

CITY OF YUBA CITY
STAFF REPORT

Date: December 19, 2017
To: Honorable Mayor & Members of the City Council
From: Finance/IT Department
Presentation By: Robin Bertagna, C.P.A., Finance/IT Director and
Ahmed Badawi, CPA, Badawi & Associates, C.P.A.s

Summary

Subject: Comprehensive Annual Financial Report (CAFR) and Related Audit Reports for Fiscal Year Ended June 30, 2017
Recommendation: Accept the Comprehensive Annual Financial Report (CAFR) and Related Audit Reports for Fiscal Year Ended June 30, 2017
Fiscal Impact: Informational item only

Purpose:

To receive and file the CAFR and related reports for FYE June 30, 2017.

Background:

In accordance with State statute and City ordinance, the City has an independent audit conducted on an annual basis. It is customary that the resulting Comprehensive Annual Financial Report (CAFR) and related audit reports be submitted to the City Council.

Copies of the CAFR and related reports were distributed to the City Council, and the CAFR is available for viewing and printing online at:

<http://www.yubacity.net/2016-17CAFR>

Analysis:

Financial Position

The Management's Discussion and Analysis, which begins on page 4 of the CAFR, provides an overview of financial activities for the fiscal year. As in previous years, the Transmittal Letter that precedes it contains an economic condition and financial information summary.

Audit Results

Once again, the City received an unqualified opinion from the independent auditor. The top paragraph on page 2 of the CAFR states as follows:

"In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America."

The Single Audit Report contains the auditor's report on internal control over financial reporting. The auditors evaluate any deficiencies identified based on professional judgement of the level of the deficiency. The two types of deficiencies are either a material weakness or a significant deficiency. A material weakness is considered to be the more severe of the two. A material weakness is considered a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected in a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. The City's auditors did not identify any material weaknesses in the City's internal control. They did identify one deficiency that they considered to be a significant deficiency, it is shown on page 12 of the Single Audit Report and relates to grant billings being submitted and reimbursement received in a more timely manner.

The Single Audit Report also contains an auditor's report on compliance for each major program and on internal control over compliance required by the uniform guidance. In this opinion, the auditors did not identify any material weaknesses but did identify two deficiencies that they considered to be significant. They are shown on page 13 of the Single Audit Report and relate to charging payroll costs to a grant program based on a percentage estimate that was not supported by payroll activity reports; not documenting the CFDA number in subrecipient grant agreements; or documenting a formal evaluation on each subrecipient's risk of noncompliance with program requirements.

There is no status of prior year recommendations as the prior year report did not contain any areas identified for improvement. The Single Audit Report is available for viewing and printing online at:

<http://www.yubacity.net/2016-17SingleAudit>

Fiscal Impact:

Informational item only

Alternatives:

Not applicable

Recommendation:

Staff recommends that the City Council accept the Fiscal Year 2017 Comprehensive Annual Financial Report (CAFR) and related audit reports for filing.

Prepared By:

/s/ Robin Bertagna
Robin Bertagna, C.P.A.
Finance/IT Director

Reviewed By:
City Attorney

Submitted By:

/s/ Steven C. Kroeger
Steven C. Kroeger
City Manager

TH by email

ATTACHMENT 1



CITY OF YUBA CITY • CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL
YEAR ENDING
JUNE 30,
2017



City of Yuba City

Yuba City, California

Comprehensive Annual Financial Report

For the year ended June 30, 2017

Prepared by:
Finance Department

Honoring Our Sister City

The Rotary Club of Yuba City recently donated funds establishing a Japanese garden to commemorate the Sister City relationship between the City of Yuba City and Toride City, Japan. Yuba City established a sister city with Toride City in 1988. Toride City is located in Ibaraki Prefecture, in the northern Kanto region of Japan. Although our two cities are separated by the Pacific Ocean, Toride City and Yuba City share many things in common; including the importance of agriculture to our economy. Each year a Yuba City delegation visits Toride City in the spring and the Toride City delegation visits in October. The visit in October is towards the end of the month so the delegation can partake in the American Halloween traditions.



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City of Yuba City
Comprehensive Annual Financial Report
For the year ended June 30, 2017

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December 19, 2017

Honorable Mayor and Members of the City Council,

It is our pleasure to submit the City of Yuba City's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. Management relies upon a comprehensive framework of internal controls to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (USGAAP). Because the cost of internal controls should not outweigh their benefits, Yuba City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. This report includes the annual audit report of the City's independent auditors, Badawi & Associates. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. The data is designed to factually set forth the City's financial condition and to present results of City operations as measured by activity among the various fund groups in an easily readable and understandable style.

State statutes require an annual audit of the City's financial records by independent certified public accountants. The firm of Badawi & Associates, Certified Public Accountants audited the City's financial statements. In addition to meeting the requirements set forth in State statutes, the audit was also designed to meet the requirements of the Federal Single Audit Act Amendments of 1996, the related U.S. Office of Management and Budget's Circular A-133, and OMB Uniform Guidance (2014). Auditing standards generally accepted in the United States of America and the standards set forth in the General Accounting Office's Government Auditing Standards were used by the auditors in conducting the engagement. The auditor's report on the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information is combined in the financial section of this report. The auditor's reports on internal controls and compliance with applicable laws and regulations can be found in the separately issued single audit report.

The financial statements are prepared in accordance with USGAAP as promulgated by the Governmental Accounting Standards Board (GASB), and include the report of the City's

independent public accountants. The CAFR is presented in three sections: introductory, financial, and statistical. The introductory section includes this transmittal letter, the City's organizational chart, and a list of principal officers. The financial section includes the basic financial statements, including management's discussion and analysis, the combined and individual fund statements and schedules, and the auditor's report on the financial statements and schedules. The statistical section includes selected multi-year financial and demographic information.

USGAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

For the fiscal year ended June 30, 2017, the City implemented the requirements of GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*; Statement No. 77, *Tax Abatement Disclosure*; Statement No. 78, *Pension Provided through Certain Multiple-Employer Defined Benefit Pension Plans*; Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14*, and Statement No. 82, *Pension Issues – An Amendment of GASB Statement No. 67, No. 68 and No. 73*. Implementation of Statement No. 74 had an impact on these financial statements, see the additional disclosure for the City's OPEB plan. Statement No. 77, Statement No. 78, and Statement No. 80 did not have an impact to the City's financial statements in the current fiscal year. Implementation of Statement No. 82 had an impact on these financial statements. The City updated covered employee payroll information in the required supplementary information as part of implementation of this accounting standard. The City updated amounts reported for covered payroll related to its pension plans and recalculated related ratios presented in required supplementary information as a result of implementing this statement.

YUBA CITY HISTORY AND GOVERNMENT PROFILE

The City of Yuba City is a unique suburban/rural community located along the Feather River in Sutter County, 45 miles north of downtown Sacramento and 40 miles south of the City of Chico.

The City's population is currently estimated to be 67,445 and the City comprises 14.91 square miles. The City is the political, cultural, and economic center for the Yuba City Metropolitan Statistical Area (Yuba City MSA). The Yuba City MSA encompasses both Sutter and Yuba Counties. The MSA is comprised of nearly 1,250 square miles and is home to approximately 165,000 residents, 94,000 of whom reside in Sutter County and 71,000 of whom reside in Yuba County.

Yuba City was founded in 1849, as one of California's first communities that developed during the Gold Rush era. Since its incorporation in 1908, Yuba City has retained its link to the Sacramento Valley's rich agricultural heritage. Although Yuba City is home to hundreds of industrial, retail, and commercial businesses, and is responsible for providing a vast array of urban services to a growing population, agriculture continues to play an important role in the local economy. The area

that surrounds Yuba City is one of the world's most productive agricultural regions. The region's leading commodities include rice, peaches, dried plums, walnuts, and tomatoes.

The City is a full-service general law city that operates under a Council-Manager form of government. The City Council consists of five members, elected at large to serve four-year terms. The elections are staggered every two years, with three seats open in one election and two seats open in the next election. The Mayor is elected by the City Council to serve a one-year term. The Mayor serves as the City Council's presiding officer. The City Treasurer and City Clerk are also elected to serve four-year terms.

The City Council appoints a City Manager to implement its policies and directives. All of the City departments operate under the supervision of the City Manager. In adhering to the City's mission statement (*To anticipate and provide for the needs of the community through quality service, innovation, and leadership, now and into the future*), each department provides the level of services that the Yuba City community wants, needs, and is willing to pay for. Municipal services include police and fire protection, water and sanitation services, construction and maintenance of streets and infrastructure, planning and zoning, economic development, recreational activities and cultural events, and general administrative/support services.

This report includes all of the funds of the City. This report also includes the financial activities considered to be part of, controlled by, and/or dependent on the City. Accordingly, this financial report incorporates financial data for *component units* of the City including the Successor Agency to the Yuba City Redevelopment Agency and the Yuba City Public Financing Authority. Component units are legally separate entities for which the City is financially accountable. The Yuba City Redevelopment Agency was eliminated under the provisions of AB 1X 26 and AB 1484 as were all other Redevelopment Agencies in the State of California. The current year financial report includes the activities of the Successor Agencies, both the Low/Mod Successor Agency and the RDA Successor Agency, and are reported as Private-Purpose Trust Funds. Additionally, the financial report also includes the activities of various other legally separate entities in the section Agency Funds. The activities of Sutter Buttes Flood Control Agency (SBFCA) and the Sutter Animal Services Authority (SASA) both issue their own independent financial statements, but because the City serves as Treasurer for these entities, their financial statements are summarized in the Agency Funds section.

ECONOMIC CONDITION & FINANCIAL INFORMATION

Local Economy

The local economy was slower to recover from the recession than the State and national economy, however a full recovery has occurred. This pattern is typical; the Sacramento Valley typically enters the economic slowdown later than the national economy. Recovery, therefore, lags the rest of the nation. The City has enjoyed positive sales tax growth in 13 of the past 14 quarters, the average quarterly results increased by 1.65% per quarter in FY 2016-17 when compared to the same quarter a year earlier. When compared to FY 2006-07, the total increase is equal to 20.7 percent, or an average increase of 2.07 percent over the ten year period. Sales tax has recovered completely

from the recession, and in FY 2016-17 total revenues reached an all-time high (not including the additional one-time revenues received during FY 2015-16 due to the end of the triple flip). Yuba City has also experienced increases in the residential home sales price in the past three years, an increase of 9.5 percent in FY 2014-15, 7.0 percent in FY 2015-16, and 9.8 percent in FY 2016-17. New home construction in Yuba City remains slow following years of significant residential development from 2001 through 2006. As of the end of October, 2017, the City issued 37 new single family dwelling building permits, a decrease of 7.5 percent from the 40 issued through October, 2016. With the economy rebounding, there is pent up demand for home ownership. Interest rates remain at historically low levels, so as people re-enter the home ownership market, local home sales prices continue to steadily increase.

Assessed valuations have been slower to show an increase. After peaking in FY 2007-08, the City suffered declining values over the next five fiscal years. General fund values have now shown increases in the most recent five years of data: Up 2.0 percent in FY 2013-14, 6.1 percent in FY 2014-15, up about 6.2 percent in FY 2015-16, 3.9 percent in FY 2016-17, and 4.7 percent in FY 2017-18. The increase in FY 2017-18 includes increasing values related to Proposition 8 recapture of \$54.1 million in single family residential properties and \$18.8 million in non-residential properties caused by increasing real estate values. Values increased by \$63.9 million due to the CPI increase of 2.0%. There was also a large increase related to commercial properties, with a total increase in value of \$52.0 million. An additional 2,714 parcels remain under Proposition 8 status, with a total potential recapture of assessed value of \$176.6 million as long as they do not sell for a lesser value prior to the recapture.

Several years ago the State eliminated Redevelopment agencies throughout the State. The City, as the Successor Agency, met all of the requirements and performed all of the procedures required by both the State Department of Finance (DOF) and the State Controller's Office and remitted all remaining funds for both the former Redevelopment Agency and the Low and Moderate Income Housing Fund. In return, the State DOF issued a Finding of Completion for the Yuba City Successor Agency (the Agency). The Agency submitted the loan agreement between the former redevelopment agency and the City general fund on the Recognized Payment Obligation Schedule as an enforceable obligation to ultimately begin repayment when assessed values increase sufficiently to support the increased costs. Presently, property values have dropped in the former Redevelopment project area to a level wherein the Redevelopment Property Tax Trust Fund (RPTTF) receipts are just sufficient to cover the annual debt service payments on outstanding bonds and loan commitments. The City, as Successor Agency, refunded all of the outstanding tax allocation bonds, including the 2004 Series A and B and the 2007 Series in December, 2015. The Agency has also prepared, submitted and received approval on a long-range property management plan for initiating the disposal of Agency property and assets.

For additional information regarding Yuba City's local economy, please refer to the MD&A section, which begins on page 4.

Budget Process and Long-Term Financial Planning

The City prepares a budget for each fiscal year on or before June 30. The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget

approved by the City Council. Activities of the general fund and special revenue funds are included in the annual appropriated budget. Budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the department level within an individual fund.

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

The CalPERS Board approved lowering the discount rate from 7.5, to 7.375, to 7.25 and ultimately to 7.0 percent with a downward step each year to the next lower rate. The decreases will be phased in over a five year period for each step downward in the rate. This creates a multi-layered impact in each of the coming fiscal years. Therefore, the total impact will not be realized for eight years by local government agencies. The estimated impact on the City's general fund is an increase from \$6.5 million in retirement costs for FY 2015-16 to an estimated \$12.4 million by FY 2024-25 based on the CalPERS actuarial reports released in August, 2017. The City continues to update its long-range financial model in order to plan for these excessive impacts. Long-term however, revenue growth will not keep pace with the increased costs of CalPERS retirement increases. Other monetary options will need to be considered. All jurisdictions in the State of California will be facing this impending fiscal crisis; Yuba City is not alone in this regard. What this means is that the CalPERS retirement system as it exists today is not sustainable. City staff expects that legislative options will become necessary which will lessen the burden in future years. An example of such an option is the addition of another layer of pension reform which would convert all classic CalPERS employees over to a less generous formula similar to PEPPRA employees for future service credit as of a set date in the future. Many options are being discussed by specific groups throughout the State of California at this time. The one certainty: agencies cannot afford the increases that CalPERS is currently projecting for them to pay; it simply is not a sustainable model. Additionally, the CalPERS Board is evaluating and considering additional reductions in the discount rate at the December, 2017 and February, 2018 Board meetings. This could have a significant impact on Yuba City's fiscal future. These changes will cause the City's retirement costs to escalate disproportionately at a higher rate than revenues or other expenditures.

The City Council's Fiscal Policy states that "the City's general fund shall maintain a fund balance of at least 15% of the total expenditures appropriated for the following fiscal year. This will be evaluated annually." The policy also states that "one-time funds shall not be budgeted or used to pay ongoing operating expenses for the City". The City met this requirement as of June 30, 2017.

The City's long range fiscal model contained budget deficits until FY 2017-18 when the City's pension obligation bonds were paid off, thereby reducing general fund expenditures by \$1.2 million per year going forward. Due to a large number of vacant positions throughout the City, the general fund has ended the fiscal year with a surplus on an actual basis for the past four fiscal years. This is expected to continue during FY 2017-18.

The City Council has communicated that prudent financial management is one of their top priorities. City staff will continue to take a proactive approach in responding to changes in both revenues and expenditures while ensuring we provide adequate service levels to our citizens. While City staff will continue to update its Long-Term Financial Planning model, we will continue reviewing financial results on a quarterly basis and provide updates to City Council at least semi-annually.

MAJOR ACCOMPLISHMENTS

The City achieved many major accomplishments during FY 2016-17. Included are: Dedicated the necessary funding to improve the recruitment and retention of public safety personnel; held the second Summer at City Hall; supported the formation of a regional Tourism Based Improvement District which resulted in the formation of the Sutter Yuba Lodging Association; received a Tree City USA designation for the seventeenth year in a row from the National Arbor Day Foundation in recognition of the City's commitment to preserving and enhancing its urban forest; ensured adequate revenues in the Water and Wastewater Enterprise Funds for operations and maintenance, debt service coverage, and capital improvement projects through a Rate Study and Proposition 218 Protest Process; neared completion of acquisition of all homes along Bridge Street between Cooper Ave and Gray Ave in anticipation of future widening and improvements; finalized the design and plans of the new 5th Street Bridge with construction anticipated to begin in 2018 and be completed in FY 2019-20; worked in coordination with Caltrans to advance the State Route 20/99 Interchange Study Report; completed the improvement of Garden Highway from Lincoln Road to Winship Road; continued to advance the engagement of our citizens through the improvement of the City's website, social media, and citizen engagement app - YC311; adopted an ordinance to improve the quality of life during 4th of July celebrations through the management and enforcement of illegal fireworks; issued 2017 Wastewater Revenue Refunding Bonds to refund the 2011 Bonds creating significant interest savings; issued 2017 Clean and Renewable Energy Bonds for both the Wastewater facility and the Water facility for energy efficiency improvements; issued a competitive bid process for the Solid Waste Franchise Agreement; and establishment of a Community Facilities District for municipal services.

MAJOR INITIATIVES

As set forth in the adopted budget of the City Council, there are several key issues and priorities of the City including: Public Safety—Police, Fire and Flood Control; developing our economy; maintaining and improving our infrastructure; developing our organization; preparing for growth; and enhancing our image and reputation. Examples of Council's commitment to further their stated priorities and goals include: Continue to monitor the City's financial health and ensure that the goal of attaining a balanced budget; continue to be committed to maintaining a system of transparency, public engagement, and collaboration, thus ensuring the public's trust; support the Sutter Butte Flood Control Agency in their effort to increase flood protection for the citizens of Yuba City and work in a coordinated fashion with SBFCA staff as the City implements the requirements of SB5; stay abreast of the status of the Oroville Dam Spillway repairs and make all necessary efforts to keep our community safe from future flood threat; continue to advance the City's Economic

Development Strategic Work plan to grow opportunities for well-paying jobs, create a positive and inspiring image and enhance the quality of life through collaborative and integrated actions; continue to coordinate with Sutter County on regional planning; advance a regional effort to address homelessness by partnering with other agencies in Sutter and Yuba County to form a Bi-County Homeless Services Authority; continue to seek grants and opportunities for additional resources; continue to advance the replacement of the 5th Street Bridge and the capacity of Highway 99 and Highway 20 through Yuba City; continue to evaluate the cost effectiveness of existing services and identify more economical methods of providing municipal services; advance the construction of Phase 2 of the Feather River Parkway – Willow Island Project; develop active open spaces for recreation through current detention ponds and other projects; continue to identify funding options for placement of new park in the Tierra Buena area; advance the Highway 20 Design Study, primarily funded by a SACOG grant, to revitalize the older and underutilized commercial corridor that serves as the prominent gateway into Yuba City; assure Yuba City's continued supply of quality surface water; advance the City's Water Conservation Plan to meet the City's 2020 target per the Water Conservation Bill of 2009; continue the Implementation of the City's Bike Master Plan; create and implement new programs that promote infill development projects; continue to coordinate, standardize, and streamline the City's development approval process through the implementation of new procedures and policies, and new technology; provide training to staff to ensure technical expertise and enhanced customer service; coordinate with Caltrans to enhance the medians on State Route 20 through improved landscaping and maintenance; advance the update of the Central City Specific Plan, the Harter Specific Plan, the El Margarita Master Plan and the Bogue-Stewart Master Plan; advance implementation of a Night Club Ordinance, Adult Business Ordinance, and a Shopping Cart Ordinance; advance efforts for Community Visioning with the facilitation of joint public workshops with the City's Advisory Commissions (Planning, Economic Development, Parks and Recreation, Senior and Youth), along with the Chamber of Commerce, Downtown Business Association, and other organizations in order to provide options and opportunities for community involvement and input; and advance efforts in the South Yuba City Annexation processes as it has been a long-term vision of the City to complete this annexation in order to make more sense over the chaotic City/County boundaries that now exist as the annexation will lead to more efficient provision of local services to the public.

PROSPECTS FOR THE FUTURE

In 2013 the City increased its fiscally conservative general fund balance reserve from ten percent to fifteen percent to cover unanticipated revenue shortfalls or expenditure requirements. For the fiscal year ended June 30, 2017, the City's uncommitted general fund reserve met the increased percentage policy requirement. In addition to the reserves within the City's general fund, the City also has an unallocated general fund capital improvement program balance available (\$3.5 million).

The City weathered the recession and while we are currently fiscally stable, we are cautiously looking toward the future based on our five-year financial plan. We have a balanced general fund budget in FY 2017-18, our revenues for both property taxes and sales tax are increasing year-over-year, we have been monitoring and controlling our increased labor costs, and our reserves are healthy. The challenge will be to find a sustainable way to pay increased CalPERS retirement costs, this is expected to be a fiscal challenge for all entities in California and is not unique to Yuba City.

AWARDS AND ACKNOWLEDGEMENTS

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Yuba City for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2016. This was the 17th year that the City received the award. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, the City must publish an easily read and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both USGAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program's requirements, and we are submitting it to the GFOA for consideration of another Certificate.

The GFOA also awarded a Distinguished Budget Presentation Award to the City of Yuba City for FY 2016-17. This is the highest form of recognition in governmental budgeting, and represents a significant achievement by any organization. The document is judged by an independent, anonymous panel of experts in the field of finance and budgeting. In order to receive the award, Yuba City had to satisfy nationally recognized guidelines for effective budget presentation. These guidelines are designed to assess how well a government's budget serves as a policy document, a financial plan, an operations guide and a communications device. The California Society of Municipal Finance Officers (CSMFO) likewise awarded the City of Yuba City the Certificate of Award – Excellence in Operational Budgeting.

Acknowledgments

Publication of this report was made possible by the efficient and dedicated service of the Finance Department staff. Furthermore, the professional expertise and commitment of Mitesh Desai of the Certified Public Accounting firm of Badawi & Associates was appreciated.

In closing, without the interest and support of the City Council, preparation of this report would not have been possible.

Respectfully submitted,



Robin Bertagna, CPA
Finance/IT Director

CITY OF YUBA CITY
CITY OFFICIALS
For the Fiscal Year Ended June 30, 2017

CITY COUNCIL

Stanley Cleveland, Jr., Mayor

Preet Didbal, Vice Mayor

John Buckland, Council Member

Manny Cardoza, Council Member

Shon Harris, Council Member

ELECTED OFFICIALS

Patricia Buckland, City Clerk

Spencer Morrison, City Treasurer

APPOINTED OFFICIALS

Steven C. Kroeger, City Manager

Timothy Hayes, City Attorney

EXECUTIVE TEAM

Robin Bertagna, Finance Director

Arnoldo Rodriguez, Development Services Director

Pete Daley, Fire Chief

Darin Gale, Economic Development Manager

Robert Landon, Police Chief

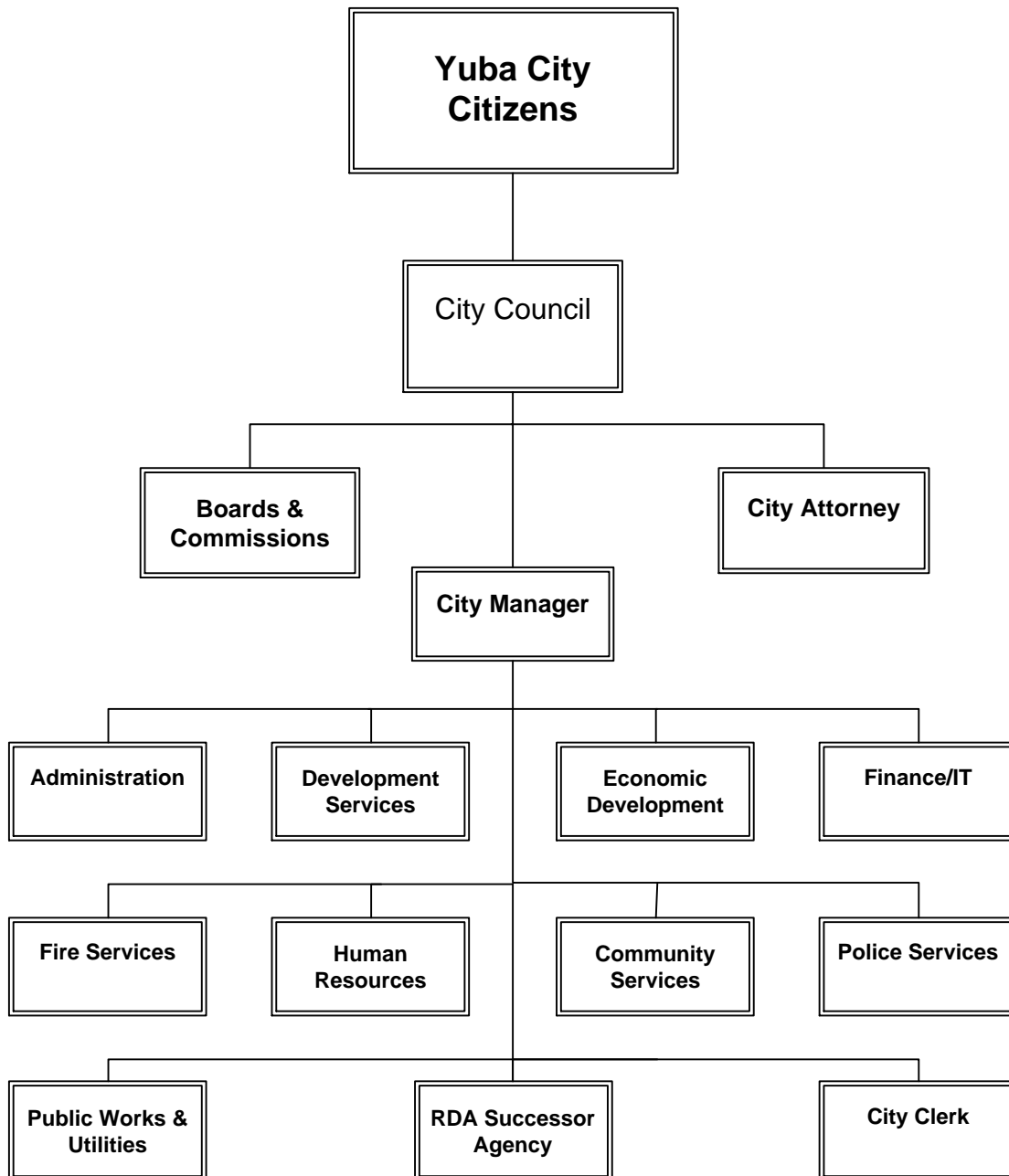
Diana Langley, Public Works Director

Terrel Locke, Assistant to the City Manager

Brad McIntire, Community Services Director

Natalie Springer, Human Resources Director

City Organization Chart





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Yuba City
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016



Executive Director/CEO

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
of the City of Yuba City
Yuba City, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Yuba City, California (City) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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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 as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension required supplementary information, and schedules of funding progress for other post employment benefits on pages 5-20 and 112-119, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules on pages 126 to 147, and statistical section 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 the budgetary comparison schedules on pages 126 to 147 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, and the budgetary comparison schedules on pages 126 to 147 are fairly stated in all material respects in relation to the basic financial statements as a whole.

