources:				
Unavailable revenues	1,358,629	-	-	-
Total deferred inflows of resources	1,358,629	-	-	-
Fund balances:				
Nonspendable:				
Prepaid costs	40,676	-	2,164	-
Advances to other funds	19,803,305	-	-	-
Advances to Successor Agency of Former RDA	6,035,572	-	-	-
Restricted for:				
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	3,955,113
Library	-	-	16,636,631	-
Low and moderate housing	-	43,139,374	-	-
Worker's Compensation	5,352	-	-	-
Assigned to:				
Capital projects	-	-	-	-
Unassigned	29,862,616	-	-	-
Total fund balances	55,747,521	43,139,374	16,638,795	3,955,113
Total liabilities, deferred inflows of resources, and fund balances	\$ 58,572,386	\$ 43,141,228	\$ 16,773,479	\$ 4,767,498

Capital Projects Fund		
Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 15,324,191	\$ 63,814,733
-	-	581,550
-	-	907,630
-	-	37,033,322
-	4,089	78,678
-	-	42,840
211,771	1,324,490	2,456,259
688,211	-	6,232,249
-	-	19,803,305
-	-	9,851,425
-	-	5,352
\$ 899,982	\$ 16,652,770	\$ 140,807,343
\$ 899,982	\$ 99,989	\$ 2,911,537
-	146	265,654
-	60,000	174,619
-	1,083,338	1,206,804
899,982	1,243,473	4,558,614
-	917,439	2,276,068
-	917,439	2,276,068
-	-	42,840
-	-	19,803,305
-	-	6,035,572
-	32,613	32,613
-	1,235,322	1,235,322
-	6,527,066	10,482,179
-	-	16,636,631
-	-	43,139,374
-	-	5,352
-	7,185,947	7,185,947
-	(489,090)	29,373,526
-	14,491,858	133,972,661
\$ 899,982	\$ 16,652,770	\$ 140,807,343

CITY OF YORBA LINDA

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015**

Fund balances of governmental funds		\$ 133,972,661
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets net of depreciation have not been included as financial resources in governmental fund activity.		369,642,916
Long-term debt, compensated absences and net pension liability that have not been included in the governmental fund activity:		
Claims and judgments	\$ (151,421)	
Compensated absences	(1,006,532)	
Net pension liability	<u>(15,094,792)</u>	(16,252,745)
Governmental funds report all OPEB contributions as expenditures, however in the statement of net position any excesses or deficiencies in contributions in relation to the Annual Required Contribution (ARC) are recorded as an asset or liability.		(7,990,781)
Revenues that are measurable but not available. Amounts are recorded as unavailable revenue under the modified accrual basis of accounting.		2,276,068
Governmental funds do not report deferred outflows and inflows of resources relating to pensions because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported:		
City's contributions subsequent to the measurement date	\$ 1,377,543	
Differences between projected and actual earnings on pension plan investments	<u>(3,057,930)</u>	<u>(1,680,387)</u>
Net position of governmental activities		<u>\$ 479,967,732</u>

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF YORBA LINDA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FISCAL YEAR ENDED JUNE 30, 2015

	Special Revenue Funds			
	General	Housing	Library	Street Lighting & Maintenance
Revenues:				
Taxes	\$ 26,060,719	\$ -	\$ 4,908,402	\$ 6,335,086
Licenses and permits	1,822,533	-	-	-
Intergovernmental	280,286	27,644	8,441	-
Charges for services	3,669,651	-	54,909	-
Use of money and property	205,010	108,413	103,197	13,353
Fines and forfeitures	32,347	-	78,359	-
Contributions	-	-	2,281	-
Developer participation	-	-	-	-
Miscellaneous	193,011	-	633	-
Total Revenues	32,263,557	136,057	5,156,222	6,348,439
Expenditures:				
Current:				
General government	4,711,246	54,785	3,618,981	-
Public safety	9,535,298	-	-	-
Community development	2,962,061	-	-	-
Parks and recreation	5,664,224	-	-	-
Public works	3,706,467	-	-	6,940,219
Capital outlay	149,668	-	39,326	-
Total Expenditures	26,728,964	54,785	3,658,307	6,940,219
Excess (deficiency) of revenues over expenditures	5,534,593	81,272	1,497,915	(591,780)
Other financing sources (uses):				
Transfers in	441,999	-	19,679	2,777,646
Transfers out	(3,429,226)	-	-	(213,149)
Contributions from Successor Agency	148,159	494,516	-	-
Total other financing sources (uses)	(2,839,068)	494,516	19,679	2,564,497
Net change in fund balances	2,695,525	575,788	1,517,594	1,972,717
Fund balances at beginning of fiscal year	53,051,996	42,563,586	15,121,201	1,982,396
Prior period adjustments	-	-	-	-
Fund balances at beginning of fiscal year, as restated	53,051,996	42,563,586	15,121,201	1,982,396
Fund balances at end of fiscal year	\$ 55,747,521	\$ 43,139,374	\$ 16,638,795	\$ 3,955,113

Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Capital Improvements		
\$ -	\$ -	\$ 37,304,207
-	-	1,822,533
-	3,561,163	3,877,534
-	-	3,724,560
-	95,744	525,717
-	98,714	209,420
-	-	2,281
-	2,025,694	2,025,694
-	-	193,644
-	5,781,315	49,685,590
-	-	8,385,012
-	-	9,535,298
-	216,879	3,178,940
-	-	5,664,224
-	-	10,646,686
6,640,414	-	6,829,408
6,640,414	216,879	44,239,568
(6,640,414)	5,564,436	5,446,022
4,269,296	-	7,508,620
-	(3,866,245)	(7,508,620)
2,371,118	-	3,013,793
6,640,414	(3,866,245)	3,013,793
-	1,698,191	8,459,815
-	12,998,879	125,718,058
-	(205,212)	(205,212)
-	12,793,667	125,512,846
\$ -	\$ 14,491,858	\$ 133,972,661

CITY OF YORBA LINDA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUNDS BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2015**

Net changes in fund balances - total governmental funds \$ 8,459,815

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital outlay	\$ 4,465,638	
Depreciation	<u>(3,485,834)</u>	979,804

Repayments of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the government-wide statements.

Changes in claims and judgments obligation	(1,007)
--	---------

Governmental funds report compensated absences, other postemployment benefits and claims payable in the period taken; however, in the statement of activities, such benefits are recorded in the year incurred.

Change in compensated absence benefits, net	\$ 439	
Change in OPEB obligation, net	<u>(958,106)</u>	(957,667)

Revenues reported as unavailable revenue in the governmental funds. Amounts are not recorded as revenue under the modified accrual basis of accounting. This is the net change in unavailable revenue from the prior fiscal year.

109,189

Governmental funds recognize pension costs when employer contributions are made; however, in the statement of activities, pension costs are recognized on the accrual basis. This is the difference between accrual-basis pension costs and actual employer contributions

142,251

Change in net position of governmental activities \$ 8,732,385

CITY OF YORBA LINDA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2015

	Business-Type Activities - Enterprise Funds			
	Golf	Disposal	Yorba Linda Center Catering	Total
Assets:				
Current:				
Receivables:				
Accounts	\$ 412,840	\$ -	\$ 462,072	\$ 874,912
Due from other fund	275,546	-	-	275,546
Inventories	133,717	-	-	133,717
Total current assets	822,103	-	462,072	1,284,175
Noncurrent:				
Capital assets not being depreciated	12,726,948	-	-	12,726,948
Capital assets - net of accumulated depreciation	13,501,585	-	-	13,501,585
Total noncurrent assets	26,228,533	-	-	26,228,533
Total assets	27,050,636	-	462,072	27,512,708
Liabilities:				
Current:				
Accounts payable	540,359	-	12,937	553,296
Accrued liabilities	16,460	-	-	16,460
Unearned revenues	448,970	-	-	448,970
Deposits payable	10,000	-	-	10,000
Due to other funds	4,111,478	550,980	638,533	5,300,991
Advances from other funds	166,183	-	-	166,183
Total current liabilities	5,293,450	550,980	651,470	6,495,900
Noncurrent:				
Advances from other funds	19,637,122	-	-	19,637,122
Total noncurrent liabilities	19,637,122	-	-	19,637,122
Total liabilities	24,930,572	550,980	651,470	26,133,022
Net position:				
Net investment in capital assets	6,425,228	-	-	6,425,228
Unrestricted	(4,305,164)	(550,980)	(189,398)	(5,045,542)
Total net position (deficit)	\$ 2,120,064	\$ (550,980)	\$ (189,398)	\$ 1,379,686

CITY OF YORBA LINDA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
 PROPRIETARY FUNDS
 FISCAL YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds			Total
	Golf	Disposal	Yorba Linda Center Catering	
Operating revenues:				
Sales and service charges	\$ 5,886,365	\$ 3,956,222	\$ 133,888	\$ 9,976,475
Total operating revenues	<u>5,886,365</u>	<u>3,956,222</u>	<u>133,888</u>	<u>9,976,475</u>
Operating expenses:				
Administration and general	4,280,735	-	138,516	4,419,251
Transmission/collection	-	3,889,115	-	3,889,115
Cost of sales and services	854,287	-	38,196	892,483
Depreciation expense	918,997	-	-	918,997
Total operating expenses	<u>6,054,019</u>	<u>3,889,115</u>	<u>176,712</u>	<u>10,119,846</u>
Operating income (loss)	<u>(167,654)</u>	<u>67,107</u>	<u>(42,824)</u>	<u>(143,371)</u>
Non-operating revenues (expenses):				
Interest revenue	-	681	-	681
Interest expense	(51,730)	-	-	(51,730)
Total nonoperating revenues (expenses)	<u>(51,730)</u>	<u>681</u>	<u>-</u>	<u>(51,049)</u>
Changes in net position	<u>(219,384)</u>	<u>67,788</u>	<u>(42,824)</u>	<u>(194,420)</u>
Net position (deficit) at beginning of fiscal year	2,768,695	(618,768)	(146,574)	2,003,353
Prior period adjustments	(429,247)	-	-	(429,247)
Net position (deficit) at beginning of fiscal year, as restated	<u>2,339,448</u>	<u>(618,768)</u>	<u>(146,574)</u>	<u>1,574,106</u>
Net position (deficit) at end of fiscal year	<u>\$ 2,120,064</u>	<u>\$ (550,980)</u>	<u>\$ (189,398)</u>	<u>\$ 1,379,686</u>

CITY OF YORBA LINDA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FISCAL YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Enterprise Funds			
			Yorba Linda Center Catering	
	Golf	Disposal		Total
Cash flows from operating activities:				
Cash received from customers and users	\$ 5,977,476	\$ 4,007,916	\$ (188,933)	\$ 9,796,459
Cash paid to suppliers for goods and services	(682,985)	(4,719,025)	(33,629)	(5,435,639)
Cash paid to employees for services	(4,278,122)	-	(138,516)	(4,416,638)
Net cash provided (used) by operating activities	1,016,369	(711,109)	(361,078)	(55,818)
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(95,340)	-	-	(95,340)
Principal paid on advances from other funds	(162,895)	-	-	(162,895)
Net cash provided (used) by capital and related financing activities	(258,235)	-	-	(258,235)
Cash flows from non-capital financing activities:				
Payments received from other funds	(275,546)	-	-	(275,546)
Repayment made to other funds	(482,588)	550,980	361,078	429,470
Net cash provided (used) by non-capital financing activities	(758,134)	550,980	361,078	153,924
Cash flows from investing activities:				
Interest received	-	721	-	721
Net cash provided (used) by investing activities	-	721	-	721
Net increase (decrease) in cash and cash equivalents	-	(159,408)	-	(159,408)
Cash and cash equivalents at beginning of fiscal year	-	159,408	-	159,408
Cash and cash equivalents at end of fiscal year	\$ -	\$ -	\$ -	\$ -
Reconciliation of operating income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ (167,654)	\$ 67,107	\$ (42,824)	\$ (143,371)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	918,997	-	-	918,997
Decrease (increase) in accounts receivable	50,694	51,694	(322,821)	(220,433)
Decrease (increase) in inventories	20,931	-	-	20,931
Increase (decrease) in accounts payable	150,371	(829,910)	4,567	(674,972)
Increase (decrease) in accrued liabilities	2,613	-	-	2,613
Increase (decrease) in unearned revenues	40,417	-	-	40,417
Total adjustments	1,184,023	(778,216)	(318,254)	87,553
Net cash provided (used) by operating activities	\$ 1,016,369	\$ (711,109)	\$ (361,078)	\$ (55,818)

CITY OF YORBA LINDA

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2015

	<u>Agency Funds</u>	<u>Private- Purpose Trust Fund</u> <u>Successor Agency of the former RDA</u>
Assets:		
Pooled cash and investments	\$ 2,389,634	\$ 3,694,476
Accounts receivable	-	5,903
Accrued interest	-	1,132
Land held for resale	-	18,812,640
Restricted assets:		
Cash and investments with fiscal agents	-	24,457,223
Capital assets:		
Capital assets, not being depreciated	-	364,593
Total assets	<u>\$ 2,389,634</u>	<u>\$ 47,335,967</u>
Liabilities:		
Account payable	\$ 154,695	\$ 16,137
Accrued interest	-	2,324,288
Due to City of Yorba Linda	-	220,954
Deposits payable	2,234,939	-
Long-term debt:		
Due in one year	-	1,601,824
Due in more than one year	-	100,566,202
Total liabilities	<u>\$ 2,389,634</u>	<u>104,729,405</u>
Net position (deficit):		
Held in trust for other purposes		<u>\$ (57,393,438)</u>

CITY OF YORBA LINDA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FISCAL YEAR ENDED JUNE 30, 2015

	Private- Purpose Trust Fund
	Successor Agency of the Former RDA
Additions:	
Taxes	\$ 6,290,924
Interest and change in fair value of investments	93,576
Miscellaneous	6,109
	<hr/>
Total Additions	6,390,609
	<hr/>
Deductions:	
Administrative expenses	143,540
Contractual services	159,149
Interest expense	7,600,529
Contributions to City	3,013,793
	<hr/>
Total Deductions	10,917,011
	<hr/>
Change in net position	(4,526,402)
	<hr/>
Net position (deficit) at beginning of fiscal year	(53,751,452)
Prior period adjustments	884,416
	<hr/>
Net position (deficit) at beginning of fiscal year as restated	(52,867,036)
	<hr/>
Net position (deficit) at end of fiscal year	\$ (57,393,438)
	<hr/> <hr/>

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Summary of Significant Accounting Policies

a. Description of Entity

The City of Yorba Linda (the City) was incorporated in October 1967, under the general laws of the State of California. The City operates under a Council-Manager form of government and provides the following services: public works, public safety, community development, parks and recreation, library and general administrative services.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Yorba Linda (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. These entities are legally separate from each other. However, the City of Yorba Linda's elected officials have a continuing full or partial accountability for fiscal matters of the other entities. The financial reporting entity consists of: 1) the City, 2) organizations for which the City is financially accountable, and 3) organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete.

