

CITY OF YORBA LINDA, CALIFORNIA
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

PREPARED BY THE FINANCE DEPARTMENT

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CITY OF YORBA LINDA, CALIFORNIA
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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INDEPENDENT AUDITORS' REPORT

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

Report on 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 City of Yorba Linda, California, (the City) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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.



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

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, 2013, and, the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Housing Fund, Library Fund, and Street Lighting and Maintenance District Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2013 the City adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the modified approach for infrastructure capital assets 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 combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules 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



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

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 combining and individual nonmajor fund financial statements and schedules 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 March 16, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Lance, Solt & Luyhard, LLP

Brea, California
March 16, 2014

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CITY OF YORBA LINDA

STATEMENT OF NET POSITION
 JUNE 30, 2013

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 67,813,694	\$ -	\$ 67,813,694
Receivables:			
Accounts	430,358	802,638	1,232,996
Taxes	732,413	-	732,413
Notes and loans	33,708,938	-	33,708,938
Accrued interest	166,099	-	166,099
Internal balances	10,267,348	(10,267,348)	-
Advances to Successor Agency of Former RDA	9,851,425	-	9,851,425
Prepaid costs	62,835	1,103	63,938
Due from other governments	2,576,034	-	2,576,034
Inventories	-	136,383	136,383
Restricted assets:			
Cash and investments	7,500	-	7,500
Cash with fiscal agent	-	1,205,556	1,205,556
Capital assets not being depreciated	234,777,106	12,726,948	247,504,054
Capital assets, net of depreciation	131,021,786	15,000,536	146,022,322
Total Assets	491,415,536	19,605,816	511,021,352
Liabilities:			
Accounts payable	3,479,864	832,840	4,312,704
Accrued liabilities	146,749	87,687	234,436
Accrued interest	-	181,329	181,329
Unearned revenue	548,366	348,357	896,723
Deposits payable	-	10,000	10,000
Noncurrent liabilities:			
Due within one year	491,510	470,000	961,510
Due in more than one year	6,707,079	15,165,000	21,872,079
Total Liabilities	11,373,568	17,095,213	28,468,781
Net Position:			
Net investment in capital assets	365,798,892	12,092,484	377,891,376
Restricted for:			
Public safety	39,560	-	39,560
Parks and recreation	414,487	-	414,487
Public works	15,641,967	-	15,641,967
Library	13,872,406	-	13,872,406
Low and moderate housing	39,374,708	-	39,374,708
Unrestricted	44,899,948	(9,581,881)	35,318,067
Total Net Position	\$ 480,041,968	\$ 2,510,603	\$ 482,552,571

CITY OF YORBA LINDA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 9,389,912	\$ 1,234,855	\$ 486	\$ -
Public safety	9,748,242	174,508	100,652	-
Community development	2,947,842	2,013,659	441,137	-
Parks and recreation	6,412,609	1,806,052	72,762	-
Public works	23,195,904	420,871	2,888,952	685,434
Contribution from other governments	679,782	-	1,879,974	-
Total Governmental Activities	52,374,291	5,649,945	5,383,963	685,434
Business-Type Activities:				
Golf	6,365,717	5,670,123	-	-
Disposal	5,164,390	5,065,036	-	-
Yorba Linda Center Catering	120,977	29,481	-	-
Total Business-Type Activities	11,651,084	10,764,640	-	-
Total Primary Government	\$ 64,025,375	\$ 16,414,585	\$ 5,383,963	\$ 685,434

General Revenues:

Taxes:

Property taxes, levied for general purpose

Sales taxes

Franchise taxes

Business licenses taxes

Other taxes

Motor vehicle in lieu - unrestricted

Use of money and property

Other

Gain on sale of capital asset

Total General Revenues

Change in Net Position

Net Position at Beginning of Year

Restatement of Net Position

Net Position at End of Year

Net (Expenses) Revenues and Changes in Net Position
Primary Government

Governmental Activities	Business-Type Activities	Total
\$ (8,154,571)	\$ -	\$ (8,154,571)
(9,473,082)	-	(9,473,082)
(493,046)	-	(493,046)
(4,533,795)	-	(4,533,795)
(19,200,647)	-	(19,200,647)
1,200,192	-	1,200,192
(40,654,949)	-	(40,654,949)
-	(695,594)	(695,594)
-	(99,354)	(99,354)
-	(91,496)	(91,496)
-	(886,444)	(886,444)
(40,654,949)	(886,444)	(41,541,393)
19,209,305	-	19,209,305
5,668,119	-	5,668,119
2,088,406	-	2,088,406
335,799	-	335,799
7,032,922	-	7,032,922
35,511	-	35,511
(125,819)	11,358	(114,461)
1,005,264	-	1,005,264
-	69,600	69,600
35,249,507	80,958	35,330,465
(5,405,442)	(805,486)	(6,210,928)
485,447,410	3,792,734	489,240,144
-	(476,645)	(476,645)
\$ 480,041,968	\$ 2,510,603	\$ 482,552,571

CITY OF YORBA LINDA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

	Special Revenue Funds			
	General	Housing	Library	Street Lighting & Maintenance
Assets:				
Pooled cash and investments	\$ 34,943,520	\$ 1,861,310	\$ 13,913,107	\$ 3,034,842
Receivables:				
Accounts	410,645	7,500	2,223	9,990
Taxes	588,677	-	66,253	77,483
Notes and loans	-	33,708,938	-	-
Accrued interest	158,565	-	3,449	443
Prepaid costs	46,982	-	15,853	-
Due from other governments	1,145,704	-	-	-
Due from other funds	4,920,114	-	-	-
Advances to other funds	5,534,145	-	-	-
Advances to Successor Agency of Former RDA	6,035,572	3,815,853	-	-
Restricted assets:				
Cash and investments	7,500	-	-	-
Total Assets	\$ 53,791,424	\$ 39,393,601	\$ 14,000,885	\$ 3,122,758
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ 1,384,129	\$ 16,511	\$ 94,999	\$ 808,450
Accrued liabilities	104,781	2,382	33,480	6,085
Unearned revenues	300,476	-	-	-
Due to other funds	331,850	-	-	649
Total Liabilities	2,121,236	18,893	128,479	815,184
Deferred Inflows of Resources:				
Unavailable revenues	833,225	-	-	-
Total Deferred Inflows of Resources	833,225	-	-	-
Fund Balances:				
Nonspendable:				
Prepaid costs	46,982	-	15,853	-
Advances to other funds	11,569,717	3,815,853	-	-
Restricted for:				
Public safety	-	-	-	-
Parks and recreation	-	-	-	-
Public works	-	-	-	2,307,574
Library	-	-	13,856,553	-
Low and moderate housing	-	35,558,855	-	-
Assigned to:				
Capital projects	-	-	-	-
Unassigned	39,220,264	-	-	-
Total Fund Balances	50,836,963	39,374,708	13,872,406	2,307,574
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 53,791,424	\$ 39,393,601	\$ 14,000,885	\$ 3,122,758

CITY OF YORBA LINDA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2013**

	<u>Capital Projects Funds</u>		
	<u>Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Pooled cash and investments	\$ -	\$ 14,060,915	\$ 67,813,694
Receivables:			
Accounts	-	-	430,358
Taxes	-	-	732,413
Notes and loans	-	-	33,708,938
Accrued interest	-	3,642	166,099
Prepaid costs	-	-	62,835
Due from other governments	20,649	1,409,681	2,576,034
Due from other funds	1,154,876	-	6,074,990
Advances to other funds	-	-	5,534,145
Advances to Successor Agency of Former RDA	-	-	9,851,425
Restricted assets:			
Cash and investments	-	-	7,500
Total Assets	<u>\$ 1,175,525</u>	<u>\$ 15,474,238</u>	<u>\$ 126,958,431</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ 1,175,525	\$ 250	\$ 3,479,864
Accrued liabilities	-	21	146,749
Unearned revenues	-	247,890	548,366
Due to other funds	-	1,009,288	1,341,787
Total Liabilities	<u>1,175,525</u>	<u>1,257,449</u>	<u>5,516,766</u>
Deferred Inflows of Resources:			
Unavailable revenues	-	854,524	1,687,749
Total Deferred Inflows of Resources	<u>-</u>	<u>854,524</u>	<u>1,687,749</u>
Fund Balances:			
Nonspendable:			
Prepaid costs	-	-	62,835
Advances to other funds	-	-	15,385,570
Restricted for:			
Public safety	-	39,560	39,560
Parks and recreation	-	414,487	414,487
Public works	-	5,710,136	8,017,710
Library	-	-	13,856,553
Low and moderate housing	-	-	35,558,855
Assigned to:			
Capital projects	-	7,624,257	7,624,257
Unassigned	<u>-</u>	<u>(426,175)</u>	<u>38,794,089</u>
Total Fund Balances	<u>-</u>	<u>13,362,265</u>	<u>119,753,916</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,175,525</u>	<u>\$ 15,474,238</u>	<u>\$ 126,958,431</u>