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The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2017, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi and Associates
Certified Public Accountants
Oakland, California
December 6, 2017

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This discussion and analysis of the City of Yuba City's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the preceding transmittal letter and the City's financial statements and related notes, which follow this section.

A. FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the fiscal year by \$566.2 million. Of this amount, \$9.0 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position decreased by \$6.7 million. This included a decrease in governmental net activities of \$4.4 million and a decrease in business-type activities of \$2.3 million. The decline in net position is attributable to many things, but the most significant is an increase of \$11.5 million and \$1.8 million in net pension liability in the governmental activities and business type activities respectively.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$38.1 million, an increase of \$2.3 million from the prior fiscal year. The increase was a combination of a decline of \$1.8 million in the general fund, an increase of \$1.1 million in the Streets and Roads fund, and an increase of \$2.9 million in other non-major governmental funds.
- The General Fund reported revenues (and other financing sources) in excess of expenditures (and other financing uses) of \$0.6 million.

B. OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of a series of financial statements, commonly referred to as the *City's Basic Financial Statements*. Management's Discussion and Analysis introduces these statements and includes two different views of the City's financial activities and position: (1) Government-Wide Financial Statements provide information about the activities of the City as a whole and present a longer-term view of the City's finances; (2) Fund Financial Statements provide detailed information about the individual functions of City government, telling how services were financed in the short-term as well as what remains for future spending.

Each set of statements presents the City's finances in a distinct way. To assist the reader in understanding the differences between them, a brief discussion of each follows, including the relationship of these statements to each other and the significant differences in the information they provide.

Government-Wide Financial Statements

The Government-Wide Financial Statements provide a broad overview of City finances in a manner similar to private-sector business. These statements separate the City's activities into two areas:

Governmental Activities – these services are principally supported by taxes and intergovernmental revenues. Most of the City's basic services are considered to be governmental activities including public safety, community development, public works, parks and recreation, and general administration.

Business Type Activities – these services rely upon user fees and charges to help cover all or most of their costs. The City's water and wastewater operations are reported here.

Within the framework of these activities, a Statement of Net Position and a Statement of Activities report information about the City as a whole. These statements include all assets and liabilities of the City (i.e., infrastructure and long-term debt including unfunded pension obligations) and use the *full accrual basis of accounting* in which all the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

The two statements can be generally described as follows:

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net

position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows.

Notably, these statements differ from the Fund Financial Statements in that they *include* all assets of the City (including infrastructure) and all liabilities (including long-term debt and unfunded pension obligations) and *exclude* certain interfund receivables, payables and other interfund activity as prescribed by GASB Statement No. 34. For an additional reference, a reconciliation between the two is provided on page 33 of this report.

Fund Financial Statements

The Fund Financial Statements provide detailed information about each of the City's most significant funds – not the City as a whole. Management establishes funds to help control and manage money for particular purposes. There are three categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds – most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using *modified accrual* accounting, which measures cash and all other financial assets that can be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. This information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The City's major governmental funds include the General Fund, the Streets and Roads Special Revenue Fund, and the Impact Fee Capital Improvement Projects Fund. All other funds are combined in a single, aggregated presentation. Individual data for each of these non-major governmental funds is provided in the form of combining statements beginning on page 126 of this report.

Proprietary Funds – when the City charges customers for services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds provide the same type of information as shown in the government-wide financial statements (i.e., business type activities), only in more detail. The City has two types of proprietary funds: enterprise funds and internal service funds. The City uses enterprise funds to account for its water and wastewater operations. The City uses internal service funds to account for its general support services, employee benefits, and risk management services – activities that provide supplies and services for the City's other programs and activities. Since they predominantly serve the governmental rather than business type activities, they are included within the governmental activities in the government-wide financial statements.

Fiduciary Funds – the City is the trustee, or fiduciary, for certain funds held on behalf of external parties. The City's fiduciary activities are reported in separate Statements of Fiduciary Net Position. These activities are excluded from the City's other financial statements because the resources of the funds are not available to support the City's own programs. The City is responsible for ensuring that the assets reported in these funds are used for the intended purposes. The City also has two Private-Purpose Trust Funds which are used to account for the Successor Agency funds of the former Redevelopment Agency. The Private-Purpose Trust Funds (PPTF) include the RDA Low/Mod Successor PPTF and the RDA Successor Agency PPTF.

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents the following required supplementary information: budgetary comparisons for the City's General Fund and the Streets and Roads Special Revenue Fund; a description of the City's accounting policies with regard to the annual budget; and information regarding the funding progress for other postemployment benefits and the net pension liability.

C. GOVERNMENT-WIDE FINANCIAL STATEMENT ANALYSIS

The City's combined Net Position for the fiscal year ended June 30, 2017, totaled \$566.2 million, a decrease of \$6.7 million from the prior fiscal year (the detail in the table below may not add due to rounding).

Summary of Net Position (Amounts in Millions)

	Governmental Activities		Business-Type Activities		Total		Total % Change
	2017	2016	2017	2016	2017	2016	
Assets:							
Current and Other Assets	\$ 71.6	\$ 75.7	\$ 43.5	\$ 33.9	\$115.1	\$109.5	5.1%
Capital Assets	409.5	411.1	202.3	208.4	611.9	619.5	-1.2%
Total Assets	481.1	486.8	245.8	242.2	726.9	729.0	-0.3%
Deferred Outflows of Resources:							
Deferred outflow-pension	12.1	4.6	2.0	0.6	14.1	5.1	176.3%
Deferred loss on refunding	-	-	1.0	1.0	1.0	1.0	-7.1%
Total Deferred Outflows of Resources	12.1	4.6	3.0	1.6	15.1	6.1	0.0%
Liabilities:							
Current and Other Liabilities	16.3	18.0	5.5	5.0	21.8	23.0	-5.4%
Long-term Liabilities	73.2	62.7	77.9	70.6	151.0	133.3	13.3%
Total Liabilities	89.4	80.7	83.4	75.6	172.8	156.3	10.5%
Deferred Inflows of Resources:							
Deferred inflow-pension	2.8	5.2	0.3	0.7	3.1	5.9	-48.3%
Total Deferred Inflows of Resources	2.8	5.2	0.3	0.7	3.1	5.9	0.0%
Net Position:							
Net Investment in Capital Assets	395.9	396.5	137.8	144.4	533.7	540.9	-1.3%
Restricted	16.0	18.3	7.4	5.1	23.4	23.4	0.0%
Unrestricted	(10.9)	(9.5)	19.9	18.0	9.0	8.5	5.4%
Total Net Position	\$401.0	\$405.4	\$165.2	\$167.5	\$566.1	\$572.9	-1.2%

At June 30, 2017, a significant portion of net position (94 percent) consisted of the City's net investment in capital assets. This component, which reflects the total amount of funds used to acquire those assets less any outstanding debt used for such acquisition, decreased from the prior fiscal year by \$7.2 million. The decrease is comprised of both a decrease of \$0.6 million in governmental invested in capital assets and a decrease of \$6.6 million in business-type invested in capital assets.

Governmental net investment in capital assets increased by \$12.0 million due to the City's investment in new capital assets. This increase was offset by a decrease of \$13.4 million due to depreciation. The largest investments in governmental type assets were the 5th Street Bridge Replacement Project \$3.0 million, Garden Highway Improvement Project \$1.4 million, Bridge Street Reconstruction from Plumas to Cooper Project \$1.8 million, Bridge Street Widening Project \$1.3 million, and a Road Rehabilitation Project \$0.8 million.

Business-type net investment in capital assets declined by \$6.1 million. This decrease was comprised of a \$3.8 million increase due to an increase in the investment in new assets, offset by a decrease of \$0.5 million in outstanding debt that was used to acquire capital assets, and a decrease of \$9.7 million due to depreciation. Increases in business type assets include the Water Treatment Plant Battery Backup Storage Project \$0.5 million and the Wastewater Plant Photovoltaic System Project \$1.3 million.

Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since capital assets are not generally liquidated for such purposes.

Restricted net position of \$23.4 million (4 percent of total net position) represent resources subject to external restrictions as to how they may be used. The total restricted net position did not change from the prior fiscal year however governmental activities declined by \$2.3 million and business type activities increased by the same amount. In the governmental activities the amounts restricted for capital projects declined \$1.2 million, \$0.6 million for community development and \$0.7 million for streets and roads. The amounts restricted for capital projects increased by \$6.3 million in the business-type activities which was partially offset by a decline of \$4.0 million in restricted debt service funds.

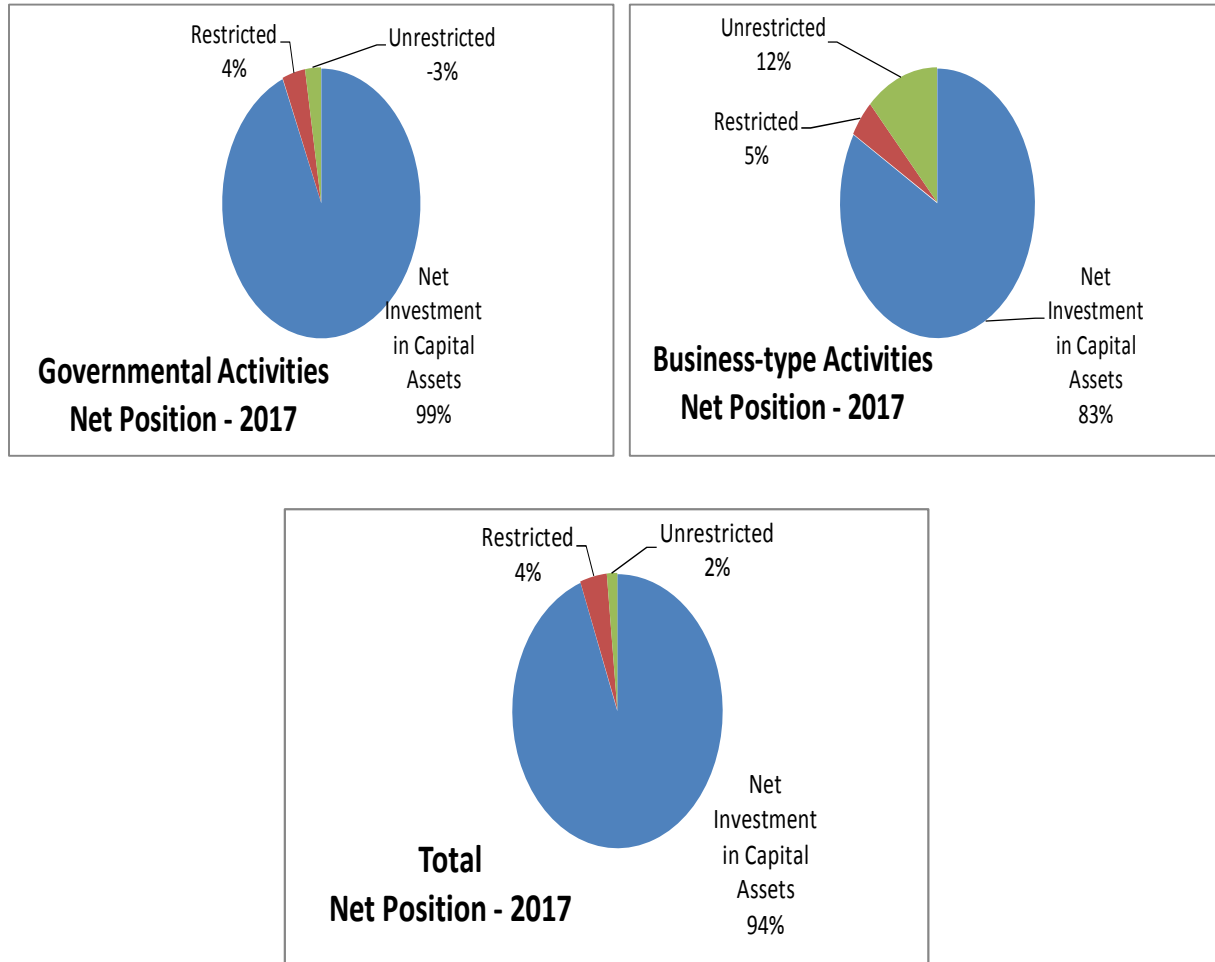
Unrestricted Net Position of \$9.0 million (2 percent of total net position) represent amounts that may be used to meet the City's ongoing obligations to its residents, businesses, customers, and creditors have increased \$0.5 million from the prior fiscal year. This increase was the combination of a \$1.5 million decrease in governmental activities and a \$2.0 million increase in business-type activities.

The increase in Current and Other Assets of \$5.6 million included a decrease of \$4.1 million in governmental activities and an increase of \$9.6 million in business-type activities. The decrease in governmental activities was related to decreases in cash and investments of \$2.8 million, taxes and assessments receivable of \$1.2 million. The increase in business-type activities was mainly due to increases in cash and investments of \$9.5 million combined with the net of an increase in restricted cash and investments of \$2.0 million and a decline in accounts receivable of \$1.9 million.

The decrease in Current and Other Liabilities of \$1.2 million includes a decrease of \$1.7 million in governmental activities offset by an increase of \$0.5 million in business-type activities. The decrease in governmental activities was attributable to a decrease of \$1.0 million in accounts payable, a decrease in the noncurrent liabilities due within one year of \$1.1 million, offset by an increase in unearned revenue of \$0.4 million. The increase in business-type activities was due to a \$0.3 million increase in accounts payable and an increase of \$0.3 million in noncurrent liabilities due within one year.

Long-term Liabilities increased by \$17.7 million including an increase of \$10.4 million in governmental activities and \$7.3 million in business activities. Governmental activities decreased due to normal debt service retirement of \$2.3 million, offset by an increase of \$11.5 million for the current fiscal year net pension liability. The increase in business activities was due to an increase for the new 2017 wastewater revenue CREBs of \$6.8 million and the new 2017 water revenue CREBs of \$2.1 million, offset by a decrease of \$3.1 million for normal debt service payments, and an increase of \$1.8 million in net pension liability for the current fiscal year.

The below charts provide a visual representation of the components of net position, first for the governmental activities, next for business-type activities, and then in total for the fiscal year ended June 30, 2017:



City of Yuba City
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017

The following table shows the changes in net position for governmental and business-type activities (the detail may not add due to rounding):

Statement of Activities (Amounts in Millions)							
	Governmental Activities		Business Type Activities		Total		Total % Change
	2017	2016	2017	2016	2017	2016	
Revenues:							
Program Revenues:							
Charges for services	\$ 12.2	\$ 5.8	\$26.3	\$24.9	\$38.5	\$30.7	25.6%
Operating Grants and Contributions	2.5	2.4	0.0	-	2.5	2.4	3.8%
Capital Grants and Contributions	6.4	4.5	-	3.7	6.4	8.2	-21.5%
General Revenues:							
Property Taxes	11.8	11.4	-	-	11.8	11.4	3.3%
Sales and Other Taxes	17.3	16.3	-	-	17.3	16.3	6.4%
Investment Income	0.1	0.9	0.2	0.3	0.3	1.2	-70.3%
Other	0.8	0.7	-	-	0.8	0.7	17.0%
Total Revenues	51.1	41.9	26.6	28.9	77.7	70.8	9.7%
Expenses:							
General Government	5.2	6.6	-	-	5.2	6.6	-22.1%
Public Safety	29.4	24.8	-	-	29.4	24.8	18.6%
Parks and Recreation	2.6	2.5	-	-	2.6	2.5	5.0%
Public Works and Facilities	14.1	14.9	-	-	14.1	14.9	-5.8%
Community Development	1.4	1.3	-	-	1.4	1.3	10.0%
Interest on Long-term Debt	0.5	1.0	-	-	0.5	1.0	-47.2%
Water	-	-	15.2	12.6	15.2	12.6	20.8%
Wastewater	-	-	13.2	11.1	13.2	11.1	19.2%
Total Expenses	53.2	51.1	28.5	23.7	81.7	74.9	9.1%
Excess or Deficiency Before Transfers	(2.1)	(9.2)	(1.9)	5.2	(4.0)	(4.0)	-1.7%
Transfers	0.0	3.2	(0.0)	(3.2)	-	-	N/A
Change in Net Position	(2.0)	(6.0)	(1.9)	2.0	(4.0)	(4.0)	-1.7%
Net Position - Beginning, Restated	403.0	411.4	167.1	165.5	570.1	576.9	-1.2%
Net Position - Ending	401.0	405.4	165.2	167.5	566.2	572.9	-1.2%

Governmental Activities

The City's governmental activities decreased the City's net position by \$4.4 million. Revenues increased by \$8.3 million, while total expenses increased by 4 percent (\$2.1 million). Revenue Highlights include the following:

- Charges for services increased by \$6.4 million. \$3.2 million of the increase was attributable to reporting revenues for interfund services provided by general fund staff to the water and wastewater enterprise funds in accordance with GASB 34 reporting requirements. In prior years, these were instead shown as Transfers In/Out. There was an increase of \$2.9 million in public works and facility revenues due to interdepartmental service charges that were previously classified as interfund transfers.
- Operating grants and contributions increased by \$0.1 million which was a combination of a \$0.7 million increase in public safety operating grants, a decrease of \$1.5 million in public works and facilities, and an increase of \$0.9 million in community development operating grants.

- Public works capital grants and contributions increased by \$1.9 million mostly related to the receipt of HBP/HPP grant funds for the 5th Street Bridge project.
- Secured and unsecured property tax revenues increased by \$0.4 million
- Sales and other taxes increased by \$1.1 million due to increases in sales tax revenues of \$0.9 million, \$0.1 million in transient lodging taxes, and \$0.1 million in franchise fees.
- Investment income decreased by \$0.7 million. This decline was because there as an unrealized gain reported last fiscal year of \$0.5 million that was reversed this fiscal year, combined with an unrealized loss of \$0.3 million for the current year for the recognition of the changes in fair value of investments in accordance with GASB 31.
- Miscellaneous other revenues increased by \$0.1.
- Total expenses for governmental activities were \$53.2 million, which is a \$2.1 million increase from the prior fiscal year. General Government decreased \$1.5 million primarily due to the contribution of \$2.0 million to the Pension Stability Agency Fund in the prior year. Public Safety increased \$4.6 million which included a \$1.0 million increase in actual spending and an additional \$1.9 million in net pension expenses, Public Works and Facilities decreased \$0.9 million, Parks and Recreation increased \$0.1 million, Community Development increased \$0.1 million, and Interest on Long-term Debt decreased \$0.5 million.

The following table shows the net cost of governmental activities (the detail may not add due to rounding):

Net Cost of Governmental Activities
(Amounts in Millions)

	Total Cost of Services		Net Cost of Services	
	2017	2016	2017	2016
General Government	5.2	6.6	\$ (4.9)	\$ (6.5)
Public Safety	29.4	24.8	(25.4)	(21.6)
Parks and Recreation	2.6	2.5	(1.6)	(1.4)
Public Works and Facilities	14.1	14.9	(1.1)	(8.5)
Community Development	1.4	1.3	1.4	0.5
Interest on Long-term Debt	0.5	1.0	(0.5)	(1.0)
Total Net Cost	\$ 53.2	\$ 51.1	\$ (32.1)	\$ (38.5)

As shown in the Statement of Activities, the amount that taxpayers ultimately financed for governmental activities was \$32.1 million because some of the cost was paid by those who directly benefited from the programs (\$12.2 million), or by other governments and organizations that subsidized certain programs with operating grants and contributions (\$2.5 million), and capital grants and contributions (\$6.4 million). Overall, these governmental program revenues totaled \$21.1 million. The City paid for the remaining "public benefit" portion of the governmental activities with \$29.1 million in taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements. Ultimately, the expenses exceeded revenues by \$2.0 million for governmental activities for the fiscal year.

Business-type Activities

The City's business-type activities decreased the City's net position by \$2.0 million. Total revenues decreased by 7.8 percent (\$2.2 million), while total expenses increased 20.1 percent (\$4.8 million).

The net revenue decrease includes the combination of an increase in service fees (\$1.4 million), and a decrease in capital grants and contributions (\$3.7 million), and a decrease in investment income (\$0.1 million). The water enterprise had an increase in service revenues (\$0.5 million) due to an increase in charges for services from the water rate increases adopted by City Council. An increase in the wastewater enterprise revenue service fee (\$0.9 million) was due to increases in charges for services. Capital contributions and grants decreased in both the water (\$4.5 million) and wastewater (\$2.1 million) funds mostly due to Prop 84 grant revenues received in the previous year.

Operating costs for the water enterprise increased \$2.6 million and operating costs for the wastewater enterprise increased \$2.1 million. The water fund experienced increases in salary and benefits costs (\$0.8 million), maintenance and operation (\$1.2 million), tools and equipment (\$0.1 million), power and utilities (\$0.1 million), water purchase costs (\$0.1 million), and an increase in depreciation (\$0.5 million). The wastewater fund experienced an increase in salary and benefits cost (\$0.6 million), an increase in professional services (\$0.5 million), an increase in maintenance and operating (\$1.1 million), an increase in depreciation (\$0.3 million), and a decrease in interest expense (\$0.1 million).

D. FUND FINANCIAL STATEMENT ANALYSIS

The fund financial statements provide detailed information about each of the City's most significant funds; not the City as a whole. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances that are available for spending. Unassigned fund balance is a measure of the City's net resources available for spending or assigning at the end of the fiscal year.

The General Fund is the chief operating fund of the City. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned and total fund balance to total funding requirements. As of June 30, 2017, the total fund balance of the General Fund was \$16.0 million (of which 55 percent is attributable to a long-term receivable from the City's Successor Agency). The unassigned fund balance of \$6.1 million is equal to 15.4 percent of total General Fund expenditures. Total fund balance decreased by \$1.8 million from the previous fiscal year. The decrease in fund balance is mostly attributable to reducing the receivable due from Successor Agency Trust Fund for the Advance to the former Redevelopment Agency to restate the loan at 3.0 percent simple interest.

The City adopted an updated Fiscal Policy in November, 2013, which increased the unassigned fund balance from a previous level of 10 percent to 15 percent. The City's fiscal policy in use prior to the recession, calculated the required reserve at the end of a fiscal year (previously 10 percent, now 15 percent) and transferred anything in excess of the required reserve to the general unallocated capital improvement program (CIP) fund to be used for future year general fund CIP projects. The City transitioned back to this practice as of June 30, 2016. With adoption of the FY 2017-18 budget, the City's Fiscal Policy was modified to split one-half of any reserve balances in excess of the required 15 percent reserve as of June 30, 2017, with one-half allocated to the City's Pension Stabilization Trust Fund and the other half transferred into the general CIP fund for future projects. The amount in excess of the required reserve of 15 percent which was transferred one-half each into the Pension Stabilization Trust Fund and the general CIP fund as of June 30, 2017, was \$660,222.

The Streets and Roads Special Revenue fund balance increased by \$1.5 million. Revenues increased by \$1.4 million compared to the previous year due to an increase in HBP/HPP grant revenues received for the 5th Street Bridge Project.

The Impact Fees CIP fund balance is not the best indicator of the fund's financial position since revenues are not realized until spent. However, the unearned revenue balance of \$10.2 million, an increase of \$0.7 million from the previous fiscal year, represents the amount available for spending on projects included in the City's Impact Fee Ordinance.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Factors concerning these funds have already been addressed in the discussion of government-wide financial analysis of business-type activities.

E. GENERAL FUND BUDGETARY HIGHLIGHTS

A detailed budgetary comparison schedule for the year ended June 30, 2017, is presented as required supplementary information following the notes to the financial statements. The Approved Budget is adopted by the City Council prior to the July 1 start of the fiscal year (the "Original Budget"). The City Council usually makes expenditure and revenue estimate changes during the course of the fiscal year as new information becomes available (resulting in the "Final Budget").

The net increase in budgeted expenditures from the original budget to the final budget is \$1.9 million, which was attributable to: 1) Additional appropriations for carryover expenditures from the previous fiscal year for existing contractual obligations that totaled \$0.5 million; 2) additional appropriations for grant activities in the amount of \$0.9 million which are not included in the budget until funds are physically received by the City; 3) supplemental appropriations of \$0.2 million for strike team expenditures which were reimbursed by the State; 4) Fire FLSA back-pay to employees of \$0.1 million; and 5) supplemental appropriations of \$0.1 million for parks mulch for which funding was originally appropriated in the general CIP fund but it was determined this was an operational expense not a capital project. Actual expenditures were \$0.6 million less than the adopted budget and \$2.5 million less than the final budget.

The net increase in budgeted revenues from the original budget to the final budget was \$1.1 million. This was attributable to increasing revenue budgets to account for the receipt of grant funds. Actual revenues were \$1.0 million more than the adopted budget and \$0.1 million less than the final budget.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – the capital assets of the City are those assets which are used in the performance of the City's functions, including infrastructure. The City has elected to use the "basic approach" as defined by GASB Statement No. 34 for infrastructure reporting. Accordingly, eligible infrastructure assets are depreciated under the straight-line method. At June 30, 2017, net capital assets of the governmental activities totaled \$409.5 million and the net capital assets of business type activities totaled \$202.3 million. Depreciation on capital assets is recognized in the Government-Wide and Proprietary Fund Financial Statements (the detail may not add due to rounding).