An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the primary government. In a blended presentation, a component unit's balances and transactions are reported in a manner similar to the balances and transactions of the City. Component units are presented on a blended basis when the component unit's governing body is substantially the same as the City's or the component unit provides services almost entirely to the City.

Blended Component Units

Yorba Linda Public Financing Authority

The Yorba Linda Public Financing Authority (the Authority) was established on July 18, 1989, pursuant to a joint exercise of powers agreement between the City and the Authority. The purpose of the Authority is to enable the City and the Authority to finance public capital improvements. The Authority's financial data and transactions are included in the debt service fund type. Separate financial statements for the Yorba Linda Public Financing Authority have not been prepared.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities that rely to a significant extent on fees and charges for support.

Note 1: Summary of Significant Accounting Policies (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except Agency Funds, which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for sales tax, which the City considers to be available if collected within 90 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City's fiduciary fund financial statements report one agency fund and one private purpose trust fund. Agency funds are used to account for situations where the government's role is purely custodial. All assets reported in an agency fund are offset by a liability to the party on whose behalf they are held. Private purpose trust fund funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Property taxes, franchise taxes, transient occupancy taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Note 1: Summary of Significant Accounting Policies (Continued)

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.
- The Housing Fund accounts for the assets and liabilities of the former Yorba Linda Redevelopment Agency low and moderate income housing fund.
- The Library Fund accounts for the revenues and expenditures relating to the operations of the public library.
- The Street Lighting and Maintenance District fund accounts for the revenues and expenditures associated with the maintenance of City-owned street lights and landscaped areas within the districts. Benefiting property owners are assessed their proportionate share of the costs.
- The Capital Improvements Fund accounts for the expenditures of construction of various capital improvements projects throughout the City.

The City reports the following major proprietary funds:

- The Golf Course Enterprise Fund accounts for all activities related to the operations of the Black Gold Golf Club.
- The Disposal Enterprise Fund accounts for the activities associated with residential and commercial refuse collections.
- The Yorba Linda Center Catering accounts for all activities related to the catering operations at the Community Center.

Additionally, the City reports the following fund types:

- One agency fund used to report resources held by the City in a purely custodial capacity that involves only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments.
- One private-purpose trust fund used to account for the assets and liabilities of the former redevelopment agency and the allocated revenue to pay estimated installment payments of enforceable obligations until the obligations of the former redevelopment agency are paid in full and assets have been liquidated.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Note 1: Summary of Significant Accounting Policies (Continued)

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish 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 Enterprise Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

d. Assets, Liabilities, and Net Position or Equity

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For financial statement presentation purposes, cash and cash equivalents are shown as both restricted and unrestricted cash and investments in the Proprietary Funds.

Investments for the City as well as for its component units are reported at fair value. The City's policy is generally to hold investments until maturity or until market values equal or exceed cost. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property tax revenue is recognized on the modified accrual basis, that is, in the fiscal year for which the taxes have been levied providing they become available. Available means then due or past due, and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The County of Orange collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in January proceeding the fiscal year for which the taxes are levied. Taxes are levied on both real and personal property, as it exists on that date. The tax levy covers the

Note 1: Summary of Significant Accounting Policies (Continued)

d. Assets, Liabilities, and Net Position or Equity (Continued)

Receivables and Payables (Continued)

fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent if unpaid on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent if unpaid on August 31.

Inventories, Prepaid Items, and Land Held for Resale

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventory costs are recorded as an expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Land purchased for resale is capitalized as inventory at acquisition costs or net realizable value, if lower.

Restricted Assets

Certain proceeds of debt issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. In addition, funds have been restricted for future capital improvements by enabling legislation.

Capital Assets

Capital assets that include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$2,000, dependent on asset class type (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

The Governmental Accounting Standards Board (GASB) issued Statement No. 34, which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. GASB Statement No. 34 defines infrastructure assets as "...long lived capital assets that are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets..." Infrastructure assets are normally stationary in nature and are of value only to the government entity. They are basic physical assets that allow the government entity to function. Examples include streets, bridges and storm drains. Each major infrastructure system can be divided into subsystems. For example, the street

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 1: Summary of Significant Accounting Policies (Continued)

d. Assets, Liabilities, and Net Position or Equity (Continued)

Capital Assets (Continued)

system can be subdivided into concrete and asphalt pavements, concrete curb and gutters, sidewalks, medians, etc. Subsystem detail is not presented in these basic financial statements; however, the City maintains detailed information on these subsystems.

In accordance with GASB Statement No. 34, the City has elected the Modified Approach for reporting of the Pavement Subsystem infrastructure assets and as a result, no depreciation is recorded for that system under the following requirements:

- The City manages the eligible infrastructure capital assets using an asset management system with characteristics of (1) an up-to-date inventory, (2) perform condition assessments and summarize the results using a measurement scale, and (3) estimate annual amount to maintain and preserve at the established condition assessment level.
- The City documents that eligible infrastructure capital assets are being preserved approximately at or above the established disclosed assessment.

For all other capital assets, the City has elected to use the Basic Approach as defined by Statement No. 34. Accordingly, these capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Building and building improvements	7 - 50
Improvements other than building	7 - 50
Machinery and equipment	5 - 7
Furniture, fixtures and computers	1 - 10
Vehicles	5 - 10
Infrastructure	5 - 100

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Deferred outflows/inflows of resources

In addition to assets, the statement of net position and balance sheet of governmental funds will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. See Note 10d for more information on deferred outflow of resources on the statement of net position.

In addition to liabilities, the statement of net position and balance sheet of governmental funds 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 two types of items, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. The first item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from sources such as: property taxes, grant revenue, and long-term loan receivables.

Note 1: Summary of Significant Accounting Policies (Continued)

d. Assets, Liabilities, and Net Position or Equity (Continued)

Deferred outflows/inflows of resources (Continued)

These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item, differences between projected and actual earnings on pension plan investments, is reported only in the statement of net position. See Note 10d for more information on deferred inflows of resources on the statement of net position.

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 government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. City employees have an option to use 100% of their unused sick pay benefits for future medical expenses upon retirement. City employees receive from 10 to 20 days vacation each year depending on the length of service. All vacation and sick pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund financial statements.

Long-Term Obligations

In the government-wide financial statements, and the proprietary fund and fiduciary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, proprietary fund type or fiduciary fund type statement of net position.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

Note 1: Summary of Significant Accounting Policies (Continued)

d. Assets, Liabilities, and Net Position or Equity (Continued)

Pensions

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

Functional Classifications

Expenditures of the Governmental Funds are classified by function. Functional classifications are defined as follows:

- General Government includes legislative activities that have a primary objective of providing legal and policy guidelines for the City. Also included in this classification are those activities which provide management or support services across more than one functional area, including Library Services.
- Public Safety includes those activities that involve the protection of people and property.
- Community Development includes those activities that involve the enhancing of the general quality of life.
- Parks and Recreation includes those activities that involve community park maintenance and recreational activities within the community.
- Public Works includes those activities that involve the maintenance and improvement of City streets and roads.

Fund Equity

In the fund financial statements, governmental funds report the following fund balance classifications:

Nonspendable includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted includes amounts that are constrained on the use of resources by either (a) external creditors, grantors, contributors, or laws of regulations of other governments or (b) by law through constitutional provisions or enabling legislation.

Committed includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest authority, the City Council. The formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution or minute action.

Assigned includes amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The City Manager and Finance Director are authorized to assign amounts to a specific purpose, which was established by the governing body in a resolution.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 1: Summary of Significant Accounting Policies (Continued)

d. Assets, Liabilities, and Net Position or Equity (Continued)

Fund Equity (Continued)

Unassigned includes the residual amounts that have not been restricted, committed, or assigned to specific purposes.

The City Council, as the City's highest level of decision-making authority, may commit fund balance for specific purposes pursuant to constraints imposed by formal actions taken, such as adoption of an ordinance or resolution. These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use through the same type of formal action taken to establish the commitment. City Council action to commit fund balance needs to occur within the fiscal reporting period; however the amount can be determined subsequently.

Amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed, should be reported as assigned fund balance. Pursuant to the City's fund balance policy established by the City Council by resolution, it has delegated the authority to assign amounts to be used for specific purposes to the City Manager or Finance Director for the purpose of reporting these amounts on the annual financial statements.

e. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 68

For the fiscal year ended June 30, 2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. This Statement is effective for periods beginning after June 15, 2014. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* as well as the requirements of Statement No. 50, *Pension Disclosures*. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses related to pensions. Implementation of GASB Statement No. 68 did have an impact on the City's financial statements for the fiscal year ended June 30, 2015, see Note 10 and Note 17.

Governmental Accounting Standards Board Statement No. 71

For the fiscal year ended June 30, 2015, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. This Statement is effective for periods beginning after June 15, 2014. The objective of this Statement is to address an issue regarding application of the transition of GASB Statement No. 68 Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This statement will eliminate the source of potential significant understatement of restated beginning net position and expense in the first year of implementation of GASB Statement No. 68 in the accrual-basis financial statements of employers and non-employer contributing entities. Implementation of the GASB Statement No. 71 did have an impact on the City's financial statements for the fiscal year ended June 30, 2015, see Note 10 and Note 17.

II. STEWARDSHIP

Note 2: Stewardship, Compliance and Accountability

a. Deficit Fund Balance

The Aid to Cities fund had a deficit fund balance of \$479,183 at June 30, 2015. The Aid to Cities deficit will be funded with future revenues. The HCD Grant fund had a deficit fund balance of \$9,907 at June 30, 2015. The HCD Grant deficit will be funded with future grant reimbursements.

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

Cash and investments as of June 30, 2015 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 63,814,733
Restricted cash and investments	5,352
Statement of Fiduciary Net Position:	
Cash and investments	6,084,110
Cash and investments w ith Fiscal Agents	<u>24,457,223</u>
 Total Cash and Investments	 <u><u>\$ 94,361,418</u></u>

Cash and investments as of June 30, 2015 consist of the following:

Petty Cash	\$ 2,410
Deposits w ith financial institutions	11,605,451
Investments	<u>82,753,557</u>
 Total Cash and Investments	 <u><u>\$ 94,361,418</u></u>

The City of Yorba Linda maintains a cash and investment pool that is available for use for all funds. Each fund type's position in the pool is reported on the combined balance sheet as cash and investments. The City has adopted an investment policy that authorizes it to invest in various investments.

Deposits

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015
Note 3: Cash and Investments (Continued)

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

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of bond indentures of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
United States (U.S.) Treasury Issues	5 years	None	None
U.S. Government Agency Securities	5 years	None	None
Certificates of Deposit	5 years	30%	50%
Bankers Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Medium Term Corporate Notes	5 years	30%	50%
Negotiable Certificates of Deposit	5 years	30%	50%
Money Market Mutual Funds	None	20%	None
Passbook Savings/Money Market	5 years	None	50%
Local Agency Investment Fund (LAIF)	None	None	\$50 million

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

Investments Authorized by Debt Agreements

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	360 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	None	None	None
Investment Agreements	None	None	None
Local Agency Bonds	None	None	None
Medium Term Notes	None	None	None
Negotiable Certificate of Deposits	None	None	None
Local Agency Investment Fund (LAIF)	None	None	None

CITY OF YORBA LINDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 3: Cash and Investments

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2015, the City had the following investments and original maturities:

	Remaining Investment Maturities				Fair Value
	6 months or less	6 months to 1 year	1 to 3 years	3 to 5 years	
Federal Agency Securities:					
Federal Home Loan Bank	\$ -	\$ -	\$ 5,986,820	\$ -	\$ 5,986,820
Federal Farm Credit Bank	-	-	11,976,620	-	11,976,620
Federal Home Loan Mortgage Corp.	-	-	1,998,880	-	1,998,880
Federal National Mortgage Assn.	-	-	5,982,320	-	5,982,320
Certificates of Deposit	855,000	-	-	-	855,000
Money Market	1,312,954	-	-	-	1,312,954
Local Agency Investment Fund	30,183,740	-	-	-	30,183,740
Held by Fiscal Agent:					
Certificates of Deposit	-	1,970,000	-	-	1,970,000
Money Market Mutual Funds	22,487,223	-	-	-	22,487,223
	<u>\$ 54,838,917</u>	<u>\$ 1,970,000</u>	<u>\$ 25,944,640</u>	<u>\$ -</u>	<u>\$ 82,753,557</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy does not limit investments in Federal Agency Securities to ratings issued by nationally recognized statistical rating organizations. 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, by Standards and Poor, as of fiscal year end for each investment type:

Investment Type	Amount	Minimum Legal Rating	Rating as of Fiscal Year End			
			AAA	AA+	AA-	Not Rated
Federal Agency Securities						
Federal Home Loan Bank	\$ 5,986,820	N/A	\$ -	\$ 5,986,820	\$ -	\$ -
Federal Farm Credit Bank	11,976,620	N/A	-	11,976,620	-	-
Federal Home Loan Mortgage Corp.	1,998,880	N/A	-	1,998,880	-	-
Federal National Mortgage Assn.	5,982,320	N/A	-	5,982,320	-	-
Certificates of Deposit	855,000	N/A	-	-	855,000	-
Money Market Funds	1,312,954	N/A	-	-	-	1,312,954
Local Agency Investment Fund	30,183,740	N/A	-	-	-	30,183,740
Held by Fiscal Agent:						
Certificates of Deposit	1,970,000	N/A	-	-	1,970,000	-
Money Market Funds	22,487,223	N/A	-	-	-	22,487,223
Totals	<u>\$ 82,753,557</u>		<u>\$ -</u>	<u>\$ 25,944,640</u>	<u>\$ 2,825,000</u>	<u>\$ 53,983,917</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 3: Cash and Investments (Continued)

Concentration of Credit Risk

The City is in compliance with restrictions imposed by its investment policy, which limits certain types of investments. In addition, GASB 40 requires a separate disclosure if any single issuer comprises more than 5% of the total investment value. 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 are as follows:

Issuer	Investment Type	Reported Amount	Maturity
Federal Home Loan Bank	Federal agency securities	\$ 5,986,820	2017-2019
Federal Farm Credit Bank	Federal agency securities	5,982,320	2017-2019
Federal National Mortgage Assn.	Federal agency securities	11,976,620	2016-2019

Custodial Credit Risk

The 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 deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

As of June 30, 2015, none of the City's deposits or investments were exposed to custodial credit risk.