CITY OF YORBA LINDA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2013

Fund balances of governmental funds		\$ 119,753,916
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.		365,798,892
Long-term debt and compensated absences that have not been included in the governmental fund activity:		
Claims and judgments	\$ (150,414)	
Compensated absences	<u>(957,575)</u>	(1,107,989)
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.		(6,090,600)
Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.		<u>1,687,749</u>
Net position of governmental activities		<u><u>\$ 480,041,968</u></u>

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CITY OF YORBA LINDA

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013**

	Special Revenue Funds			
	General	Housing	Library	Street Lighting & Maintenance
Revenues:				
Taxes	\$ 23,562,107	\$ -	\$ 4,538,142	\$ 6,190,328
Licenses and permits	1,944,412	-	-	-
Intergovernmental	521,815	-	2,500	-
Charges for services	3,107,807	-	40,634	-
Use of money and property	(70,941)	2,825	(24,030)	(8,642)
Fines and forfeitures	17,498	-	77,813	-
Contributions	-	-	450	-
Developer participation	-	-	-	-
Miscellaneous	1,180,245	-	33	-
Total Revenues	30,262,943	2,825	4,635,542	6,181,686
Expenditures:				
Current:				
General government	4,596,000	109,849	3,554,243	-
Public safety	10,421,130	-	-	-
Community development	2,443,869	-	-	-
Parks and recreation	5,162,143	-	-	-
Public works	3,311,590	-	-	7,181,207
Capital outlay	320,843	-	23,883	-
Total Expenditures	26,255,575	109,849	3,578,126	7,181,207
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,007,368	(107,024)	1,057,416	(999,521)
Other Financing Sources (Uses):				
Transfers in	227,500	-	57,472	1,148,816
Transfers out	(3,101,877)	-	(25,100)	-
Contributions to Successor Agency	(679,782)	-	-	-
Contributions from Successor Agency	941,103	744,142	-	-
Total Other Financing Sources (Uses)	(2,613,056)	744,142	32,372	1,148,816
Net Change in Fund Balances	1,394,312	637,118	1,089,788	149,295
Fund Balances, Beginning of Year	49,442,651	38,737,590	12,782,618	2,158,279
Fund Balances, End of Year	\$ 50,836,963	\$ 39,374,708	\$ 13,872,406	\$ 2,307,574

CITY OF YORBA LINDA

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013**

	<u>Capital Projects Funds</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes	\$ -	\$ -	\$ 34,290,577
Licenses and permits	-	-	1,944,412
Intergovernmental	-	3,395,063	3,919,378
Charges for services	-	-	3,148,441
Use of money and property	-	(25,031)	(125,819)
Fines and forfeitures	-	122,084	217,395
Contributions	-	-	450
Developer participation	-	197,300	197,300
Miscellaneous	-	-	1,180,278
Total Revenues	-	3,689,416	44,772,412
Expenditures:			
Current:			
General government	-	-	8,260,092
Public safety	-	-	10,421,130
Community development	-	332,586	2,776,455
Parks and recreation	-	29,411	5,191,554
Public works	-	-	10,492,797
Capital outlay	6,055,204	-	6,399,930
Total Expenditures	6,055,204	361,997	43,541,958
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,055,204)	3,327,419	1,230,454
Other Financing Sources (Uses):			
Transfers in	5,860,475	2,040	7,296,303
Transfers out	-	(4,169,326)	(7,296,303)
Contributions to Successor Agency	-	-	(679,782)
Contributions from Successor Agency	194,729	-	1,879,974
Total Other Financing Sources (Uses)	6,055,204	(4,167,286)	1,200,192
Net Change in Fund Balances	-	(839,867)	2,430,646
Fund Balances, Beginning of Year	-	14,202,132	117,323,270
Fund Balances, End of Year	\$ -	\$ 13,362,265	\$ 119,753,916

CITY OF YORBA LINDA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013**

Net change in fund balances - total governmental funds \$ 2,430,646

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

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

Capital outlay	\$ 4,149,091	
Depreciation	(3,377,291)	
Gain/(loss) on disposal of capital assets	<u>(8,850,210)</u>	(8,078,410)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Changes in claims and judgments obligation	<u>724,928</u>	724,928
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Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

200,869

Governmental funds report all contributions in relation to the annual required contribution (ARC) for OPEB as expenditures, however in the statement of activities only the ARC is an expense.

(999,938)

Revenues reported as unavailable revenue in the governmental funds and recognized in the statement of activities. These are included in the intergovernmental revenues in the governmental fund activity.

316,463

Change in net position of governmental activities \$ (5,405,442)

CITY OF YORBA LINDA

**BUDGETARY COMPARISON STATEMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 49,442,651	\$ 49,442,651	\$ 49,442,651	\$ -
Resources (Inflows):				
Taxes	21,612,000	21,612,000	23,562,107	1,950,107
Licenses and permits	1,214,003	1,214,003	1,944,412	730,409
Intergovernmental	46,913	46,913	521,815	474,902
Charges for services	3,160,838	3,160,838	3,107,807	(53,031)
Use of money and property	333,500	333,500	(70,941)	(404,441)
Fines and forfeitures	37,000	37,000	17,498	(19,502)
Miscellaneous	826,900	826,900	1,180,245	353,345
Transfers in	350,500	525,500	227,500	(298,000)
Contributions from Successor Agency	-	-	941,103	941,103
Amounts Available for Appropriation	77,024,305	77,199,305	80,874,197	3,674,892
Charges to Appropriation (Outflow):				
General government	4,474,562	5,004,313	4,596,000	408,313
Public safety	11,470,744	11,620,744	10,421,130	1,199,614
Community development	2,311,058	2,394,700	2,443,869	(49,169)
Parks and recreation	5,053,215	5,160,799	5,162,143	(1,344)
Public works	3,704,182	3,904,631	3,311,590	593,041
Capital outlay	138,500	191,131	320,843	(129,712)
Transfers out	2,179,128	5,393,942	3,101,877	2,292,065
Contributions to Successor Agency	-	-	679,782	(679,782)
Total Charges to Appropriations	29,331,389	33,670,260	30,037,234	3,633,026
Budgetary Fund Balance, June 30	\$ 47,692,916	\$ 43,529,045	\$ 50,836,963	\$ 7,307,918

CITY OF YORBA LINDA

**BUDGETARY COMPARISON STATEMENT
HOUSING
YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 38,737,590	\$ 38,737,590	\$ 38,737,590	\$ -
Resources (Inflows):				
Use of money and property	10,000	10,000	2,825	(7,175)
Contributions from Successor Agency	-	-	744,142	744,142
Amounts Available for Appropriations	38,747,590	38,747,590	39,484,557	736,967
Charges to Appropriation (Outflow):				
General government	443,240	448,595	109,849	338,746
Total Charges to Appropriations	443,240	448,595	109,849	338,746
Budgetary Fund Balance, June 30	\$ 38,304,350	\$ 38,298,995	\$ 39,374,708	\$ 1,075,713

CITY OF YORBA LINDA

**BUDGETARY COMPARISON STATEMENT
LIBRARY
YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 12,782,618	\$ 12,782,618	\$ 12,782,618	\$ -
Resources (Inflows):				
Taxes	4,183,096	4,183,096	4,538,142	355,046
Intergovernmental	-	-	2,500	2,500
Charges for services	41,800	41,800	40,634	(1,166)
Use of money and property	95,000	95,000	(24,030)	(119,030)
Fines and forfeitures	70,000	70,000	77,813	7,813
Contributions	200	200	450	250
Miscellaneous	50	50	33	(17)
Transfers in	500,000	500,000	57,472	(442,528)
Amounts Available for Appropriations	17,672,764	17,672,764	17,475,632	(197,132)
Charges to Appropriation (Outflow):				
General government	3,792,875	3,795,238	3,554,243	240,995
Capital outlay	40,900	40,900	23,883	17,017
Transfers out	3,135,000	6,433,834	25,100	6,408,734
Total Charges to Appropriations	6,968,775	10,269,972	3,603,226	6,666,746
Budgetary Fund Balance, June 30	\$ 10,703,989	\$ 7,402,792	\$ 13,872,406	\$ 6,469,614