Summary of Capital Assets
(Amounts in Thousands)

Governmental Activities:

Land	\$ 126,070
Buildings and Improvements	51,202
Equipment, Vehicles, Machinery	23,011
Construction in Progress	18,240
Infrastructure	366,995
Total Governmental Capital Assets	585,518
Less: Depreciation	(175,982)
Total Net Governmental Activities:	<u>\$ 409,535</u>

Business Type Activities

Land	\$ 1,675
Buildings and Improvements	99,992
Equipment, Vehicles, Machinery	28,721
Construction in Progress	13,965
Infrastructure	174,063
Total Business-Type Capital Assets	318,416
Less: Depreciation	(116,096)
Total Net Business Type Activities:	<u>\$ 202,320</u>

This fiscal year's major capital asset additions were:

- 5th Street Bridge Replacement Project \$3.0 million
- Bridge Street Widening Project \$1.3 million
- Road Rehabilitation Project \$0.8 million
- Garden Highway Improvements from Winship to Lincoln \$1.4 million
- Bridge Street Reconstruction Project from Plumas to Cooper \$1.8 million
- Water Treatment Plant Battery Backup Storage Project \$0.5 million
- Wastewater Treatment Plant Photovoltaic System Project \$1.3 million

Long-Term Debt – as of June 30, 2017, the City had outstanding debt issues as listed below. Not included in the table are assessment district and community facility district bonds since the City has no obligation for their repayment. Each of the City's other bonds are backed by certain specific revenues or General Fund lease payments. The City underwent rating reviews from Fitch Ratings Agency and Standard & Poor's Rating Agency as follows:

- 1) Fitch Ratings affirmed an 'AA-' rating on the City's 2013 Water Revenue Refunding bonds with a stable outlook during their rating review in March, 2017.
- 2) Standard and Poor's assigned a 'AA-' rating on the 2017 Wastewater Revenue CREBs issuance and at the same time affirmed the 'AA-' rating on the City's existing Wastewater Revenue Refunding Bonds with a negative outlook in March, 2017. Their negative outlook reflects their anticipation that the system's financial and liquidity position may be pressured in the next few years given the moderately large capital improvement plan (CIP).
- 3) Standard and Poor's affirmed an A rating with a positive outlook related to the 2015 Gauche Park Aquatic Complex lease revenue in their rating review in October, 2016. (Standard and Poor's raised its long-term rating to 'A+' from 'A' on the 2015 Gauche Park Aquatic Complex lease revenue bonds with a stable outlook in September, 2017.)

Summary of Long Term Indebtedness
(Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Loans Payable	\$ 208	\$ 231	\$ 28,013	\$ 29,478	\$ 28,221	\$ 29,709
Capital Lease Payable	4,036	4,867	2,339	2,410	6,374	7,277
Certificates of Participation	-	-			-	-
Lease Revenue Bonds	9,135	9,460			9,135	9,460
Pension Obligation Bonds	-	1,130			-	1,130
Water Revenue Refunding Bonds	-	-	18,500	19,315	18,500	19,315
Water Revenue CREBs			2,124	-	2,124	-
Wastewater Revenue Refunding Bonds	-	-	13,494	14,270	13,494	14,270
Wastewater Revenue CREBs			6,820	-	6,820	-
Total Indebtedness	\$ 13,378	\$15,688	\$ 71,290	\$ 65,473	\$ 84,669	\$ 81,161

The City entered into two funding agreements with the State of California Department of Public Health for \$19.1 million (Region 2/3) and \$6.8 million (Region 1) as described in Note 5 on page 81 of the CAFR.

The City approved two Project Finance Agreements with the California State Water Resources Control Board for \$6.5 million and \$10.2 million, both of which include principal forgiveness up to \$3.0 million, as discussed in Note 5, Business-type Activities Loans Payable, on page 82 of the CAFR.

During the fiscal year, the City implemented the following GASB Statements:

- 1) GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. The City included additional disclosure for its OPEB Plan.
- 2) GASB Statement No. 77, Tax Abatement Disclosure which had no impact on the City in the current fiscal year.
- 3) GASB Statement No. 78, Pension Provided through Certain Multiple-Employer Defined Benefit Pension Plans which had no impact on the City in the current fiscal year.
- 4) GASB No. 80, Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14 which had no impact on the City in the current fiscal year.
- 5) GASB No. 82, Pension Issues – An Amendment of GASB Statement No. 67, No. 68 and No. 73. The City updated covered employee payroll information in the required supplementary information as part of implementation of this accounting standard. The City updated amounts reported for covered payroll related to its pension plans and recalculated related ratios presented in required supplementary information as a result of implementing this statement.

For more detailed information on Capital Assets and Long-Term Debt, see Notes 3 and 5 to the Basic Financial Statements.

G. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

On June 6, 2017, the Council adopted the FY 2017-18 Operating Budget with total appropriations of \$86.1 million. Adequate resources are available to fund the proposed expenditures. The budget reflects the City's short and long-term organizational goals within the framework of projected revenue.

The FY 2017-18 adopted general fund budget includes revenues of \$41.57 million and appropriations of \$41.34 million, a surplus budget of \$0.2 million. The City's five year financial forecast has shown that FY 2016-17 was the final year of general fund budget deficits and that has proven to be true. In FY 2017-18, general fund expenditures were reduced by \$1.2 million since the City's pension obligation bonds were paid off in FY 2016-17.

With FY 2016-17 including the final payment on the City's previously issued pension obligation bonds, City Council placed more emphasis on evaluating economic needs which were not met during deficit budget years. There was a renewed focus placed on investing in general fund infrastructure, evaluating reduction of our unfunded pension liabilities, providing City services to all City residents, setting aside funds for economic development, and balancing that with employee salary increases as staff salaries have remained fairly static for many years.

The adopted budget includes the full cost for all authorized and budgeted positions. The City does not include any reduction for a vacancy factor or estimated position vacancies. The full cost of each position includes all contracted costs for each bargaining unit. The City evaluates position vacancies on a quarterly basis and determines the number of positions vacant, which specific positions are vacant, the amount budgeted for each position and which fund the position was budgeted in. This enables the City to better track vacancies and anticipate any potential year-end savings from vacant positions. The savings generated at year-end from vacant positions is considered one-time savings because when the vacancy is filled through the recruiting process, the savings will not reoccur. The City does not budget this one-time savings and allocate it to reoccurring expenditures; doing so would not be fiscally prudent.

The City's bargaining unit contracts all expired on June 30, 2017. The City has been negotiating with all bargaining units since Spring, 2017. As of now, the First Level Managers group is the only bargaining unit that the City has reached agreement with. The terms of their agreement include a one-time payment of 2 percent of salary or \$1,500, which is greater, effective November 21, 2017, and a 2 percent on-going raise effective July 1, 2018 with the new agreement expiring on June 30, 2019. The City continues to negotiate with all other bargaining units.

The largest budgetary impact in the City's future budget projections is that resulting from the CalPERS Board's approval of reducing the discount rate from 7.5 percent to 7.0 percent with a step down approach over a five year period. Additional information regarding the future impacts of CalPERS cost increases is included in the preceding transmittal letter.

Revenues are projected to increase by \$1.7 million compared to the previous year's adopted budget. The largest increases in revenue was from cost allocation reimbursements to the general fund (\$0.9 million), representing 52 percent of the total increase. The second largest increase relates to property tax and sales tax (\$0.5 million), representing 30 percent of the total increase. Expenditures are projected to grow by \$1.3 million. Expenditures increased \$0.3 million related to employee salary and benefits and \$0.9 million for materials, supplies and services. Some of the larger expenditure increases were due to the following:

- The addition of three limited term employees to the budget;
- Software costs for business license, development services and human resources;
- Increased electrical costs for traffic signals and street light maintenance;
- Increased allocations for landscape maintenance, concrete and new signs;
- Increases to the Citywide pooled travel and training budget;
- Increased costs for general liability insurance and technology replacement;
- Increased personnel attorney costs;
- Increased animal control costs; and
- Increased water and sewer costs for City facilities.

Personnel expenditures for salaries and benefits continue to be the largest portion of the budget, representing 77.5 percent of the general fund.

The general fund surplus for fiscal year ended June 30, 2017, was \$1.47 million. This is difficult to see on page 34 of the financial statements because of the transfers in and out but is summarized as follows:

Summary of General Fund Operations

Total Revenues	\$ 34,450,030
Total Expenditures	(39,084,404)
Transfers in	6,101,779
Net Surplus from Operating Activities	<u>\$ 1,467,405</u>

The transfers out of \$0.9 million were authorized to fund vehicle purchases authorized in the FY 2017-18 budget for a senior center bus and several new police vehicles. The remaining balance in excess of the required 15 percent reserve fund balance was transferred to the pension stabilization trust and the unallocated General CIP reserve in accordance with City Council's policies. Transfers out during FY 2016-17 were made for the following purposes:

General Fund Transfers Out

Transfer to Vehicle Replacement-Senior Bus	\$ 54,636
Transfer to Vehicle Replacement-New Police Vehicles	158,000
Pension Stabilization Trust Fund-Excess Reserves	330,111
Unallocated General CIP-Future Projects-Excess Reserves	330,111
Total Transfers Out FY 2016-17	<u>\$ 872,858</u>

The savings from vacant positions during FY 2016-17 was \$2.4 million. Without this vacancy savings, there would not have been a surplus from operating activities. For example, in June 2016 there were 27 vacant positions in the general fund which represents 11.7 percent of the 231 authorized full-time equivalent positions. The total amount budgeted for these vacant positions was \$3.1 million. In December, 2016, the number of vacant general fund positions declined to 25, with a total budgeted cost of \$2.7 million. However, by June, 2017, the number of vacancies increased back up to 36, with a budgeted cost of \$4.2 million. Not all of the savings from vacancies is fully realized for public safety staff as necessary shifts are covered through the use of overtime thereby reducing savings in order to continue service levels. Human Resources continues to place a high priority on recruitments, even adding an additional staff person dedicated solely to recruitments. The focus is on hiring to fill vacancies, but all the while ensuring that we are hiring only the highest quality individuals to join the City's team.

The FY 2017-18 adopted budget projected a 4.0% increase in property taxes. Based upon the final assessed valuation reports from the Sutter County Auditor-Controller's Office, general fund assessed values increased by 4.79%. The City therefore anticipates property tax revenues for the year will exceed budget projections by about \$75,000. The six largest components of the change in assessed values are as follows:

- Properties were adjusted by a CPI factor of 2.0% between 2016-17 and 2017-18, an increase of \$63.9 million in assessed valuations.
- Unsecured values declined \$25.8 million.
- Prior year transfer of ownerships increased values by \$74.1 million.
- Non-residential new construction increased assessed values by \$5.2 million
- Single family residential increased by \$54.1 million in value due to Proposition 8 recaptures.
- Non-single family residential increased by \$18.8 million in values due to Proposition 8 recaptures.

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

- Residential values increased by 5.7% (\$193.7 million in assessed valuations).
- Industrial values increased by 5.5% (\$11.3 million in assessed valuations).
- Vacant values decreased by 24% (\$19.9 million in assessed valuations).
- Commercial values increased by 6.0% (\$52.0 million in assessed valuations).
- Unsecured decreased by 7.8% (\$25.8 million in assessed valuations).

A limited inventory and increased prices caused home sales to fall on a year-over-year basis in Northern California in September, 2017. The median price paid for all homes sold was \$739,000. This was down 0.1 percent from \$740,000 in the prior month, and up 13.7 percent from \$650,000 in September, 2016. The median home prices referred to for Northern California far exceed the average or median home sales prices for Yuba City. The average home sales price in Yuba City was \$271,880 in 2017 with 613 full value home sales occurring. That was up from 2016 when the average was \$252,553 and 891 full value home sales occurred. The median home sales price in Yuba City, along with the percentage change were as follows for the past five years:

2013	\$180,000	20.00%
2014	\$210,000	16.67%
2015	\$230,000	9.52%
2016	\$246,000	6.96%
2017	\$270,000	9.76%

As it relates to sales tax, consumer confidence has returned as the City has had increases in retail sales tax revenues in thirteen out of the past fourteen quarters. Revenue projections included in the FY 2017-18 budget include a projected 3.0 percent increase for sales tax revenues. On a cash basis the most recent quarterly sales tax results were up 3.3% (April - June, 2017), on an adjusted basis they were up 3.1%. The two prior quarter receipts were up 0.7% on a cash basis and 1.7% on an adjusted basis (January – March, 2017) and up 3.0% on both a cash basis and 2.3% on an adjusted basis (October – December, 2016). Averaging the quarterly results for the FY 2016-17 results in an average increase on a cash basis of 1.65% per quarter and a 1.825% increase on an adjusted basis.

In July, 2012, the State adopted AB 1484 implementing the elimination of Redevelopment agencies throughout California. The City, as the Successor Agency, continued to file it's required Recognized Payment Obligation Schedule (ROPS) with the State Department of Finance every six months in order to receive tax increment funding to pay the former Agency's legal obligations. The property tax values within the former Redevelopment Project Area had fallen in recent years to a level such that the tax increment revenues generated in a given fiscal year did not support the payment of bonded debt obligations. As such, through the Due Diligence Review process, the City was approved to retain reserve funds to meet on-going debt service obligations. The activities of the former Agency have ceased, and as part of the winding down process the City completes the administrative process necessary to make debt service payments to meet the legal obligations of the former Agency. As part of this process, in September, 2013, the City as the Successor Agency, received a Finding of Completion from the State Department of Finance and prepared of a Property Management Plan. In September, 2015, the State Department of Finance accepted the Long-Range Property Management Plan submitted by the City as the Successor Agency. This will allow the City to begin the final winding down of the affairs of the former Agency by selling off its assets and property. In October, 2015, the State Department of Finance approved the Successor Agency's Oversight Board Action requesting authorization and approval for the issuance of refunding bonds to completely refund the outstanding 2004 Series A and B and the 2007 Series Tax Allocation Bonds. The bond refunding eliminated the on-going deficit cash flow within the Successor Agency so that now tax increment revenues are sufficient to cover the required annual debt service payments.

Current unemployment rate data approximates the annualized unemployment rate around 6.8 percent. This is a significant decline from historical amounts of the past several years. Previous unemployment rates were:

FY 2012-13	12.4%
FY 2013-14	10.1%
FY 2014-15	8.3%
FY 2015-16	7.8%
FY 2016-17	6.8%

The current 6.8 percent rate still seems high when compared to a statewide average of 4.7 percent or the national average of 4.1 percent. The decline indicates that the local economic and job outlook has improved tremendously. The current rate, although high, on a relative basis is nonetheless predictable and appropriately considered by City management when planning for operational costs and available resources. Yuba City's unemployment rate has consistently remained higher than the State average and given the seasonal nature of our ag-based economy, City management considers the current level relatively low.

Even with the planned use of a portion of its Economic Stabilization Reserve in previous years, the City has continually maintained City Council's goal of having at least a 10 percent budget reserve. In November, 2013, City Council adopted an updated Fiscal Policy which not only increases the reserve requirement from 10 percent to 15 percent but also requires that the City adopt a balanced budget. On-going expenditures must be paid for using on-going revenues. The updated Fiscal Policy is a commitment of the City Council, but the policy allows City Council the flexibility to adopt a deficit budget as long as they note an exception to the Fiscal Policy and have a plan for recovery to a balanced budget. It was understood that through FY 2016-17, City Council had made an exception to the requirement of a balanced budget. At the conclusion of the FY 2016-17, the City achieved City Council's priority of increasing the general fund unassigned reserve to \$6,076,786, or 14.7% of FY 2017-18 appropriations. This does not include the portion of fund balance shown as Committed, \$1,113,766 which when included achieves the 15 percent requirement.

The City has positioned its operations so that in the short term this reserve can be properly maintained into the future. Taking into consideration the impacts of increased employee benefit costs for retirement, healthcare, and worker's compensation, the City continues to closely monitor its revenue projections in comparison with its expenditure commitments; adjusting service levels accordingly in order to provide priority services to its citizens without depleting reserves. The fiscal crisis that is looming in the future several years out is the CalPERS rate increases. As described in the Transmittal Letter, the discount rate is being lowered over a period years with each step down in the discount rate being implemented over a five year period. This is expected to cause the City's retirement costs to increase from \$6.5 million in FY 2015-16 to an estimated \$12.4 million by FY 2024-25. General fund revenue growth will not keep pace with these increases. Please see the Transmittal Letter for additional information.

The City's water and wastewater enterprises were not exempt from the negative economic conditions. City staff reviewed the water and wastewater budgets and reduced them where practical. The City continues to construct necessary capital improvement projects in order to expand or enhance existing infrastructure. On April 5, 2016, the City Council adopted a Water and Wastewater Rate Study which proposed adjustments to the City's water and wastewater rates over the next 5 years to fund ongoing expenses, provide adequate debt-service coverage, and fund priority capital projects. In accordance with Proposition 218, a protest public hearing took place on June 8, 2016. On June 21, 2016, the City Council adopted the Water and Wastewater Ordinances which included rate structures approved through the Proposition 218 process, which are the maximum amounts that the rates can be raised. The Ordinances have provisions requiring that the City Council review the rates on an annual basis as part of the fiscal year budget review process, prior to the July 1 implementation of the increases for each year. Council retains the authority to set by resolution the actual rates, provided they do not exceed the rates approved through the Proposition 218 process. As part of the FY 2017-18 budget adoption process, City Council reviewed updated Water and Wastewater Rate Studies and implemented rate increases sufficient to meet the revenue requirements of each of the utility enterprise funds. These increases were less than the maximum previously proposed and included on the Proposition 218 ballot notice. It is the intent of City Council to continue this annual review as part of the budget adoption process each year.

H. CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report, or need any additional financial information, contact the Finance Department at 1201 Civic Center Boulevard, Yuba City, CA 95993, phone 530-822-5196, or email: lhaile@yubacity.net.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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City of Yuba City
Statement of Net Position
June 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 42,368,291	\$ 35,127,631	\$ 77,495,922
Restricted cash and investments	-	1,117,282	1,117,282
Interest receivable	272,867	3,903	276,770
Accounts receivable	5,465,995	2,778,582	8,244,577
Taxes and assessments receivables	3,768,466	-	3,768,466
Internal balances	2,019,512	(2,019,512)	-
Prepaid expenses	1,115,896	181,561	1,297,457
Inventory	12,837	-	12,837
Deposits	15,000	-	15,000
Total current assets	55,038,864	37,189,447	92,228,311
Noncurrent assets:			
Restricted cash and investments with fiscal agents	1,326	6,325,651	6,326,977
Notes receivable	7,748,526	-	7,748,526
Receivable due from Successor Agency trust fund	8,773,357	-	8,773,357
Capital assets:			
Non-depreciable	144,309,397	15,639,398	159,948,795
Depreciable, net	265,225,833	186,680,144	451,905,977
Total capital assets	409,535,230	202,319,542	611,854,772
Total noncurrent assets	426,058,439	208,645,193	634,703,632
Total assets	481,097,303	245,834,640	726,931,943
DEFERRED OUTFLOWS OF RESOURCES			
Deferred employer pension contributions	4,461,400	743,535	5,204,935
Deferred outflows of resources - pension	7,640,084	1,281,319	8,921,403
Deferred loss on refunding	-	963,685	963,685
Total deferred outflows of resources	12,101,484	2,988,539	15,090,023
LIABILITIES			
Current liabilities:			
Accounts payable	1,945,110	1,243,987	3,189,097
Accrued liabilities	606,169	104,200	710,369
Accrued interest payable	73,562	336,777	410,339
Deposits payable	702,984	-	702,984
Unearned revenue	11,699,708	68,240	11,767,948
Compensated absences, due within one year	47,742	357,264	405,006
Capital lease payable, due within one year	829,789	38,748	868,537
Loans payable, due within one year	23,100	1,492,068	1,515,168
Bonds payable, due within one year	340,000	1,863,129	2,203,129
Total current liabilities	16,268,164	5,504,413	21,772,577
Noncurrent liabilities:			
Compensated absences, due in more than one year	3,240,963	66,507	3,307,470
Net OPEB obligation	1,243,872	-	1,243,872
Capital lease payable, due in more than one year	3,205,728	2,299,811	5,505,539
Loans payable, due in more than one year	184,800	26,520,761	26,705,561
Bonds payable, due in more than one year	9,017,655	38,612,062	47,629,717
Net pension liability	56,277,790	10,356,836	66,634,626
Total noncurrent liabilities	73,170,808	77,855,977	151,026,785
Total liabilities	89,438,972	83,360,390	172,799,362
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension	2,767,333	301,786	3,069,119
Total deferred inflows of resources	2,767,333	301,786	3,069,119
NET POSITION			
Net investment in capital assets	395,934,158	137,804,966	533,739,124
Restricted	15,982,186	7,442,933	23,425,119
Unrestricted	(10,923,862)	19,913,104	8,989,242
Total net position	\$ 400,992,482	\$ 165,161,003	\$ 566,153,485

See accompanying Notes to Basic Financial Statements.

City of Yuba City
Statement of Activities
For the year ended June 30, 2017

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government	\$ 5,181,682	\$ 300,713	\$ 22,388	\$ -	\$ 323,101
Public safety	29,379,977	2,777,026	1,190,406	-	3,967,432
Public works and facilities	14,061,408	6,584,677	-	6,429,034	13,013,711
Community development	1,439,154	1,554,212	1,253,483	-	2,807,695
Parks and recreation	2,624,534	991,831	-	-	991,831
Interest on long-term debt	524,658	-	-	-	-
Total governmental activities	53,211,413	12,208,459	2,466,277	6,429,034	21,103,770
Business-type activities:					
Water	15,234,066	12,525,914	12,607	-	12,538,521
Wastewater	13,229,102	13,814,641	9,082	-	13,823,723
Total business-type activities	28,463,168	26,340,555	21,689	-	26,362,244
Total primary government	\$ 81,674,581	\$ 38,549,014	\$ 2,487,966	\$ 6,429,034	\$ 47,466,014
General Revenues:					
Taxes:					
Secured and unsecured property taxes					
Sales and use taxes					
Transient lodging taxes					
Franchise taxes					
Other taxes					
Total taxes					
Motor vehicle in lieu, unrestricted					
Investment earnings, unrestricted					
Miscellaneous revenue					
Transfers					
Total general revenues and transfers					
Change in net position					
Net position - beginning of year, as restated					
Net position - end of year					

See accompanying Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (4,858,581)	\$ -	\$ (4,858,581)
(25,412,545)	-	(25,412,545)
(1,047,697)	-	(1,047,697)
1,368,541	-	1,368,541
(1,632,703)	-	(1,632,703)
(524,658)	-	(524,658)
(32,107,643)	-	(32,107,643)
-	(2,695,545)	(2,695,545)
-	594,621	594,621
-	(2,100,924)	(2,100,924)
(32,107,643)	(2,100,924)	(34,208,567)
11,780,943	-	11,780,943
12,912,621	-	12,912,621
987,297	-	987,297
2,149,312	-	2,149,312
1,291,998	-	1,291,998
29,122,171	-	29,122,171
30,486	-	30,486
129,035	218,148	347,183
756,694	-	756,694
40,000	(40,000)	-
30,078,386	178,148	30,256,534
(2,029,257)	(1,922,776)	(3,952,033)
403,021,739	167,083,779	570,105,518
\$ 400,992,482	\$ 165,161,003	\$ 566,153,485

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FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Funds Financial Statements

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund accounts for all financial resources except those to be accounted for in another fund. It is the general operating fund of the City.

Streets and Roads Special Revenue Fund accounts for monies to be used on transportation, road, and street programs. The main sources of revenue of this fund are local transportation funds, gas tax funds, Proposition 42 funds, and road maintenance franchise fees.

Impact Fees CIP Projects Capital Project Fund accounts for budgeted capital expenditures, which are funded from development impact fees.

Other Governmental Funds is the aggregate of all the non-major governmental funds.

City of Yuba City
Balance Sheet
Governmental Funds
June 30, 2017

	General Fund	Streets and Roads Special Revenue Fund	Impact Fees CIP Projects Capital Project Fund	Non-Major Governmental Funds	Totals
ASSETS					
Cash and investments	\$ 1,546,353	\$ -	\$ 15,003,862	\$ 11,216,061	\$ 27,766,276
Restricted cash and investments held by fiscal agents	-	-	-	1,326	1,326
Interest receivable	272,867	-	-	-	272,867
Accounts receivable	1,040,758	3,046,985	679,867	656,210	5,423,820
Taxes and assessments receivable	3,333,461	-	-	435,005	3,768,466
Prepaid expenditures	49,728	-	-	-	49,728
Due from other funds	2,914,506	-	-	87,690	3,002,196
Deposits	15,000	-	-	-	15,000
Notes receivable	2,802	-	370,177	7,375,547	7,748,526
Receivable due from Successor Agency trust fund	8,773,357	-	-	-	8,773,357
Total assets	\$ 17,948,832	\$ 3,046,985	\$ 16,053,906	\$ 19,771,839	\$ 56,821,562
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 483,063	\$ -	\$ 227,651	\$ 1,099,586	\$ 1,810,300
Accrued liabilities	561,405	-	-	-	561,405
Deposits payable	-	-	-	702,984	702,984
Unearned revenues	887,925	-	10,190,296	621,380	11,699,601
Due to other funds	-	1,760,191	883,862	358,143	3,002,196
Total liabilities	1,932,393	1,760,191	11,301,809	2,782,093	17,776,486
Deferred Inflow of Resources:					
Unavailable revenue	-	-	-	933,595	933,595
Total deferred inflow of resources	-	-	-	933,595	933,595
Fund Balances:					
Nonspendable	8,825,887	-	-	-	8,825,887
Restricted	-	1,286,794	4,752,097	9,943,295	15,982,186
Committed	1,113,766	-	-	6,193,145	7,306,911
Unassigned	6,076,786	-	-	(80,289)	5,996,497
Total fund balances	16,016,439	1,286,794	4,752,097	16,056,151	38,111,481
Total liabilities, deferred inflow of resources, and fund balances	\$ 17,948,832	\$ 3,046,985	\$ 16,053,906	\$ 19,771,839	\$ 56,821,562

See accompanying Notes to Basic Financial Statements.

City of Yuba City

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position

June 30, 2017

Total Fund Balances - Total Governmental Funds	\$ 38,111,481
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Amounts reported for governmental activities in the Statement of Net Position were different because:

Capital assets used in governmental activities were not current financial resources. Therefore, they were not reported in the Governmental Funds Balance Sheet. Except for the internal service funds reported below, the capital assets were adjusted as follows:

Non-depreciable	144,309,397
Depreciable, net	262,746,255
Total capital assets	407,055,652

Unavailable revenue recorded in the fund financial statements resulting from activities in which revenues were earned but funds were not available are reclassified as revenues in the Government-Wide Financial Statements.