Investments in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

GASB Statement No. 31

The City adopted GASB Statement No. 31, Accounting and Financial Reporting for certain investments and for External Investment Pools, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the City reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

CITY OF YORBA LINDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 4: Capital Assets

The City elected to use the “Modified Approach” as defined by GASB Statement No. 34 for infrastructure reporting for its street pavement system. As a result, no accumulated depreciation or depreciation expense has been recorded for this system. A more detailed discussion of the “Modified Approach” is presented in the Required Supplementary Information section of this report. All other capital assets including other infrastructure systems were reported using the Basic Approach whereby accumulated depreciation and depreciation expense have been recorded.

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Increases	Decreases	Transfers	Prior Period Adjustments	Balance June 30, 2015
Governmental Activities:						
Capital Assets, Not Being Depreciated:						
Land	\$ 29,410,822	\$ -	\$ -	\$ -	\$ -	\$ 29,410,822
Street pavement infrastructure	200,603,744	-	-	-	-	200,603,744
Construction In Progress	8,062,177	3,974,954	-	(1,373,941)	(48,371)	10,614,819
Total Capital Assets Not Being Depreciated	238,076,743	3,974,954	-	(1,373,941)	(48,371)	240,629,385
Capital Assets, Being Depreciated:						
Buildings and improvements	55,242,621	10,135	-	514,094	-	55,766,850
Machinery and equipment	9,717,585	460,549	-	-	-	10,178,134
Motor vehicles	1,436,891	-	-	-	-	1,436,891
Other Infrastructure	124,098,418	20,000	-	859,847	-	124,978,265
Total Capital Assets Being Depreciated	190,495,515	490,684	-	1,373,941	-	192,360,140
Less Accumulated Depreciation:						
Buildings and improvements	21,780,388	1,340,545	-	-	-	23,120,933
Machinery and equipment	7,686,290	559,224	-	-	-	8,245,514
Motor vehicles	1,066,516	130,709	-	-	-	1,197,225
Other Infrastructure	29,327,581	1,455,356	-	-	-	30,782,937
Total Accumulated Depreciation	59,860,775	3,485,834	-	-	-	63,346,609
Total Capital Assets Being Depreciated, Net	130,634,740	(2,995,150)	-	1,373,941	-	129,013,531
Governmental Activities						
Capital Assets, Net	\$ 368,711,483	\$ 979,804	\$ -	\$ -	\$ (48,371)	\$ 369,642,916

Depreciation expense was charged to the following functions in the Statement of Activities:

Governmental Activities:	
General government	\$ 748,229
Public safety	89,780
Community development	28,326
Parks and recreation	1,118,925
Public works	1,500,574
Total	<u>\$ 3,485,834</u>

CITY OF YORBA LINDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 4: Capital Assets (Continued)

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 12,726,948	\$ -	\$ -	\$ 12,726,948
Total Capital Assets				
Not Being Depreciated	12,726,948	-	-	12,726,948
Capital Assets, Being Depreciated:				
Structures and improvements	21,191,558	88,440	-	21,279,998
Machinery and equipment	2,305,651	6,900	-	2,312,551
Total Capital Assets				
Being Depreciated	23,497,209	95,340	-	23,592,549
Less Accumulated Depreciation:				
Structures and improvements	7,825,289	692,617	-	8,517,906
Machinery and equipment	1,346,678	226,380	-	1,573,058
Total Accumulated Depreciation	9,171,967	918,997	-	10,090,964
Total Capital Assets				
Being Depreciated, Net	14,325,242	(823,657)	-	13,501,585
Business-Type Activities				
Capital Assets, Net	<u>\$ 27,052,190</u>	<u>\$ (823,657)</u>	<u>\$ -</u>	<u>\$ 26,228,533</u>

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

Golf course	\$ 918,997
	<u>\$ 918,997</u>

Note 5: Long-Term Receivables

Loans Receivable (Net)

Contracts and notes receivable as of June 30, 2015, totaled \$37,033,322 and were recorded as follows in the Housing Fund:

Disposition and Development Agreement

Southern California Housing Development Corporation

In March 1997, the former Redevelopment Agency (the Agency) entered into a Disposition and Development Agreement (DDA) with Southern California Housing Development Corporation (the Corporation) for the sale of real property and the rehabilitation of a 70-unit apartment complex. To assist the developer in the acquisition of the property, the Agency provided a loan in the amount of \$2,418,000, which accrues interest at the rate of 10% per annum. The Corporation began making payments on this note in 2000-2001. The note was paid off during the 2014-2015 fiscal year and the outstanding balance at June 30, 2015, was \$0.

Owner Participation Agreements

AHP Parkwood, L.P.

During fiscal year 2002-2003, the former Redevelopment Agency (the Agency) entered into an Owner Participation Agreement (OPA) and Regulatory Agreement with developer AHP Parkwood, L.P. (AHP) for the development of a 101-unit housing project designed for low-income senior citizens. Ninety-nine of the units will be rent-restricted for 55 years. The Agency provided \$3,100,000 toward the total development cost of \$11,570,000. In return, the Agency was granted a security interest pursuant to a deed of trust in the property where the project was constructed. The developer is required to pay 12.75% of its net cash flow to the Housing Successor Agency over the 55 year covenant period; however, 1/55th of the debt and any accrued interest under this Residual Receipts Promissory note shall be forgiven each year provided AHP continues to operate the project as defined in the OPA. The documents were amended in April 2003 to defer the forgiveness of any debt during the first 15 years, thereby avoiding classification of the forgiveness as income under Internal Revenue Service regulations. Following this period, the amount due under the note during the first 15 years shall be forgiven and an additional 1/55th of the subsidy is forgiven each year thereafter at the request of AHP. During fiscal year 2003-2004, the Agency adopted a resolution approving the subordination of the Agency's trust deed, OPA, and Regulatory Agreement in order to facilitate obtaining construction financing by the developer. At June 30, 2015, the outstanding balance was \$3,100,000.

Yorba Linda Family Partners, L.P.

In March 2004, the former Redevelopment Agency (Agency) entered into an Owner Participation Agreement (OPA) with Yorba Linda Family Partners, L.P. (Owner) for the construction of a 44-unit apartment complex designed for low-income families. The Redevelopment Plan is incorporated by reference and this OPA is subject to the provisions of the Redevelopment Plan. Subject to the terms, conditions and limitations of the Agreement, the Agency provided the Owner with financial assistance in the form of a loan up to the maximum amount of \$2,200,000 toward

Note 5: Long-term receivables (Continued)

Owner Participation Agreements (Continued)

Yorba Linda Family Partners, L.P. (Continued)

the total development cost of \$11,025,000. This loan bears simple interest at 3% per annum. In return, the Agency was granted a security interest pursuant to a subordinated deed of trust in the property where the project was constructed. The Owner is required to pay 15% of all Residual Receipts (net cash flow) to the Housing Successor Agency over the 55 year covenant period. However, at any time on or after the 15th anniversary date of the Residual Receipts Promissory Note, the Owner may request that the Housing Successor Agency forgive all then-unpaid and accrued principal and interest of the note. At June 30, 2015, the outstanding balance was \$2,200,000.

Yorba Linda Housing Partners, L.P.

In May 2006, the former Redevelopment Agency (the Agency) entered into an Owner Participation Agreement (OPA) and Affordable Housing Agreement with Yorba Linda Housing Partners, L.P. (Owner) for the purchase and rehabilitation of a multi-family apartment complex commonly known as "Linda Gardens Apartments." The Project consists of substantially rehabilitating and developing the Property in order to create 76-unit multi-family affordable rental housing comprised of a new community center, 52 two-bedroom units and 24 three-bedroom units subject to affordable housing restrictions. Subject to the terms, conditions and limitations of the Agreement, the Agency provided the Owner with financial assistance by providing: (1) a loan of \$7,400,000 to assist the Developer in financing the acquisition of the Property (Agency Acquisition Loan), and (2) a loan not to exceed \$5,376,000 to assist the Developer in financing the development of the Project (Development Loan). In June 2008, the Owner was granted an additional \$200,000 in loan proceeds from the Agency to comply with additional requirements placed upon the project by the Agency relating to ADA accessibility requirements. This brings the total maximum loan to \$12,976,000. The Acquisition Loan was rolled into the Development Loan. The loan bears simple interest at 3% per annum and will be repaid over the 55 year covenant period. The Agreement also provides that payments toward principal and interest shall not commence until the operation of the Project has generated Residual Receipts calculated annually. The outstanding balance at June 30, 2015, was \$12,726,406.

Victoria Woods

The former Redevelopment Agency (the Agency) entered into an Owner Participation Agreement (OPA) with Stonehaven Associates, LP (Owner) for the purpose of developing and providing a senior, multi-family affordable housing project known as "Victoria Woods". The Project consists of constructing 124 apartment units, and one manager's unit, including recreational and parking amenities. Subject to the terms, conditions and limitations of the Agreement, the Agency provided the Owner with financial assistance by providing a loan of \$720,000 to assist the Developer in developing the project. The loan does not bear interest. Each year 1/55th (or \$13,090.90) of the original loan amount will be forgiven until year 55. The outstanding balance at June 30, 2015, was \$484,364.

Note 5: Long-term receivables (Continued)

Affordable Housing Agreement

Evergreen Villas LP

In December 2009, the former Redevelopment Agency (the Agency) entered into an Affordable Housing Agreement (AHA) with Evergreen Villas, LP (Owner) for the purchase and rehabilitation of a multi-family condominium complex commonly known as "Evergreen Condominiums". The project consists of rehabilitating all 26 condominium units and offering them at rents affordable to and to be occupied by very low-income occupants. The Agency provided financial assistance in the form of a subordinate financing loan in the amount not to exceed \$3,254,200 consisting of the agreed upon value of the property of \$3,169,500 plus an amount not to exceed \$84,700 cash, for certain property acquisition and development expense associated with the Project. The loan bears no interest and will be repaid over the 55 year covenant period from the close of escrow. In June 2010, the Agency provided further financial assistance in the form of a subordinate financing loan in the amount of \$196,140 for the developer's acquisition and rehabilitation of an additional unit. Additional amounts of \$744,142 and \$494,516 was loaned during fiscal year 2013-2014 and 2014-2015 respectively. The total outstanding balance at June 30, 2015, for Evergreen Villas was \$10,190,356.

National Community Renaissance of California LP

In March 2011, the former Redevelopment Agency (the Agency) entered into an Affordable Housing Agreement (AHA) with National Community Renaissance of California, LP (Owner) for the construction of 43 apartment units for extremely low, very low and low income residents. The AHA provided for Agency funds to be used as follows. An Agency acquisition loan was made in an amount not to exceed \$5,075,250 to close escrow on the property. This loan is secured by a promissory note which National CORE is not obligated to pay until it has received its tax credits, at which time the entire loan amount will be rolled into the balance of the Agency development loan. An Agency development loan in an amount not to exceed \$3,257,227 towards the construction costs was made. National CORE will repay the Agency development loan, including the rolled-over acquisition loan, over a period of 55 years from the date a certificate of occupancy is issued, with simple interest accruing at a maximum rate of 3% per annum. The principal and accrued interest shall not commence until the operation of the project has generated residual receipts. The Agency has loaned the developer a total of \$8,332,196 which is the outstanding balance at June 30, 2015.

Advances to Successor Agency of Former RDA

The advances to the Successor Agency of the former Redevelopment Agency (RDA) consist of \$6,035,572 of loans made to the former RDA to assist in various Redevelopment projects and a \$3,815,853 advance to make the SERAF payment (see Note 17). The total outstanding balance at June 30, 2015, was \$9,851,425.