CITY OF YORBA LINDA

**BUDGETARY COMPARISON STATEMENT
STREET LIGHTING & MAINTENANCE DISTRICT
YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,158,279	\$ 2,158,279	\$ 2,158,279	\$ -
Resources (Inflows):				
Taxes	6,707,451	6,707,451	6,190,328	(517,123)
Use of money and property	4,000	4,000	(8,642)	(12,642)
Transfers in	970,853	970,853	1,148,816	177,963
Amounts Available for Appropriations	9,840,583	9,840,583	9,488,781	(351,802)
Charges to Appropriation (Outflow):				
Public works	7,532,351	7,669,926	7,181,207	488,719
Capital outlay	500	500	-	500
Transfers out	53,500	93,232	-	93,232
Total Charges to Appropriations	7,586,351	7,763,658	7,181,207	582,451
Budgetary Fund Balance, June 30	\$ 2,254,232	\$ 2,076,925	\$ 2,307,574	\$ 230,649

CITY OF YORBA LINDA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2013

	Business-Type Activities - Enterprise Funds			Totals
	Golf	Disposal	Yorba Linda Center Catering	
Assets:				
Current:				
Receivables:				
Accounts	\$ 687,208	\$ -	\$ 115,430	\$ 802,638
Prepaid costs	1,103	-	-	1,103
Inventories	136,383	-	-	136,383
Restricted:				
Cash with fiscal agent	1,205,556	-	-	1,205,556
Total Current Assets	2,030,250	-	115,430	2,145,680
Noncurrent:				
Capital assets - net of accumulated depreciation	27,727,484	-	-	27,727,484
Total Noncurrent Assets	27,727,484	-	-	27,727,484
Total Assets	\$ 29,757,734	\$ -	\$ 115,430	\$ 29,873,164
Liabilities and Net Position:				
Liabilities:				
Current:				
Accounts payable	\$ 407,721	\$ 418,091	\$ 7,028	\$ 832,840
Accrued liabilities	87,687	-	-	87,687
Accrued interest	181,329	-	-	181,329
Unearned revenues	348,357	-	-	348,357
Deposits payable	10,000	-	-	10,000
Due to other funds	4,188,708	344,597	199,898	4,733,203
Bonds, notes, and capital leases	470,000	-	-	470,000
Total Current Liabilities	5,693,802	762,688	206,926	6,663,416
Noncurrent:				
Advances from other funds	5,534,145	-	-	5,534,145
Bonds, notes, and capital leases	15,165,000	-	-	15,165,000
Total Noncurrent Liabilities	20,699,145	-	-	20,699,145
Total Liabilities	26,392,947	762,688	206,926	27,362,561
Net Position:				
Net investment in capital assets	12,092,484	-	-	12,092,484
Unrestricted	(8,727,697)	(762,688)	(91,496)	(9,581,881)
Total Net Position	3,364,787	(762,688)	(91,496)	2,510,603
Total Liabilities and Net Position	\$ 29,757,734	\$ -	\$ 115,430	\$ 29,873,164

CITY OF YORBA LINDA

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Funds			
	Yorba Linda			Totals
	Golf	Disposal	Center Catering	
Operating Revenues:				
Sales and service charges	\$ 5,670,123	\$ 5,065,036	\$ 29,481	\$ 10,764,640
Total Operating Revenues	5,670,123	5,065,036	29,481	10,764,640
Operating Expenses:				
Administration and general	3,970,808	-	115,218	4,086,026
Transmission/collection	-	5,164,390	-	5,164,390
Cost of sales and services	876,648	-	5,759	882,407
Depreciation expense	776,788	-	-	776,788
Total Operating Expenses	5,624,244	5,164,390	120,977	10,909,611
Operating Income (Loss)	45,879	(99,354)	(91,496)	(144,971)
Nonoperating Revenues (Expenses):				
Interest revenue	10,775	583	-	11,358
Interest expense	(741,473)	-	-	(741,473)
Gain (loss) on disposal of capital assets	69,600	-	-	69,600
Total Nonoperating Revenues (Expenses)	(661,098)	583	-	(660,515)
Changes in Net Position	(615,219)	(98,771)	(91,496)	(805,486)
Net Position:				
Beginning of Year, previously reported	4,456,651	(663,917)	-	3,792,734
Restatements	(476,645)	-	-	(476,645)
Beginning of Fiscal Year, as restated	3,980,006	(663,917)	-	3,316,089
End of Fiscal Year	\$ 3,364,787	\$ (762,688)	\$ (91,496)	\$ 2,510,603

CITY OF YORBA LINDA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2013

	Business-Type Activities - Enterprise Funds			Totals
	Golf	Disposal	Yorba Linda Center Catering	
Cash Flows from Operating Activities:				
Cash received from customers and users	\$ 5,324,425	\$ 5,065,036	\$ (85,949)	\$ 10,303,512
Cash paid to suppliers for goods and services	(850,527)	(5,164,910)	1,269	(6,014,168)
Cash paid to employees for services	(3,954,153)	-	(115,218)	(4,069,371)
Net Cash Provided (Used) by Operating Activities	519,745	(99,874)	(199,898)	219,973
Cash Flows from Non-Capital Financing Activities:				
Repayment made to other funds	1,318,014	99,291	199,898	1,617,203
Net Cash Provided (Used) by Non-Capital Financing Activities	1,318,014	99,291	199,898	1,617,203
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	(1,548,727)	-	-	(1,548,727)
Principal paid on capital debt	(455,000)	-	-	(455,000)
Interest paid on capital debt	(745,654)	-	-	(745,654)
Advance from other funds	831,247	-	-	831,247
Proceeds from sales of capital assets	69,600	-	-	69,600
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,848,534)	-	-	(1,848,534)
Cash Flows from Investing Activities:				
Interest received	10,775	583	-	11,358
Net Cash Provided (Used) by Investing Activities	10,775	583	-	11,358
Cash and Cash Equivalents at Beginning of Year	1,205,556	-	-	1,205,556
Cash and Cash Equivalents at End of Year	\$ 1,205,556	\$ -	\$ -	\$ 1,205,556
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 45,879	\$ (99,354)	\$ (91,496)	\$ (144,971)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:				
Depreciation	776,788	-	-	776,788
(Increase) decrease in accounts receivable	(282,737)	-	(115,430)	(398,167)
(Increase) decrease in inventories	5,340	-	-	5,340
(Increase) decrease in prepaid costs	(1,103)	-	-	(1,103)
Increase (decrease) in accounts payable	27,224	(520)	7,028	33,732
Increase (decrease) in accrued liabilities	16,655	-	-	16,655
Increase (decrease) in unearned revenues	(68,301)	-	-	(68,301)
Total Adjustments	473,866	(520)	(108,402)	364,944
Net Cash Provided (Used) by Operating Activities	\$ 519,745	\$ (99,874)	\$ (199,898)	\$ 219,973

CITY OF YORBA LINDA

STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2013

	Agency Funds	Private- Purpose Trust Fund Successor Agency of the former RDA
Assets:		
Pooled cash and investments	\$ 2,358,268	\$ 18,039,479
Receivables:		
Accounts	165	3,600
Accrued interest	-	4,826
Land held for resale	-	18,812,640
Restricted assets:		
Cash and investments with fiscal agents	-	19,337,949
Capital assets:		
Capital assets, not being depreciated	-	364,593
Total Assets	\$ 2,358,433	56,563,087
Liabilities:		
Accounts payable	\$ 77,235	9,416
Accrued interest	-	884,416
Deposits payable	2,281,198	-
Due to other governments	-	20,649
Long-term liabilities:		
Due in one year	-	3,585,000
Due in more than one year	-	101,360,482
Total Liabilities	\$ 2,358,433	105,859,963
Net Position:		
Held in trust for other purposes		(49,296,876)
Total Net Position		\$ (49,296,876)