933,595

Interest payable on long-term debt did not require current financial resources. Therefore, interest payable was not reported as a liability in Governmental Funds Balance Sheet.

(73,562)

Internal service funds were used by management to charge the costs of certain activities, such as insurance, to individual funds. The assets and liabilities of the Internal service funds were included in governmental activities in the Government-Wide Statement of Net Position.

19,485,830

Employer contributions for pension were recorded as expenditures in the governmental funds. However, in the Government-Wide Financial Statement these contributions are deferred.

4,416,743

In the Government-Wide Financial Statements certain differences between actuarial estimates and actual results for pension and other employer specific items are deferred and amortized over a period of time, however in the governmental funds no transactions are recorded.

Deferred outflows of resources - pension	7,563,128
Deferred inflows of resources - pension	(2,749,208)

Long-term liabilities were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet.

	Government-Wide Statement of Net Position	Internal Service Funds	Total
Compensated absences - due within one year	\$ (47,742)	\$ 13,294	(34,448)
Capital lease payable - due within one year	(829,789)	-	(829,789)
Loans payable - due within one year	(23,100)	-	(23,100)
Bonds payable - due within one year	(340,000)	-	(340,000)
Compensated absences - due in more than one year	(3,240,963)	24,936	(3,216,027)
Net OPEB obligation	(1,243,872)	-	(1,243,872)
Capital lease payable - due in more than one year	(3,205,728)	-	(3,205,728)
Loans payable - due in more than one year	(184,800)	-	(184,800)
Bonds payable - due in more than one year	(9,017,655)	-	(9,017,655)
Net pension liability	(56,277,790)	622,032	(55,655,758)
Total long-term liabilities	\$ (74,411,439)	\$ 660,262	(73,751,177)

Net Position of Governmental Activities	\$ 400,992,482
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See accompanying Notes to Basic Financial Statements.

City of Yuba City
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2017

	General Fund	Streets and Roads Special Revenue Fund	Impact Fees CIP Projects Capital Project Fund	Non-Major Governmental Funds	Totals
REVENUES:					
Taxes and assessments	\$ 28,701,150	\$ 421,021	\$ -	\$ -	\$ 29,122,171
Use of money and property	65,770	767	-	110,495	177,032
Intergovernmental revenues	1,369,755	4,844,518	4,868	2,706,656	8,925,797
Charges for services	8,554,716	-	-	1,918,506	10,473,222
Licenses, permits, and fees	1,331,533	-	2,546,047	2,903	3,880,483
Fines and forfeitures	7,530	-	-	234,448	241,978
Program income	-	-	-	141,441	141,441
Other revenues	385,991	-	406,985	118,376	911,352
Total revenues	40,416,445	5,266,306	2,957,900	5,232,825	53,873,476
EXPENDITURES:					
Current:					
General government	4,803,582	-	-	-	4,803,582
Public safety	25,969,776	-	-	243,362	26,213,138
Parks and recreation	3,162,856	-	-	586,212	3,749,068
Public works and facilities	3,528,713	1,600,975	150,613	1,346,355	6,626,656
Community development	1,126,627	-	-	360,549	1,487,176
Capital outlay	230,602	-	2,327,483	7,322,828	9,880,913
Debt service:					
Principal	329,928	-	174,050	1,805,604	2,309,582
Interest and fiscal charges	262,434	-	162,152	107,768	532,354
Total expenditures	39,414,518	1,600,975	2,814,298	11,772,678	55,602,469
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,001,927	3,665,331	143,602	(6,539,853)	(1,728,993)
OTHER FINANCING SOURCES (USES):					
Proceeds from sale of capital assets	27,126	-	-	-	27,126
Transfers in	108,243	26,000	11,526	3,457,339	3,603,108
Transfers out	(542,747)	(2,404,537)	(434,126)	(434,334)	(3,815,744)
Total other financing sources (uses)	(407,378)	(2,378,537)	(422,600)	3,023,005	(185,510)
Net change in fund balances	594,549	1,286,794	(278,998)	(3,516,848)	(1,914,503)
FUND BALANCES:					
Beginning of year, as restated	15,421,890	-	5,031,095	19,572,999	40,025,984
End of year	\$ 16,016,439	\$ 1,286,794	\$ 4,752,097	\$ 16,056,151	\$ 38,111,481

See accompanying Notes to Basic Financial Statements.

City of Yuba City

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities For the year ended June 30, 2017

Net Change in Fund Balances - Total Governmental Funds	\$ (1,914,503)
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Amounts reported for governmental activities in the Statement of Activities were different because:

Governmental funds reported capital outlay as expenditures. However, in the Government-Wide Statement of Activities, the cost of those assets was allocated over their estimated useful lives as depreciation expense. This was the amount of capital assets recorded in the current period, net of internal service funds amount of \$715,978.	11,256,251
Depreciation expense on capital assets was reported in the Government-Wide Statement of Activities, but they did not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in the governmental funds. This is the amount of depreciation expense recorded for the year, net of internal service funds amount	(12,389,296)
In the statement of activities, only the gain or (loss) on the sale of capital assets is reported, whereas in the governmental funds proceeds from sales increases financial resources. The difference between proceeds and the loss on disposal of capital assets:	(115,321)
Accrued compensated leave payable was an expenditure in governmental funds, but the accrued payable increased compensated leave liabilities in the Government-Wide Statement of Net Position.	(178,509)
OPEB 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.	(17,000)
Original issuance premium of bonds was an other financing source in the governmental funds, but in the Government-Wide Statement of Net Position, a liability was recorded and is being amortized over the life of the bond.	17,974
Bond proceeds provided current financial resources to governmental funds, but issuing debt increased long-term liabilities in the Government-Wide Statement of Net Position. Repayment of bond principal was an expenditure in governmental funds, but the repayment reduced long-term liabilities in the Government-Wide Statement of Net Position.	
Long-term debt repayments	2,309,582
Revenues that did not meet the revenue recognition criteria in the governmental funds but were recognized as revenue in the Government-Wide Financial Statements.	(52,581)
Interest expense on long-term debt is reported on the accrual basis on the Government-Wide Statements, but expenditures on long-term debt in the governmental funds statements are recorded when paid. The following amount represents the change in accrued interest from the prior year.	(10,310)
Current year employer pension contributions are recorded as expenditures in the governmental funds, however these amounts are reported as a deferred outflow of resources in the Government-Wide Statement of Net Position.	4,416,743
Pension expense is recorded as incurred in the Government-Wide Statement of Activities, however pension expense is not recognized in the governmental funds.	(5,915,468)
Internal service funds were used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the internal service funds was reported with governmental activities.	563,181

Change in Net Position of Governmental Activities	\$ (2,029,257)
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PROPRIETARY FUND FINANCIAL STATEMENTS

Water Fund accounts for the activities of providing water to the residents of the City

Wastewater Fund accounts for the activities of providing wastewater services to the residents of the City

Internal Service Funds are used to account for the financial transactions related to the City's public works and engineering program, payroll, and risk management program. These services are provided to other departments or agencies of the City on a cost reimbursement basis

City of Yuba City
Statement of Net Position
Proprietary Funds
June 30, 2017

	Major Enterprise Funds			Governmental Activities - Internal Service Funds
	Water Fund	Wastewater Fund	Totals	
ASSETS				
Current assets:				
Cash and investments	\$ 16,741,921	\$ 18,385,710	\$ 35,127,631	\$ 14,602,015
Restricted cash and investments	-	1,117,282	1,117,282	-
Accounts receivable, net	1,261,952	1,516,630	2,778,582	42,175
Interest receivable	352	3,551	3,903	-
Inventory	-	-	-	12,837
Prepaid expenses	180,984	577	181,561	1,066,168
Total current assets	18,185,209	21,023,750	39,208,959	15,723,195
Noncurrent assets:				
Cash and investments with fiscal agents	977,333	5,348,318	6,325,651	-
Advances to other funds	-	-	-	2,019,512
Capital assets:				
Non-depreciable, net	7,981,794	7,657,604	15,639,398	-
Depreciable, net	112,938,120	73,742,024	186,680,144	2,479,578
Total capital assets	120,919,914	81,399,628	202,319,542	2,479,578
Total noncurrent assets	121,897,247	86,747,946	208,645,193	4,499,090
Total assets	140,082,456	107,771,696	247,854,152	20,222,285
DEFERRED OUTFLOW OF RESOURCES				
Deferred employer pension contributions	282,826	460,709	743,535	44,657
Deferred outflows of resources - pension	487,389	793,930	1,281,319	76,956
Deferred loss on refunding	589,849	373,836	963,685	-
Total deferred outflow of resources	1,360,064	1,628,475	2,988,539	121,613
LIABILITIES				
Current liabilities:				
Accounts payable	394,936	849,051	1,243,987	134,810
Accrued interest payable	99,197	237,580	336,777	-
Accrued wages	44,384	59,816	104,200	44,764
Unearned revenue	62,347	5,893	68,240	107
Compensated absences, due within one year	145,899	211,365	357,264	13,294
Capital lease payable, due within one year	34,237	4,511	38,748	-
Loans payable, due within one year	1,085,050	407,018	1,492,068	-
Bonds payable, due within one year	917,277	945,852	1,863,129	-
Total current liabilities	2,783,327	2,721,086	5,504,413	192,975
Noncurrent liabilities:				
Advances from other funds	-	2,019,512	2,019,512	-
Compensated absences, due in more than one year	38,432	28,075	66,507	24,936
Capital lease payable, due in more than one year	2,032,058	267,753	2,299,811	-
Loans payable, due in more than one year	18,160,985	8,359,776	26,520,761	-
Bonds payable, due in more than one year	19,414,561	19,197,501	38,612,062	-
Net pension liability	3,939,538	6,417,298	10,356,836	622,032
Total noncurrent liabilities	43,585,574	36,289,915	79,875,489	646,968
Total liabilities	46,368,901	39,011,001	85,379,902	839,943
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows of resources - pension	114,794	186,992	301,786	18,125
Total deferred inflows of resources	114,794	186,992	301,786	18,125
NET POSITION				
Net investment in capital assets	79,865,595	57,939,371	137,804,966	2,479,578
Restricted	977,333	6,465,600	7,442,933	-
Unrestricted	14,115,897	5,797,207	19,913,104	17,006,252
Total net position	\$ 94,958,825	\$ 70,202,178	\$ 165,161,003	\$ 19,485,830

See accompanying Notes to Basic Financial Statements.

City of Yuba City

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Funds

For the year ended June 30, 2017

	Major Enterprise Funds			Governmental Activities Internal Service Funds
	Water Fund	Wastewater Fund	Totals	
OPERATING REVENUES:				
Sales and charges for services	\$ 12,028,509	\$ 13,326,900	\$ 25,355,409	\$ 8,515,584
Connection fees	426,085	432,880	858,965	-
Other revenues	71,320	54,861	126,181	91,877
Total operating revenues	12,525,914	13,814,641	26,340,555	8,607,461
OPERATING EXPENSES:				
Salaries and benefits	2,816,200	3,770,183	6,586,383	368,033
Professional services	413,913	1,204,944	1,618,857	10,865
Supplies	7,380	22,862	30,242	6,877
Benefits, claims, and insurance	91,552	126,475	218,027	6,152,604
Maintenance and operation	2,097,200	2,232,908	4,330,108	602,536
Tools and equipment	399,503	705,492	1,104,995	186,492
Rents and leases	1,678	1,135	2,813	-
Power and utilities	824,634	888,657	1,713,291	31,684
Training	21,979	44,498	66,477	3,935
Water purchases	1,091,928	5,469	1,097,397	-
Depreciation	6,303,816	3,424,865	9,728,681	997,294
Total operating expenses	14,069,783	12,427,488	26,497,271	8,360,320
OPERATING INCOME (LOSS):	(1,543,869)	1,387,153	(156,716)	247,141
NONOPERATING REVENUES (EXPENSES):				
Interest income	142,803	75,345	218,148	66,610
Interest expense	(1,105,776)	(755,862)	(1,861,638)	-
Grant revenues	12,607	9,082	21,689	-
Gain (loss) on sale of capital assets	(9,266)	5,380	(3,886)	(3,206)
Amortization expense	(49,241)	(51,132)	(100,373)	-
Total nonoperating revenues (expenses)	(1,008,873)	(717,187)	(1,726,060)	63,404
INCOME (LOSS) BEFORE TRANSFERS	(2,552,742)	669,966	(1,882,776)	310,545
Transfers in	-	-	-	258,638
Transfers out	-	(40,000)	(40,000)	(6,002)
Total transfers	-	(40,000)	(40,000)	252,636
Change in net position	(2,552,742)	629,966	(1,922,776)	563,181
NET POSITION:				
Beginning of year, as restated	97,511,567	69,572,212	167,083,779	18,922,649
End of year	<u>\$ 94,958,825</u>	<u>\$ 70,202,178</u>	<u>\$ 165,161,003</u>	<u>\$ 19,485,830</u>

See accompanying Notes to Basic Financial Statements.

City of Yuba City
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2017

	Major Enterprise Funds			Governmental
	Water	Wastewater		Activities
	Fund	Fund	Totals	Internal
				Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 14,439,783	\$ 13,814,221	\$ 28,254,004	\$ 8,608,886
Payments to suppliers and users	(4,887,740)	(5,358,363)	(10,246,103)	(7,126,341)
Payments to employees	(2,885,877)	(3,890,608)	(6,776,485)	(361,439)
Net cash provided by (used in) operating activities	6,666,166	4,565,250	11,231,416	1,121,106
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash receipts from other funds	-	(86,452)	(86,452)	345,090
Cash payments to other funds	-	(40,000)	(40,000)	(6,002)
Net cash provided by (used in) noncapital financing activities	-	(126,452)	(126,452)	339,088
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	(1,127,630)	(2,644,615)	(3,772,245)	(715,978)
Proceeds from sale of capital assets	5,684	17,527	23,211	27,839
Proceeds from long term debt	2,124,216	6,820,000	8,944,216	-
Capital grants received	12,607	9,082	21,689	-
Interest paid	(1,105,087)	(801,820)	(1,906,907)	-
Principal payments - long-term debt	(1,937,403)	(1,184,515)	(3,121,918)	-
Net cash provided by (used in) capital and related financing activities	(2,027,613)	2,215,659	188,046	(688,139)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	142,459	71,794	214,253	66,610
Net cash provided by investing activities	142,459	71,794	214,253	66,610
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,781,012	6,726,251	11,507,263	838,665
CASH AND CASH EQUIVALENTS:				
Beginning of year	12,938,242	18,125,059	31,063,301	13,763,350
End of year	<u>\$ 17,719,254</u>	<u>\$ 24,851,310</u>	<u>\$ 42,570,564</u>	<u>\$ 14,602,015</u>
FINANCIAL STATEMENT PRESENTATION:				
Cash and investments	\$ 16,741,921	\$ 18,385,710	\$ 35,127,631	\$ 14,602,015
Restricted cash and investments	-	1,117,282	1,117,282	-
Cash and investment with fiscal agent	977,333	5,348,318	6,325,651	-
Total	\$ 17,719,254	\$ 24,851,310	\$ 42,570,564	\$ 14,602,015
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	\$ (1,543,869)	\$ 1,387,153	\$ (156,716)	\$ 247,141
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	6,303,816	3,424,865	9,728,681	997,294
Changes in assets and liabilities:				
Accounts receivable	1,921,220	(1,793)	1,919,427	1,382
Inventory	-	-	-	(3,513)
Prepaid expenses	18,509	5,547	24,056	(194,217)
Accounts payable	43,518	(131,470)	(87,952)	66,382
Accrued wages	(381)	1,306	925	5,886
Unearned revenue	(1,370)	1,373	3	43
Deposits payable	(5,981)	-	(5,981)	-
Deferred employer pension contributions	(282,826)	(460,709)	(743,535)	(44,657)
Deferred outflows of resources - pension	106,372	173,275	279,647	16,795
Net pension liability	3,939,538	6,417,298	10,356,836	622,032
Deferred inflows of resources - pension	(3,820,031)	(6,222,629)	(10,042,660)	(603,163)
Compensated absences	(12,349)	(28,966)	(41,315)	9,701
Total adjustments	8,210,035	3,178,097	11,388,132	873,965
Net cash provided by operating activities	\$ 6,666,166	\$ 4,565,250	\$ 11,231,416	\$ 1,121,106

See accompanying Notes to Basic Financial Statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

Private Purpose Trust Funds accounts for activities of the Successor Agency funds of the former Redevelopment Agency.

OPEB Trust Fund accounts for amounts set aside in Trust for the City's OPEB plan.

Agency funds accounts for funds held by the City on behalf of third parties.

City of Yuba City
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Private-Purpose Trust Funds	OPEB Trust Fund	Agency Funds
ASSETS			
Current assets			
Cash and investments	\$ 3,870,346	\$ 242,498	\$ 13,118,550
Interest receivable	387	-	1,012
Taxes and assessment receivable	189,197	-	201,155
Prepaid items	-	-	41,058
Accounts receivable	-	-	18,426,694
Deposits	9,800	-	-
Total current assets	4,069,730	242,498	\$ 31,788,469
Noncurrent assets			
Restricted cash and investments	608,383	-	1,732,342
Prepaid items	12,062	-	-
Advances to other trust funds	1,626,817	-	-
Notes receivable, net	3,418,849	-	-
Property held for resale	93,852	-	-
Capital assets:			
Non-depreciable, net	3,650,098	-	-
Depreciable, net	991,035	-	-
Total capital assets	4,641,133	-	-
Total noncurrent assets	10,401,096	-	1,732,342
Total assets	14,470,826	242,498	\$ 33,520,811
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	455,010	-	
Total deferred outflows of resources	455,010	-	
LIABILITIES			
Liabilities:			
Current liabilities			
Accounts payable	67,029	-	\$ 3,825,258
Accrued liabilities	-	-	585,645
Interest payable	384,059	-	-
Long-term debt, due in one year	963,537	-	-
Total current liabilities	1,414,625	-	4,410,903
Noncurrent liabilities			
Advances from other trust funds	1,626,817	-	-
Deposits payable	-	-	29,109,908
Long term debt, due in more than one year, net	40,645,802	-	-
Total noncurrent liabilities	42,272,619	-	29,109,908
Total liabilities	43,687,244	-	\$ 33,520,811
NET POSITION			
Restricted for OPEB	-	240,953	
Held in trust for dissolution of RDA	(28,761,408)	-	
Total net position	\$ (28,761,408)	\$ 240,953	

See accompanying Notes to Basic Financial Statements.

City of Yuba City
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the year ended June 30, 2017

	Private-Purpose Trust Funds	OPEB Trust Fund
ADDITIONS:		
Investment income	\$ 28,646	\$ 159
RDA property tax trust fund distribution	2,810,360	-
Employer contributions	-	242,289
Intergovernmental	208,351	-
Gain on sale of capital assets	187,038	-
Total additions	3,234,395	242,448
DEDUCTIONS:		
Administration	57,779	-
Community development	677,894	1,495
Interest expense	1,146,066	-
Depreciation	101,901	-
Total deductions	1,983,640	1,495
Change in net position	1,250,755	240,953
NET POSITION:		
Beginning of year	(30,012,163)	-
End of year	\$ (28,761,408)	\$ 240,953

See accompanying Notes to Basic Financial Statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The City of Yuba City was founded in 1849, and is one of California's oldest cities. Yuba City was formally incorporated January 23, 1908, under the laws and regulations of the State of California. The City operates under a Council-Manager form of government and provides the following services: public safety (police and fire), highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

The accounting methods and procedures adopted by the City conform to accounting principles generally accepted in the United States of America, as applied to governmental entities. These financial statements present the government and its component units, entities for which the government is considered to be financially accountable under the criteria set by Governmental Accounting Standards Board (GASB) Statement No. 14, *the Financial Reporting Entity*, as amended by GASB Statement No. 39 and GASB Statement No. 61.

The governmental reporting entity consists of the City (Primary Government) and its component units. Component units are legally separate organizations for which the City Council is financially accountable or other organizations whose component units' nature and significant relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the City's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the City.

Reporting for component units on the City's financial statements can be blended or discretely presented. Blended component units are, although legally separate entities, in substance, part of the City's operations and, therefore, data from these units is combined with data of the primary government. Discretely presented component units, on the other hand, would be reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

For financial reporting purposes, the City's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the City's Council.

Blended Component Units

Component units that are blended into the reporting activity types of the City's report are presented below:

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

A. Reporting Entity, Continued

Blended Component Units, Continued

Yuba City Public Finance Authority

The Yuba City Public Finance Authority was formed by a joint exercise of power agreement dated November 5, 1992, between the City of Yuba City and the Yuba City Redevelopment Agency for the purpose of issuing bonds to be used to provide financial assistance to the City and the Agency. The governing body is substantially the same as the primary government and the City and the component unit is financially interdependent; hence, the unit is presented by blending with the primary government.

Separate audited financial statements for the Yuba City Public Finance Authority are not issued. Debt of the Yuba City Public Finance Authority is shown as general obligation long-term debt of the City.

Discretely Presented Component Units

There are no component units of the City which meet the criteria for discrete presentation.

B. Basis of Accounting and Measurement Focus

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity with its own self-balancing set of accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures or expenses. These funds are established for the purpose of carrying out specific activities or certain objectives in accordance with specific regulations, restrictions or limitations. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The City's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column.

These financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets, deferred inflows/outflows of resources, and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. 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 liabilities are incurred.

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Government-Wide Financial Statements, Continued

Certain types of transactions reported as program revenues for the City are reported in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Transfers in/out

The City applies all applicable GASB pronouncements including all NCGA Statements and Interpretations currently in effect.

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements. The City has presented all major funds that meet specific qualifications.

All governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Government-Wide Financial Statements, Continued

The City reports the following funds as major governmental funds of the City.

- The **General Fund** is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. The General Fund includes such activities as public safety, parks and recreation, public works and facilities and community development.
- The **Streets and Roads Fund** is a special revenue fund used to account for monies to be used on transportation, road, and street programs. The main sources of revenue of this fund are local transportation funds, gas tax funds, Proposition 42 funds, and road maintenance franchise fees.
- The **Impact Fees CIP Projects Fund** is a capital projects fund used to account for funds budgeted for capital expenditures, which are funded from development impact fees. All governmental funds are accounted for on a spending or current financial resources measurement

Revenues are recorded when received in cash, except that revenues subject to accrual (generally those received within 60 days after year-end, except for grant revenues that are recognized within 180 days after year-end) are recognized when due. The primary revenue sources that have been treated as susceptible to accrual by the City are property taxes, taxpayer-assessed tax revenues (sales taxes, transient occupancy taxes, franchise taxes, etc.), grant revenues and earnings on investments. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Change in Net Position, and a Statement of Cash Flows for all proprietary funds.

A column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the Government-Wide Financial Statements.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. 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 a liability is incurred.

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Proprietary Fund Financial Statements, Continued

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The following are descriptions of the major proprietary funds:

- The **Water Fund** is an enterprise fund used to account for activity related to providing customers with water service and billing for service provided by the City.
- The **Wastewater Fund** is an enterprise fund used to account for activity related to providing customers with wastewater service and billing for service provided by the City.

Internal Service Funds

The City also reports the following fund type:

- Internal Service Funds - These funds are used to account for stores, vehicle replacement, insurance, technology replacement, and employee benefit services provided to other departments on a cost reimbursement basis.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements include a statement of net position and statement of changes in net position. The City has three types of fiduciary funds; agency funds, private-purpose trust funds and an OPEB Trust Fund.

- Agency funds are used to account for funds in which the City is acting as agent for another agency. The specific nature of the activities reported in the agency funds are: customer deposits, assessment district monies, community facilities district monies, narcotics enforcement joint powers authority operations, state-funded narcotics enforcement program, pension stability, operations of the local flood control agency, and capital funds of the local flood control agency. Agency funds are custodial in nature and do not involve measurement of results of operations, however, they do use the full accrual basis of accounting to recognize receivables and payables.
- Private-purpose trust funds are used to account for custodial responsibilities assigned to the Redevelopment Agency Successor Agency, and was established on February 1, 2012. Private-purpose trust funds are accounted for on an *economic resources* measurement focus and full accrual basis of accounting.

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Fiduciary Fund Financial Statements, Continued

- OPEB trust funds are used to account for monies held by the City on behalf of employees to pay for OPEB benefits.

C. Cash, Cash Equivalents and Investments

The City pools cash and investments of all funds, except amounts held by fiscal agents. The City sponsors an investment pool that is managed by the Yuba City City Council (Council). The Council invests on behalf of most funds of the City and external participants in accordance with the California State Government Code and the City's investment policy.

Investments are reported in the accompanying balance sheet at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Cash deposits are reported at carrying amount which reasonably estimates fair value. Managed funds not listed on an established market are reported at the estimated fair value as determined by the respective fund managers based on quoted sales prices of the underlying securities.

Participant's equity in an investment pool is determined by the dollar amount of participant deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on an amortized cost basis. Amortized premiums and accreted discounts, accrued interest, and realized gains and losses, net of expenses, are apportioned to pool participants annually. During the fiscal year ended June 30, 2017, the City had not entered into any legally binding guarantees to support the participant equity in the investment pool.

The City pools cash resources from all funds in order to facilitate the management of cash. The balance in the pooled cash account is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing accounts and other investments for varying terms.

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No. 3)*, certain disclosure requirements for Deposits and Investment Risks were made in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentrations of Credit Risk

In addition, other disclosures are specified including use of certain methods to present deposits and investments, highly sensitive investments, credit quality at year-end, and other disclosures.

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Cash, Cash Equivalents and Investments, Continued

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. The City categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City does not have any investments that are measured using Level 3 inputs.

The City participates in an investment pool managed by the State of California entitled Local Agency Investment Fund (LAIF) which has invested a portion of the pooled funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to the change in interest rates.

Cash equivalents are considered amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the City and are presented as "Cash and Investments" in the accompanying Basic Financial Statements.

For the purposes of the accompanying statement of cash flows, the City considers all pooled cash and investments (consisting of cash and investments and restricted cash and investments) held by the City as cash and cash equivalents because the pool is used essentially as a demand deposit account from the standpoint of the funds. The City also considers all non-pooled cash and investments (consisting of cash with fiscal agent and restricted cash and investments held by fiscal agent) as cash and cash equivalents because investments meet the criteria for cash equivalents defined above.