CITY OF YORBA LINDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 6: Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2015, was as follows:

a. Due To / From Other Funds

Due To/From Other Funds			
<u>Paying Funds</u>	<u>Amount</u>	<u>Receiving Funds</u>	<u>Amount</u>
Major Governmental Fund		Major Governmental Fund	
General Fund	\$ 123,466	Capital Improvements	<u>\$ 688,211</u>
<u>Nonmajor Governmental Funds</u>			
Gas Tax	338,690		
Aid to Cities	141,282		
Street and Traffic Signal Improvements	81,947		
Measure M	2,826		
	<u>\$ 688,211</u>		
<u>Nonmajor Governmental Funds</u>			
Aid to Cities	\$ 337,901	Major Governmental Fund	
Traffic Safety	1	General Fund	<u>\$ 5,544,038</u>
HCD Grant	180,691		
<u>Proprietary Funds</u>			
Golf Course	4,111,478		
Yorba Linda Center Catering	362,987		
Disposal	550,980		
	<u>\$ 5,544,038</u>		
<u>Proprietary Funds</u>			
Yorba Linda Center Catering	<u>\$ 275,546</u>	Proprietary Funds	
		Golf Course	<u>\$ 275,546</u>
Totals	<u>\$ 6,507,795</u>		<u>\$ 6,507,795</u>

Interfund balances are the result of short term borrowing to cover negative cash balances and operating shortages at June 30, 2015 as well as from the time lag between the dates that reimbursable expenditures occur and the dates the related revenues are received. All balances are expected to be reimbursed within the subsequent year.

b. Advances To/From Other Funds

<u>Receiving Fund</u>	<u>Amount</u>	<u>Paying Fund</u>	<u>Amount</u>
Golf Course	<u>\$ 19,803,305</u>	General Fund	<u>\$ 19,803,305</u>
Totals	<u>\$ 19,803,305</u>		<u>\$ 19,803,305</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 6: Interfund Receivables, Payables and Transfers (Continued)

Advances to the Golf Course fund are the result of the following:

- a. Various advances to the Golf Course fund from the General Fund for capital projects when the Golf Course was initially built. There is no set repayment schedule at this time. The balance as of June 30, 2015 was \$4,702,899. During the 2014-2015 fiscal year, the City Council through resolution accrued interest in the amount of \$481,010 for the initial loan dating back to the 2007-2008 fiscal year.
- b. During the 2012-2013 fiscal year, the General Fund advanced the Golf Course fund \$831,247 for the purchase of equipment. The total balance outstanding at June 30, 2015 was \$508,680.
- c. During the 2013-2014 fiscal year, the General Fund advanced the Golf Course fund \$14,110,716 to pay off the remaining principal balance of the Golf Course's 2003 Revenue bonds, and related fees. See Note 7 for more details.

c. Interfund Transfers

<u>Receiving Funds</u>	<u>Amount</u>	<u>Paying Funds</u>	<u>Amount</u>
General Fund	<u>\$ 441,999</u>	Nonmajor Governmental	\$ 228,850
		Sewer Fund	<u>213,149</u>
			<u>\$ 441,999</u>
Capital Improvements	<u>\$ 4,269,296</u>	General Fund	\$ 631,901
		Nonmajor Governmental	<u>3,637,395</u>
			<u>\$ 4,269,296</u>
Street Lighting and Maintenance	<u>\$ 2,777,646</u>	General Fund	<u>\$ 2,777,646</u>
Library	<u>\$ 19,679</u>	General Fund	<u>\$ 19,679</u>
Totals	<u>\$ 7,508,620</u>		<u>\$ 7,508,620</u>

During the fiscal year, certain funds made payments to the General Fund for administrative costs incurred. These transfers to the General Fund for the fiscal year amounted to \$441,999. The funding sources to account for capital projects were reported as transfers from various funds to the Capital Improvements fund for the amount of \$4,269,296. Transfers from the General Fund to the Street Lighting and Maintenance of \$2,777,646 were for support of expenditures incurred. Transfers from the General Fund to the Library of \$19,679 were for support of expenditures incurred.

CITY OF YORBA LINDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 7: Long-Term Debt

a. Long-Term Debt – Governmental Activities

The following is a summary of changes in long-term debt of the City's governmental activities for the fiscal year ended June 30, 2015:

	Balance July 1, 2014	Additions	Deletions	Prior Period Adjustments	Balance June 30, 2015	Due Within One Year
Claims and judgments	\$ 150,414	\$ 1,007	\$ -	\$ -	\$ 151,421	\$ -
Compensated absences	1,006,971	704,880	705,319	-	1,006,532	382,482
Net Pension Liability (Note 10)	-	5,545,507	8,613,420	18,162,705	15,094,792	-
OPEB obligation (Note 11)	7,032,675	1,542,989	584,883	-	7,990,781	-
Total	\$ 8,190,060	\$ 7,794,383	\$ 9,903,622	\$ 18,162,705	\$ 24,243,526	\$ 382,482

Claims and Judgments

The City accounts for material claims and judgments in accordance with GASB Cod. Sec.C50. When it is probable that a claim liability has been incurred at fiscal year-end and the amount of the loss can be reasonably estimated, the City records the estimated loss including a provision for incurred but not reported claims, net of any insurance coverage under its self-insurance program.

At June 30, 2015, various claims have been received by the City that the City has denied, but no action has yet been filed. Litigation is still pending on cases which the City believes is adequately covered as described in the following paragraphs. Small dollar claims and judgments are recorded as expenditures when paid.

The City is a member of the California Insurance Pool Authority (CIPA) which provides: (a) a risk-sharing pool for general liability claims in excess of the self-insured retention level up to \$2,000,000, and (b) a non-risk sharing insurance-purchasing pool for liability claims in excess of \$2,000,000 up to \$20,000,000 per occurrence. The City's self-insured retention is \$250,000.

The City has obtained excess insurance coverage from an outside commercial insurance company through CIPA's non-risk sharing workers' compensation insurance purchasing program. The policy provides coverage for claims in excess of the \$250,000 self-insured retention level up to the California statutory limits for workers' compensation.

A liability as of June 30, 2015, of \$151,421 is reported in the Statement of Net Position for general liability and workers' compensation claims and judgments.

Changes in the balance of claims and liabilities for the fiscal years ended June 30, 2013, 2014, and 2015, including a provision for incurred but not reported claims were as follows:

Fiscal Year Ending June 30,	Claims Payable Beginning	Claims and Changes in Estimates	Claims Payments	Claims Payable Ending
2013	\$ 875,342	\$ 4,074	\$ 729,002	\$ 150,414
2014	150,414	-	-	150,414
2015	150,414	1,007	-	151,421

There have been no significant changes to insurance coverage as compared to last year and the City has not experienced settlements in excess of insurance coverage during the past three years.

CITY OF YORBA LINDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 7: Long-Term Debt (Continued)

a. Long-Term Debt – Governmental Activities (Continued)

Compensated Absences

The City's policies relating to compensated absences are described in Note 1 of the Notes to Financial Statements. This liability will be paid in the future from the general fund. The outstanding balance at June 30, 2015, was \$1,006,532.

b. Long-Term Debt – Business-Type Activities

The following is a summary of changes in long-term debt of the City's business-type activities for the fiscal year ended June 30, 2015:

	Balance July 1, 2014	Additions	Deletions	Prior Period Adjustment	Balance June 30, 2015
Advance from the City of Yorba Linda	\$ 19,485,190	\$ 481,010	\$ 162,895	\$ 429,247	\$ 19,803,305
Total	<u>\$ 19,485,190</u>	<u>\$ 481,010</u>	<u>\$ 162,895</u>	<u>\$ 429,247</u>	<u>\$ 19,803,305</u>

Advance from the City of Yorba Linda for repayment of 2003 Revenue Bonds Payable

During the 2013-2014 fiscal year, the remaining balance of \$15,635,000, of the 2003 Revenue Bonds Payable was paid off. \$1,574,014 was paid with the remaining balance in the cash with fiscal agent account, and the City of Yorba Linda paid the remaining \$14,060,986 on behalf of the Black Gold Golf Course. The City of Yorba Linda also paid \$49,730 in refunding fees, for a total of \$14,110,716 paid on behalf of the Black Gold Golf Course. An advance to the Black Gold Golf Course from the City of Yorba Linda liability was created as a result of this transaction. The Black Gold Golf Course will eventually pay back the advance to the City of Yorba Linda; currently, there is no repayment schedule in place.

Advance from the City of Yorba Linda to purchase equipment

During the 2012-2013 fiscal year, the City of Yorba Linda paid for equipment on behalf of the Black Gold Golf Course. An advance to the Black Gold Golf Course from the City of Yorba Linda liability was created as a result of this transaction. The total amount paid on the advance was \$162,895 for the fiscal year ended June 30, 2015. The future minimum advance payments relating to the advance are as follows:

Fiscal Year Ending June 30,	Amount
2016	\$ 166,183
2017	169,537
2018	172,960
	<u>\$ 508,680</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 8: Operating Leases

Club Car Lease

During fiscal year 2010-2011, the Enterprise Funds entered into an operating lease agreement with De Lage Landen Public Finance LLC for 85 golf cars, and certain other golf course equipment. The total amount paid for the lease was \$146,885 for the fiscal year ended June 30, 2015, which was the final payment on the operating lease.

Golf Cart GPS Lease

During the fiscal year 2013-2014, The Golf Course Enterprise Fund entered into an operating lease agreement with GPSi Leasing LLC for 87 golf car GPS units for a period of four years. The total amount paid for the lease was \$49,068 for the fiscal year ended June 30, 2015. The future minimum lease payments relating to this lease are as follows:

Fiscal Year Ending June 30,	Amount
2016	\$ 49,068
2017	49,068
2018	24,534
	<u>\$ 122,670</u>

Copier Lease

During the fiscal year 2011-2012, The City entered into an operating lease with Canon U.S.A., Inc. for seven copiers for the City, Parks and Recreation Department, and the Library for a period of five years. The total amount paid for the leases was \$37,212 for the fiscal year ended June 30, 2015. The future minimum lease payments relating to this lease are as follows:

Fiscal Year Ending June 30,	Amount
2016	\$ 35,773
2017	13,707
	<u>\$ 49,480</u>

Note 9: Other Special Obligation

During fiscal year 2000-2001, the Agency issued, on behalf of National CORE (Southern California Housing Corporation), the Yorba Linda Redevelopment Agency Multi-Family Housing Revenue Bonds 2000, Series A, in the principal amount of \$2,754,321. These bonds are not reflected in the long-term debt obligation because they are special obligations payable solely from and secured by specific revenue sources described in the resolution and official statement of the issue. Neither the faith and credit nor the taxing power of the City, the Redevelopment Agency, the State of California or any political subdivision thereof, is pledged for the payment of these bonds. The balance as of June 30, 2015, is \$2,029,305.

VI. Other information

Note 10: City Employees Retirement Plan (Defined Benefit Pension Plan)

a. General Information about the Pension Plan

Plan Description

All qualified employees are eligible to participate in the City's Miscellaneous Employee Pension Plan, an agent multiple employer defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	<u>Miscellaneous</u>
Benefit formula	2.0% @ 55
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50-63
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%
Required employee contribution rates	7.00%
Required employer contribution rates	18.237%

Employees Covered

At June 30, 2015, the following employees were covered by the benefit terms for each Plan:

	<u>Miscellaneous</u>
Inactive employees or beneficiaries currently receiving benefits	126
Inactive employees entitled to but not yet receiving benefits	44
Active employees	104
Total	<u>274</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 10: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

a. General Information about the Pension Plan (Continued)

Contributions

Section 20814 (c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employees be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Employee contributions are based on the employee's annual covered salary. For the fiscal year ended June 30, 2015, the average employee contribution rate was 7.00%. The City's average contribution rate and required contribution for the fiscal year ended June 30, 2015 were 18.237% and \$1,377,543, respectively. Actual contributions for the fiscal year equaled \$1,377,543, or 100% of required contributions.

Employees hired before January 1, 2013 or who were hired after January 1, 2013 but were employed by another public agency prior to January 1, 2013 and had membership with a previous reciprocal retirement system are required to contribute 5.0% towards the employer contribution rate, and the City contributes the balance of the employee's and employer's share of the contribution rates to PERS.

b. CalPERS Net Pension Liability

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

Actuarial Assumptions

The total pension liability in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Payroll Growth	3.000%
Projected Salary Increase	Varies (1)
Investment Rate of Return	7.50% (2)
Mortality	Derived using CalPERS' Membership Data for all Funds

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

Note 10: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

b. CalPERS Net Pension Liability (Continued)

Actuarial Assumptions (Continued)

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50% is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology. The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expense and inflation) are developed for each major asset class.

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 10: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

b. CalPERS Net Pension Liability (Continued)

Discount Rate (Continued)

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

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

¹An expected inflation of 2.5% used for this period

²An expected inflation of 3.0% used for this period

c. Changes in the CalPERS Net Pension Liability

The changes in the Net Pension Liability for the Plan follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) = (a) - (b)
Balance, June 30, 2013 (VD)	\$ 57,506,130	\$ 39,343,425	\$ 18,162,705
Changes in Recognized for the Measurement Period:			
Service Cost	1,290,965		1,290,965
Interest on the Total Pension Liability	4,254,542		4,254,542
Contributions from the Employer		1,245,275	(1,245,275)
Contributions from Employees		636,643	(636,643)
Net Investment Income ²		6,731,502	(6,731,502)
Benefit Payments, including Refunds of Employee Contributions	(2,848,785)	(2,848,785)	
Net Changes during 2013-14	2,696,722	5,764,635	(3,067,913)
Balance, June 30, 2014 (MD) ¹	\$ 60,202,852	\$ 45,108,060	\$ 15,094,792

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

² Net of administrative expenses.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 10: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

c. Changes in the CalPERS Net Pension Liability

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

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

	Discount Rate - 1% (6.50%)	Current Discount Rate (7.50%)	Discount Rate + 1% (8.50%)
Plan's Net Pension Liability/(Asset)	\$ 23,035,093	\$ 15,094,792	\$ 8,543,081

Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

d. CalPERS Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the fiscal year ended June 30, 2015, the City recognized pension expense of \$1,235,292. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,377,543	\$ -
Net differences between projected and actual earnings on pension plan investments	-	(3,057,930)
Total	<u>\$ 1,377,543</u>	<u>\$ (3,057,930)</u>

\$1,377,543 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2016. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2016	\$ (764,482)
2017	(764,482)
2018	(764,482)
2019	(764,484)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015
Note 11: Other Postemployment Employee Benefits

Plan Description

The City provides other postemployment benefits (OPEB) through the Public Employees' Medical and Hospital Care Act (PEMHCA), a single-employer defined benefit healthcare plan administered by the California Public Employees' Retirement System (CalPERS), by contributing a predetermined monthly maximum of \$1,167 for each eligible retiree and their dependents that are eligible to participate in the PERS Health Plan. In addition, there is a maximum dental benefit of \$2,000 and maximum vision benefit of \$275, per eligible individual per year. These benefits are provided per contract between the City and the employee associations. Separate financial statements for the PEMHCA may be obtained by writing to CalPERS at Lincoln Plaza North 400 Q Street, Sacramento, California 95814 or by visiting the CalPERS website at www.calpers.ca.gov.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City, City Council and/or the employee associations. Currently, contributions are not required from plan members. A contribution of \$484,465 was made during the 2014-2015, fiscal year. The purpose of the contributions was to cover the pay-as-you-go financing requirements.