CITY OF YORBA LINDA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 YEAR ENDED JUNE 30, 2013

	<u>Private- Purpose Trust Fund Successor Agency of the former RDA</u>
Additions:	
Taxes	\$ 9,278,577
Interest and change in fair value of investments	(15,335)
Contributions from City	679,782
Miscellaneous	6,971
	<u>9,949,995</u>
Total Additions	9,949,995
Deductions:	
Administrative expenses	115,890
Contractual services	188,385
Interest expense	4,118,618
Contributions to City	1,879,974
Reimbursement of prior taxes to County	6,712,354
	<u>13,015,221</u>
Total Deductions	13,015,221
Changes in Net Position	(3,065,226)
Net Position - Beginning of the Year	(45,501,258)
Restatement of Net Position	<u>(730,392)</u>
Net Position - End of the Year	<u>\$ (49,296,876)</u>

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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 Agency. The purpose of the Authority is to enable the City and the Agency 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 nonfiduciary 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. 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. Agency funds have no measurement focus. 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, 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)

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 of the former Yorba Linda Redevelopment Agency low and moderate income housing.
- The Library Fund accounts for the revenues and expenditures relating to the operations of the public library.
- The Street Lighting and Maintenance District 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 Improvement 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 account for all activities related to the catering operations at the Black Gold Golf Club.

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)

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)

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 to \$100,000, 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, 2013

Note 1: Summary of Significant Accounting Policies (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:

<u>Assets</u>	<u>Years</u>
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 assets lives are not capitalized.

Deferred outflows/inflows of resources

In addition to assets, the statement of net position 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. The City has no items at this time that qualifies for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the 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. These amounts are

Note 1: Summary of Significant Accounting Policies (Continued)

deferred and recognized as an inflow of resources in the period that the amounts become available.

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 proprietary 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 or proprietary fund type statement of net position.

Bond premiums and discounts are deferred and amortized over the life of the bonds using 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)

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.
- Debt Service includes those activities that account for the payment of long-term debt principal, interest and fiscal charges.

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 or 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.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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.

GASB 65

The City implemented GASB Statement 65, *Items Previously Reported as Assets and Liabilities*. GASB 65, among other things, amends prior guidance with respect to the treatment of debt issuance costs. Debt issuance costs should be recognized in the period incurred rather than reported on the statement of net position as deferred charges and recognized systematically over the life of the debt. The accounting changes of this statement should be applied retroactive and therefore the City has reported a restatement of beginning net position for any unamortized debt issuance costs (deferred charges) previously reported on the statement of net position to conform.

II. STEWARDSHIP

Note 2: 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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

Note 2: Stewardship, Compliance and Accountability (Continued)

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 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.

b. Deficit Fund Balance

The Aid to Cities fund had a deficit fund balance of \$416,268. This deficit will be funded with future revenues. The HCD Grant fund had a deficit fund balance of \$9,907 at June 30, 2013. This deficit will be funded with future grant reimbursements.

III. DETAILED NOTES ON ALL FUNDS

Note 3: Cash and Investments

As of June 30, 2013, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	\$ 67,821,194
Business-type activities	1,205,556
Fiduciary funds	<u>39,735,696</u>
Total Cash and Investments	<u>\$ 108,762,446</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

At June 30, 2013, the carrying amount of the City's deposits was \$9,519,959, and the bank balance was \$10,464,459. The \$944,500 difference represents outstanding checks, deposits in transit, and other reconciling items.

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

Note 3: Cash and Investments (Continued)

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.

Investments

Under provision of the City's investment policy and in accordance with the California Government Code, the following investments are authorized:

- U.S. Treasury Bills, Bonds and Notes
- Local Agency Investment Fund (State Pool)
- California based Joint Powers Authority Pool
- Registered State of California Warrants, Notes or Bonds
- U.S. Government Agency Securities
- Fully insured, collateralized Certificates of Deposit
- Negotiable Certificates of Deposit
- Commercial Paper
- Medium-Term Notes
- Money Market Mutual Funds

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.

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.

Note 3: Cash and Investments (Continued)

Credit Risk

The City's investment policy does not limit investments in Federal Agency Securities to ratings issued by nationally recognized statistical rating organizations. As of June 30, 2013, the City's investments in Federal Agency Securities consisted of investments with Federal Farm Credit Bank, Federal Home Loan Bank, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation. At June 30, 2013, all Federal Agency Securities were rated "AA+" by Standard & Poor's. All securities were investment grade and were legal under State and City law. As of June 30, 2013, the City's investments in external investment pools are unrated.

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, 2013, none of the City's deposits or investments was exposed to custodial credit risk.

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. As of June 30, 2013, the City had 8% of its cash and investment invested in Federal Farm Credit Bank, 8% invested in Federal Home Loan Bank, 8% invested in Federal Home Loan Mortgage Corporation, and 14% invested in Federal National Mortgage Association.

Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

Interest Rate Risk

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, 2013, the City had the following investments and original maturities:

CITY OF YORBA LINDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

Note 3: Cash and Investments (Continued)

	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	\$ -	\$ -	\$ -	\$ 7,844,320	\$ 7,844,320
Federal Farm Credit Bank	-	-	-	7,823,520	7,823,520
Federal Home Loan Mortgage Corp.	-	-	2,008,500	5,934,600	7,943,100
Federal National Mortgage Assn.	-	-	4,081,040	9,787,920	13,868,960
Certificates of deposit	750,000	105,000	1,000,000	-	1,855,000
Money Market	287,434	-	-	-	287,434
Local Agency Investment Fund	39,069,151	-	-	-	39,069,151
Cash with Fiscal Agent:					
Certificates of deposit	-	-	-	1,970,000	1,970,000
Money Market Mutual Funds	18,581,002	-	-	-	18,581,002
	<u>\$ 58,687,587</u>	<u>\$ 105,000</u>	<u>\$ 7,089,540</u>	<u>\$ 33,360,360</u>	<u>\$ 99,242,487</u>

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.

CITY OF YORBA LINDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

Note 4: Capital Assets (Continued)

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

	Balance July 1, 2012	Increases	Decreases	Transfers	Balance June 30, 2013
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	3,960,159	2,751,093	-	(1,948,712)	4,762,540
Total Capital Assets Not Being Depreciated	<u>233,974,725</u>	<u>2,751,093</u>	<u>-</u>	<u>(1,948,712)</u>	<u>234,777,106</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	52,306,287	352,767	-	1,890,864	54,549,918
Machinery and equipment	8,350,670	613,187	-	57,848	9,021,705
Motor vehicles	1,192,547	117,246	34,614	-	1,275,179
Other Infrastructure	138,503,718	314,798	16,143,170	-	122,675,346
Total Capital Assets Being Depreciated	<u>200,353,222</u>	<u>1,397,998</u>	<u>16,177,784</u>	<u>1,948,712</u>	<u>187,522,148</u>
Less Accumulated Depreciation:					
Buildings and improvements	19,204,498	1,288,804	-	-	20,493,302
Machinery and equipment	6,582,402	574,059	-	-	7,156,461
Motor vehicles	902,973	102,755	34,614	-	971,114
Other Infrastructure	33,760,772	1,411,673	7,292,960	-	27,879,485
Total Accumulated Depreciation	<u>60,450,645</u>	<u>3,377,291</u>	<u>7,327,574</u>	<u>-</u>	<u>56,500,362</u>
Total Capital Assets Being Depreciated, Net	<u>139,902,577</u>	<u>(1,979,293)</u>	<u>8,850,210</u>	<u>1,948,712</u>	<u>131,021,786</u>
Governmental Activities					
Capital Assets, Net	<u>\$ 373,877,302</u>	<u>\$ 771,800</u>	<u>\$ 8,850,210</u>	<u>\$ -</u>	<u>\$ 365,798,892</u>

CITY OF YORBA LINDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

Note 4: Capital Assets (Continued)