D. Restricted Cash and Investments

Certain restricted cash and investments are held by fiscal agents for the redemption of bonded debt, for acquisition and construction of capital projects, and to meet bond indenture debt reserve requirements. Cash and investments are also restricted for deposits held for others within the enterprise funds.

E. Prepaids and Supplies

Certain payments to vendors reflect costs applicable to future accounting periods. Supplies are valued at cost on a first-in first-out basis. Supplies in the General Fund consist of expendable supplies held for consumption by all departments of the City. The cost is recorded as expenditure at the time individual inventory items are withdrawn for use (consumption method). The General Fund supplies amount is equally offset by non-spendable fund balance, which indicates that it does not constitute expendable available financial resources. Supplies in the enterprise funds consist principally of materials and supplies for utility operations and are expensed as consumed.

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Capital Assets

Capital assets, which include land, buildings, improvements, equipment, furniture, and infrastructure assets (e.g. roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities in the Government-Wide Financial Statements. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated assets are valued at their acquisition value on the date donated.

Capital assets are defined by the City as assets with a cost of more than \$5,000 and an estimated useful life of more than two years.

For capital assets, depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Equipment	3 - 25 years
Buildings and Improvements	5 - 50 years
Infrastructure	20 - 75 years

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements, which significantly increase values, change capacities, or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

G. Interest Payable

In the Government-Wide Financial Statements, interest payable on long-term debt is recognized as the liability is incurred for governmental fund types and proprietary fund types.

In the Fund Financial Statements, proprietary fund types recognize the interest payable when the liability is incurred.

H. Unearned revenue

Unearned revenue is recognized for transactions for which revenue has not yet been earned. Typical transactions recorded as unearned revenues in the Government-Wide Financial Statements are prepaid charges for services.

I. Long-Term Debt

Government-Wide Financial Statements – Long-term debt and other long-term obligations are reported as liabilities in the appropriate activities.

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. Long-Term Debt, Continued

Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable is reported net of the applicable bond premium or discount. Bond issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred.

Fund Financial Statements – The governmental fund financial statements do not present long-term debt. As such, long-term debt is shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.

Bond premiums and discounts are recognized during the current period as other financing sources or uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. Bond proceeds are reported as other financing sources.

Proprietary Fund and Fiduciary Fund Financial Statements use the same principles as those used in the Government-Wide Financial Statements.

J. Property Taxes

The State of California's (State) Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed 1% of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value, as defined by Article XIII A, and may be adjusted by no more than 2% per year unless the property is sold or transferred. The State

Legislature has determined the method of distribution of receipts from a 1% tax levy amount to counties, cities, school districts, and other districts.

Tax Levy Dates

All lien dates attach annually on January 1 preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and secured personal property as it exists at that time. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.

Tax Collections

The Sutter County Tax Collector is responsible for all property tax collections. Taxes and assessments on secured and utility rolls which constitute a lien against the property, may be paid in two installments; the first installment is due on November 1 of the fiscal year and is delinquent if not paid by December 10, the second installment is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against real property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County of Sutter (County) for late payments.

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. Property Taxes, Continued

The County apportions secured property tax revenue in accordance with the alternate methods of distribution, the "Teeter Plan", as described by Section 4717 of the California Revenue and Taxation code. Therefore, the City receives 100 percent of the secured property tax levies to which it is entitled, whether or not collected. Unsecured delinquent taxes are considered fully collectible.

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position (balance sheet) 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.

In addition to liabilities, the statement of net position (balance sheet) 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.

L. Net Position

Government-Wide Financial Statements

In the Government-Wide Financial Statements, net position are classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

Restricted – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of governments.

Unrestricted – This amount is all net position that does not meet the definition of "net investment in capital assets" or "restricted net position" as defined above.

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the City's policy is to apply restricted net position first.

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

L. Net Position, Continued

At June 30, 2017, the City had recorded restricted net position in the governmental activities and business-type activities as follows:

	Governmental Activities	Business-type Activities
Restricted for:		
Community development	\$ 6,910,534	\$ -
Streets and roads	2,951,897	-
Landscape districts	595,947	-
Lighting districts	458,234	-
Mitigation purposes	4,154	-
Specific plans	183,491	-
Energy conservation	104,140	-
Rate stabilization	21,628	-
Capital projects	4,752,097	6,325,651
Debts service	64	1,117,282
	<u>64</u>	<u>1,117,282</u>
Total Restricted	<u>\$ 15,982,186</u>	<u>\$ 7,442,933</u>

Included in total restricted net position at June 30, 2017 is net position restricted by enabling legislation of \$1,054,181.

M. Fund Balances

Non-spendable Fund Balances

These include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact, e.g., the principal of an endowment fund. Examples of "not in spendable form" include inventory, prepaid amounts, long-term notes and loans, property held for resale and other items not expected to be converted to cash. However, if the proceeds from the eventual sale or liquidation of the items would be considered restricted, committed or assigned (as defined further on) then these amounts would be included in the restricted, committed or assigned instead of the non-spendable classification. A debt service reserve fund held by a trustee is an example of fund balance in non-spendable form that is classified as restricted instead of non-spendable since the reserve is eventually liquidated to make the final debt service principal payment.

Restricted Fund Balances

Restricted fund balances have externally enforceable limitations on use. The limitations on use can be imposed by creditors, grantors, or contributors as well as by constitutional provisions, enabling legislation, laws and government regulations.

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. Fund Balances, Continued

Committed Fund Balances

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (Resolution) of the City Council are classified as committed fund balances. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable.

The General Fund transfers to specific projects in the General CIP Projects Capital Project Fund are committed once approved by the City Council and cannot be used for any purpose other than specified without subsequent Council action.

Assigned Fund Balances

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended use established by the Finance Director.

Unassigned Fund Balance

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Hierarchy of Expenditures to Classify Fund Balance Amounts

To determine the composition of ending fund balances, the Council established the order in which restricted and unrestricted (committed, assigned and unassigned) funds are to be expended. To this purpose, for expenditures made in any governmental fund, the restricted amounts will be reduced first, followed by committed amounts, assigned amounts, and then unassigned amounts.

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

N. Compensated Leave Payable

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave, which will be paid to employees upon separation from City service. One hundred percent of unused vacation benefits are paid to employees upon termination. For employees hired prior to July 31, 1991, twenty-five percent of unused sick leave benefits vest with employees after five years and fifty percent vest with employees after fifteen years. For employees hired after July 31, 1991, fifteen percent of unused sick leave benefits vest with employees after five years and thirty percent vests with employees after fifteen years. In prior years, the General Fund has been used to liquidate the liability for nonproprietary fund compensated absences.

In the government-wide and proprietary fund financial statements, the accrued compensated absences is reported as an expense and related liability. In the governmental fund financial statements, the expenditures and liabilities related to those obligations are recognized only when they mature. The City includes its share of medicare taxes and workers compensation payable on behalf of the employees in the accrual for compensated absences.

O. Pension

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

P. Use of Estimates

The preparation of the Basic Financial Statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amounts of revenues and expenses. Actual results could differ from these estimates and assumptions.

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Q. New Pronouncements

In 2017, the City adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*– The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The City included additional disclosure for its OPEB plan.
- GASB Statement No. 77, *Tax Abatement Disclosure*– This Statement addresses the financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. The requirements of this statement were not applicable to the City in the current fiscal year.
- GASB Statement No. 78, *Pension Provided through Certain Multiple-Employer Defined Benefit Pension Plans*– The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this statement were not applicable to the City in the current fiscal year.

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Q. New Pronouncements, Continued

- GASB Statement No. 80, *Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14* - The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The requirements of this statement were not applicable to the City in the current fiscal year.

- GASB Statement No. 82, *Pension Issues – An Amendment of GASB Statement No. 67, No. 68, and No. 73* - This Statement addresses certain issues that had been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in the required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The City updated covered employee payroll information in the required supplementary information as part of implementation of this accounting standard. The City updated amounts reported for covered payroll related to its pension plans and recalculated related ratios presented in required supplementary information as a result of implementing this statement.

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

2. CASH AND INVESTMENTS

The City maintains a cash and investment pool for all funds. Certain restricted funds, which are held and invested by independent outside custodians through contractual agreements, are not pooled.

The following is a summary of cash and investments at June 30, 2017:

	<u>Government-Wide Statement of Net Position</u>			
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Deposits and investments	\$ 42,368,291	\$ 35,127,631	\$ 17,231,394	\$ 94,727,316
Restricted cash and investments	-	1,117,282	-	1,117,282
Cash and investments held with fiscal agent	1,326	6,325,651	2,340,725	8,667,702
Total cash and investments	\$ 42,369,617	\$ 42,570,564	\$ 19,572,119	\$ 104,512,300

A. Summary of Cash and Investments

Cash and investments as of June 30, 2017 consist of the following:

Cash on hand	\$ 8,451
Deposits with financial institution	9,174,763
Total cash on hand and deposits	<u>9,183,214</u>
Local Agency Investment funds	35,069,009
Sutter County Pool	
Investments	51,592,375
Total investments	<u>86,661,384</u>
Total City Treasury	<u>95,844,598</u>
Cash and investments with fiscal agent	<u>8,667,702</u>
Total cash and investments	<u><u>\$ 104,512,300</u></u>

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

2. CASH AND INVESTMENTS, Continued

B. Deposits

The carrying amount of the City's cash deposit was \$9,174,006 at June 30, 2017. Bank balances before reconciling items were a positive amount of \$14,583,941 at June 30, 2017. The City's cash deposit was fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The remaining amount was collateralized with securities held by the pledging financial institutions in the City's name.

The California Government Code (Code) Section 53652 requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. The Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name.

The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits.

The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

C. Investments

Investments are stated at fair value using the aggregate method in all funds, resulting in the following investment income in all funds:

Interest income	\$ 1,265,409
Unrealized gain in changes in fair value of investments	<u>(304,228)</u>
Total investment income	<u>\$ 961,181</u>

The City's portfolio value fluctuates in an inverse relationship to any change in interest rate. Accordingly, if interest rates rise, the portfolio value will decline. If interest rates fall, the portfolio value will rise. The portfolio for year-end reporting purposes is treated as if it were all sold. Therefore, fund balance must reflect the portfolio's change in value. These portfolio value changes are unrealized unless sold. Generally the City's practice is to buy and hold investments until maturity dates. Consequently, the City's investments are carried at fair value.

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

2. CASH AND INVESTMENTS, Continued

C. Investments, Continued

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

The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the City's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Fund (State pool)	N/A	None	\$50 million
U.S. Treasury Obligations	5 years	None	None
U.S. Government Agency Issues	5 years	20%	None
State of California and Local Agency Obligations	5 years	None	15%
Yuba City and yuba City RDA Obligations	None	None	15%
Special Assessment District obligations	30 years	None	15%
Bankers' Acceptance (must be dollar denominated)	180 days	40%	30%
Commercial Paper	270 days	10%	25%
Negotiable Certificates of Deposit	5 years	30%	None
Non-Negotiable Certificates of Deposit	5 years	None	None
Repurchase Agreements	5 years	None	None
Medium Term Notes	5 years	30%	10%
Asset Backed Obligations	5 years	20%	None
Money Market Funds	N/A	20%	None
Corporate Bonds	5 years	30%	10%
California Asset Management Program	N/A	None	None

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

2. CASH AND INVESTMENTS, Continued

C. Investments, Continued

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Fund	N/A	None	\$50 million
U.S. Treasury Obligations	5 years	None	None
U.S. Government Agency Issues	5 years	20%	None
State of California and Local Agency Obligations	5 years	None	15%
Yuba City and Yuba City RDA Obligations	None	None	15%
Special Assessment District Obligations	30 years	None	15%
Bankers' Acceptance (must be dollar denominated)	180 days	40%	30%
Commercial Paper	270 days	10%	25%
Negotiable Certificates of Deposit	5 years	30%	None
Non-Negotiable Certificates of Deposit	5 years	None	None
Repurchase Agreements	5 years	None	None
Medium Term Notes	5 years	30%	None
Asset Backed Obligations	5 years	20%	20%
Money Market Funds	N/A	20%	10%
California Asset Management Program	N/A	None	None

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by Code Section 16429 under the oversight of the Treasurer of the State of California. The City's investments with LAIF at June 30, 2017, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

Structured Notes – are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or have embedded forwards or options.

Asset-Backed Securities – the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

2. CASH AND INVESTMENTS, Continued

C. Investments, Continued

As of June 30, 2017, the City had \$8,510,023 invested in LAIF, which had invested 2.89% of the pool investment funds in Structured Notes and Asset-Backed Securities as compared to 2.81% in the previous year. The LAIF fair value factor of 0.998940671 was used to calculate the fair value of the investments in LAIF.

D. Risk Disclosures

Interest Risk

Interest rate risk is the market value fluctuation due to overall changes in the interest rates. It is mitigated by limiting the average maturity of the City's portfolio not to exceed three years.

One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flows and liquidity needed for operations.

Information about the sensitivity of the fair values of the City's investments held by bond trustees to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity.

Investments held in the City Treasury grouped by maturity date at June 30, 2017, are shown below:

Investment Type	Total	Investment Maturities (in years)				
		1 year or Less	1 - 2 years	2 - 3 years	3 - 4 years	5 years or More
State investment pool	\$ 35,069,009	\$ 35,069,009	\$ -	\$ -	\$ -	\$ -
California Asset management						
Program (CAMP)	204,437	204,437	-	-	-	-
Money market funds	412,275	412,275	-	-	-	-
Special assessment district bonds	1,154,222	108,525	109,135	113,619	102,570	720,373
Certificates of deposits	4,808,739	1,902,822	2,905,917	-	-	-
Commercial Paper:	993,921	993,921	-	-	-	-
Asset backed obligations	1,752,412	102,173	350,741	802,498	497,000	-
Yuba City RDA obligations	1,208,256	-	-	-	-	1,208,256
State of CA obligations	502,020	502,020	-	-	-	-
U.S. treasury obligations	7,059,144	-	75,325	-	4,285,307	2,698,512
U.S. government agency issues	21,635,847	7,311,673	9,267,463	4,053,989	491,176	511,546
Corporate bonds	11,861,102	4,111,791	4,815,027	749,411	2,184,873	-
Total	\$ 86,661,384	\$ 50,718,646	\$ 17,523,608	\$ 5,719,517	\$ 7,560,926	\$ 5,138,687

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

2. CASH AND INVESTMENTS, Continued

D. Risk Disclosures, Continued

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City has no investments (including investments held by bond trustees) that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above).

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the City's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

At June 30, 2017, the City's deposits and investments were rated as follows:

Standard and Poors										
Investment Type	Total	AAA	AA+	AA	AA-	A+	A	A-	BBB+	NR
State investment pool	\$ 35,069,009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,069,009
California Asset Management Program	204,437	-	-	-	-	-	-	-	-	204,437
Money market funds	412,275	-	-	-	-	-	-	-	-	412,275
Special assessment district bonds	1,154,222	-	-	-	-	-	-	-	-	1,154,222
Certificates of deposits	4,808,739	-	-	-	2,378,729	1,929,250	500,760	-	-	-
Commercial Paper:	993,921	-	-	-	-	-	-	993,921	-	-
Asset backed obligations	1,752,412	790,053	681,294	-	-	-	-	-	-	281,065
Yuba City RDA obligations	1,208,256	-	-	-	-	-	-	-	-	1,208,256
State of CA obligations	502,020	-	-	372,020	-	-	-	-	-	130,000
U.S. treasury obligations	7,059,144	-	7,059,144	-	-	-	-	-	-	-
U.S. government agency issued	21,635,847	-	21,635,847	-	-	-	-	-	-	-
Corporate bonds	11,861,102	139,585	1,603,427	500,470	2,826,640	3,643,871	2,559,283	252,867	334,959	-
Total	\$ 86,661,384	\$ 929,638	\$ 30,979,712	\$ 872,490	\$ 5,205,369	\$ 5,573,121	\$ 3,060,043	\$ 1,246,788	\$ 334,959	\$ 38,459,264

Concentration of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in any one issuer. There were no investments in any issuer that exceeded more than 5% of the City's portfolio.

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

2. CASH AND INVESTMENTS, Continued

D. Risk Disclosures, Continued

Custodial Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the City's investments were subject to custodial credit risk

E. Investment Valuation

Investments (except for money market accounts, time deposits, and commercial paper) are measured at fair value on a recurring basis. *Recurring* fair value measurements, are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investment fair value measurements at June 30, 2017 are described on the following page.

Investments included in restricted cash and investments included money market accounts and guaranteed investment contracts are not subject to fair value measurement.

The City has the following recurring fair value measurements as of June 30, 2017:

Investment Type	Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Special assessment district bonds	\$ 1,154,222	\$ -	\$ 1,154,222	\$ -
Commercial paper	993,921	-	993,921	-
Asset backed obligations	1,752,412	-	1,752,412	-
Yuba City RDA obligations	1,208,256	-	1,208,256	-
State of CA obligations	502,020	-	502,020	-
U.S. treasury obligations	7,059,144	-	7,059,144	-
U.S. government agency issues	21,635,847	-	21,635,847	-
Corporate bonds	11,861,102	-	11,861,102	-
Total investments subject to levelling	46,166,924	\$ -	\$ 46,166,924	\$ -

The State Investment Pool, CAMP, money market funds, and certificates of deposit are exempt from the classifications above.

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

2. CASH AND INVESTMENTS, Continued

F. Investments held in Trust for Other Postemployment Benefits

The City established an irrevocable Section 115 OPEB Trust with Public Agency Retirement Services (PARS). As of June 30, 2017, the trust had a balance of \$242,498. PARS' policy for allocation of invested assets is established as noted below:

Asset Class	Target Allocation
Global Equity	60.00%
Global Fixed Income	35.00%
Liquidity	5.00%
Total	100%

At June 30, 2017, PARS held no investments in any one organization that represented 5% or more of fiduciary net position.

Rate of return: For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expenses, was 9.38%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

3. CAPITAL ASSETS

A. Government-Wide Financial Statements

At June 30, 2017, the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Non-depreciable assets:			
Land	\$ 126,069,583	\$ 1,674,698	\$ 127,744,281
Construction in progress	18,239,814	13,964,700	32,204,514
Total non-depreciable assets	144,309,397	15,639,398	159,948,795
Depreciable assets:			
Buildings	38,770,163	25,456,357	64,226,520
Improvements	12,432,122	74,535,797	86,967,919
Machinery and equipment	23,011,167	28,721,372	51,732,539
Infrastructure	366,994,707	174,062,649	541,057,356
Total depreciable assets	441,208,159	302,776,175	743,984,334
Less accumulated depreciation:			
Buildings	18,861,757	16,555,578	35,417,335
Improvements	6,400,433	44,971,902	51,372,335
Machinery and equipment	16,183,387	16,942,444	33,125,831
Infrastructure	134,536,749	37,626,107	172,162,856
Total accumulated depreciation	175,982,326	116,096,031	292,078,357
Total depreciable assets, net	265,225,833	186,680,144	451,905,977
Total capital assets, net	\$ 409,535,230	\$ 202,319,542	\$ 611,854,772

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

3. CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

The following is a summary of changes in the capital assets for the governmental activities during the fiscal year:

	Balance July 1, 2016	Additions	Retirements	Reclassification	Balance June 30, 2017
Non-depreciable assets:					
Land	\$ 125,998,465	\$ -	\$ -	\$ 71,118	\$ 126,069,583
Construction in progress	10,387,037	10,900,088	-	(3,047,311)	18,239,814
Total non-depreciable assets	136,385,502	10,900,088	-	(2,976,193)	144,309,397
Depreciable assets:					
Building	38,657,525	-	-	112,638	38,770,163
Improvements	11,716,546	-	-	715,576	12,432,122
Machinery and equipment	23,198,468	1,072,141	(1,395,224)	135,782	23,011,167
Infrastructure	364,982,510	-	-	2,012,197	366,994,707
Total depreciable assets	438,555,049	1,072,141	(1,395,224)	2,976,193	441,208,159
Less accumulated depreciation:					
Building	(17,239,334)	(1,622,423)	-	-	(18,861,757)
Improvements	(5,810,685)	(589,748)	-	-	(6,400,433)
Machinery and equipment	(15,751,983)	(1,680,262)	1,248,858	-	(16,183,387)
Infrastructure	(125,042,592)	(9,494,157)	-	-	(134,536,749)
Total accumulated depreciation	(163,844,594)	(13,386,590)	1,248,858	-	(175,982,326)
Total depreciable assets, net	274,710,455	(12,314,449)	(146,366)	2,976,193	265,225,833
Total capital assets	\$ 411,095,957	\$ (1,414,361)	\$ (146,366)	\$ -	\$ 409,535,230

Depreciation expense by program for capital assets for the year ended June 30, 2017 was as follows:

General government	\$ 473,670
Public safety	1,337,468
Public works	11,224,018
Parks and recreation	346,374
Community development	5,060
Total depreciation expense	\$ 13,386,590

Depreciation on capital assets held by the City's internal service funds of \$997,294 is charged to the various functions based on their usage of the assets and is included above.

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

3. CAPITAL ASSETS, Continued

A. Government-Wide Financial Statements, Continued

The following is a summary of changes in the capital assets for business-type activities during the fiscal year:

	Balance July 1, 2016	Additions	Retirements	Reclassification	Balance June 30, 2017
Non-depreciable assets:					
Land	\$ 1,674,698	\$ -	\$ -	\$ -	\$ 1,674,698
Construction in progress	12,802,350	3,531,008	-	(2,368,658)	13,964,700
Total non-depreciable assets	14,477,048	3,531,008	-	(2,368,658)	15,639,398
Depreciable assets:					
Building	25,417,273	-	-	39,084	25,456,357
Improvements	74,514,760	-	-	21,037	74,535,797
Vehicle and equipment	27,177,408	241,237	(282,830)	1,585,557	28,721,372
Infrastructure	173,339,669	-	-	722,980	174,062,649
Total depreciable assets	300,449,110	241,237	(282,830)	2,368,658	302,776,175
Less accumulated depreciation:					
Building	(15,772,995)	(782,583)	-	-	(16,555,578)
Improvements	(42,651,945)	(2,319,957)	-	-	(44,971,902)
Machinery and equipment	(15,786,860)	(1,411,317)	255,733	-	(16,942,444)
Infrastructure	(32,411,283)	(5,214,824)	-	-	(37,626,107)
Total accumulated depreciation	(106,623,083)	(9,728,681)	255,733	-	(116,096,031)
Total depreciable assets, net	193,826,027	(9,487,444)	(27,097)	2,368,658	186,680,144
Total capital assets	\$ 208,303,075	\$ (5,956,436)	\$ (27,097)	\$ -	\$ 202,319,542

Depreciation Allocation

Depreciation expense was charged to functions and programs based on their usage of the related assets. The amounts allocated to each function or program were as follows:

Business-Type Activities:	
Water	\$ 6,303,816
Wastewater	3,424,865
Total	<u>\$ 9,728,681</u>

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

4. UNEARNED AND UNAVAILABLE REVENUE

At June 30, 2017, components of unearned revenue reported in the government-wide statements were as follows:

	Governmental Activities	Business-type Activities
Business license and miscellaneous revenue received but not earned	\$ 443,828	\$ -
Senior fund raising revenue received but not earned	13,995	-
Impact fees collected but not earned	10,190,296	-
Franchise fees received but not earned	621,380	-
Employee benefit contributions received but not earned	107	-
Grant revenue received but not earned	430,102	-
Water revenue collected but not earned	-	62,347
Wastewater revenue collected but not earned	-	5,893
Total unearned revenue	<u>\$ 11,699,708</u>	<u>\$ 68,240</u>

At June 30, 2017, component of unearned revenue reported in the fund financial statements were as follows:

General Fund	
Business license and miscellaneous revenue received but not earned	\$ 443,828
Senior fund raising revenue received but not earned	13,995
Grant revenue received but not earned	430,102
Subtotal General Fund	<u>887,925</u>
Impact Fees CIP Capital Projects Fund:	
Impact fees collected but not earned	10,190,296
Non-Major Governmental Funds	
Recology Rate Stabilization Special Revenue Fund	
Franchise Fees received but not yet earned	621,380
Water Fund:	
Water revenues collected but not earned	62,347
Wastewater Fund:	
Wastewater revenues collected but not earned	5,893
Employee Benefits Fund:	
Employee benefit contributions received but not earned	107
Total unearned revenue	<u>\$ 11,767,948</u>

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

4. UNEARNED AND UNAVAILABLE REVENUE, Continued

At June 30, 2017, components of deferred inflows of resources - unavailable revenue reported in the fund financial statements were as follows:

<u>Non-Major Governmental Funds:</u>	
HOME Grant Special Revenue Fund:	
Accrued interest on long term loans	\$ 748,526
CDBG Program Income Special Revenue Fund:	
Accrued interest on long term loans	122,901
CAL-HOME Grant Special Revenue Fund:	
Accrued interest on long term loans	62,168
Total unavailable revenues	<u>\$ 933,595</u>

5. LONG-TERM DEBT

The following is a summary of long-term debt activity of the City for the fiscal year ended June 30, 2017.