As a result, the City calculated and recorded a Net OPEB Obligation, representing the difference between the Annual Required Contribution (ARC) and actual contributions, as presented in the following table:

Annual required contribution (ARC)	\$ 1,645,414
Adjustment for interest	298,889
Adjustment to ARC	<u>(401,314)</u>
Annual OPEB cost	1,542,989
Contributions made	(484,465)
Implicit Subsidy Payment	<u>(100,418)</u>
(Decrease) increase in Net OPEB obligation	958,106
Net OPEB obligation June 30, 2014	<u>7,032,675</u>
Net OPEB obligation June 30, 2015	<u><u>\$ 7,990,781</u></u>

The City contributed 31.40% of the adjusted ARC, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover the annual normal cost and the amortization of unfunded actuarial liabilities (or funding excess) over a thirty year period.

Annual OPEB Costs and Net OPEB Obligation (Asset)

For the fiscal year 2014-2015, the City's annual OPEB cost (expense) is \$1,542,989. Information on the annual OPEB cost, percentage of Annual OPEB cost contributed, and Net OPEB Obligation is only available for the last three fiscal years, as presented below:

Fiscal Year Ending	Annual OPEB Cost	Actual Contribution (Net of Adjustments)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2013	\$ 1,583,193	\$ 583,255	37%	\$ 6,090,600
6/30/2014	1,482,763	540,688	36%	7,032,675
6/30/2015	1,542,989	584,883	38%	7,990,781

Note 11: Other Postemployment Employee Benefits (Continued)

Funded Status and Funding Progress

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 City 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 for OPEB presented as Required Supplementary Information following the Notes to the Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The most recent and available information is shown.

Actuarial Methods and Assumptions

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

In the January 1, 2014, actuarial valuation, the Individual Entry Age Actuarial Cost Method was used. The actuarial assumptions include a payroll growth rate of 3.00%, a discount rate of 4.25%, an inflation rate of 2.75%, and ultimate rate of medical inflation of 5.00%. The actuarial value of assets is set equal to the reported market value of assets. The UAAL is being amortized as a level dollar amount over a closed 30 year period beginning January 1, 2014. The remaining amortization period at June 30, 2015, is 23 years. As of June 30, 2015, the number of active participants is 101 and the number of eligible retirees is 65.

Note 12: Self-Insurance Program

a. Description of Self-Insurance Pool

The City of Yorba Linda is a member of the California Insurance Pool Authority (CIPA). CIPA, a consortium of 12 cities in Orange County, California, was established to pool resources, share risks, purchase excess insurance and share costs for professional risk management and claims administration. Member cities may be assessed the difference between funds available and the \$20,000,000 annual aggregate in proportion to their annual premium. The Governing Board consists of one member from each participating city and is responsible for the selection of management and for the budgeting and financial management of the Authority.

The rights of the City of Yorba Linda is to receive assistance from the Authority in establishing and maintaining a risk management program compatible with the policies and programs of the Authority and to appeal decisions of the Claims Committee to the Executive Committee or the Board, subject to such restrictions as the Board may adopt by resolution or Bylaws.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 12: Self-Insurance Program (Continued)

b. Self-Insurance Programs of the City

The City initiated self-insurance programs for general liability and workers' compensation on July 1, 1985 and July 1, 1989, respectively. Outside insurance coverage is purchased through California Insurance Pool Authority (CIPA) for individual claims in excess of the City's self-insurance retention limits. Claims are processed by an outside insurance service that administers the programs.

The general liability program provides for self-insurance up to a maximum of \$250,000 per occurrence with excess insurance coverage purchased through CIPA up to a maximum of \$25,000,000 per claim. Workers' compensation claims that exceed the City's self-insured level of \$250,000 are insured through coverage purchased by CIPA up to California's statutory limits of workers' compensation.

Estimates for all liabilities up to the self-insured levels and including a provision for incurred but not reported claims, have been included in the long-term debt obligations as of June 30, 2015, as follows:

General Liability Claims	\$ 147,347
Workers' Compensation Claims	<u>4,074</u>
Total Claims Payable	<u><u>\$ 151,421</u></u>

Note 13: Joint Ventures

Orange County Fire Authority

In January 1995, the City of Yorba Linda entered into a joint powers agreement with the Cities of Buena Park, Cypress, Dana Point, Irvine, Laguna Hills, Laguna Niguel, Lake Forest, La Palma, Los Alamitos, Mission Viejo, Placentia, San Clemente, San Juan Capistrano, Seal Beach, Stanton, Tustin, Villa Park, Yorba Linda and the County of Orange to create the Orange County Fire Authority (Authority). The purpose of the Authority is to provide for mutual fire protection, prevention and suppression services, and related and incidental services including, but not limited to, emergency medical and transport services, as well as providing facilities and personnel for such services.

The effective date of formation was March 1, 1995. The Authority's governing board consists of one representative from each City and two from the County. The operations of the Authority are funded with structural fire fees collected by the County through the property tax roll for the unincorporated area and on behalf of all member Cities except for the Cities of Stanton, Tustin, San Clemente, Buena Park, Placentia and Seal Beach. The County pays all structural fire fees it collects to the Authority. The Cities of Stanton, Tustin, San Clemente, Buena Park, Placentia and Seal Beach are considered "cash contract Cities" and accordingly, make cash contributions based on the Authority's annual budget.

No determination has been made as to each participant's proportionate share of fund equity as of June 30, 2015. Upon dissolution of the Authority, all surplus money and property of the Authority will be conveyed or distributed to each member in proportion to all funds provided to the Authority by that member or by the County on behalf of that member during its membership. Complete financial statements may be obtained from the Orange County Fire Authority, 1 Fire Authority Road, Building A, Irvine, CA 92602.

Note 14: Contingent Liabilities

- a. The City of Yorba Linda has been named as a defendant in numerous lawsuits and claims arising in the course of operations. In the aggregate, these claims seek monetary damages in significant amounts. To the extent the outcome of such litigation has been determined to result in probable financial loss to the City, such loss has been accrued in the accompanying combined financial statements.

Note 15: New Agreement for Disposal Services

On April 21, 2015, the City entered into a new agreement with Republic Waste Services of Southern California, LLC for the purpose of improving public health, welfare, and efficient administration of municipal waste management. As a result, the Disposal enterprise fund will no longer be used in future fiscal years. The City Council will decide what to do with the negative fund balance of the Disposal enterprise fund in the 2015-2016 fiscal year.

Note 16: Restatement of Fund Balance/Net Position

Government-wide statement:

Governmental activities

The restatement of (\$16,741,768) is due to an overstatement of Construction in Progress in the amount of (\$48,371), an understatement of interest revenue earned on loans to the Golf Course for operations from fiscal years 07-08 to 13-14 in the amount of \$429,247, an overstatement of gas tax revenue in the 2013-2014 fiscal year in the amount of (\$205,212), and the implementation of GASB Nos. 68 and 71, which changed the method of reporting pension liability on the Government-wide statements resulting in an understatement of deferred outflow of resources – city's contribution to pension subsequent to measurement date in the amount of \$1,245,275 and an understatement of net pension liability in the amount of (\$18,162,705).

Proprietary fund statements and business-type activities:

Golf Fund – The restatement of (\$429,247) is due to an understatement of interest owed to the General Fund on a loan to the Golf course for operations from fiscal years 07-08 to 13-14.

Governmental fund statements:

Gas Tax Fund – The restatement of (\$205,212) is due to an overstatement of gas tax revenue accrued in the 2013-2014 fiscal year.

Private-purpose trust fund statements:

Successor Agency of the Former RDA Fund – The restatement of \$884,416 is due to an overstatement of interest payable.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency

The California Supreme Court upheld Assembly Bill 1X 26 (“the Bill”) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Yorba Linda that previously had reported a Redevelopment Agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a Redevelopment Agency, either the City or another unit of local government will agree to serve as the “Successor Agency” to hold the assets until they are distributed to other units of state and local government. On January 3, 2012, the City Council elected to become the Successor Agency for the former Redevelopment Agency in accordance with the Bill as part of City resolution number 2012-5095.

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

Successor Agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former Redevelopment Agency until all enforceable obligations of the prior Redevelopment Agency have been paid in full and all assets have been liquidated in accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

a. Cash and Investments

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

Cash and investments	\$ 3,694,476
Restricted cash and investments	<u>24,457,223</u>
	<u>\$ 28,151,699</u>

The Successor Agency’s cash and investments are pooled with the City’s cash and investment in order to generate optimum interest income. The share of the pooled cash account is separately accounted for, and investment income is allocated to all participating funds based on the relationship of their average daily cash balances to the total of the pooled cash and investments. Information regarding the authorized types of deposits and investments, the type of risks (i.e. credit, interest rate, custodial, etc.) and other disclosures associated with the City’s pooled cash and investments is reported in Note 3.

b. Land Held for Resale

At June 30, 2015, land held for resale in the amount of \$18,812,640 is recorded at the lower of cost or net realizable value in the Successor Agency.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

c. Capital Assets

The following is a summary of capital assets for the Successor Agency as of June 30, 2015:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Capital Assets, Not Being Depreciated:				
Land	\$ 364,593	\$ -	\$ -	\$ 364,593
Total Capital Assets Not Being Depreciated	<u>364,593</u>	<u>-</u>	<u>-</u>	<u>364,593</u>
Total Capital Assets, Net	<u>\$ 364,593</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 364,593</u>

d. Long-Term Debt

A description of long-term debt outstanding (excluding defeased debt) of the Successor Agency as of June 30, 2015, follows:

	Balance July 1, 2014	Accreted Interest	Additions	Deletions	Balance June 30, 2015	Due Within One Year
Tax Allocation Bonds	\$ 72,114,212	\$ 1,371,918	\$ -	\$ 2,043,525	\$ 71,442,605	\$ 1,601,824
Deferred pass-through payments - PYLUSD	20,916,404	-	-	-	20,916,404	-
Advance from Housing Fund - SERAF Loan	3,815,853	-	-	-	3,815,853	-
Advance from City	<u>6,035,572</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,035,572</u>	<u>-</u>
Total	<u>\$ 102,882,041</u>	<u>\$ 1,371,918</u>	<u>\$ -</u>	<u>\$ 2,043,525</u>	<u>\$ 102,210,434</u>	<u>\$ 1,601,824</u>
				Unamortized premium	37,364	
				Unamortized discount	<u>(79,772)</u>	
					<u>\$ 102,168,026</u>	

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

Tax Allocation Bonds

The former Redevelopment Agency pledged, as security for bonds issued, a portion of property tax increment revenue, including Low and Moderate Income Housing set-aside that it receives. The bonds issued were to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. Assembly Bill 1X 26 provided that upon dissolution of the Redevelopment Agency, property taxes allocated to former redevelopment agencies no longer are deemed tax increment but rather property tax revenues and will be allocated first to successor agencies to make payments on the indebtedness incurred by the dissolved redevelopment agency. Total principal and interest remaining on the debt is \$126,676,681 payable through 2033. For the current fiscal year, the total property tax revenue recognized by the Successor Agency was \$6,290,924 and the debt service obligation paid on the bonds, including interest, was \$6,771,863.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

1993 Tax Allocation Bonds

On December 15, 1993, the Yorba Linda Redevelopment Agency issued \$35,686,002 in 1993 Tax Allocation Bonds with interest rates ranging from 3.5% to 5.25% to advance refund \$17,115,000, which represented a portion of the outstanding 1989 Tax Allocation Bonds and \$1,825,000 principal amount of 1986 Certificates of Participation. Serial bonds totaling \$4,340,000 are payable in amounts ranging from \$265,000 to \$545,000 per year on September 1 of each year, commencing September 1, 1996, through September 1, 2008, and bear interest at rates from 3.5% to 5.1%. Term bonds totaling \$12,205,000 and \$14,000,000 are due on September 1, 2014 and 2023, respectively, at an interest rate of 5.25%. Capital appreciation serial bonds with an original amount totaling \$2,826,489 are due on each September 1, commencing September 1, 2014 through 2016. Capital appreciation term bonds with an original amount totaling \$2,314,513 are due on September 1, 2019. The outstanding balance, including the accreted value of \$12,353,875 of the capital appreciation bonds, at June 30, 2015, was \$30,491,352.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2015, including interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2016	\$ 936,824	\$ 3,033,176
2017	886,140	3,088,860
2018	816,821	3,154,093
2019	770,755	3,200,484
2020	726,937	3,243,063
2021-2024	<u>14,000,000</u>	<u>1,517,249</u>
Total	18,137,477	<u>\$ 17,236,925</u>
Accretion	<u>12,353,875</u>	
Total	<u>\$ 30,491,352</u>	

1998 Tax Allocation Parity Refunding Bonds, Series A

On June 18, 1998, the Yorba Linda Redevelopment Agency issued \$17,131,503 in 1998 Tax Allocation Parity Refunding Bonds; Series A, with interest rates ranging from 4.05% to 5.00% to advance refund the remaining \$15,890,000 of outstanding 1989 Tax Allocation Bonds with interest rates ranging from 6.750% to 7.125%. Current interest serial bonds totaling \$12,645,000 are payable in amounts ranging from \$1,030,000 to \$1,325,000 per year on September 1 of each year, commencing September 1, 2002 through September 1, 2009, and bear interest at rates from 4.00% to 5.00%. Capital appreciation serial bonds with an original amount totaling \$4,486,503 are due on each September 1, commencing September 1, 2024 through 2028. The outstanding balance, including the accreted value of \$6,524,751 of the capital appreciation bonds at June 30, 2015, was \$11,011,253.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

1998 Tax Allocation Parity Refunding Bonds, Series A (Continued)

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2015, including interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2016	\$ -	\$ -
2017	-	-
2018	-	-
2019	-	-
2020	-	-
2021-2025	-	-
2026-2029	4,486,502	15,388,497
Total	4,486,502	\$ 15,388,497
Accretion	6,524,751	
Total	<u>\$ 11,011,253</u>	

2005 Taxable Tax Allocation Bonds (Subordinate Lien), Series A

On April 1, 2005, the Yorba Linda Redevelopment Agency issued \$9,855,000 in Taxable Tax Allocation Term Bonds (Subordinate Lien), Series A with interest rates at 5.25% for bonds maturing September 1, 2015, and 5.71% for bonds maturing September 1, 2031. The Bonds are special obligations of the Agency and are payable solely from and secured by a parity pledge of certain tax increment revenues of the Project Area on a basis subordinate to certain outstanding obligations of the Agency and a pledge of amounts in certain funds and accounts established under the Indenture of Trust. The bonds were issued to finance redevelopment activities of the Agency.