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 12,726,948	\$ -	\$ -	\$ 12,726,948
Total Capital Assets Not Being Depreciated	<u>12,726,948</u>	<u>-</u>	<u>-</u>	<u>12,726,948</u>
Capital Assets, Being Depreciated:				
Structures and improvements	20,519,307	467,994	-	20,987,301
Machinery and equipment	1,724,283	1,080,734	425,701	2,379,316
Motor vehicles	1,494,450	-	1,494,450	-
Total Capital Assets Being Depreciated	<u>23,738,040</u>	<u>1,548,728</u>	<u>1,920,151</u>	<u>23,366,617</u>
Less Accumulated Depreciation:				
Structures and improvements	6,463,579	671,596	-	7,135,175
Machinery and equipment	1,551,415	105,192	425,701	1,230,906
Motor vehicles	1,494,449	-	1,494,449	-
Total Accumulated Depreciation	<u>9,509,443</u>	<u>776,788</u>	<u>1,920,150</u>	<u>8,366,081</u>
Total Capital Assets Being Depreciated, Net	<u>14,228,597</u>	<u>771,940</u>	<u>1</u>	<u>15,000,536</u>
Business-Type Activities Capital Assets, Net	<u>\$ 26,955,545</u>	<u>\$ 771,940</u>	<u>\$ 1</u>	<u>\$ 27,727,484</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government	\$ 678,774
Public safety	52,040
Community development	67,532
Parks and recreation	1,120,167
Public works	1,458,778
Total	<u>\$ 3,377,291</u>
Business-Type Activities:	
Golf course	<u>\$ 776,788</u>

Note 5: Long-term receivables

Loans Receivable (Net)

Contracts and notes receivable as of June 30, 2013, totaled \$33,708,938 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 outstanding balance at June 30, 2013, was \$437,447.

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 is providing \$3,100,000 toward the total development cost of \$11,570,000. In return, the Agency is granted a security interest pursuant to a deed of trust in the property where the project will be 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, 2013, 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 will provide 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)

the total development cost of \$11,025,000. This loan will bear simple interest at 3% per annum. In return, the Agency will be granted a security interest pursuant to a subordinated deed of trust in the property where the project will be constructed. The Owner will be 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, 2013, 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 will consist 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 will provide 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 will be rolled into the Development Loan. The loan will bear 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, 2013, was \$12,665,293.

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 will consist 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 will provide 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, 2013, was \$510,546.

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 will consist of rehabilitating all 26 condominium units and offer them at rents affordable to and to be occupied by very low-income occupants. The Agency desires to assist in the development of the Project by providing 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 will bear 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. An additional amount of \$744,142 was loaned during fiscal year 2012-2013. The total outstanding balance at June 30, 2013, for Evergreen Villas was \$9,523,619.

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 provides for Agency funds to be used as follows. An Agency acquisition loan will be made in an amount not to exceed \$5,075,250 to close escrow on the property. This loan will be 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 will be 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 \$5,272,033 which is the outstanding balance at June 30, 2013.

Advances to Successor Agency of Former RDA

The advances to the Successor Agency of the former Redevelopment Agency (RDA) consist of \$6,035,572 loans made to the former RDA to assist in various Redevelopment projects and a \$3,815,853 advance to make the SERAF payment. The total outstanding balance at June 30, 2013, was \$9,851,425.

CITY OF YORBA LINDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

Note 6: Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2013, is as follows:

a. Due To / From Other Funds

	Due to Other Funds						Total
	Governmental Activities			Business-type			
	General Fund	Street Lighting & Maintenance	Nonmajor Governmental Funds	Golf Course	Disposal Fund	Yorba Linda Center Catering	
Due from Other Funds:							
General Fund	\$ -	\$ 649	\$ 186,262	\$ 4,188,708	\$ 344,597	\$ 199,898	\$ 4,920,114
Capital Improvements	331,850	-	823,026	-	-	-	1,154,876
Total	\$ 331,850	\$ 649	\$ 1,009,288	\$ 4,188,708	\$ 344,597	\$ 199,898	\$ 6,074,990

The Golf Course Fund owes \$4,188,708 to the General Fund for construction projects and negative cash. The other interfund balances were the results of routine interfund transactions not cleared prior to year-end.

b. Advances To/From Other Funds

Advances from Other Funds	Advances to Other Funds General Fund
Golf Course Fund	\$ 5,534,145

The General Fund made various advances to the Golf Course fund for capital projects. There is no set repayment schedule or an accrued interest rate at this time. During the current year, the General Fund advanced the Golf Course fund \$831,247 for the purchase of equipment. The total balance outstanding at June 30, 2013, was \$5,534,145.

c. Interfund Transfers

Transfers In:	Transfers Out			Total
	General Fund	Library	Other Governmental Funds	
General Fund	\$ -	\$ -	\$ 227,500	\$ 227,500
Library	57,472	-	-	57,472
Street Lighting & Maintenance District	1,148,816	-	-	1,148,816
Capital Improvements	1,895,589	25,100	3,939,786	5,860,475
Other Governmental Funds	-	-	2,040	2,040
Total	\$ 3,101,877	\$ 25,100	\$ 4,169,326	\$ 7,296,303

During the year, certain funds made payments to the General Fund for administrative costs incurred. These transfers to the General Fund for the year amounted to \$227,500. The funding sources to account for capital projects were reported as transfers from various funds to the Capital Improvements fund for the amount of \$5,860,475. Transfers from the General Fund to the Street Lighting and Maintenance of \$1,148,816 were for support of expenditures incurred.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013
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 year ended June 30, 2013:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Due Within One Year
Claims and judgments	\$ 875,342	\$ 4,074	\$ 729,002	\$ 150,414	\$ 124,556
Compensated absences	1,158,444	827,864	1,028,733	957,575	366,954
OPEB obligation (Note 11)	5,090,662	1,583,193	583,255	6,090,600	-
Total	\$ 7,124,448	\$ 2,415,131	\$ 2,340,990	\$ 7,198,589	\$ 491,510

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 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, 2013, 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, 2013, of \$150,414 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 years ended June 30, 2012 and 2013, including a provision for incurred but not reported claims were as follows:

Year Ending	Claims Payable June 30	Claims and Changes in Estimated	Claims Payments	Claims Payable June 30
2012	\$ 752,563	\$ 580,195	\$ 457,416	\$ 875,342
2013	875,342	4,074	729,002	150,414

CITY OF YORBA LINDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

Note 7: Long-Term Debt (Continued)

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.

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, 2013, was \$957,575.

OPEB Obligation

The OPEB obligation is discussed in Note 11.

b. Long-Term Debt – Business-Type Activities

The following is a summary of changes in long-term debt for the business-type activity for the year ended June 30, 2013:

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013	Due Within One Year
Revenue Bonds	\$ 16,090,000	\$ -	\$ 455,000	\$ 15,635,000	\$ 470,000
Total	<u>\$ 16,090,000</u>	<u>\$ -</u>	<u>\$ 455,000</u>	<u>\$ 15,635,000</u>	<u>\$ 470,000</u>

Revenue Bonds Payable

In December 2003, the Yorba Linda Public Financing Authority issued \$19,370,000 Revenue Bonds, Series 2003, to pay off the previous debt of \$15,680,000 for the Black Gold Golf Club Project. The bonds are payable from the revenues pledged under a trust indenture, consisting primarily of installment payments to be made by the City of Yorba Linda to the Yorba Linda Public Financing Authority for the acquisition and construction of a municipal golf course pursuant to an installment sale agreement. The lease payments and corresponding bond debt service payments begin April 1, 2004. The bonds are term bonds due October 1, 2033, with interest rates ranging from 2.5% to 5.0%. The interest payments are due semi-annually on April 1 and October 1. Sinking fund payments begin October 1, 2004, and continue annually through October 1, 2033. The outstanding balance at June 30, 2013, was \$15,635,000.

CITY OF YORBA LINDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

Note 7: Long-Term Debt (Continued)

Debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest
2014	\$ 470,000	\$ 725,579
2015	485,000	707,551
2016	505,000	688,236
2017	525,000	667,636
2018	545,000	645,964
2019-2023	3,105,000	2,846,572
2024-2028	3,890,000	2,031,090
2029-2033	4,965,000	930,625
2034-2037	1,145,000	28,625
	<u>\$ 15,635,000</u>	<u>\$ 9,271,878</u>

Note 8: Operating Lease

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 cost for such lease was \$82,009 for the year ended June 30, 2013. The future minimum lease payments relating to this lease are as follows:

Year Ending June 30,	Principal	Interest
2014	\$ 85,597	\$ 8,173
2015	143,837	3,048
	<u>\$ 229,434</u>	<u>\$ 11,221</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, 2013, is \$2,173,550.