Governmental Activities	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due within one year	Due in more than one year
Bonds Payable						
Refunding lease Revenue Bonds	\$ 9,460,000	\$ -	\$ (325,000)	\$ 9,135,000	\$ 340,000	\$ 8,795,000
Original issue premium	240,629	-	(17,974)	222,655	-	222,655
Pension Obligation Bonds	1,130,000	-	(1,130,000)	-	-	-
Subtotal Bonds Payable	<u>10,830,629</u>	<u>-</u>	<u>(1,472,974)</u>	<u>9,357,655</u>	<u>340,000</u>	<u>9,017,655</u>
Capital Leases Payable						
Energy Service Lease Payable	2,382,869	-	(69,585)	2,313,284	38,747	2,274,537
Fire Station #4 Lease Payable	1,377,745	-	(675,604)	702,141	702,141	-
Street Light Conversion Lease Payable	1,106,385	-	(86,293)	1,020,092	88,901	931,191
Subtotal Capital Leases Payable	<u>4,866,999</u>	<u>-</u>	<u>(831,482)</u>	<u>4,035,517</u>	<u>829,789</u>	<u>3,205,728</u>
Sutter County Loan	231,000	-	(23,100)	207,900	23,100	184,800
Total Governmental Activities	<u>\$15,928,628</u>	<u>\$ -</u>	<u>\$ (2,327,556)</u>	<u>\$13,601,072</u>	<u>\$ 1,192,889</u>	<u>\$12,408,183</u>

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

5. LONG-TERM DEBT, Continued

Business-Type Activities	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due within one year	Due in more than one year
Bonds Payable						
Wastewater Revenue Refunding Bonds, 2011	\$ 8,815,000	\$ -	\$ (150,000)	\$ 8,665,000	\$ 160,000	\$ 8,505,000
Wastewater Revenue Refunding Bonds, 2011	5,455,007	-	(625,527)	4,829,480	640,852	4,188,628
Wastewater Revenue Bonds, 2017 CREBs	-	6,820,000	-	6,820,000	145,000	6,675,000
Water Revenue Refunding Bonds, 2013	19,315,000	-	(815,000)	18,500,000	825,000	17,675,000
Water Revenue Bonds, 2017 CREBs	-	2,124,216	-	2,124,216	92,277	2,031,939
Original issue discount on bonds	(442,346)	(46,388)	25,229	(463,505)	-	(463,505)
Subtotal Bonds Payable	33,142,661	8,897,828	(1,565,298)	40,475,191	1,863,129	38,612,062
 Energy Service Lease Payable	 2,409,957	 -	 (71,398)	 2,338,559	 38,748	 2,299,811
 Loans Payable						
Wastewater SRF Loan - WWTF	3,007,807	-	(129,228)	2,878,579	132,071	2,746,508
Wastewater SRF Loan - Collection	6,163,162	-	(274,946)	5,888,216	274,947	5,613,269
Water SRF Loan - Region 1	4,965,676	-	(255,876)	4,709,800	262,317	4,447,483
Water SRF Loan - Region 2/3	15,341,015	-	(804,781)	14,536,234	822,733	13,713,501
Subtotal Loans Payable	29,477,660	-	(1,464,831)	28,012,829	1,492,068	26,520,761
 Total Business-Type Activities	 \$65,030,278	 \$ 8,897,828	 \$(3,101,527)	 \$70,826,579	 \$ 3,393,945	 \$67,432,634

Governmental Activities

2015 Refunding Lease Revenue Bonds

On October 22, 2015, the Yuba City Public Financing Authority (PFA) issued \$9,730,000 of Refunding Lease Revenue Bonds (Bonds) bearing interest rates of 2.0 to 5.0% and payable semi-annually on December 1 and June 1, maturing on June 1, 2036. The proceeds of the Bonds will be used to (i) refinance outstanding 2006 lease obligations of the City and the related certificates of participation (COP); and (ii) pay the costs of issuing the Bonds. The outstanding principal balance of the 2015 Lease Revenue Bonds at June 30, 2017 was \$9,135,000.

\$10,673,922 from the 2015 Refunding Lease Revenue Bonds (including \$768,626 of the reserve fund from the 2006 COP) was placed in an irrevocable trust that is to be used to service the future debt requirements of the 2006 COP. The refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debts, plus or minus funds on hand) of \$909,723. The aggregate difference in debt service between the old and new debt is \$1,008,230.

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

5. LONG-TERM DEBT, Continued

Governmental Activities, Continued

2015 Refunding Lease Revenue Bonds, Continued

The scheduled annual minimum debt service requirements at June 30, 2017 are as follows

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 340,000	\$ 30,281	\$ 370,281
2019	355,000	291,281	646,281
2020	375,000	273,531	648,531
2021	395,000	254,781	649,781
2022	415,000	235,031	650,031
2023-2027	2,270,000	967,994	3,237,994
2028-2032	2,600,000	641,094	3,241,094
2033-2036	2,385,000	205,306	2,590,306
Totals	<u>\$ 9,135,000</u>	<u>\$ 2,899,300</u>	<u>\$ 12,034,300</u>

Capital Leases

The City has entered into a lease agreement with Bank of America (through OpTerra Energy Services) to provide funds for energy related improvements to City facilities. The general fund, water fund, and wastewater fund are providing the debt service for this lease at 49.7%, 44.4%, and 5.9% respectively. The cost of the assets acquired with this capital lease was \$4,967,214. Lease payments commenced September 13, 2015 and end June 13, 2031 and have an interest rate of 2.89%.

The scheduled annual minimum debt service requirements at June 30, 2017 are as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 77,495	\$ 65,981	\$ 143,476
2019	86,249	63,647	149,896
2020	95,531	61,055	156,586
2021	118,850	58,042	176,892
2022	130,203	54,485	184,688
2023-2027	845,670	206,635	1,052,305
2028-2031	959,286	60,449	1,019,735
Totals	<u>\$2,313,284</u>	<u>\$ 570,294</u>	<u>\$2,883,578</u>

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

5. LONG-TERM DEBT, Continued

Capital Leases, Continued

The City has entered into a lease agreement to provide funds for the construction of Fire Station #4 and the police department expansion. The building of Fire Station #4 will become the property of the City when all terms of the lease agreement are met. The fire department and police department are providing the debt service for this lease at 83.8% and 16.2% respectively. The value of the assets acquired with this capital lease was \$5,718,513. Lease payments end on May 6, 2018 and have an interest rate of 3.89%.

The scheduled annual minimum debt service requirements at June 30, 2017 are as follows:

Fiscal year Ended June 30,	Total
2018	\$ 722,691
Total requirements	
Less: Interest	(20,550)
Present value of remaining payments	\$ 702,141

The City has entered into a lease agreement with Pacific Gas & Electric Co. to convert City street lights to LED technology. The value of the assets acquired with this capital lease was \$1,392,022. Lease payments end on June 22, 2027 and have an interest rate of 3.00%.

The scheduled annual minimum debt service requirements at June 30, 2017 are as follows:

Fiscal year Ended June 30,	Total
2018	\$ 118,844
2019	118,844
2020	118,844
2021	118,844
2022	118,844
2023-2027	594,220
Total requirements	1,188,440
Less: Interest	(168,348)
Present value of remaining payments	\$ 1,020,092

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

5. LONG-TERM DEBT, Continued

Governmental Activities, Continued

Sutter County Loan

The City has entered into a loan agreement, dated April 1, 2009, with the County of Sutter to share in the design costs of the animal shelter. The original loan amount was \$346,500, with interest paid quarterly based on the County of Sutter's return on investment rate, and repayment due on or before June 1, 2026. As of June 30, 2017, the balance of the loan was \$207,900.

The scheduled annual minimum debt service requirements at June 30, 2017 are as follows:

Fiscal year Ended June 30,	Total
2018	\$ 23,100
2019	23,100
2020	23,100
2021	23,100
2022	23,100
2023-2026	92,400
Balance of principal payments	<u>\$ 207,900</u>

Business-type Activities

Wastewater Revenue Refunding Bonds - 2011

On November 1, 2011, the City issued \$9,715,000 of Wastewater Revenue Refunding Bonds bearing interest of 4.350% and payable semi-annually on December 1 and June 1, maturing on June 1, 2032. The proceeds of the Bonds will be used to (i) prepay the 2002 Wastewater Revenue Certificates of Participation (COP); (ii) pay the premium for bond insurance and a reserve fund surety bond for the Bonds; and (iii) pay the costs of issuing the Bonds. The outstanding principal balance of the 2011 Wastewater Revenue Refunding Bonds at June 30, 2017 was \$8,665,000.

\$10,602,376 from the 2011 Wastewater Revenue Refunding Bonds (including \$1,007,355 of the reserve fund from the 2002 Wastewater Revenue COP) was placed in an irrevocable trust that is to be used to service the future debt requirements of the 2002 Wastewater Revenue Certificates of Participation. The refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debts, plus or minus funds on hand) of \$634,485. The aggregate difference in debt service between the old and new debt is \$3,114,732.

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

5. LONG-TERM DEBT, Continued

Business-type Activities, Continued

Wastewater Revenue Refunding Bonds – 2011, Continued

The City defeased the 2002 Wastewater Revenue COP by placing the proceeds of the 2011 Wastewater Revenue Refunding Bonds in an irrevocable trust to provide for all future debt service payments on the 2002 Wastewater Revenue COP. Accordingly, the trust account assets and the liability for the defeased COP is not included in the City's financial statements.

The scheduled annual minimum debt service requirements at June 30, 2017 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2018	\$ 160,000	\$ 347,229	\$ 507,229
2019	155,000	342,881	497,881
2020	160,000	338,114	498,114
2021	165,000	332,871	497,871
2022	170,000	327,259	497,259
2023-2027	2,435,000	1,481,452	3,916,452
2028-2032	5,420,000	600,089	6,020,089
Totals	<u>\$ 8,665,000</u>	<u>\$ 3,769,894</u>	<u>\$12,434,894</u>

Wastewater Revenue Refunding Bonds – 2014

On April 22, 2014, the City issued \$7,321,914 of Wastewater Revenue Refunding Bonds bearing interest of 2.45% and payable semi-annually on December 1 and June 1, maturing on June 1, 2024. These Certificates were used to advance refund the 2007 Wastewater Certificates, which were issued originally to advance refund the 2000 Wastewater Certificates, which had been used for capital improvement projects and expansion of existing facilities. The outstanding principal balance of the 2014 Wastewater Certificates of Participation at June 30, 2017 was \$4,829,480.

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

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

5. LONG-TERM DEBT, Continued

Business-type Activities, Continued

Wastewater Revenue Refunding Bonds – 2014, Continued

The scheduled annual minimum debt service requirements at June 30, 2017 are as follows:

<u>Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 640,852	\$ 118,322	\$ 759,174
2019	656,553	102,622	759,175
2020	672,638	86,536	759,174
2021	689,118	70,056	759,174
2022	706,001	53,173	759,174
2023 - 2024	1,464,318	54,031	1,518,349
Totals	<u>\$ 4,829,480</u>	<u>\$ 484,740</u>	<u>\$ 5,314,220</u>

Wastewater Revenue Bonds CREBs – 2017

On April 3, 2017, the City issued \$6,820,000 of Wastewater Revenue Bonds bearing interest of 4.16% and payable semi-annually on December 1 and June 1, maturing on June 1, 2024. Proceeds will be used to finance energy improvements at the City's wastewater plant. The outstanding principal balance of the 2017 Wastewater Revenue Bonds at June 30, 2017 was \$6,820,000.

The scheduled annual minimum debt service requirements at June 30, 2017 are as follows:

<u>Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 145,000	\$ 294,880	\$ 439,880
2019	185,000	257,566	442,566
2020	190,000	254,013	444,013
2021	190,000	249,795	439,795
2022	195,000	244,969	439,969
2023 - 2027	1,085,000	919,257	2,004,257
2028-2032	1,295,000	948,797	2,243,797
2033-2037	1,580,000	633,096	2,213,096
2038-2042	1,955,000	260,280	2,215,280
Totals	<u>\$ 6,820,000</u>	<u>\$ 4,062,653</u>	<u>\$ 10,882,653</u>

Water Revenue Refunding Bonds - 2013

On May 21, 2013, the City issued \$21,710,000 of Water Revenue Refunding Bonds bearing interest of .5% to 3.8% and payable semi-annually on December 1 and June 1, maturing on June 1, 2035. The proceeds of the Bonds will be used to (i) prepay the 2005 Water Revenue Certificates of Participation (COP); (ii) pay for additional improvements to the Water System; and (iii) pay the costs of issuing the Bonds. The outstanding principal balance of the 2013 Water Revenue Refunding Bonds at June 30, 2017 was \$18,500,000.

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

5. LONG-TERM DEBT, Continued

Business-type Activities, Continued

Water Revenue Refunding Bonds – 2013, Continued

\$22,876,764 from the 2013 Water Revenue Refunding Bonds (including \$951,914 from the City, \$1,480,714 of the reserve fund from the 2005 Water Revenue COP, and \$33,099 of the installment fund from the 2005 Water Revenue COP) was placed in an irrevocable trust that is to be used to service the future debt requirements of the 2005 Water Revenue Certificates of Participation. The refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debts) of \$1,157,810. The aggregate difference in debt service between the old and new debt is \$1,799,813.

The City defeased the 2005 Water Revenue COP by placing the proceeds of the 2013 Water Revenue Refunding Bonds in an irrevocable trust to provide for all future debt service payments on the 2005 Water Revenue COP. Accordingly, the trust account assets and the liability for the defeased COP is not included in the City's financial statements.

The scheduled annual minimum debt service requirements at June 30, 2017 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2018	\$ 825,000	\$ 566,043	\$ 1,391,043
2019	835,000	554,905	1,389,905
2020	850,000	541,545	1,391,545
2021	865,000	525,820	1,390,820
2022	880,000	507,655	1,387,655
2023-2027	4,765,000	2,174,265	6,939,265
2028-2032	5,605,000	1,343,250	6,948,250
2033-2035	3,875,000	295,575	4,170,575
Totals	<u>\$ 18,500,000</u>	<u>\$ 6,509,058</u>	<u>\$ 25,009,058</u>

Water Revenue Bonds CREBs – 2017

On March 23, 2017, the City issued \$2,124,216 of Wastewater Revenue Bonds bearing interest of 4.29% and payable semi-annually on December 1 and June 1, maturing on June 1, 2024. Proceeds will be used to finance energy improvements at the City's wastewater plant. The outstanding principal balance of the 2017 Wastewater Revenue Bonds at June 30, 2017 was \$2,124,216.

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

5. LONG-TERM DEBT, Continued

Business-type Activities, Continued

Water Revenue Bonds CREBs - 2017, Continued

The scheduled annual minimum debt service requirements at June 30, 2017 are as follows:

Ended June 30,	Principal	Interest	Total
2018	\$ 92,277	\$ 103,786	\$ 196,063
2019	108,892	87,170	196,062
2020	113,564	82,498	196,062
2021	118,436	77,626	196,062
2022	123,517	72,546	196,063
2023 - 2027	701,760	278,552	980,312
2028-2032	865,770	114,544	980,314
Totals	<u>\$ 2,124,216</u>	<u>\$ 816,722</u>	<u>\$ 2,940,938</u>

Loans Payable

The City has entered into two funding agreements with the State of California Department of Public Health for a construction loan under the Safe Drinking Water State Revolving Fund Law of 1997, in the amounts of \$19,133,209 (Region 2/3) and \$6,817,375 (Region 1). The loans are payable in semi-annual installments of \$1,150,024 and \$378,512, respectively and have annual interest rates of 2.2836% and 2.5017%. Both loans have maturities of June 1, 2032.

The loans are being used to finance project costs to meet safe drinking water standards. The total amounts of the loans issued to the City were \$18,381,507 (Region 2/3) and \$5,927,874 (Region 1).

The outstanding principal balance of the Safe Drinking Water State Revolving Fund - Region 2/3 loan at June 30, 2017 was \$14,536,234.

The scheduled annual minimum debt service requirements at June 30, 2017 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2018	\$ 822,733	\$ 327,291	\$ 1,150,024
2019	841,628	308,396	1,150,024
2020	860,957	289,067	1,150,024
2021	880,730	269,294	1,150,024
2022	900,957	249,066	1,150,023
2023-2027	4,824,832	925,287	5,750,119
2028-2032	5,404,397	345,203	5,749,600
Totals	<u>\$ 14,536,234</u>	<u>\$ 2,713,604</u>	<u>\$ 17,249,838</u>

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

5. LONG-TERM DEBT, Continued

Business-type Activities, Continued

Loans Payable, Continued

The outstanding principal balance of the Safe Drinking Water State Revolving Fund – Region 1 loan at June 30, 2017 was \$4,709,800.

The scheduled annual minimum debt service requirements at June 30, 2017 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2018	\$ 262,317	\$ 116,195	\$ 378,512
2019	268,921	109,591	378,512
2020	275,691	102,822	378,513
2021	282,631	95,881	378,512
2022	289,745	88,767	378,512
2023-2027	1,561,877	330,682	1,892,559
2027-2032	1,768,617	123,943	1,892,560
Totals	\$ 4,709,799	\$ 967,881	\$ 5,677,680

The City has entered into two funding agreements with the State of California Water Resources Control Board for a construction loan under the Clean Water State Revolving Fund program, in the amounts of \$6,513,194 (\$3,000,000 forgivable) and \$10,193,965 (\$3,000,000 forgivable). The loans have been recorded in the Wastewater Fund and are payable in annual installments of \$218,991 and \$435,039, respectively and have annual interest rates of 2.2% and 1.8%, respectively. The loans have maturities of January 1, 2035 and December 31, 2034, respectively.

The outstanding principal balance of the \$6,513,194 loan at June 30, 2017 was \$2,878,579.

The scheduled annual minimum debt service requirements at June 30, 2017 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2018	\$ 132,071	\$ 67,718	\$ 218,991
2019	134,977	64,390	218,991
2020	137,946	60,989	218,991
2021	140,981	57,513	218,991
2022	144,083	53,960	218,991
2023-2027	769,370	213,717	1,094,953
2028-2032	857,817	112,421	1,094,953
2033-2035	561,334	14,041	437,981
Totals	\$ 2,878,579	\$ 644,749	\$ 3,722,840

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

5. LONG-TERM DEBT, Continued

Business-type Activities, Continued

Loans Payable , Continued

The outstanding principal balance of the \$10,193,965 loan at June 30, 2017 was \$5,888,216.

The scheduled annual minimum debt service requirements at June 30, 2017 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2018	\$ 279,896	\$ 105,988	\$ 385,884
2019	284,934	100,950	385,884
2020	290,063	95,821	385,884
2021	295,284	90,600	385,884
2022	300,599	85,285	385,884
2023-2027	1,586,131	293,287	1,879,418
2028-2032	1,734,115	195,303	1,929,418
2033-2035	1,117,194	40,458	1,157,652
Totals	<u>\$ 5,888,216</u>	<u>\$ 1,007,692</u>	<u>\$ 6,895,908</u>

Capital Leases

The City has entered into a lease agreement with Bank of America (through OpTerra Energy Services) to provide funds for energy related improvements to City facilities. The general fund, water fund, and wastewater fund are providing the debt service for this lease at 49.7%, 44.4%, and 5.9% respectively. The cost of the assets acquired with this capital lease was \$4,967,214. Lease payments commence September 13, 2015 and end June 13, 2031 and have an interest rate of 2.89%. The outstanding balance of the capital lease at June 30, 2017 was \$2,338,559.

The scheduled annual minimum debt service requirements at June 30, 2017 are as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2018	\$ 78,431	\$ 66,778	\$ 145,209
2019	87,290	64,416	151,706
2020	96,683	61,791	158,474
2021	120,285	58,744	179,029
2022	131,775	55,144	186,919
2023-2027	855,889	209,129	1,065,018
2028-2031	968,206	63,191	1,031,397
Totals	<u>\$ 2,338,559</u>	<u>\$ 579,193</u>	<u>\$ 2,917,752</u>

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

5. LONG-TERM DEBT, Continued

Non-City Obligations

The City reports the debt service transactions of various special assessment issues for which the City is not obligated in any manner, in Agency funds. The debt will be paid from and secured solely by the revenues of these special assessment districts and does not constitute an indebtedness of the City. At June 30, 2017, the principal amount of special assessment debt outstanding for which the City is not obligated was \$5,236,453.

6. DEFERRED OUTFLOWS OF RESOURCES

Accounting gains or losses resulting from advance refundings of long-term debt is deferred in accordance with GASB Statement No. 23 and No. 65. Deferred amounts on bond refundings are amortized over the shorter of the life of the new debt or refunded debt. The deferred loss on refunding balance at June 30, 2017 was \$963,685 on the Statement of Net Position for business-type activities. \$260,068 was related to the 2014 Wastewater Refunding Revenue Bonds, \$113,768 was related to the 2011 Wastewater Revenue Refunding Bonds, and \$589,849 was related to the 2013 Water Revenue Refunding Bonds. See Note 9 for details of the deferred outflows of resources related to the net pension liability.

7. COMPENSATED ABSENCES

The City accrues the liability for compensated leave as it is earned by employees. The amount of compensated leaves payable outstanding was \$3,712,476 as of June 30, 2017.

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year
Governmental Activities					
Compensated Leaves Payable	\$ 3,100,495	\$ 1,738,457	\$ (1,550,247)	\$ 3,288,705	\$ 47,741
Business-Type Activities					
Compensated Leaves Payable	\$ 465,086	\$ 187,568	\$ (228,883)	\$ 423,771	\$ 357,264

The amount due within one year of \$47,742 for Governmental Activities and \$357,264 for Business-Type Activities represents the estimated amount for anticipated retirees. The City typically uses the General Fund to liquidate the liability for compensated absences for governmental funds.

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

8. INTERFUND AND SUCCESSOR AGENCY TRANSACTIONS

A. Long-Term Advances

Advances to/from other funds and the Successor Agency are non-current interfund loans and are offset by nonspendable fund balance account classifications in the applicable governmental funds to indicate that they are not available for appropriations and are not expendable available financial resources.

At June 30, 2017, the City had the following long-term advances:

<u>Major Governmental Fund:</u>	<u>Trust Fund:</u>	<u>Amount</u>
General Fund	Redevelopment Agency Successor Agency Trust Fund	\$ 8,773,357
Trust Fund:		
Redevelopment Agency Low/Mod Successor Agency Trust Fund	Redevelopment Agency Successor Agency Trust Fund	1,626,817
Internal Service Fund:	Major Enterprise Fund:	
Vehicle Replacement Fund	Wastewater Fund	2,019,512

B. Due To/From Other Funds

Receivables and payables between funds are classified as due from or due to other funds. Due from and due to other funds are usually a result of a shortfall of pooled cash.

Due to/from other funds as of June 30, 2017 were as follows:

<u>Due To Other Fund</u>	<u>Due From Other Funds</u>		
	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
Streets and Roads Special Revenue Fund	\$ 1,760,191	\$ -	\$ 1,760,191
Impact Fees CIP Projects Capital Projects Fund	796,172	87,690	883,862
Non-Major Governmental Funds	358,143	-	358,143
Total	<u>\$ 2,914,506</u>	<u>\$ 87,690</u>	<u>\$ 3,002,196</u>

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

8. INTERFUND AND SUCCESSOR AGENCY TRANSACTIONS, Continued

C. Transfers

Transfers for the fiscal year ended June 30, 2017 were as follows:

Transfers Out	Transfers In					Total
	General	Street and Roads Special Revenue	Impact Fees Capital Projects	Non-major Gov't Funds	Internal Service Fund	
Major Funds						
General Fund	\$ -	\$ -	\$ -	\$ 330,111	\$ 212,636	\$ 542,747
Street and Roads						
Special Revenue	-	-	-	2,404,537	-	2,404,537
Impact Fees						
Capital Projects	14,243	-	-	419,883	-	434,126
Non-major Govtl Fund	94,000	26,000	11,526	302,808	-	434,334
Total Govt Funds	108,243	26,000	11,526	3,457,339	212,636	3,815,744
Major Funds						
Wastewater	-	-	-	-	40,000	40,000
Internal Service Funds	-	-	-	-	6,002	6,002
Total	<u>\$ 108,243</u>	<u>\$ 26,000</u>	<u>\$ 11,526</u>	<u>\$ 3,457,339</u>	<u>\$ 258,638</u>	<u>\$ 3,861,746</u>

Interfund transfers were recorded for the following purposes:

- The General fund received transfers to cover administration expenditures from the Impact Fees Capital Projects Fund of \$14,243 and from other non-major governmental funds of \$94,000.
- Non-major governmental funds returned \$26,000 to the Street and Roads Special Revenue Fund for funds that were unappropriated.
- Transfer was made to the Impact Fees Capital Projects Fund of \$11,526 from non-major governmental funds to return prior excess debt service transfers.
- Transfers were made to the non major governmental funds to fund capital projects, provide funds for debt service, and to provide funding for landscape and maintenance activities.
- Transfers were made to the internal service funds to provide funding for equipment acquisitions.

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

9. EMPLOYEE RETIREMENT PLANS

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

Pension related account balances are summarized as follows:

	Miscellaneous Agent Multiple Employer Plan	Safety Cost Sharing Plan	Total
Deferred employer contributions	\$ 2,480,933	\$ 2,724,002	\$ 5,204,935
Deferred outflows - pension	4,275,338	4,646,065	8,921,403
Total deferred outflows of resources	\$ 6,756,271	\$ 7,370,067	\$ 14,126,338
Net Pension Liability	\$ 34,557,342	\$ 32,077,284	\$ 66,634,626
Deferred inflows - pension	\$ 1,006,956	\$ 2,062,163	\$ 3,069,119

A. General Information about the Pension Plans

Plan Descriptions - All qualified employees are eligible to participate in the City's pooled Safety (police and fire) Plan, a cost-sharing multiple-employer defined benefit pension plan and the City's Miscellaneous (all other) Plan, an agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

9. EMPLOYEE RETIREMENT PLANS, Continued

A. General Information about the Pension Plans, Continued

The Plans' provisions and benefits in effect at June 30, 2017, are summarized as follows:

	City Miscellaneous Agent Multiple Employer Plan		
	Tier I	Tier II	Tier III
	Prior to July 1, 2012	On or after July 1, 2012	On or after January 1, 2013
<u>Hire Date</u>			
Benefit formula	2.7% @ 55	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Required employee contribution rates	8.00%	8.00%	7.00%
Required employer contribution rates	11.272%	11.272%	11.272%
Required unfunded liability payment	\$ 1,818,043	\$ -	\$ -

	City Cost Sharing Plan		
	Safety First Tier	Safety Second Tier	Safety Police Third Tier
	Prior to July 1, 2012	On or after July 1, 2012	On or after January 1, 2013*
<u>Hire Date</u>			
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payment	Monthly for life	Monthly for life	Monthly for life
Retirement age	3.0% @ 50	3.0% @ 55	2.7% @ 57
Monthly benefits, as a % of annual salary	3%	3%	2.7%
Required employee contribution rates	9.000%	9.000%	13.000%
Required employer contribution rates	23.322%	22.215%	20.218%
Required payment for unfunded liability	\$ 833,853	\$ 419,403	\$ -
	Safety Fire Third Tier	Safety Police PEPRA	Safety Fire PEPRA
	On or after January 1, 2013*	On or after January 1, 2013*	On or after January 1, 2013*
	5 years service	5 years service	5 years service
<u>Hire Date</u>			
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	62	62	62
Monthly benefits, as a % of annual salary	2%	2%	2%
Required employee contribution rates	13.000%	11.500%	11.500%
Required employer contribution rates	20.218%	13.782%	13.782%
Required payment for unfunded liability	\$ -	\$ 42	\$ 17

* New hires who are already enrolled in CalPERS are eligible for benefits under the third tier, and other new hires are enrolled in the PEPRA rate plans.