The Series A Term Bonds maturing on September 1, 2015, are subject to mandatory redemption, in part by lot, on September 1, in each year beginning September 1, 2007 through 2015, from mandatory annual sinking payments ranging from \$85,000 to \$355,000 per year.

The Series A Term Bonds maturing on September 1, 2031, are also subject to mandatory redemption, in part by lot, on September 1 in each year beginning September 1, 2016 through 2031, from mandatory sinking payments ranging from \$10,000 to \$3,340,000 per year. The outstanding balance at June 30, 2015, was \$8,790,000.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015
Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

2005 Taxable Tax Allocation Bonds (Subordinate Lien), Series A (Continued)

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2015, including interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2016	\$ 90,000	\$ 499,133
2017	75,000	494,629
2018	85,000	490,061
2019	70,000	485,635
2020	70,000	481,638
2021-2025	80,000	2,387,067
2026-2030	3,550,000	2,242,603
2031-2032	4,770,000	275,793
Total	<u>\$ 8,790,000</u>	<u>\$ 7,356,559</u>

2005 Tax-Exempt Tax Allocation Bonds (Subordinate Lien), Series B

On April 1, 2005, the Yorba Linda Redevelopment Agency issued \$3,145,000 in Tax Exempt Tax Allocation Term Bonds (Subordinate Lien), Series B with interest at 5.00% for bonds maturing September 1, 2032. The Bonds are special obligations of the Agency and are payable solely from and secured by a parity pledge of certain tax increment revenues of the Project Area on a basis subordinate to certain outstanding obligations of the Agency, and a pledge of amounts in certain funds and accounts established under the Indenture of Trust. The Tax Exempt Bonds were issued to finance redevelopment activities of the Agency, specifically to fund a fire station. The Series B Term Bonds maturing on September 1, 2032, are subject to mandatory redemption, in part by lot, on September 1 in each year beginning September 1, 2029 through 2033, from mandatory annual sinking payments ranging from \$135,000 to \$2,725,000 per year. In addition, the Series B bonds include an Original Issue Bond Premium of \$61,107. The balance of the Series B bonds at June 30, 2015, is \$3,145,000. The unamortized bond premium amount is \$37,364.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2015, including interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2016	\$ -	\$ 157,250
2017	-	157,250
2018	-	157,250
2019	-	157,250
2020	-	157,250
2021-2025	-	786,250
2026-2030	135,000	782,875
2031-2033	3,010,000	355,000
Total	<u>\$ 3,145,000</u>	<u>\$ 2,710,375</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

Tax Allocation Bonds (Subordinate Lien), 2011 Series A

On May 5, 2011, the Yorba Linda Redevelopment Agency issued \$19,705,000 in Tax Allocation Bonds (Subordinate Lien), 2011 Series A which consist of Serial Bonds with interest rates ranging from 2.00% to 5.50% in the amount of \$5,900,000 maturing from September 1, 2012 through 2021, \$4,580,000 Term Bonds with an interest rate of 6.00% maturing September 1, 2026, and \$9,225,000 Term Bonds with an interest rate of 6.50% maturing September 1, 2032. The Bonds are special obligations of the Agency and are payable solely from and secured by a pledge of certain tax increment revenues of the original area component of the Agency's Yorba Linda Redevelopment Project on a basis subordinate to certain outstanding obligations of the Agency, and a pledge of amounts in certain funds and accounts established under the Indenture of Trust. The Bonds were issued to finance redevelopment activities of benefit to the Yorba Linda Redevelopment Project, to satisfy the reserve requirement for the Bonds, and to provide for the costs of issuing the Bonds. The outstanding balance at June 30, 2015, was \$18,005,000. The unamortized original issue discount was \$(79,772).

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2015, including interest, are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2016	\$ 575,000	\$ 1,065,313
2017	605,000	1,040,956
2018	635,000	1,012,225
2019	680,000	980,200
2020	715,000	946,175
2021-2025	3,570,000	4,215,263
2026-2030	6,100,000	2,766,301
2031-2033	5,125,000	515,287
Total	<u>\$ 18,005,000</u>	<u>\$ 12,541,720</u>

Deferred pass-through payments

Placentia-Yorba Linda Unified School District

On December 5, 1983, the Agency entered into a pass-through agreement with the Placentia Unified School District, predecessor of the Placentia-Yorba Linda Unified School District, whereby the Agency agreed to pass-through to the district certain tax increment revenue the Agency received as a result of the formation of the Agency and the adoption of its Redevelopment Plan.

In October 1999, a dispute regarding the pass-through agreement arose. In June 2004, the Agency and the Placentia-Yorba Linda Unified School District settled their dispute with the Agency agreeing to a settlement amount of \$6,569,106 which is to be paid as tax increment is available. Based on the annual pass-through calculation, there may be additional amounts deferred each year. During the fiscal year 2014-2015, no additional amount was added. As of June 30, 2015, the balance outstanding was \$20,916,404.

Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

Advance from Housing Fund – SERAF Loan

The former Redevelopment Agency Low and Moderate Housing Fund made a loan to the former Redevelopment Agency Tax Increment Fund to make the SERAF payment that was due on May 10, 2010. The loan was to be repaid by June 30, 2015, based on legislation that was passed. The outstanding balance at June 30, 2015 was \$3,815,853.

The Successor Agency received notification from the Department of Finance (DOF) on January 29, 2014 stating that loan agreements entered into between the former Redevelopment Agency (RDA) and sponsoring entity (City) may be deemed enforceable if the follow requirements are met:

- The Agency has received a Finding of Completion
- The Agency's Oversight Board approves the loan as an enforceable obligation
- The Agency's Oversight Board makes a finding that the loan was for legitimate redevelopment purposes

In addition, the maximum repayment amount authorized each fiscal year shall be equal to one-half of the increase between "the amount distributed" to the taxing entities in that fiscal year and the amount distributed to taxing entities in the 2012-13 base year.

Subsequently, the Successor Agency received another notification from DOF on January 31, 2014 stating that any outstanding amounts borrowed from or owed to the Low and Moderate Income Housing Fund (LMIHF) for purposes of the SERAF to be retired prior to requesting repayment for RDA/sponsoring entity loans. In addition, amounts borrowed from or payments owing to the LMIHF are enforceable obligations, provided the Agency's Oversight Board approves a repayment schedule.

At its meeting on February 24, 2014, the Oversight Board adopted resolutions approving the loans between the former RDA and City as enforceable obligations and finding that they were for legitimate redevelopment purposes, as well as approving a repayment schedule for the LMIHF loan.

On April 15, 2014, the Successor Agency received approval from DOF for the City loan agreements indicating that they were eligible for repayment on the Recognized Obligation Payment Schedule (ROPS). The LMIHF loan was deemed eligible by DOF based on the Oversight Board approval of a repayment schedule.

However, after including all the loans on the 14-15A ROPS, the repayment amounts requested were denied by DOF based on their calculation of the repayment formula. The Successor Agency disagreed with the calculation of the repayment formula based on disputed data provided by the County Auditor Controller's Office, but did not prevail during the Meet & Confer process. This matter is now part of a lawsuit filed by the Successor Agency against DOF.

Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

Advance from City

The advances from the City consist of \$6,035,572 of loans made to the former Redevelopment Agency to assist in various Redevelopment projects.

e. Insurance

The Successor Agency is covered under the City of Yorba Linda's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage and self-insured retentions can be found in Note 12.

CITY OF YORBA LINDA

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 GENERAL FUND
 FISCAL YEAR ENDED JUNE 30, 2015

	Budgeted Amount		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1	\$ 53,051,996	\$ 53,051,996	\$ 53,051,996	\$ -
Resources (inflows):				
Taxes	23,096,250	23,096,250	26,060,719	2,964,469
Licenses and permits	1,796,653	1,796,653	1,822,533	25,880
Intergovernmental	102,002	102,002	280,286	178,284
Charges for services	3,248,628	3,248,628	3,669,651	421,023
Use of money and property	334,830	334,830	205,010	(129,820)
Fines and forfeitures	21,000	21,000	32,347	11,347
Miscellaneous	160,000	160,000	193,011	33,011
Transfers in	352,500	352,500	441,999	89,499
Contributions from Successor Agency	-	-	148,159	148,159
Amounts available for appropriations	82,163,859	82,163,859	85,905,711	3,741,852
Charges to appropriation (outflows):				
General government	4,764,865	5,472,424	4,711,246	761,178
Public safety	9,692,654	9,814,654	9,535,298	279,356
Community development	2,889,106	3,108,172	2,962,061	146,111
Parks and recreation	5,735,095	5,756,544	5,664,224	92,320
Public works	4,115,037	4,377,023	3,706,467	670,556
Capital outlay	300,500	307,823	149,668	158,155
Transfers out	3,344,344	5,413,562	3,429,226	1,984,336
Total charges to appropriations	30,841,601	34,250,202	30,158,190	4,092,012
Budgetary fund balance, June 30	\$ 51,322,258	\$ 47,913,657	\$ 55,747,521	\$ 7,833,864

CITY OF YORBA LINDA

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 HOUSING SPECIAL REVENUE FUND
 FISCAL YEAR ENDED JUNE 30, 2015

	Budgeted Amount		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1	\$ 42,563,586	\$ 42,563,586	\$ 42,563,586	\$ -
Resources (inflows):				
Intergovernmental	27,000	27,000	27,644	644
Use of money and property	-	-	108,413	108,413
Contributions from Successor Agency	2,952,255	2,952,255	494,516	(2,457,739)
Amounts available for appropriations	45,542,841	45,542,841	43,194,159	(2,348,682)
Charges to appropriation (outflows):				
General government	55,000	55,000	54,785	215
Total charges to appropriations	55,000	55,000	54,785	215
Budgetary fund balance, June 30	\$ 45,487,841	\$ 45,487,841	\$ 43,139,374	\$ (2,348,467)

CITY OF YORBA LINDA

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 LIBRARY SPECIAL REVENUE FUND
 FISCAL YEAR ENDED JUNE 30, 2015

	Budgeted Amount		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1	\$ 15,121,201	\$ 15,121,201	\$ 15,121,201	\$ -
Resources (inflows):				
Taxes	4,360,667	4,360,667	4,908,402	547,735
Intergovernmental	10,000	10,000	8,441	(1,559)
Charges for services	39,550	39,550	54,909	15,359
Use of money and property	-	-	103,197	103,197
Fines and forfeitures	72,000	72,000	78,359	6,359
Contributions	200	200	2,281	2,081
Miscellaneous	-	-	633	633
Transfers in	500,000	500,000	19,679	(480,321)
Amounts available for appropriations	20,103,618	20,103,618	20,297,102	193,484
Charges to appropriation (outflows):				
General government	3,993,211	3,996,861	3,618,981	377,880
Capital outlay	46,650	70,700	39,326	31,374
Transfers out	500,000	500,000	-	500,000
Total charges to appropriations	4,539,861	4,567,561	3,658,307	909,254
Budgetary fund balance, June 30	\$ 15,563,757	\$ 15,536,057	\$ 16,638,795	\$ 1,102,738

CITY OF YORBA LINDA

REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 STREET LIGHTING & MAINTENANCE DISTRICT SPECIAL REVENUE FUND
 FISCAL YEAR ENDED JUNE 30, 2015

	Budgeted Amount		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, July 1	\$ 1,982,396	\$ 1,982,396	\$ 1,982,396	\$ -
Resources (inflows):				
Taxes	6,163,499	6,163,499	6,335,086	171,587
Use of money and property	20,000	20,000	13,353	(6,647)
Transfers in	1,200,344	1,287,294	2,777,646	1,490,352
Amounts available for appropriations	9,366,239	9,453,189	11,108,481	1,655,292
Charges to appropriation (outflows):				
Public works	7,031,359	8,228,425	6,940,219	1,288,206
Transfers out	-	39,732	213,149	(173,417)
Total charges to appropriations	7,031,359	8,268,157	7,153,368	1,114,789
Budgetary fund balance, June 30	\$ 2,334,880	\$ 1,185,032	\$ 3,955,113	\$ 2,770,081

**REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED JUNE 30, 2015**

Note 1: Stewardship, Compliance, and Accountability

a. General Budget Policies

All financial activities of the General Fund, Special Revenue Funds, Capital Projects Funds, and Debt Service Funds are part of the appropriated budget. Appropriated amounts are as originally adopted or as amended by the City Council throughout the year. The following general procedures are followed in establishing the annual budget:

1. The annual budget adopted by the City Council provides for the general operation of the City. It includes proposed expenditures and the means of financing them.
2. The City Manager is authorized to transfer budgeted amounts between items, accounts, programs and funds and may approve additional appropriations up to \$25,000 per transaction. Any increase in total appropriations over \$25,000 per transaction must be approved by the City Council.
3. Formal budgetary integration is employed as a management control device during the year. The legal level of control is the fund level.
4. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. Budgets are adopted for all governmental fund types, on a basis consistent with account principles generally accepted in the United States of America, except for the purchases and sales of land that are recognized as expenditures and revenues, respectively. The modified accrual basis of accounting is employed in the preparation of the budget. Budget comparisons are not presented for the Proprietary, Agency, and Trust Funds, as the City is not legally required to adopt a budget for these fund types.
5. At fiscal year-end operating budget appropriations lapse; however, incomplete capital improvement project appropriations within Capital Projects Funds and authorized non-capital appropriations can be carried over to the following fiscal year.