VI. Other information

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

Plan Description

The City of Yorba Linda contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries.

PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. Copies of PERS' annual financial report may be obtained from their executive office located at: 400 P Street, Sacramento, California 95814.

Funding Policy

Participants are required to contribute 7% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 16.029% for miscellaneous employees, of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

Annual Pension Cost

For fiscal year 2012-2013, the City's annual pension cost of \$1,638,590 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2011, actuarial valuation using the entry age normal actuarial cost method.

The summary of principal assumptions and methods used to determine the annual required contribution is shown below:

Valuation Date	June 30, 2011
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	27 years as of the Valuation Date
Asset Valuation Method	15-Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.50% (net of administrative expenses)
Projected Salary Increases	3.50% to 14.20% depending on age, service and type of employment
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.75% and an annual production growth of 0.25%.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013
Note 10: City Employees Retirement Plan (Defined Benefit Pension Plan) (Continued)

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percent of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a 30 year rolling period, which results in an amortization of 6% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30-year amortization period.

Three-Year Trend Information for PERS
(Amounts in Thousands)

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2011	\$ 1,386	100%	\$ -
6/30/2012	1,543	100%	-
6/30/2013	1,639	100%	-

Schedule of Funding Progress for PERS
Miscellaneous
(Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
6/30/2009	\$ 38,432	\$ 44,317	\$ 5,885	86.7 %	\$ 8,070	72.9 %
6/30/2010	39,965	47,437	7,472	84.2 %	7,231	103.3 %
6/30/2011	41,460	50,664	9,204	81.8 %	7,380	124.7 %

Note 11: Other Post-Employment 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013
Note 11: Other Post-Employment Employee Benefits (Continued)

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 \$411,255 was made during the 2012-2013, 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)	\$ 1,748,362
Adjustment to ARC	(216,076)
Adjustment for interest	<u>50,907</u>
Annual OPEB cost	1,583,193
Contributions made	411,255
Implicit Subsidy Payment	<u>172,000</u>
(Decrease) increase in Net OPEB obligation	999,938
Net OPEB obligation (asset) June 30, 2012	<u>5,090,662</u>
Net OPEB obligation (asset) June 30, 2013	<u><u>\$ 6,090,600</u></u>

The City contributed 36.84% of the 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 2012-2013, the City's annual OPEB cost (expense) is \$1,583,193. 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)
6/30/2011	\$ 1,442,373	\$ 358,078	25%	\$ 3,953,453
6/30/2012	1,672,605	535,396	32%	5,090,662
6/30/2013	1,583,193	583,255	37%	6,090,600

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

Note 11: Other Post-Employment Employee Benefits (Continued)

The schedule of funding progress below 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 Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll
1/1/2008	\$ -	\$ 15,604	\$ (15,604)	0.0%	\$ 7,707	202.47%
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%

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, 2012, actuarial valuation, the Individual Entry Age Actuarial Cost Method was used. The actuarial assumptions include a payroll growth rate of 3.25%, a discount rate of 4.25% and ultimate rate of medical inflation of 5.50%. 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, 2008. The remaining amortization period at June 30, 2013, is 25 years. The number of active participants is 105 and the number of eligible retirees is 87.

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, 2013

Note 12: Self-Insurance Program (Continued)

b. Self-Insurance Programs of the Authority

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, 2013, as follows:

General Liability Claims	\$ 146,340
Workers' Compensation Claims	<u>4,074</u>
Total Claims Payable	<u><u>\$ 150,414</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. 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, 2013. 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

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.
- b. In June 2004, the Agency and the Placentia-Yorba Linda Unified School District (PYLUSD) settled their dispute regarding the additional payments owed under the Agency's tax increment pass-through agreements to the PYLUSD. The final settlement totals \$6,569,106 and is to be paid as tax increment is available for repayment. Based on the annual pass-through calculation, there may be additional amounts deferred each year. The balance due is included in deferred pass-through payments in the City's governmental activities long-term debt.

Note 15: Net Position Restatements

Beginning net position has been restated as follows:

Business-Type Activities – Enterprise Funds:

Golf Fund

To recognize debt issuance costs due to implementation of GASB 65 \$(476,645)

Fiduciary Funds:

Successor Agency of the Former RDA

To recognize debt issuance costs due to implementation of GASB 65 (730,392)

Note 16: Subsequent Event

2003 Lease Revenue Refunding Certificates of Participation

On November 2013, the City fully paid and retired the 2003 Lease Revenue Refunding Certificates of Participation. The bonds had an outstanding balance of \$15,635,000 at June 30, 2013.

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).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

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

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, 2013:

Cash and investments	\$ 18,039,479
Restricted cash and investments	<u>19,337,949</u>
	<u>\$ 37,377,428</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, 2013, land held for resale in the amount of \$18,812,640 is recorded at cost in the Successor Agency.

c. Capital Assets

The following is a summary of capital assets for the Successor Agency as of June 30, 2013:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
Governmental Activities:				
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>
Governmental Activities Capital Assets, Net	<u>\$ 364,593</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 364,593</u>

CITY OF YORBA LINDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

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

d. Long-Term Debt

A description of long-term debt outstanding (excluding defeased debt) of the Successor Agency as of June 30, 2013, follows:

	Balance July 1, 2012	Accreted Interest	Additions	Deletions	Balance June 30, 2013	Due Within One Year
Tax Allocation Bonds	\$ 76,255,224	\$ 1,394,489	\$ -	\$ 3,425,000	\$ 74,224,713	\$ 3,585,000
Deferred pass-through payments - PYLUSD	20,916,404	-	-	-	20,916,404	-
Advance from Housing Fund - SERAF Loan	5,723,780	-	-	1,907,927	3,815,853	-
Advance from City	-	-	6,035,572	-	6,035,572	-
Total Fiduciary Funds	<u>\$ 102,895,408</u>	<u>\$ 1,394,489</u>	<u>\$ 6,035,572</u>	<u>\$ 5,332,927</u>	\$ 104,992,542	<u>\$ 3,585,000</u>
				Unamortized premium	41,996	
				Unamortized discount	(89,056)	
					<u>\$ 104,945,482</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 \$136,788,431 payable through 2033. For the current year, the total property tax revenue recognized by the former Redevelopment Agency and Successor Agency was \$9,278,577 and the debt service obligation on the bonds was \$6,196,577.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

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, 2013 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 \$10,615,581 of the capital appreciation bonds, at June 30, 2013, was \$32,741,583.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2013, including interest, are as follows:

Year Ending June 30	Principal	Interest
2014	\$ 2,985,000	\$ 1,931,594
2015	1,003,525	3,002,326
2016	936,824	3,061,018
2017	886,140	3,121,433
2018	816,821	3,177,197
2019-2023	11,722,692	6,628,913
2024-2028	3,775,000	99,094
Total	22,126,002	<u>\$ 21,021,575</u>
Accretion	<u>10,615,581</u>	
Total	<u>\$ 32,741,583</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 the capital appreciation bonds at June 30, 2013, was \$9,903,130.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013
Note 17: Successor Agency Trust for Assets of Former Redevelopment Agency (Continued)

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2013, including interest, are as follows:

Year Ending June 30	Principal	Interest
2014	\$ -	\$ -
2015	-	-
2016	-	-
2017	-	-
2018	-	-
2019-2023	-	-
2024-2028	3,684,388	12,215,612
2029-2033	802,114	3,172,885
Total	4,486,502	\$ 15,388,497
Accretion	5,416,628	
Total	<u>\$ 9,903,130</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, 2013, was \$9,230,000.

CITY OF YORBA LINDA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2013

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

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2013, including interest, are as follows:

Year Ending June 30	Principal	Interest
2014	\$ 85,000	\$ 522,364
2015	355,000	510,814
2016	90,000	499,133
2017	75,000	494,629
2018	85,000	490,061
2019-2023	195,000	2,402,911
2024-2028	190,000	2,361,942
2029-2033	8,155,000	1,107,883
Total	<u>\$ 9,230,000</u>	<u>\$ 8,389,737</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 2032, 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, 2013, is \$3,145,000. The unamortized bond premium amount is \$41,996.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2013, including interest, are as follows:

Year Ending June 30	Principal	Interest
2014	\$ -	\$ 157,250
2015	-	157,250
2016	-	157,250
2017	-	157,250
2018	-	157,250
2019-2023	-	786,250
2024-2028	-	786,250
2029-2033	3,145,000	666,125
Total	<u>\$ 3,145,000</u>	<u>\$ 3,024,875</u>

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

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, 2013, was \$19,205,000. The unamortized original issue discount was \$(89,056).