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

9. EMPLOYEE RETIREMENT PLANS, Continued

A. General Information about the Pension Plans, Continued

Employees Covered – At June 30, 2017, the following employees were covered by the benefit terms for the Miscellaneous Plan:

	<u>Miscellaneous</u>
Inactive employees or beneficiaries currently receiving benefits	235
Inactive employees entitled to but not yet receiving benefits	187
Active employees	<u>165</u>
Total	<u>587</u>

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

For governmental activities, the General Fund has typically been used in prior years to liquidate pension liabilities.

B. Net Pension Liability

The City's net pension liability for the Miscellaneous Plan is measured as the total pension liability, less the pension plan's fiduciary net position.

For the Safety Plan, net pension liability is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The City's proportion of the net pension liability (Safety Plan) was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The City's proportionate share of the net pension liability for the Safety Plan as of the measurement dates June 30, 2015 and June 30, 2016 were as follows:

	<u>City Cost Sharing Plan</u>
Proportion - June 30, 2015	0.36017%
Proportion - June 30, 2016	<u>0.37070%</u>
Change - Increase (Decrease)	0.01053%

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

9. EMPLOYEE RETIREMENT PLANS, Continued

B. Net Pension Liability, Continued

A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions - The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous Agent Multiple Employer Plan	Safety Cost Sharing Plan
Valuation Date	June 30, 2015	June 30, 2015
Measurement Date	June 30, 2016	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.65%	7.65%
Inflation	2.75%	2.75%
Salary Increases	Varies by Entry Age and Service	
Investment Rate of Return (1)	7.50%	7.50%
Mortality (2)	Derived using CalPERS' Membership Data for all Funds	
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter	

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

(2) Net of pension plan administrative expenses

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

All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the fiscal years 1997 to 2011, including updates to salary increase, mortality, and retirement rates. The experience study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate - The discount rate used to measure the total pension liability was 7.65% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

9. EMPLOYEE RETIREMENT PLANS, Continued

B. Net Pension Liability, Continued

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

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

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

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

9. EMPLOYEE RETIREMENT PLANS, Continued

B. Net Pension Liability, Continued

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	20.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	5.60%	5.09%
Liquidity	1.00%	-0.55%	-1.05%
Total	100%		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

9. EMPLOYEE RETIREMENT PLANS, Continued

C. Changes in the Net Pension Liability

The change in the Net Pension Liability for the Miscellaneous Plan is as follows:

Miscellaneous Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2015	\$ 107,728,385	\$ 79,042,443	\$ 28,685,942
Changes in the year:			
Service cost	1,852,938	-	1,852,938
Interest on the total pension liability	8,102,735	-	8,102,735
Differences between actual and expected experience	(270,933)	-	(270,933)
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Plan to Plan Resource Movement	-	-	-
Contribution - employer	-	2,306,847	(2,306,847)
Contribution - employee	-	1,164,258	(1,164,258)
Net investment income	-	390,407	(390,407)
Administrative expenses	-	(48,172)	48,172
Benefit payments , including refunds of employee contributions	(4,931,631)	(4,931,631)	-
Net changes	4,753,109	(1,118,291)	5,871,400
Balance at June 30, 2016	\$ 112,481,494	\$ 77,924,152	\$ 34,557,342

For the measurement period ended June 30, 2016, the City contributed \$2,470,885 for the Cost Sharing Plan.

As of June 30, 2017, the City reported net pension liabilities for its proportionate share of the net pension liability of the Cost Sharing Plan of \$32,077,284.

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

9. EMPLOYEE RETIREMENT PLANS, Continued

C. Changes in the Net Pension Liability, Continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous Agent Multiple Employer Plan	Safety Cost Sharing Plan	Total Plans
1% Decrease			
Net Pension Liability	\$ 50,185,083	\$ 48,983,509	99,168,592
Current Discount Rate			
Net Pension Liability	\$ 34,557,342	\$ 32,077,284	66,634,626
1% Increase			
Net Pension Liability	\$ 21,727,330	\$ 18,199,007	39,926,337

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

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

For the year ended June 30, 2016, the City recognized pension expense of \$2,435,000 for the Miscellaneous Agent Multiple Employer Plan and \$4,563,701 for the Safety Cost Sharing Plan.

At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following source for the Miscellaneous Agent Multiple Employer Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,480,933	\$ -
Differences between actual and expected experience	-	616,540
Changes in assumptions	-	390,416
Net differences between projected and actual earnings on plan investments	4,275,338	-
Total	\$ 6,756,271	\$ 1,006,956

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

9. EMPLOYEE RETIREMENT PLANS, Continued

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions, Continued

\$2,480,933 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	
2018	\$ (335,581)
2019	530,895
2020	1,955,933
2021	1,117,135

At June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following source for the Safety Cost Sharing Plan:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,724,002	\$ -
Differences between actual and expected experience	-	193,251
Changes in assumptions	-	842,588
Changes in employer's proportion	506,469	147,884
Differences between the employer's contribution and the employer's proportionate share of contributions	-	878,440
Net differences between projected and actual earnings on plan investments	4,139,596	-
Total	\$ 7,370,067	\$ 2,062,163

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

9. EMPLOYEE RETIREMENT PLANS, Continued

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions, Continued

\$2,724,002 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	
2018	\$ (217,753)
2019	(17,912)
2020	1,741,909
2021	1,077,658

On April 17, 2007, the City issued \$7,685,000 of Pension Obligation Bonds. These bonds were used to advance pay safety employee pension obligations of \$7,498,612, which was paid to CalPERS on April 17, 2007.

PARS

Part-time employees who work under 1,000 hours per year do not participate in the Public Employees Retirement System; however, they are covered through the City's participation in Public Alternative Retirement System (PARS) Defined Contribution Plan.

457 Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all permanent City employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Pursuant to changes in August, 1996, of IRC Section 457, in January, 1997, the City formally established a trust in which all assets and income of the 457 plan were placed. The asset, all property and rights purchased with such amounts, and all income attributable to such amounts, property, or rights are held in trust for the exclusive benefit of the participants and their beneficiaries. These assets are no longer the property of the City, and as such are no longer subject to the claims of the City's general creditors. As a result, the assets of the 457 plan are not reflected in the City's financial statements.

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

10. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

Executive Service Employees/City Manager who retire from the City in good standing; have at least five years of City of Yuba City service; and are of full retirement age (55 for miscellaneous and 50 for public safety) are entitled to have 80% of the lowest cost City medical plan paid by the City until such time as the employee is eligible to receive Medicare or turn 65 years old. The City's other postemployment benefit plan is a single-employer plan.

Funding Policy

The City's adopted policy is to contribute an amount sufficient to pay the current year's premium, however in the current fiscal year, the City contributed an additional amount to an OPEB Trust. For fiscal year 2016-2017, the City contributed \$44,655 which consisted of current premiums, and an additional prefunding of benefits of \$242,289.

Annual OPEB Costs and Net OPEB Obligation

The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The components of the City's annual OPEB costs for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation (NOO) for the year ended June 30, 2017 are as follows:

Annual required contribution	\$ 352,000
Interest on net OPEB obligation	62,000
Amortization of net OPEB obligation	(79,000)
Annual OPEB cost	335,000
Payments made	(318,000)
Increase in net OPEB obligation	17,000
Net OPEB obligation - beginning of the year	1,226,872
Net OPEB obligation - end of year	<u><u>\$ 1,243,872</u></u>

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

10. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

Annual OPEB Costs and Net OPEB Obligation, Continued

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2016-2017 and the two preceding fiscal years were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
6/30/2015	\$ 198,129	20%	\$ 1,061,084
6/30/2016	210,443	21%	1,226,872
6/30/2017	335,000	95%	1,243,872

Funded Status and Funding Progress

As of January 1, 2017, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$3,308,000 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,308,000. The covered payroll (annual payroll of active employees covered by the plan) was \$6,225,000, and the ratio of the UAAL to the covered payroll was 53.1 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

10. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

Actuarial Methods and Assumptions, Continued

In the January 1, 2017 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 5.25 percent investment rate of return, which is the expected long-term investment returns on plan assets, a projected salary increase assumption rate of 3.00 percent, an inflation rate of 2.75 percent, and annual healthcare cost trend rates of 4.0 to 7.5 percent. The actuarial value of assets is not applicable (no assets as of the initial valuation date). The UAAL is being amortized as a flat percentage of covered payroll over thirty years. The remaining amortization period at January 1, 2017 was twenty years.

11. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

There is no claims liability to be reported based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. There are no significant reductions in insurance coverage from prior years and there have been no settlements exceeding the insurance coverages for each of the past three fiscal years.

As of July 1, 1992, the City became a member of Northern California Cities Self Insurance Fund (NCCSIF), a joint powers agency which provides the City with a shared risk layer of coverage above the self-insured \$25,000 (\$50,000 as of July 1, 2007) retention for liability and the self-insured \$100,000 retention for workers compensation. The NCCSIF is composed of 22 member cities and is governed by a board of directors appointed by the member cities. The governing board has authority over budgeting and financing.

NCCSIF is a joint powers agency organized in accordance with Article 1, Chapter 5, Division 7, Title I of the California Government Fund Programs. The purpose is to create a common pool of funds to be used to meet obligations of the parties to provide workers' compensation benefits for their employees and to provide excess liability insurance. The Authority provides claims processing administrative services, risk management services, and actuarial studies. It is governed by a member of each city. The City of Yuba City council members do not have significant oversight responsibility, since they evenly share all factors of responsibility with the other cities. However, ultimate liability for payment of claims and insurance premiums resides with member cities. The Authority is empowered to make supplemental assessments as needed to eliminate deficit positions of member cities. If the JPA becomes insolvent, the City is responsible only to the extent of any deficiency in its equity balance.

Upon termination of the JPA agreement, all property of the Authority will vest in the respective parties which theretofore transferred, conveyed or leased said property to the Authority. Any surplus of funds will be returned to the parties in proportion to actual balances of each equity.

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

11. RISK MANAGEMENT, Continued

The Authority establishes claims liabilities based on estimates of the ultimate cost of claims (including future claims settlement expenses) that have been reported but not settled, plus estimates of claims that have been incurred but not reported. Because actual claims costs depend on various factors, the claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision of inflation is implicit in the calculation of estimated future claims costs. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The participants as of June 30, 2017, were as follows:

Anderson	Corning	Folsom	Ione	Marysville	Paradise	Rio Vista
Auburn	Dixon	Galt	Jackson	Oroville	Placerville	Rocklin
Colusa	Elk Grove	Gridley	Lincoln	Nevada City	Red Bluff	Willows
						Yuba City

The City currently has excess deposits made to NCCSIF of \$1,066,168 which is estimated by NCCSIF based on net position allocation of NCCSIF, which represents possible future premium reductions or dividend receivable.

The NCCSIF's June 30, 2017 financial statements were audited by a different accounting firm and received an unmodified opinion. The following is summary financial information of the NCCSIF for the liability and workers' compensation programs for the fiscal year ended June 30, 2017:

Total assets	\$ 55,038,350
Total liabilities	39,042,266
Net members equity	<u>\$ 15,996,084</u>
Operating revenue	\$ 15,273,273
Operating expenses	13,131,543
Operating income (loss)	<u>2,141,730</u>
Investment income	(145,202)
Net income (loss)	1,996,528
Beginning members equity	13,999,556
Ending members equity	<u>\$ 15,996,084</u>

Complete audited financial statements can be obtained from JPA Accounting firm of James Marta & Co. LLP, 701 Howe Avenue, Suite E3, Sacramento, California, 95825.

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

12. COMMITMENTS AND CONTINGENCIES

A. Construction

The City has signed agreements to construct various capital improvement projects. The balance owed on these commitments at June 30, 2017 was \$48,635,121. The majority of these costs will be financed by proceeds of debt previously issued or existing reserves.

B. Contingencies

The City is involved in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of management and legal counsel, that the resolution of these matters will not have a material adverse effect on the City's financial statements.

The City has received various state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements will not be material.

13. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Balances

As of June 30, 2017 the following funds had a deficit fund balance/net position:

Non major governmental fund – Streets and Roads CIP Project Capital Project Fund had a deficit balance of \$80,289 as of June 30, 2017.

Vehicle Maintenance Internal Service Fund had a deficit balance of \$289,877.

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

Excess of Expenditures Over Appropriations

Excess of expenditures over appropriations in individual funds are as follows:

	<u>Excess Expenditures</u>
Nonmajor Special Revenue Funds	
Landscape Districts Special Revenue Fund	\$ 980
Miscellaneous Lighting District	18,925
Fire Mitigation Fees	18,362

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

14. SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 ("the Bill") that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Yuba City that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or other unit of local government will agree to serve as the "successor agency" to hold the assets units they are distributed to other units of state and local government. On January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of the City resolution number 12-001.

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

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs that State Controller of the State of California to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

15. SUCCESSOR AGENCY

A. Notes Receivable of the Successor Agency as of June 30, 2017 consisted of the following:

The former Redevelopment Agency made a loan to Consolidated Area Housing Authority of the County of Sutter. The loan receivable balance at June 30, 2017 was \$942,625. The loan bears interest at 1.0% and is due on March 25, 2053.

The former Redevelopment Agency made a loan to Consolidated Area Housing Authority of the County of Sutter. The loan receivable balance at June 30, 2017 was \$359,394. The loan bears interest at 3.0% and is due on July 1, 2065.

The former Redevelopment Agency made a loan to Sutter Community Affordable Housing. The loan receivable balance at June 30, 2017 was \$2,066,830. The loan bears interest at 3.0% and is due on March 25, 2053.

The former Redevelopment Agency made an interest free loan to Park Terrace Apartments, L.P. The loan receivable balance at June 30, 2017 was \$50,000. The loan is due on December 15, 2030.

The former Redevelopment Agency purchased a promissory note from Sutter Community Bank, with the debtor being the Sutter Performing Arts Association (SPAA). The loan receivable balance at June 30, 2017 was \$228,068. The loan bears interest at 7.25% and was due on March 3, 2013. No payments have been received as of June 30, 2017, therefore, the Successor Agency has set up an allowance in the amount of \$228,068.

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

15. SUCCESSOR AGENCY, Continued

B. Capital assets of the Successor Agency as of June 30, 2017 consisted of the following:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets, not being depreciated:				
Land	\$ 3,807,098	\$ -	\$ (157,000)	\$ 3,650,098
Total capital assets, not being depreciated	3,807,098	-	(157,000)	3,650,098
Capital assets, being depreciated:				
Buildings	2,050,070	-	(494,462)	1,555,608
Improvements other than buildings	80,379	-	-	80,379
Total capital assets, being depreciated	2,130,449	-	(494,462)	1,635,987
Less accumulated depreciation:				
Buildings	(684,883)	(99,002)	178,044	(605,841)
Improvements other than buildings	(36,212)	(2,899)	-	(39,111)
Total accumulated depreciation, net	(721,095)	(101,901)	178,044	(644,952)
Total capital assets, being depreciated, net	1,409,354	(101,901)	(316,418)	991,035
Total capital assets, net	\$ 5,216,452	\$ (101,901)	\$ (473,418)	\$ 4,641,133

C. Long-term receivables and payables between funds are classified as advances to or advances from other trust funds.

	Advances to	Advances from
RDA Low/Mod Successor Agency Private-Purpose Trust Fund	\$ 1,626,817	\$ -
RDA Successor Agency Private-Purpose Trust Fund	-	1,626,817
	\$ 1,626,817	\$ 1,626,817

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

15. SUCCESSOR AGENCY, Continued

D. Long-term debt of the Successor Agency as of June 30, 2017, consisted of the following:

	Balance July 1, 2016 (as restated)	Additions	Deletions	Balance June 30, 2017	Due within one year	Due in more than one year
Bonds Payable						
Tax Allocation Bonds	\$31,545,000	\$ -	\$ (650,000)	\$30,895,000	\$ 905,000	\$29,990,000
Plus: Bond Premium	566,943	36,187	(24,125)	579,005	-	579,005
Bonds, net	32,111,943	36,187	(674,125)	31,474,005	905,000	30,569,005
Advances from the City of Yuba City	8,773,357	-	-	8,773,357	-	8,773,357
Loans payable	1,418,847	-	(56,870)	1,361,977	58,537	1,303,440
	<u>\$42,304,147</u>	<u>\$ 36,187</u>	<u>\$ (730,995)</u>	<u>\$41,609,339</u>	<u>\$ 963,537</u>	<u>\$40,645,802</u>

2015 Tax Allocation Refunding Bonds

On December 23, 2015, the Agency issued \$31,545,000 of Tax Allocation Refunding Bonds bearing interest of 2.0% to 5.0% and payable semi-annually on September 1 and March 1, maturing on September 1, 2039. The proceeds of the Bonds will be used to (i) prepay the 2004 Series A, 2004 Series B, and 2007 Tax Allocation Bonds; (ii) pay the costs of issuing the Bonds, and (iii) fund a reserve account. The outstanding principal balance of the 2015 Tax Allocation Refunding Bonds at June 30, 2017 was \$30,895,000.

\$33,683,651 from the 2015 Tax Allocation Refunding Bonds was placed in an irrevocable trust that is to be used to service the future debt requirements of the 2004 Series A, 2004 Series B, and 2007 Tax Allocation Bonds. The refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debts) of \$4,813,684. The aggregate difference in debt service between the old and new debt is \$7,826,966.

The City defeased the 2004 Series A, 2004 Series B, and 2007 Tax Allocation Bonds by placing the proceeds of the 2015 Tax Allocation Refunding Bonds in an irrevocable trust to provide for all future debt service payments on the 2004 Series A, 2004 Series B, and 2007 Tax Allocation Bonds. Accordingly, the trust account assets and the liability for the defeased Tax Allocation Bonds are not included in the City's financial statements.

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

15. SUCCESSOR AGENCY, Continued

D. Long-term debt of the Successor Agency as of June 30, 2017, consisted of the following (Continued)

2015 Tax Allocation Refunding Bonds, Continued

The scheduled annual minimum debt service requirements at June 30, 2017 are as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 905,000	\$ 1,975,919	\$ 2,880,919
2019	935,000	1,048,319	1,983,319
2020	960,000	1,015,094	1,975,094
2021	1,000,000	975,894	1,975,894
2022	1,040,000	935,094	1,975,094
2023-2027	5,655,000	4,102,220	9,757,220
2028-2032	6,835,000	2,932,808	9,767,808
2033-2037	9,800,000	1,678,262	11,478,262
2038-2039	3,765,000	220,113	3,985,113
Totals	<u>\$ 30,895,000</u>	<u>\$ 14,883,723</u>	<u>\$ 45,778,723</u>

Advances from City of Yuba City

The City of Yuba City had loaned the former Redevelopment Agency amounts as needed for operations. These amounts accrue interest at the same rate as LAIF earns. As of June 30, 2016, the interest rate was .425%. At June 30, 2017, the balance was \$8,773,357.

Loan Payable

The former Redevelopment Agency has a loan with the California Infrastructure and Economic Development Bank, issued in the amount of \$1,905,700. The loan is payable in annual principal installments of \$45,139 to \$95,640, with an interest rate of 2.91%, and a maturity of September 1, 2034.

The loan was used to finance redevelopment activities. The outstanding principal balance of the loan at June 30, 2017 was \$1,361,977.

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

15. SUCCESSOR AGENCY, Continued

D. Long-term debt of the Successor Agency as of June 30, 2017, consisted of the following (Continued)

Loan Payable

The scheduled annual minimum debt service requirements at June 30, 2017 are as follows:

<u>Fiscal Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 58,539	\$ 39,048	\$ 97,587
2019	60,252	37,308	97,560
2020	62,017	35,517	97,534
2021	63,834	33,673	97,507
2022	65,704	31,775	97,479
2023-2027	358,553	128,405	486,958
2028-2032	414,250	71,895	486,145
2033-2035	278,828	12,411	291,239
Totals	<u>\$ 1,361,977</u>	<u>\$ 390,032</u>	<u>\$ 1,752,009</u>

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

16. CLASSIFICATION OF FUND BALANCES

In the fund financial statements, fund balances are classified in the following categories:

	Major Governmental Funds				Total Government
	General	Streets and Special Revenue Fund	Impact Fees CIP Projects Capital Projects Fund	Non Major Government Funds	
Fund Balances					
Nonspendable fund balance:					
Prepaid expenditures	\$ 49,728	\$ -	\$ -	\$ -	\$ 49,728
Notes receivable	2,802	-	-	-	2,802
Receivable from Successor Agency	8,773,357	-	-	-	8,773,357
	8,825,887	-	-	-	8,825,887
Restricted fund balance for:					
Community development	-	-	-	6,910,534	6,910,534
Streets and roads	-	1,286,794	-	1,665,103	2,951,897
Landscape districts	-	-	-	595,947	595,947
Lighting districts	-	-	-	458,234	458,234
Mitigation purposes	-	-	-	4,154	4,154
Specific plans	-	-	-	183,491	183,491
Energy conservation	-	-	-	104,140	104,140
Rate stabilization	-	-	-	21,628	21,628
Capital projects	-	-	4,752,097	-	4,752,097
Debt service	-	-	-	64	64
	-	1,286,794	4,752,097	9,943,295	15,982,186
Committed fund balance for:					
Traffic safety	-	-	-	244,887	244,887
Law enforcement	-	-	-	238,295	238,295
Capital projects	1,113,766	-	-	5,709,963	6,823,729
	1,113,766	-	-	6,193,145	7,306,911
Assigned fund balance for:					
Public Streets and Related Facilities	-	-	-	-	-
Other Purposes	-	-	-	-	-
	-	-	-	-	-
Unassigned fund balance	6,076,786	-	-	(80,289)	5,996,497
Total Fund Balances	\$ 16,016,439	\$ 1,286,794	\$ 4,752,097	\$ 16,056,151	\$ 38,111,481

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

17. SUBSEQUENT EVENTS

A. 2017 Wastewater Revenue Refunding Bonds

On October 17, 2017 the City issued 2017 Wastewater Revenue Refunding Bonds of \$9,065,639.

18. PRIOR PERIOD ADJUSTMENTS

The City recorded prior period adjustments to adjust receivable due from the Successor Agency trust fund, account for payables due to previous overbillings that occurred in error for wastewater services, and to reflect the principal of loan receivables in fund balance.

Government-wide Statements

	Net Position, as Previously Reported	Prior Period Adjustments		Net Position as Restated
		Receivable due from Successor Agency	Accounts payable	
Government-Wide Statements				
Governmental Activities	\$ 405,393,718	\$ (2,371,979)	\$ -	\$ 403,021,739
Business-type Activities	\$ 167,472,196	\$ -	\$ (388,417)	\$ 167,083,779

City of Yuba City
Notes to Basic Financial Statements
For the year ended June 30, 2017

18. PRIOR PERIOD ADJUSTMENTS, Continued

Fund Financial Statements

		Prior Period Adjustment				
	Fund Balance as Previously Reported	Receivable due from Successor Agency	Accounts payable	Payable due to City	Deferred Inflows of of Resources	Fund Balance as Restated
<i>Governments</i>						
<i>Funds</i>						
General Fund	\$ 17,793,869	\$ (2,371,979)	\$ -	\$ -	\$ -	\$ 15,421,890
Impact Fees CIP						
Capital Project Fund	\$ 4,659,654	\$ -	\$ -	\$ -	\$ 371,441	\$ 5,031,095
HOME Grant						
Special Revenue Fund	\$ 208,101	\$ -	\$ -	\$ -	\$ 4,440,083	\$ 4,648,184
CDBG Program Income						
Special Revenue Fund	\$ 23,656	\$ -	\$ -	\$ -	\$ 1,388,477	\$ 1,412,133
Cal-Home						
Special Revenue Fund	\$ 36,671	\$ -	\$ -	\$ -	\$ 400,584	\$ 437,255
<i>Enterprise</i>						
<i>Funds</i>						
Wastewater	\$ 69,960,629	\$ -	\$ (388,417)	\$ -	\$ -	\$ 69,572,212
<i>Fiduciary</i>						
<i>Funds</i>						
Successor Agency Private						
Purpose Trust Fund	\$ (32,384,142)		\$ -	\$ 2,371,979	\$ -	\$ (30,012,163)

REQUIRED SUPPLEMENTARY INFORMATION

City of Yuba City
Required Supplementary Information
For the year ended June 30, 2017

1. BUDGETS AND BUDGETARY ACCOUNTING

The City prepares a budget for each fiscal year on or before June 30. Budgeted expenditures are enacted into law through the passage of an Appropriation Resolution. This resolution mandates the maximum authorized expenditures for the fiscal year and cannot be exceeded except by subsequent amendments to the budget by the City Council.

From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein as proposed expenditures become appropriations to the various City departments. The legal level of control is the department. The City Council may amend the budget by resolution during the fiscal year.

Formal budgetary integration is employed as a management control device during the fiscal year for the General fund and special revenue funds. Special Revenue Fund budgets are adopted on a basis consistent with accounting principles generally accepted in the United States (USGAAP) and are consistent with the basis used for financial reporting. Accordingly, actual revenues and expenditures can be compared with related budget amounts without any reconciliation. There were no budgets adopted for the Recology Rate Stabilization, Fire Mitigation Fees, Harter Specific Plan, or Neighborhood Stabilization Program Grant Special Revenue Funds for the fiscal year ended June 30, 2016. The City adopts project (versus annual) budgets (which can span a number of years) for the capital projects funds, therefore budgetary schedules for the capital projects funds are not presented. The debt service funds budgets are adopted when the debt issuances are authorized, therefore budgetary schedules for debt service funds are not presented.

The City uses an encumbrance system as an extension of normal budgetary accounting for the other governmental funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as restricted, committed, or assigned fund balances since they do not constitute expenditures or liabilities. Unencumbered appropriation lapse at year-end. Encumbered appropriations are carried forward in the ensuing year's budget.