CITY OF YORBA LINDA

**REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED JUNE 30, 2015**

**Prepared for the City of Yorba Linda, an Agent Multiple-Employer Defined Benefit Pension Plan
As of June 30, 2015**

Note 2: Schedule of Changes in the Net Pension Liability and Related Ratios – Last 10 Years*

	Measurement Date June 30, 2014
Total Pension Liability	
Service Cost	\$ 1,290,965
Interest on total pension liability	4,254,542
Benefit payments, including refunds of employee contributions	<u>(2,848,785)</u>
Net change in total pension liability	2,696,722
Total pension liability - beginning	<u>57,506,130</u>
Total pension liability - ending (a)	<u>60,202,852</u>
 Plan Fiduciary Net Position	
Contributions - employer	1,245,275
Contributions - employee	636,643
Net investment income	6,731,502
Benefit payments	<u>(2,848,785)</u>
Net change in plan fiduciary net position	5,764,635
Plan fiduciary net position - beginning	<u>39,343,425</u>
Plan fiduciary net position - ending (b)	<u>45,108,060</u>
 Plan net pension liability - ending (a) - (b)	<u>\$ 15,094,792</u>
 Plan fiduciary net position as a percentage of the total pension liability	74.93%
 Covered employee payroll	7,672,440
 Net pension liability as a percentage of covered employee payroll	196.74%

Notes to Schedule

Benefit Changes:

The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes)

Changes in Assumptions:

There were no changes in assumptions.

*Fiscal year 2015 was the first year of implementation, therefore only one year is shown.

CITY OF YORBA LINDA

**REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED JUNE 30, 2015**

**Prepared for the City of Yorba Linda, an Agent Multiple-Employer Defined Benefit Pension Plan
As of June 30, 2015**

Note 3: Schedule of Contributions – Last 10 Years*

	<u>June 30, 2015</u>
Actuarially determined contribution	\$ 1,377,543
Contributions in relation to the actuarially determined contributions	<u>(1,377,543)</u>
Contribution deficiency (excess)	<u>\$ -</u>
 Covered employee payroll	 \$ 7,553,549
 Contributions as a percentage of covered employee payroll	 18.237%

Notes to Schedule

Valuation Date: June 30, 2012

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry-Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	23 Years as of the valuation date
Asset Valuation Method	Market Value
Inflation	2.75%
Salary Increases	3.30% to 14.20% depending on age, service, and type of employment
Investment Rate of Return	7.50%, net of pension plan investment and administrative expenses; includes inflation

⁽¹⁾The mortality table was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

*Fiscal year 2015 was the first year of implementation, therefore only one year is shown.

CITY OF YORBA LINDA

REQUIRED SUPPLEMENTARY INFORMATION
 FISCAL YEAR ENDED JUNE 30, 2015

Note 4: Schedule of Funding Progress

Other Postemployment Benefits
 (Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
1/1/2010	\$ -	\$ 14,614	\$ (14,614)	0.0%	\$ 7,307	200.00%
1/1/2012	-	18,725	(18,725)	0.0%	7,619	245.77%
1/1/2014	-	14,453	(14,453)	0.0%	7,685	188.07%

CITY OF YORBA LINDA

**REQUIRED SUPPLEMENTARY INFORMATION
FISCAL YEAR ENDED JUNE 30, 2015**

Note 5: Modified Approach for City Infrastructure Capital Assets

In accordance with GASB Statement No. 34, the City is required to account for and report infrastructure capital assets. GASB Statement No. 34 defines infrastructure assets as "...long lived capital assets that are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets." Infrastructure assets are normally stationary in nature and are of value only to the government entity. They are basic physical assets that allow the government entity to function. Examples include streets, bridges and storm drains.

Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into concrete and asphalt pavements, concrete curb and gutters, sidewalks, medians, etc. Subsystem detail is not presented in these basic financial statements; however, the City maintains detailed information on these subsystems.

The City has elected the "Modified Approach" as defined by GASB Statement No. 34 for infrastructure reporting for its Governmental Activities street infrastructure assets. The Engineering Department, in conjunction with City Management, is responsible for determining the appropriate condition level at which the assets are to be maintained. Under GASB Statement No. 34, eligible infrastructure capital assets are not required to be depreciated, nor are amounts capitalized in connection with improvements that lengthen the lives of such assets, unless the improvements also increase their service potential, under the following requirements:

- The City manages the eligible infrastructure capital assets using an asset management system with characteristics of (1) an up-to-date inventory, (2) perform condition assessments and summarize the results using a measurement scale, and (3) estimate annual amount to maintain and preserve at the established condition assessment level.
- The City documents that eligible infrastructure capital assets are being preserved approximately at or above the established disclosed assessment.

A physical condition assessment of the streets is required by the Orange County Transportation Authority every two years. The most recent report is dated June 26, 2014. The City established a condition level policy of "Very Good" for the average condition of all pavements. As a result of the City's pavement evaluation, the condition was deemed to be in "Good" condition.

The City expended \$3,538,030 on street improvement projects for the fiscal year ended June 30, 2015. These capital improvement expenditures enhanced the condition of many streets and delayed deterioration on others. Using a scale of 0 to 100 with 0 being a badly deteriorated street with virtually no remaining life, and 100 being a brand new street, it has been determined that the expenditure required to maintain the overall condition of the City's streets in "Very Good" condition is approximately \$6.6 million per year.

A schedule of budget versus actual for the most recent years since implementation in 2003-2004, which preserved City streets at the current average pavement condition index of 76 is presented below:

Fiscal Year	Final Budget	Funded by General Fund	Funded by Other Funds	Total Expenditures
2003-2004	\$ 2,797,842	\$ 1,308,965	\$ 113,555	\$ 1,422,520
2004-2005	4,115,157	1,584,219	1,216,527	2,800,746
2005-2006	3,897,927	1,524,645	823,295	2,347,940
2006-2007	5,131,708	1,557,971	2,609,383	4,167,354
2007-2008	4,567,908	1,731,721	1,500,792	3,232,513
2008-2009	4,857,703	1,646,742	2,358,468	4,005,210
2009-2010	4,353,551	1,579,536	500,695	2,080,231
2010-2011	5,907,173	1,556,761	2,630,892	4,187,653
2011-2012	5,537,140	1,588,974	1,225,897	2,814,871
2012-2013	6,252,887	1,715,838	1,189,657	2,905,495
2013-2014	5,225,749	1,688,048	2,821,072	4,509,120
2014-2015	4,102,043	1,861,955	1,676,075	3,538,030

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF YORBA LINDA

**BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENTS
FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Budgeted Amount</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (inflows):				
Contributions from Successor Agency	4,675,138	4,675,138	2,371,118	(2,304,020)
Transfers in	4,260,000	4,260,000	4,269,296	9,296
Amounts available for appropriations	<u>8,935,138</u>	<u>8,935,138</u>	<u>6,640,414</u>	<u>(2,294,724)</u>
Charges to appropriation (outflows):				
Capital outlay	<u>4,260,000</u>	<u>8,000,000</u>	<u>6,640,414</u>	<u>1,359,586</u>
Total charges to appropriations	<u>4,260,000</u>	<u>8,000,000</u>	<u>6,640,414</u>	<u>1,359,586</u>
Budgetary fund balance, June 30	<u>\$ 4,675,138</u>	<u>\$ 935,138</u>	<u>\$ -</u>	<u>\$ (935,138)</u>

CITY OF YORBA LINDA

NONMAJOR GOVERNMENTAL FUNDS

Gas Tax	To account for the City's share of State and County gas tax revenues. The tax allocations are expended on street maintenance and street construction.
Aid to Cities	To account for transportation tax revenues, grants and developer reimbursement for capital improvement projects within the City.
Traffic Safety	To account for revenues generated from enforcement of California vehicle codes and City ordinances. These funds may only be used for traffic signals, school crossing guards and other related traffic safety expenditures.
HCD Grant	To account for Housing and Community Development Act revenues and expenditures for social services, neighborhood and commercial improvement projects, and program administration.
Citizens Option Public Safety	To account for the revenues allocated by the State for enhanced levels of law enforcement, and for federal police grants restricted for specific activities and expenditures which improve local crime reduction.
AQMD	To account for the revenues allocated by the Southern California Air Quality Management District (SCAQMD) and restricted towards expenditures which improve local area air quality.
Park In-Lieu	To account for development fees used for the acquisition of parklands and the construction of park facilities.
Measure M	To account for transportation tax revenues for street projects within the City.
Mortgage Assistance Program	To account for financial resources segregated to help low and moderate income people purchase their first home.
Master Plan of Drainage	To account for financial resources segregated for the construction of major drainage improvements within the City.
Street and Traffic Signal Improvements	To account for financial resources segregated for the construction of major street and traffic signal improvements within the City.

CITY OF YORBA LINDA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2015

	<u>Special Revenue Funds</u>			
	<u>Gas Tax</u>	<u>Aid to Cities</u>	<u>Traffic Safety</u>	<u>HCD Grant</u>
Assets:				
Pooled cash and investments	\$ 3,122,073	\$ -	\$ -	\$ -
Receivables:				
Accrued interest	864	-	-	-
Due from other Governments	-	917,439	5,737	216,879
Total assets	<u>\$ 3,122,937</u>	<u>\$ 917,439</u>	<u>\$ 5,737</u>	<u>\$ 216,879</u>
Liabilities, deferred inflows of resources, and fund balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 45,949
Accrued liabilities	-	-	-	146
Unearned revenue	-	-	-	-
Due to other funds	338,690	479,183	1	180,691
Total liabilities	<u>338,690</u>	<u>479,183</u>	<u>1</u>	<u>226,786</u>
Deferred inflows of resources:				
Unavailable revenues	-	917,439	-	-
Total deferred inflows of resources	<u>-</u>	<u>917,439</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted for:				
Public safety	-	-	5,736	-
Parks and recreation	-	-	-	-
Public works	2,784,247	-	-	-
Assigned to:				
Capital projects	-	-	-	-
Unassigned	-	(479,183)	-	(9,907)
Total fund balances (deficits)	<u>2,784,247</u>	<u>(479,183)</u>	<u>5,736</u>	<u>(9,907)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,122,937</u>	<u>\$ 917,439</u>	<u>\$ 5,737</u>	<u>\$ 216,879</u>

Special Revenue Funds					Capital Projects Funds		Total
Citizens Option Public Safety	AQMD	Park In-Lieu	Measure M	Mortgage Assistance Program	Master Plan of Drainage	Street and Traffic Signal Improvements	Nonmajor Governmental Funds
\$ 26,844	\$ 869,074	\$ 1,289,077	\$ 2,240,825	\$ 450,307	\$ 5,772,810	\$ 1,553,181	\$ 15,324,191
33	230	285	657	117	1,496	407	4,089
-	21,835	-	162,600	-	-	-	1,324,490
<u>\$ 26,877</u>	<u>\$ 891,139</u>	<u>\$ 1,289,362</u>	<u>\$ 2,404,082</u>	<u>\$ 450,424</u>	<u>\$ 5,774,306</u>	<u>\$ 1,553,588</u>	<u>\$ 16,652,770</u>
\$ -	\$ -	\$ 54,040	\$ -	\$ -	\$ -	\$ -	\$ 99,989
-	-	-	-	-	-	-	146
-	-	-	-	-	60,000	-	60,000
-	-	-	2,826	-	-	81,947	1,083,338
-	-	54,040	2,826	-	60,000	81,947	1,243,473
-	-	-	-	-	-	-	917,439
-	-	-	-	-	-	-	917,439
26,877	-	-	-	-	-	-	32,613
-	-	1,235,322	-	-	-	-	1,235,322
-	891,139	-	2,401,256	450,424	-	-	6,527,066
-	-	-	-	-	5,714,306	1,471,641	7,185,947
-	-	-	-	-	-	-	(489,090)
<u>26,877</u>	<u>891,139</u>	<u>1,235,322</u>	<u>2,401,256</u>	<u>450,424</u>	<u>5,714,306</u>	<u>1,471,641</u>	<u>14,491,858</u>
<u>\$ 26,877</u>	<u>\$ 891,139</u>	<u>\$ 1,289,362</u>	<u>\$ 2,404,082</u>	<u>\$ 450,424</u>	<u>\$ 5,774,306</u>	<u>\$ 1,553,588</u>	<u>\$ 16,652,770</u>