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2013, including interest, are as follows:

Year Ending June 30	Principal	Interest
2014	\$ 515,000	\$ 1,108,513
2015	685,000	1,088,800
2016	575,000	1,065,313
2017	605,000	1,040,956
2018	635,000	1,012,225
2019-2023	3,190,000	4,594,238
2024-2028	4,880,000	3,432,463
2029-2033	8,120,000	1,396,525
Total	<u>\$ 19,205,000</u>	<u>\$ 14,739,033</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 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 2012-2013, no additional amount was added. As of June 30, 2013, 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 is to be repaid by June 30, 2015, based on legislation that was passed. The outstanding balance at June 30, 2013 was \$3,815,853.

Advance from City

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

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.

REQUIRED SUPPLEMENTARY INFORMATION

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 25, 2012. 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 \$2,905,495 on street improvement projects for the fiscal year ended June 30, 2013. 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 \$6.8 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 pavement condition index of 81 is presented below:

<u>Fiscal Year</u>	<u>Final Budget</u>	<u>Funded by General Fund</u>	<u>Funded by Other Funds</u>	<u>Total Expenditures</u>
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

**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.
Citizen 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.
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, 2013

	<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	\$ 3,191,195	\$ -	\$ 14,042	\$ -
Receivables:				
Accrued interest	834	-	-	-
Due from other governments	260,434	854,524	8,042	105,915
Total Assets	<u>\$ 3,452,463</u>	<u>\$ 854,524</u>	<u>\$ 22,084</u>	<u>\$ 105,915</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 250
Accrued liabilities	-	-	-	21
Unearned revenues	-	187,890	-	-
Due to other funds	119,261	228,378	-	115,551
Total Liabilities	<u>119,261</u>	<u>416,268</u>	<u>-</u>	<u>115,822</u>
Deferred Inflows of Resources:				
Unavailable revenues	-	854,524	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>854,524</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Restricted for:				
Public safety	-	-	22,084	-
Parks and recreation	-	-	-	-
Public works	3,333,202	-	-	-
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	<u>-</u>	<u>(416,268)</u>	<u>-</u>	<u>(9,907)</u>
Total Fund Balances	<u>3,333,202</u>	<u>(416,268)</u>	<u>22,084</u>	<u>(9,907)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,452,463</u>	<u>\$ 854,524</u>	<u>\$ 22,084</u>	<u>\$ 105,915</u>

CITY OF YORBA LINDA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Special Revenue Funds			
	Citizens Option Public Safety	AQMD	Park In-Lieu	Measure M
Assets:				
Pooled cash and investments	\$ 9,115	\$ 840,933	\$ 414,380	\$ 1,445,823
Receivables:				
Accrued interest	33	211	107	353
Due from other governments	8,328	20,777	-	151,661
Total Assets	\$ 17,476	\$ 861,921	\$ 414,487	\$ 1,597,837
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-	-
Unearned revenues	-	-	-	-
Due to other funds	-	-	-	82,824
Total Liabilities	-	-	-	82,824
Deferred Inflows of Resources:				
Unavailable revenues	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Restricted for:				
Public safety	17,476	-	-	-
Parks and recreation	-	-	414,487	-
Public works	-	861,921	-	1,515,013
Assigned to:				
Capital Projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	17,476	861,921	414,487	1,515,013
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 17,476	\$ 861,921	\$ 414,487	\$ 1,597,837

CITY OF YORBA LINDA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2013

	Capital Projects Funds		Total Governmental Funds
	Master Plan of Drainage	Street and Traffic Signal Improvements	
Assets:			
Pooled cash and investments	\$ 5,691,958	\$ 2,453,469	\$ 14,060,915
Receivables:			
Accrued interest	1,450	654	3,642
Due from other governments	-	-	1,409,681
Total Assets	\$ 5,693,408	\$ 2,454,123	\$ 15,474,238
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 250
Accrued liabilities	-	-	21
Unearned revenues	60,000	-	247,890
Due to other funds	-	463,274	1,009,288
Total Liabilities	60,000	463,274	1,257,449
Deferred Inflows of Resources:			
Unavailable revenues	-	-	854,524
Total Deferred Inflows of Resources	-	-	854,524
Fund Balances:			
Restricted for:			
Public safety	-	-	39,560
Parks and recreation	-	-	414,487
Public works	-	-	5,710,136
Assigned to:			
Capital Projects	5,633,408	1,990,849	7,624,257
Unassigned	-	-	(426,175)
Total Fund Balances	5,633,408	1,990,849	13,362,265
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,693,408	\$ 2,454,123	\$ 15,474,238

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CITY OF YORBA LINDA

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013**

	Special Revenue Funds			
	Gas Tax	Aid to Cities	Traffic Safety	HCD Grant
Revenues:				
Intergovernmental	\$ 1,570,494	\$ 436,928	\$ -	\$ 361,977
Use of money and property	(8,419)	-	-	-
Fines and forfeitures	-	-	122,084	-
Developer participation	-	32,581	-	-
Total Revenues	1,562,075	469,509	122,084	361,977
Expenditures:				
Current:				
Community development	-	-	-	332,586
Parks and recreation	-	-	-	29,411
Total Expenditures	-	-	-	361,997
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,562,075	469,509	122,084	(20)
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(1,052,985)	(1,023,180)	(100,000)	-
Total Other Financing Sources (Uses)	(1,052,985)	(1,023,180)	(100,000)	-
Net Change in Fund Balances	509,090	(553,671)	22,084	(20)
Fund Balances, Beginning of Year	2,824,112	137,403	-	(9,887)
Fund Balances, End of Year	\$ 3,333,202	\$ (416,268)	\$ 22,084	\$ (9,907)

CITY OF YORBA LINDA

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013**

	Special Revenue Funds			
	Citizens Option Public Safety	AQMD	Park In-Lieu	Measure M
Revenues:				
Intergovernmental	\$ 100,000	\$ 79,348	\$ -	\$ 846,316
Use of money and property	(639)	(1,232)	(641)	(1,612)
Fines and forfeitures	-	-	-	-
Developer participation	-	-	3,114	-
Total Revenues	99,361	78,116	2,473	844,704
Expenditures:				
Current:				
Community development	-	-	-	-
Parks and recreation	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	99,361	78,116	2,473	844,704
Other Financing Sources (Uses):				
Transfers in	-	-	-	2,040
Transfers out	(120,000)	-	(38,874)	(1,024,333)
Total Other Financing Sources (Uses)	(120,000)	-	(38,874)	(1,022,293)
Net Change in Fund Balances	(20,639)	78,116	(36,401)	(177,589)
Fund Balances, Beginning of Year	38,115	783,805	450,888	1,692,602
Fund Balances, End of Year	\$ 17,476	\$ 861,921	\$ 414,487	\$ 1,515,013

CITY OF YORBA LINDA

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2013**

	Capital Projects Funds		Total Governmental Funds
	Master Plan of Drainage	Street and Traffic Signal Improvements	
Revenues:			
Intergovernmental	\$ -	\$ -	\$ 3,395,063
Use of money and property	(8,685)	(3,803)	(25,031)
Fines and forfeitures	-	-	122,084
Developer participation	-	161,605	197,300
Total Revenues	(8,685)	157,802	3,689,416
Expenditures:			
Current:			
Community development	-	-	332,586
Parks and recreation	-	-	29,411
Total Expenditures	-	-	361,997
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,685)	157,802	3,327,419
Other Financing Sources (Uses):			
Transfers in	-	-	2,040
Transfers out	-	(809,954)	(4,169,326)
Total Other Financing Sources (Uses)	-	(809,954)	(4,167,286)
Net Change in Fund Balances	(8,685)	(652,152)	(839,867)
Fund Balances, Beginning of Year	5,642,093	2,643,001	14,202,132
Fund Balances, End of Year	\$ 5,633,408	\$ 1,990,849	\$ 13,362,265

CITY OF YORBA LINDA

**BUDGETARY COMPARISON SCHEDULE
GAS TAX
YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,824,112	\$ 2,824,112	\$ 2,824,112	\$ -
Resources (Inflows):				
Intergovernmental	1,700,000	1,700,000	1,570,494	(129,506)
Use of money and property	-	-	(8,419)	(8,419)
Amounts Available for Appropriations	4,524,112	4,524,112	4,386,187	(137,925)
Charges to Appropriation (Outflow):				
Transfers out	4,459,763	6,307,181	1,052,985	5,254,196
Total Charges to Appropriations	4,459,763	6,307,181	1,052,985	5,254,196
Budgetary Fund Balance, June 30	\$ 64,349	\$ (1,783,069)	\$ 3,333,202	\$ 5,116,271

CITY OF YORBA LINDA

**BUDGETARY COMPARISON SCHEDULE
AID TO CITIES
YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 137,403	\$ 137,403	\$ 137,403	\$ -
Resources (Inflows):				
Intergovernmental	1,638,550	3,413,550	436,928	(2,976,622)
Developer participation	-	-	32,581	32,581
Amounts Available for Appropriations	1,775,953	3,550,953	606,912	(2,944,041)
Charges to Appropriation (Outflow):				
Transfers out	2,027,442	4,752,373	1,023,180	3,729,193
Total Charges to Appropriations	2,027,442	4,752,373	1,023,180	3,729,193
Budgetary Fund Balance, June 30	\$ (251,489)	\$ (1,201,420)	\$ (416,268)	\$ 785,152

CITY OF YORBA LINDA

**BUDGETARY COMPARISON SCHEDULE
TRAFFIC SAFETY
YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Fines and forfeitures	100,000	100,000	122,084	22,084
Amounts Available for Appropriations	100,000	100,000	122,084	22,084
Charges to Appropriation (Outflow):				
Transfers out	100,000	100,000	100,000	-
Total Charges to Appropriations	100,000	100,000	100,000	-
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ 22,084	\$ 22,084

CITY OF YORBA LINDA

BUDGETARY COMPARISON SCHEDULE
HCD GRANT
YEAR ENDED JUNE 30, 2013

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ (9,887)	\$ (9,887)	\$ (9,887)	\$ -
Resources (Inflows):				
Intergovernmental	402,596	402,596	361,977	(40,619)
Amounts Available for Appropriations	392,709	392,709	352,090	(40,619)
Charges to Appropriation (Outflow):				
Community development	373,281	373,281	332,586	40,695
Parks and recreation	29,316	29,316	29,411	(95)
Total Charges to Appropriations	402,597	402,597	361,997	40,600
Budgetary Fund Balance, June 30	\$ (9,888)	\$ (9,888)	\$ (9,907)	\$ (19)

CITY OF YORBA LINDA

**BUDGETARY COMPARISON SCHEDULE
CITIZENS OPTION PUBLIC SAFETY
YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 38,115	\$ 38,115	\$ 38,115	\$ -
Resources (Inflows):				
Intergovernmental	100,000	100,000	100,000	-
Use of money and property	-	-	(639)	(639)
Amounts Available for Appropriations	138,115	138,115	137,476	(639)
Charges to Appropriation (Outflow):				
Transfers out	120,000	120,000	120,000	-
Total Charges to Appropriations	120,000	120,000	120,000	-
Budgetary Fund Balance, June 30	\$ 18,115	\$ 18,115	\$ 17,476	\$ (639)

CITY OF YORBA LINDA

**BUDGETARY COMPARISON SCHEDULE
AQMD
YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 783,805	\$ 783,805	\$ 783,805	\$ -
Resources (Inflows):				
Intergovernmental	60,000	60,000	79,348	19,348
Use of money and property	-	-	(1,232)	(1,232)
Amounts Available for Appropriations	843,805	843,805	861,921	18,116
Budgetary Fund Balance, June 30	\$ 843,805	\$ 843,805	\$ 861,921	\$ 18,116

CITY OF YORBA LINDA

**BUDGETARY COMPARISON SCHEDULE
PARK IN-LIEU
YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 450,888	\$ 450,888	\$ 450,888	\$ -
Resources (Inflows):				
Use of money and property	5,000	5,000	(641)	(5,641)
Developer participation	-	-	3,114	3,114
Amounts Available for Appropriations	455,888	455,888	453,361	(2,527)
Charges to Appropriation (Outflow):				
Transfers out	-	48,562	38,874	9,688
Total Charges to Appropriations	-	48,562	38,874	9,688
Budgetary Fund Balance, June 30	\$ 455,888	\$ 407,326	\$ 414,487	\$ 7,161

CITY OF YORBA LINDA

**BUDGETARY COMPARISON SCHEDULE
MEASURE M
YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,692,602	\$ 1,692,602	\$ 1,692,602	\$ -
Resources (Inflows):				
Intergovernmental	600,000	600,000	846,316	246,316
Use of money and property	-	-	(1,612)	(1,612)
Transfers in	-	-	2,040	2,040
Amounts Available for Appropriations	2,292,602	2,292,602	2,539,346	246,744
Charges to Appropriation (Outflow):				
Transfers out	872,295	3,207,726	1,024,333	2,183,393
Total Charges to Appropriations	872,295	3,207,726	1,024,333	2,183,393
Budgetary Fund Balance, June 30	\$ 1,420,307	\$ (915,124)	\$ 1,515,013	\$ 2,430,137

CITY OF YORBA LINDA

**BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENTS
YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Contributions from Successor Agency	15,812,147	15,983,861	194,729	(15,789,132)
Transfers in	12,275,775	27,580,837	5,860,475	(21,720,362)
Amounts Available for Appropriation	28,087,922	43,564,698	6,055,204	(37,509,494)
Charges to Appropriation (Outflow):				
Capital outlay	28,087,922	43,562,774	6,055,204	37,507,570
Total Charges to Appropriations	28,087,922	43,562,774	6,055,204	37,507,570
Budgetary Fund Balance, June 30	\$ -	\$ 1,924	\$ -	\$ (1,924)

CITY OF YORBA LINDA

**BUDGETARY COMPARISON SCHEDULE
 MASTER PLAN OF DRAINAGE
 YEAR ENDED JUNE 30, 2013**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 5,642,093	\$ 5,642,093	\$ 5,642,093	\$ -
Resources (Inflows):				
Use of money and property	30,000	30,000	(8,685)	(38,685)
Amounts Available for Appropriation	5,672,093	5,672,093	5,633,408	(38,685)
Budgetary Fund Balance, June 30	\$ 5,672,093	\$ 5,672,093	\$ 5,633,408	\$ (38,685)

CITY OF YORBA LINDA

**BUDGETARY COMPARISON SCHEDULE
STREET AND TRAFFIC SIGNAL IMPROVEMENTS
YEAR ENDED JUNE 30, 2013**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,643,001	\$ 2,643,001	\$ 2,643,001	\$ -
Resources (Inflows):				
Use of money and property	31,500	31,500	(3,803)	(35,303)
Developer participation	-	-	161,605	161,605
Amounts Available for Appropriation	2,674,501	2,674,501	2,800,803	126,302
Charges to Appropriation (Outflow):				
Transfers out	1,150,000	1,630,092	809,954	820,138
Total Charges to Appropriations	1,150,000	1,630,092	809,954	820,138
Budgetary Fund Balance, June 30	\$ 1,524,501	\$ 1,044,409	\$ 1,990,849	\$ 946,440

CITY OF YORBA LINDA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2013

	<u>Balance 7/1/2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2013</u>
<u>Deposits</u>				
Assets:				
Pooled cash and investments	\$ 2,881,993	\$ 2,783,388	\$ 3,307,113	\$ 2,358,268
Receivables:				
Accounts	-	12,218	12,053	165
Total Assets	<u>\$ 2,881,993</u>	<u>\$ 2,795,606</u>	<u>\$ 3,319,166</u>	<u>\$ 2,358,433</u>
Liabilities:				
Accounts payable	\$ 125,428	\$ 2,773,408	\$ 2,821,601	\$ 77,235
Deposits payable	2,756,565	143,804	619,171	2,281,198
Total Liabilities	<u>\$ 2,881,993</u>	<u>\$ 2,917,212</u>	<u>\$ 3,440,772</u>	<u>\$ 2,358,433</u>