CITY OF YORBA LINDA

**COMBINING STATEMENT OF REVENUES , EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Special Revenue Funds</u>			
	<u>Gas Tax</u>	<u>Aid to Cities</u>	<u>Traffic Safety</u>	<u>HCD Grant</u>
Revenues:				
Intergovernmental	\$ 1,954,283	\$ 260,696	\$ -	\$ 216,879
Use of money and property	18,694	-	-	-
Fines and forfeitures	-	-	98,714	-
Developer participation	-	168,038	-	-
Total revenues	<u>1,972,977</u>	<u>428,734</u>	<u>98,714</u>	<u>216,879</u>
Expenditures:				
Current:				
Community development	-	-	-	216,879
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>216,879</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,972,977</u>	<u>428,734</u>	<u>98,714</u>	<u>-</u>
Other financing sources (uses):				
Transfers out	<u>(1,412,124)</u>	<u>(504,284)</u>	<u>(100,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,412,124)</u>	<u>(504,284)</u>	<u>(100,000)</u>	<u>-</u>
Net change in fund balances	<u>560,853</u>	<u>(75,550)</u>	<u>(1,286)</u>	<u>-</u>
Fund balances (deficits) at beginning of fiscal year	2,428,606	(403,633)	7,022	(9,907)
Prior period adjustments	<u>(205,212)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances (deficits) at beginning of fiscal year, as restated	<u>2,223,394</u>	<u>(403,633)</u>	<u>7,022</u>	<u>(9,907)</u>
Fund balances (deficits) at end of fiscal year	<u><u>\$ 2,784,247</u></u>	<u><u>\$ (479,183)</u></u>	<u><u>\$ 5,736</u></u>	<u><u>\$ (9,907)</u></u>

Special Revenue Funds				Capital Projects Funds			Total Nonmajor Governmental Funds
Citizens Option Public Safety	AQMD	Park In-Lieu	Measure M	Mortgage Assistance Program	Master Plan of Drainage	Street and Traffic Signal Improvements	
\$ 112,822	\$ 83,213	\$ -	\$ 933,270	\$ -	\$ -	\$ -	\$ 3,561,163
499	5,713	3,854	14,624	424	39,234	12,702	95,744
-	-	-	-	-	-	-	98,714
-	-	814,640	-	450,000	514,584	78,432	2,025,694
<u>113,321</u>	<u>88,926</u>	<u>818,494</u>	<u>947,894</u>	<u>450,424</u>	<u>553,818</u>	<u>91,134</u>	<u>5,781,315</u>
-	-	-	-	-	-	-	216,879
-	-	-	-	-	-	-	<u>216,879</u>
<u>113,321</u>	<u>88,926</u>	<u>818,494</u>	<u>947,894</u>	<u>450,424</u>	<u>553,818</u>	<u>91,134</u>	<u>5,564,436</u>
<u>(100,000)</u>	<u>(21,350)</u>	<u>(27,000)</u>	<u>(503,415)</u>	<u>-</u>	<u>(602,850)</u>	<u>(595,222)</u>	<u>(3,866,245)</u>
<u>(100,000)</u>	<u>(21,350)</u>	<u>(27,000)</u>	<u>(503,415)</u>	<u>-</u>	<u>(602,850)</u>	<u>(595,222)</u>	<u>(3,866,245)</u>
<u>13,321</u>	<u>67,576</u>	<u>791,494</u>	<u>444,479</u>	<u>450,424</u>	<u>(49,032)</u>	<u>(504,088)</u>	<u>1,698,191</u>
<u>13,556</u>	<u>823,563</u>	<u>443,828</u>	<u>1,956,777</u>	<u>-</u>	<u>5,763,338</u>	<u>1,975,729</u>	<u>12,998,879</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(205,212)</u>
<u>13,556</u>	<u>823,563</u>	<u>443,828</u>	<u>1,956,777</u>	<u>-</u>	<u>5,763,338</u>	<u>1,975,729</u>	<u>12,793,667</u>
<u>\$ 26,877</u>	<u>\$ 891,139</u>	<u>\$ 1,235,322</u>	<u>\$ 2,401,256</u>	<u>\$ 450,424</u>	<u>\$ 5,714,306</u>	<u>\$ 1,471,641</u>	<u>\$ 14,491,858</u>

CITY OF YORBA LINDA

**BUDGETARY COMPARISON SCHEDULE
GAS TAX SPECIAL REVENUE FUND
FISCAL YEAR ENDED JUNE 30, 2015**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary fund balance, July 1	\$ 2,428,606	\$ 2,428,606	\$ -
Prior period adjustments	-	(205,212)	(205,212)
Budgetary fund balance, July 1, restated	2,428,606	2,223,394	(205,212)
Resources (inflows):			
Intergovernmental	2,100,000	1,954,283	(145,717)
Use of money and property	-	18,694	18,694
 Amounts available for appropriations	4,528,606	4,196,371	(332,235)
Charges to appropriations (outflows):			
Transfers out	4,475,788	1,412,124	3,063,664
 Total charges to appropriations	4,475,788	1,412,124	3,063,664
Budgetary fund balance, June 30	\$ 52,818	\$ 2,784,247	\$ 2,731,429

CITY OF YORBA LINDA

**BUDGETARY COMPARISON SCHEDULE
AID TO CITIES SPECIAL REVENUE FUND
FISCAL YEAR ENDED JUNE 30, 2015**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary fund balance (deficit), July 1	\$ (403,633)	\$ (403,633)	\$ -
Resources (inflows):			
Intergovernmental	270,000	260,696	(9,304)
Developer participation	-	168,038	168,038
Amounts available for appropriations	(133,633)	25,101	158,734
Charges to appropriations (outflows):			
Transfers out	2,224,380	504,284	1,720,096
Total charges to appropriations	2,224,380	504,284	1,720,096
Budgetary fund balance (deficit) June 30	\$ (2,358,013)	\$ (479,183)	\$ 1,878,830

CITY OF YORBA LINDA

BUDGETARY COMPARISON SCHEDULE
 TRAFFIC SAFETY SPECIAL REVENUE FUND
 FISCAL YEAR ENDED JUNE 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary fund balance, July 1	\$ 7,022	\$ 7,022	\$ -
Resources (inflows):			
Fines and forfeitures	137,078	98,714	(38,364)
Amounts available for appropriations	144,100	105,736	(38,364)
Charges to appropriations (outflows):			
Transfers out	100,000	100,000	-
Total charges to appropriations	100,000	100,000	-
Budgetary fund balance, June 30	\$ 44,100	\$ 5,736	\$ (38,364)

CITY OF YORBA LINDA

BUDGETARY COMPARISON SCHEDULE
HCD GRANT SPECIAL REVENUE FUND
FISCAL YEAR ENDED JUNE 30, 2015

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Budgetary fund balance (deficit), July 1	\$ (9,907)	\$ (9,907)	\$ -
Resources (inflows):			
Intergovernmental	<u>233,927</u>	<u>216,879</u>	<u>(17,048)</u>
Amounts available for appropriations	<u>224,020</u>	<u>206,972</u>	<u>(17,048)</u>
Charges to appropriations (outflows):			
Community development	203,926	216,879	(12,953)
Transfers out	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Total charges to appropriations	<u>233,926</u>	<u>216,879</u>	<u>17,047</u>
Budgetary fund balance (deficit), June 30	<u><u>\$ (9,906)</u></u>	<u><u>\$ (9,907)</u></u>	<u><u>\$ (1)</u></u>

CITY OF YORBA LINDA

BUDGETARY COMPARISON SCHEDULE
 CITIZENS OPTION PUBLIC SAFETY SPECIAL REVENUE FUND
 FISCAL YEAR ENDED JUNE 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary fund balance, July 1	\$ 13,556	\$ 13,556	\$ -
Resources (inflows):			
Intergovernmental	100,000	112,822	12,822
Use of money and property	-	499	499
	<u>113,556</u>	<u>126,877</u>	<u>13,321</u>
Amounts available for appropriations			
Charges to appropriations (outflows):			
Transfers out	100,000	100,000	-
	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Total charges to appropriations			
	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Budgetary fund balance, June 30	<u>\$ 13,556</u>	<u>\$ 26,877</u>	<u>\$ 13,321</u>

CITY OF YORBA LINDA

BUDGETARY COMPARISON SCHEDULE
 AQMD SPECIAL REVENUE FUND
 FISCAL YEAR ENDED JUNE 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary fund balance, July 1	\$ 823,563	\$ 823,563	\$ -
Resources (inflows):			
Intergovernmental	81,880	83,213	1,333
Use of money and property	-	5,713	5,713
Amounts available for appropriations	<u>905,443</u>	<u>912,489</u>	<u>7,046</u>
Charges to appropriations (outflows):			
Transfers out	<u>120,000</u>	<u>21,350</u>	<u>98,650</u>
Total charges to appropriations	<u>120,000</u>	<u>21,350</u>	<u>98,650</u>
Budgetary fund balance, June 30	<u>\$ 785,443</u>	<u>\$ 891,139</u>	<u>\$ 105,696</u>

CITY OF YORBA LINDA

BUDGETARY COMPARISON SCHEDULE
 PARK IN-LIEU SPECIAL REVENUE FUND
 FISCAL YEAR ENDED JUNE 30, 2015

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary fund balance, July 1	\$ 443,828	\$ 443,828	\$ -
Resources (inflows):			
Use of money and property	-	3,854	3,854
Developer participation	671,563	814,640	143,077
Amounts available for appropriations	<u>1,115,391</u>	<u>1,262,322</u>	<u>146,931</u>
Charges to appropriations (outflows):			
Transfers out	698,273	27,000	671,273
Total charges to appropriations	<u>698,273</u>	<u>27,000</u>	<u>671,273</u>
Budgetary fund balance, June 30	<u>\$ 417,118</u>	<u>\$ 1,235,322</u>	<u>\$ 818,204</u>

CITY OF YORBA LINDA

**BUDGETARY COMPARISON SCHEDULE
MEASURE M SPECIAL REVENUE FUND
FISCAL YEAR ENDED JUNE 30, 2015**

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Budgetary fund balance, July 1	\$ 1,956,777	\$ 1,956,777	\$ -
Resources (inflows):			
Intergovernmental	975,074	933,270	(41,804)
Use of money and property	-	14,624	14,624
Amounts available for appropriations	2,931,851	2,904,671	(27,180)
Charges to appropriations (outflows):			
Transfers out	1,927,069	503,415	1,423,654
Total charges to appropriations	1,927,069	503,415	1,423,654
Budgetary fund balance, June 30	\$ 1,004,782	\$ 2,401,256	\$ 1,396,474

CITY OF YORBA LINDA

**BUDGETARY COMPARISON SCHEDULE
MORTGAGE ASSISTANCE PROGRAM SPECIAL REVENUE FUND
FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Budgetary fund balance, July 1	\$ -	\$ -	\$ -
Resources (inflows):			
Use of money and property	-	424	424
Developer participation	-	450,000	450,000
Amounts available for appropriations	-	450,424	450,424
Budgetary fund balance, June 30	<u>\$ -</u>	<u>\$ 450,424</u>	<u>\$ 450,424</u>

CITY OF YORBA LINDA

**BUDGETARY COMPARISON SCHEDULE
 MASTER PLAN OF DRAINAGE CAPITAL PROJECTS FUND
 FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Budgetary fund balance, July 1	\$ 5,763,338	\$ 5,763,338	\$ -
Resources (inflows):			
Use of money and property	42,500	39,234	(3,266)
Developer participation	-	514,584	514,584
	<u>5,805,838</u>	<u>6,317,156</u>	<u>511,318</u>
Amounts available for appropriations			
Charges to appropriations (outflows):			
Transfers out	<u>602,850</u>	<u>602,850</u>	<u>-</u>
Total charges to appropriations	<u>602,850</u>	<u>602,850</u>	<u>-</u>
Budgetary fund balance, June 30	<u><u>\$ 5,202,988</u></u>	<u><u>\$ 5,714,306</u></u>	<u><u>\$ 511,318</u></u>

CITY OF YORBA LINDA

**BUDGETARY COMPARISON SCHEDULE
STREET AND TRAFFIC SIGNAL IMPROVEMENTS CAPITAL PROJECTS FUND
FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
Budgetary fund balance, July 1	\$ 1,975,729	\$ 1,975,729	\$ -
Resources (inflows):			
Use of money and property	19,680	12,702	(6,978)
Developer participation	-	78,432	78,432
	<u>1,995,409</u>	<u>2,066,863</u>	<u>71,454</u>
Amounts available for appropriations			
Charges to appropriations (outflows):			
Transfers out	<u>657,615</u>	<u>595,222</u>	<u>62,393</u>
Total charges to appropriations	<u>657,615</u>	<u>595,222</u>	<u>62,393</u>
Budgetary fund balance, June 30	<u><u>\$ 1,337,794</u></u>	<u><u>\$ 1,471,641</u></u>	<u><u>\$ 133,847</u></u>

CITY OF YORBA LINDA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 FISCAL YEAR ENDED JUNE 30, 2015

	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
<u>Deposits</u>				
Assets:				
Pooled cash and investments	\$ 2,293,864	\$ 2,615,498	\$ 2,519,728	\$ 2,389,634
Total assets	<u>\$ 2,293,864</u>	<u>\$ 2,615,498</u>	<u>\$ 2,519,728</u>	<u>\$ 2,389,634</u>
Liabilities:				
Accounts payable	\$ 212,029	\$ 2,369	\$ 59,703	\$ 154,695
Deposits payable	<u>2,081,835</u>	<u>2,613,129</u>	<u>2,460,025</u>	<u>2,234,939</u>
Total liabilities	<u>\$ 2,293,864</u>	<u>\$ 2,615,498</u>	<u>\$ 2,519,728</u>	<u>\$ 2,389,634</u>

THIS PAGE INTENTIONALLY LEFT BLANK