City of Yuba City
Required Supplementary Information
For the year ended June 30, 2017

Budgetary Comparison Schedule, General Fund

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Taxes and assessments	\$ 28,886,500	\$ 28,886,500	\$ 28,701,150	\$ (185,350)
Use of money and property	83,600	83,600	65,770	(17,830)
Intergovernmental revenues	898,300	1,929,798	1,369,755	(560,043)
Charges for services	8,319,036	8,340,415	8,554,716	214,301
Licenses, permits, and fees	1,043,700	1,043,700	1,331,533	287,833
Fines and forfeitures	-	-	7,530	7,530
Other revenues	213,500	213,500	385,991	172,491
Total revenues	39,444,636	40,497,513	40,416,445	(81,068)
EXPENDITURES:				
Current:				
General government:				
City council	160,288	165,988	155,590	10,398
City manager	562,758	564,956	541,351	23,605
City attorney	185,500	185,500	308,808	(123,308)
Finance	1,653,765	1,693,261	1,607,893	85,368
City treasurer	7,211	7,211	838	6,373
Information technology	940,574	940,574	729,741	210,833
City clerk	39,094	71,364	64,951	6,413
Human resources	741,794	756,794	692,195	64,599
Nondepartmental	269,004	317,397	640,284	(322,887)
Contingency	185,600	65,600	61,931	3,669
Total general government	4,745,588	4,768,645	4,803,582	(34,937)
Public safety:				
Animal control	743,414	743,414	701,272	42,142
Police-traffic	951,343	953,813	669,571	284,242
Police-administration	1,684,450	1,684,450	1,753,784	(69,334)
Police-investigation	2,410,853	2,410,853	1,992,388	418,465
Police-field operations	7,860,639	7,862,169	8,233,307	(371,138)
Police-community outreach	10,375	31,043	20,099	10,944
Police-technology research	100,248	100,248	103,815	(3,567)
Police-information and analysis	26,767	26,767	25,854	913
Police-communications	1,257,286	1,257,286	1,106,070	151,216
Law Enforcement-grants	-	317,444	196,872	120,572
Fire-administration	1,415,465	1,469,771	1,080,549	389,222
Fire-operations	8,540,213	8,964,039	9,274,103	(310,064)
Fire-grants	749,023	781,757	812,092	(30,335)
Total public safety	25,750,076	26,603,054	25,969,776	633,278

City of Yuba City
Required Supplementary Information
For the year ended June 30, 2017

Budgetary Comparison Schedule, General Fund, Continued

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
EXPENDITURES: (Continued)				
Current:				
Parks and recreation:				
Administration	471,912	471,912	436,325	35,587
Supervision	288,613	288,613	219,464	69,149
Programs	725,976	747,355	620,316	127,039
Swimming pool	338,315	342,247	357,750	(15,503)
Senior center	126,812	126,812	133,079	(6,267)
Parks maintenance	1,321,437	1,446,709	1,395,922	50,787
Total parks and recreation	3,273,065	3,423,648	3,162,856	260,792
Public works and facilities:				
Administration	235,741	235,741	211,531	24,210
Streets	1,366,571	1,406,205	1,243,910	162,295
Facilities maintenance	640,946	641,969	614,853	27,116
Electrical maintenance	429,240	443,063	436,490	6,573
Engineering	1,524,527	1,532,018	1,021,929	510,089
Total public works and facilities	4,197,025	4,258,996	3,528,713	730,283
Community development:				
Planning	580,227	705,559	496,416	209,143
Building	624,211	645,446	392,106	253,340
Economic development	246,004	248,004	238,105	9,899
Total public works and facilities	1,450,442	1,599,009	1,126,627	472,382
Capital outlay:				
Public safety	5,910	673,083	229,439	443,644
Public works	14,000	14,000	-	14,000
Parks and recreation	-	-	1,163	(1,163)
Total public works and facilities	19,910	687,083	230,602	456,481
Debt service:				
Principal	353,037	353,037	329,928	23,109
Interest and fiscal charges	261,263	261,263	262,434	(1,171)
Total debt service	614,300	614,300	592,362	21,938
Total expenditures	40,050,406	41,954,735	39,414,518	2,540,217
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	(605,770)	(1,457,222)	1,001,927	2,459,149

City of Yuba City
Required Supplementary Information
For the year ended June 30, 2017

Budgetary Comparison Schedule, General Fund, Continued

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
OTHER FINANCING SOURCES (USES):				
Proceeds from sale of capital assets	7,500	7,500	27,126	19,626
Transfers in	399,264	519,032	108,243	(410,789)
Transfers out	-	(872,858)	(542,747)	330,111
Total other financing sources (uses)	406,764	(346,326)	(407,378)	(61,052)
Net change in fund balances	\$ (199,006)	\$ (1,803,548)	594,549	\$ 2,398,097
FUND BALANCES:				
Beginning of year			15,421,890	
End of year			\$ 16,016,439	

City of Yuba City
Required Supplementary Information
For the year ended June 30, 2017

Budgetary Comparison Schedule, Streets and Roads Special Revenue Fund

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Taxes and assessments	\$ 400,000	\$ 400,000	\$ 421,021	\$ 21,021
Use of money and property	23,100	23,100	767	(22,333)
Intergovernmental revenues	1,361,200	9,294,297	4,844,518	(4,449,779)
Total revenues	1,784,300	9,717,397	5,266,306	(4,451,091)
EXPENDITURES:				
Current:				
Public works and facilities	1,600,975	1,600,975	1,600,975	-
Total expenditures	1,600,975	1,600,975	1,600,975	-
EXCESS (DEFICIENCY) OF REVENUES				
OVER (UNDER) EXPENDITURES	183,325	8,116,422	3,665,331	(4,451,091)
OTHER FINANCING SOURCES (USES):				
Transfers in	-	26,000	26,000	-
Transfers out	(158,750)	(2,404,537)	(2,404,537)	-
Total other financing sources (uses)	(158,750)	(2,378,537)	(2,378,537)	-
Net change in fund balances	\$ 24,575	\$ 5,737,885	1,286,794	\$ (4,451,091)
FUND BALANCES:				
Beginning of year			-	
End of year			\$ 1,286,794	

City of Yuba City
Required Supplementary Information
For the year ended June 30, 2017

2. AGENT MULTIPLE EMPLOYER DEFINED BENEFIT PENSION PLAN

Last 10 Fiscal Years
Schedule of Changes in the Net Pension Liability and Related Ratios

Measurement Period (1)	2015-16	2014-15	2013-14
TOTAL PENSION LIABILITY			
Service Cost	\$ 1,852,938	\$ 1,911,173	\$ 1,996,804
Interest	8,102,735	7,750,612	7,426,882
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(270,933)	(708,337)	-
Changes of Assumptions	-	(1,986,626)	-
Benefit Payments, Including Refunds of Employee Contributions	(4,931,631)	(4,585,998)	(4,205,602)
Net Change in Total Pension Liability	4,753,109	2,380,824	5,218,084
Total Pension Liability - Beginning	107,728,385	105,347,561	100,129,477
Total Pension Liability - Ending (a)	\$ 112,481,494	\$ 107,728,385	\$ 105,347,561
PLAN FIDUCIARY NET POSITION			
Contributions - Employer	\$ 2,306,847	\$ 2,183,090	\$ 2,178,855
Contributions - Employee	1,164,258	770,559	722,828
Net Investment Income (2)	390,407	1,768,847	11,844,477
Benefit Payments, Including Refunds of Employee Contributions	(4,931,631)	(4,585,998)	(4,205,602)
Other Changes in Fiduciary Net Position	(48,172)	(88,966)	-
Net Change in Fiduciary Net Position	(1,118,291)	47,532	10,540,558
Plan Fiduciary Net Position - Beginning	79,042,443	78,994,911	68,454,353
Plan Fiduciary Net Position - Ending (b)	\$ 77,924,152	\$ 79,042,443	\$ 78,994,911
Plan Net Position Liability/(Asset) - Ending (a) - (b)	\$ 34,557,342	\$ 28,685,942	\$ 26,352,650
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.28%	73.37%	74.99%
Covered Payroll	\$ 10,574,118	\$ 10,349,684	\$ 10,002,524
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	326.81%	277.17%	263.46%

(1) Historical information is required only for measurement periods for which GASB 68 is applicable.

(2) Net of administrative expenses.

City of Yuba City
Required Supplementary Information
For the year ended June 30, 2017

3. COST SHARING PLAN - SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - Last 10 Years

Fiscal year:	2017	2016	2015
Measurement date:	6/30/2016	6/30/2015	6/30/2014
Proportion of the net pension liability	0.37070%	0.36017%	0.33927%
Proportionate share of the net pension liability	\$ 32,077,284	\$ 24,721,836	\$ 21,111,427
Covered payroll	\$ 9,055,782	\$ 8,075,871	\$ 9,815,408
Proportionate share of the net pension liability as a percentage of covered payroll	354%	306%	215%
Plan's share of fiduciary net position as a percentage of total pension liability	74.06%	78.40%	79.82%

4. SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION PLANS

Miscellaneous Plan

	Fiscal Year 2016-17	Fiscal Year 2015-16	Fiscal Year 2014-15 ⁽¹⁾
Actuarially determined contribution	\$ 2,480,933	\$ 2,306,847	\$ 2,183,090
Contribution in relation to the actuarially determined contributions	(2,480,933)	(2,306,847)	(2,183,090)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 11,021,623	\$ 10,574,118	\$ 10,349,684
Contributions as a percentage of covered payroll	22.51%	21.82%	21.09%

(1) Historical information is required only for measurement periods for which GASB 68 is applicable

Safety Plan

	Fiscal Year 2016-17	Fiscal Year 2015-16	Fiscal Year 2014-15 ⁽¹⁾
Actuarially determined contribution	\$ 2,724,002	\$ 2,470,885	\$ 2,618,919
Contribution in relation to the actuarially determined contributions	(2,724,002)	(2,470,885)	(2,618,919)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 9,365,287	\$ 9,055,782	\$ 8,075,871
Contributions as a percentage of covered payroll	29.09%	27.29%	32.43%

(1) Historical information is required only for measurement periods for which GASB 68 is applicable

City of Yuba City
Required Supplementary Information
For the year ended June 30, 2017

5. OTHER POST EMPLOYMENT BENEFITS (OPEB)

A. Schedule of Funding Progress

A schedule of funding progress for the past three actuarial valuations is presented below.

Actuarial Valuation Date *	Actuarial Asset Value	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll **	Unfunded Actuarial Liability as Percentage of Covered Payroll
1/1/2011	\$ -	\$ 1,336,000	\$ 1,336,000	0.0%	\$ 6,701,000	19.9%
1/1/2014	\$ -	\$ 1,614,000	\$ 1,614,000	0.0%	\$ 5,470,000	29.5%
1/1/2017	\$ -	\$ 3,308,000	\$ 3,308,000	0.0%	\$ 6,225,000	53.1%

* Based on the most recent actuarial valuation available

** Annual payroll of active employees covered by the plan

B. Schedule of Investment Returns - PARS OPEB Trust Program

Year*	Annual Money-weighted Rate of Return, Net of Investment Expenses
2017	9.38%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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SUPPLEMENTARY INFORMATION

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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

HOME Grant Fund accounts for funds related to various HOME housing rehabilitation grant programs. The main source of revenue of this fund are loan repayments and intergovernmental revenues that are restricted for HOME eligible activities.

Traffic Safety Fund accounts for court fines collected on the City's account for moving violations.

Law Enforcement Services Fund account for special police revenue to be used for traffic enforcement services.

Landscape Districts Fund accounts for monies to be used to landscape various areas of the City.

Recology Rate Stabilization Fund accounts for funds received from Recology Yuba-Sutter to be used for stabilization of future solid waste collection rates and/or the acquisition of solid waste facilities or equipment.

CDBG Grant Fund accounts for CDBG open grant activities.

CDBG Program Income Fund accounts for CDBG program income generated from loans made previously, which revolve back into the program for reuse.

Miscellaneous Lighting Districts Fund accounts for monies to be used for various street lighting districts.

TDA/LTF Fund account for Transportation Development Act and Local Transportation fund monies.

Cal-HOME Grant Fund account for CAL-HOME grant activities.

Fire Mitigation Fees Fund account for monies collected for fire mitigation purposes.

Harter Specific Plan Fund account for monies to be used for the Harter Specific Plan.

Neighborhood Stabilization Program Grant Fund account for Neighborhood Stabilization Program federal grant monies that were used for program activities.

DOE Energy Conservation Fund accounts for DOE Energy Conservation grant activities.

NON-MAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS

Gauche Park COP Fund accounts for the activity for the repayment of the 2015 Refunding Lease Revenue Bonds.

Pension Obligation Bonds Fund accounts for the repayment of the Pension Obligation Bonds.

Fire Station #4 Lease Fund accounts for the capital lease payments associated with Fire Station #4.

CAPITAL PROJECT FUND

General Capital Improvements Project Fund accounts for funds budgeted for capital improvements which are funded from general City revenue sources.

Streets and Roads CIP Projects Fund accounts for funds budgeted for capital expenditures, which are funded from gas tax revenue and street and road fund sources.

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City of Yuba City
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2017

	Special Revenue				
	HOME Grant Fund	Traffic Safety Fund	Law Enforcement Services Fund	Landscape Districts Fund	Recology Rate Stabilization Fund
ASSETS					
Cash and investments	\$ 264,464	\$ 237,854	\$ 236,309	\$ 605,865	\$ 643,008
Restricted cash and investments held by fiscal agents	-	-	-	-	-
Accounts receivable	-	7,201	1,986	-	-
Taxes and assessments receivable	-	-	-	7,498	-
Due from other funds	-	-	-	-	-
Notes receivable	5,185,698	-	-	-	-
Total assets	\$ 5,450,162	\$ 245,055	\$ 238,295	\$ 613,363	\$ 643,008
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 168	\$ -	\$ 17,416	\$ -
Deposits payable	-	-	-	-	-
Unearned revenues	-	-	-	-	621,380
Due to other funds	-	-	-	-	-
Total liabilities	-	168	-	17,416	621,380
Deferred Inflow of Resources:					
Unavailable revenue	748,526	-	-	-	-
Total deferred inflow of resources	748,526	-	-	-	-
Fund Balances:					
Restricted	4,701,636	-	-	595,947	21,628
Committed	-	244,887	238,295	-	-
Unassigned	-	-	-	-	-
Total fund balances	4,701,636	244,887	238,295	595,947	21,628
Total liabilities, deferred inflow of resources, and fund balances	\$ 5,450,162	\$ 245,055	\$ 238,295	\$ 613,363	\$ 643,008

Special Revenue						
CDBG Grant Fund	CDBG Program Income Fund	Miscellaneous Lighting Districts Fund	TDA/LTF Fund	Cal-HOME Grant Fund	Fire Mitigation Fees Fund	Harter Specific Plan Fund
\$ -	\$ 28,455	\$ 460,881	\$ 1,591,553	\$ 38,186	\$ -	\$ 886,475
-	-	-	-	-	-	-
365,169	-	-	-	74,539	17,214	-
-	-	5,535	421,264	-	708	-
-	-	-	-	-	-	-
-	1,521,471	-	-	668,378	-	-
<u>\$ 365,169</u>	<u>\$ 1,549,926</u>	<u>\$ 466,416</u>	<u>\$ 2,012,817</u>	<u>\$ 781,103</u>	<u>\$ 17,922</u>	<u>\$ 886,475</u>
\$ 46,428	\$ -	\$ 8,182	\$ 347,714	\$ -	\$ 2,931	\$ -
-	-	-	-	-	-	702,984
-	-	-	-	-	-	-
255,803	-	-	-	-	10,837	-
<u>302,231</u>	<u>-</u>	<u>8,182</u>	<u>347,714</u>	<u>-</u>	<u>13,768</u>	<u>702,984</u>
-	122,901	-	-	62,168	-	-
-	122,901	-	-	62,168	-	-
62,938	1,427,025	458,234	1,665,103	718,935	4,154	183,491
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>62,938</u>	<u>1,427,025</u>	<u>458,234</u>	<u>1,665,103</u>	<u>718,935</u>	<u>4,154</u>	<u>183,491</u>
<u>\$ 365,169</u>	<u>\$ 1,549,926</u>	<u>\$ 466,416</u>	<u>\$ 2,012,817</u>	<u>\$ 781,103</u>	<u>\$ 17,922</u>	<u>\$ 886,475</u>

City of Yuba City
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2017

	Special Revenue		Debt Service		
	Neighborhood Stabilization Program Grant Fund	DOE Energy Conservation Fund	Gauche Park COP Fund	Pension Obligations Bond Fund	Fire Station #4 Lease Fund
ASSETS					
Cash and investments	\$ -	\$ 120,562	\$ -	\$ -	\$ -
Restricted cash and investments held by fiscal agents	-	-	64	1,262	-
Accounts receivable	90,241	34,497	-	-	-
Taxes and assessments receivable	-	-	-	-	-
Due from other funds	-	-	-	-	-
Notes receivable	-	-	-	-	-
Total assets	\$ 90,241	\$ 155,059	\$ 64	\$ 1,262	\$ -
LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 50,919	\$ -	\$ -	\$ -
Deposits payable	-	-	-	-	-
Unearned revenues	-	-	-	-	-
Due to other funds	90,241	-	-	1,262	-
Total liabilities	90,241	50,919	-	1,262	-
Deferred Inflow of Resources:					
Unavailable revenue	-	-	-	-	-
Total deferred inflow of resources	-	-	-	-	-
Fund Balances:					
Restricted	-	104,140	64	-	-
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	-	104,140	64	-	-
Total liabilities, deferred inflow of resources, and fund balances	\$ 90,241	\$ 155,059	\$ 64	\$ 1,262	\$ -

Capital Projects			Total
General Capital Improvements Projects Fund	Streets and Roads CIP Projects Fund	Non-Major Governmental Funds	
\$ 5,647,239	\$ 455,210	\$ 11,216,061	
-	-	1,326	
27,363	38,000	656,210	
-	-	435,005	
87,690	-	87,690	
-	-	7,375,547	
<u>\$ 5,762,292</u>	<u>\$ 493,210</u>	<u>\$ 19,771,839</u>	
\$ 52,329	\$ 573,499	\$ 1,099,586	
-	-	702,984	
-	-	621,380	
-	-	358,143	
<u>52,329</u>	<u>573,499</u>	<u>2,782,093</u>	
-	-	933,595	
-	-	933,595	
-	-	9,943,295	
5,709,963	-	6,193,145	
-	(80,289)	(80,289)	
<u>5,709,963</u>	<u>(80,289)</u>	<u>16,056,151</u>	
<u>\$ 5,762,292</u>	<u>\$ 493,210</u>	<u>\$ 19,771,839</u>	

City of Yuba City
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2017

	Special Revenue				
	HOME Grant Fund	Traffic Safety Fund	Law Enforcement Services Fund	Landscape Districts Fund	Recology Rate Stabilization Fund
REVENUES:					
Use of money and property	\$ 300	\$ 2,752	\$ 2,568	\$ 6,170	\$ 6,225
Intergovernmental revenues	-	-	-	-	-
Charges for services	-	-	-	430,400	-
Licenses, permits, and fees	-	-	-	-	-
Fines and forfeitures	-	119,298	115,150	-	-
Program income	53,152	-	-	-	-
Other revenues	-	-	-	106	-
Total revenues	53,452	122,050	117,718	436,676	6,225
EXPENDITURES:					
Current:					
Public safety	-	150,000	75,000	-	-
Parks and recreation	-	-	-	340,326	-
Public works and facilities	-	-	-	150,621	-
Community development	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	-	150,000	75,000	490,947	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	53,452	(27,950)	42,718	(54,271)	6,225
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	124,750	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	124,750	-
Net change in fund balances	53,452	(27,950)	42,718	70,479	6,225
FUND BALANCES:					
Beginning of year, as restated	4,648,184	272,837	195,577	525,468	15,403
End of year	<u>\$ 4,701,636</u>	<u>\$ 244,887</u>	<u>\$ 238,295</u>	<u>\$ 595,947</u>	<u>\$ 21,628</u>

Special Revenue						
CDBG Grant Fund	CDBG Program Income Fund	Miscellaneous Lighting Districts Fund	TDA/LTF Fund	Cal-HOME Grant Fund	Fire Mitigation Fees Fund	Harter Specific Plan Fund
\$ -	\$ 47	\$ 4,374	\$ 29,837	\$ 1,119	\$ 36	\$ 9,953
892,628	-	-	1,579,648	210,056	17,215	-
-	-	323,181	-	-	-	-
-	-	-	-	-	2,543	-
-	-	-	-	-	-	-
-	14,845	-	-	73,444	-	-
-	-	-	-	-	-	-
892,628	14,892	327,555	1,609,485	284,619	19,794	9,953
-	-	-	-	-	18,362	-
-	-	231,690	-	-	-	-
-	-	102,504	738,531	-	-	-
291,787	-	-	-	2,939	-	-
575,000	-	-	2,822,014	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
866,787	-	334,194	3,560,545	2,939	18,362	-
25,841	14,892	(6,639)	(1,951,060)	281,680	1,432	9,953
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
25,841	14,892	(6,639)	(1,951,060)	281,680	1,432	9,953
37,097	1,412,133	464,873	3,616,163	437,255	2,722	173,538
\$ 62,938	\$ 1,427,025	\$ 458,234	\$ 1,665,103	\$ 718,935	\$ 4,154	\$ 183,491

City of Yuba City
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the year ended June 30, 2017

	Special Revenue		Debt Service		
	Neighborhood Stabilization Program Grant Fund	DOE Energy Conservation Fund	Gauche Park COP Fund	Pension Obligations Bond Fund	Fire Station #4 Lease Fund
REVENUES:					
Use of money and property	\$ -	\$ 1,416	\$ 70	\$ 1,083	\$ -
Intergovernmental revenues	-	-	-	-	-
Charges for services	-	65,823	-	1,099,102	-
Licenses, permits, and fees	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Program income	-	-	-	-	-
Other revenues	-	-	-	-	-
Total revenues	-	67,239	70	1,100,185	-
EXPENDITURES:					
Current:					
Public safety	-	-	-	-	-
Parks and recreation	-	-	11,526	2,670	-
Public works and facilities	-	-	-	-	-
Community development	-	65,823	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	1,130,000	675,604
Interest and fiscal charges	-	-	-	60,681	47,087
Total expenditures	-	65,823	11,526	1,193,351	722,691
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	1,416	(11,456)	(93,166)	(722,691)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	722,691
Transfers out	-	-	(11,526)	-	-
Total other financing sources (uses)	-	-	(11,526)	-	722,691
Net change in fund balances	-	1,416	(22,982)	(93,166)	-
FUND BALANCES:					
Beginning of year, as restated	-	102,724	23,046	93,166	-
End of year	\$ -	\$ 104,140	\$ 64	\$ -	\$ -

Capital Projects		Total
General Capital Improvements Projects Fund	Streets and Roads CIP Projects Fund	Non-Major Governmental Funds
\$ 44,545	\$ -	\$ 110,495
7,109	-	2,706,656
-	-	1,918,506
360	-	2,903
-	-	234,448
-	-	141,441
69,734	48,536	118,376
121,748	48,536	5,232,825
-	-	243,362
-	-	586,212
104,462	250,237	1,346,355
-	-	360,549
621,707	3,304,107	7,322,828
-	-	1,805,604
-	-	107,768
726,169	3,554,344	11,772,678
(604,421)	(3,505,808)	(6,539,853)
330,111	2,279,787	3,457,339
(396,808)	(26,000)	(434,334)
(66,697)	2,253,787	3,023,005
(671,118)	(1,252,021)	(3,516,848)
6,381,081	1,171,732	19,572,999
\$ 5,709,963	\$ (80,289)	\$ 16,056,151

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City of Yuba City

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

HOME Grant Special Revenue Fund

For the year ended June 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ 2,500	\$ 2,500	\$ 300	\$ (2,200)
Program income	16,000	16,000	53,152	37,152
Total revenues	18,500	18,500	53,452	34,952
EXPENDITURES:				
Current:				
Community development	16,000	16,000	-	16,000
Total expenditures	16,000	16,000	-	16,000
Net change in fund balances	\$ 2,500	\$ 2,500	53,452	\$ 50,952
FUND BALANCES:				
Beginning of year, as restated			4,648,184	
End of year			\$ 4,701,636	

City of Yuba City

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Traffic Safety Special Revenue Fund

For the year ended June 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ 2,900	\$ 2,900	\$ 2,752	\$ (148)
Fines and forfeitures	210,000	210,000	119,298	(90,702)
Total revenues	212,900	212,900	122,050	(90,850)
EXPENDITURES:				
Current:				
Public safety	150,000	150,000	150,000	-
Total expenditures	150,000	150,000	150,000	-
Net change in fund balances	\$ 62,900	\$ 62,900	(27,950)	\$ (90,850)
FUND BALANCES:				
Beginning of year			272,837	
End of year			\$ 244,887	

City of Yuba City

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Law Enforcement Services Special Revenue Fund

For the year ended June 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ 2,000	\$ 2,000	\$ 2,568	\$ 568
Fines and forfeitures	130,000	130,000	115,150	(14,850)
Total revenues	132,000	132,000	117,718	(14,282)
EXPENDITURES:				
Current:				
Public safety	75,000	75,000	75,000	-
Total expenditures	75,000	75,000	75,000	-
Net change in fund balances	\$ 57,000	\$ 57,000	42,718	\$ (14,282)
FUND BALANCES:				
Beginning of year			195,577	
End of year			\$ 238,295	

City of Yuba City

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Landscape Districts Special Revenue Fund

For the year ended June 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES:				
Use of money and property	\$ 4,806	\$ 4,806	\$ 6,170	\$ 1,364
Charges for services	401,834	401,834	430,400	28,566
Other revenues	-	-	106	106
Total revenues	406,640	406,640	436,676	30,036
EXPENDITURES:				
Current:				
Parks and recreation	287,388	339,348	340,326	(978)
Public works and facilities	150,619	150,619	150,621	(2)
Total expenditures	438,007	489,967	490,947	(980)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(31,367)	(83,327)	(54,271)	29,056
OTHER FINANCING SOURCES (USES):				
Transfers in	124,750	124,750	124,750	-
Total other financing sources (uses)	124,750	124,750	124,750	-
Net change in fund balances	\$ 93,383	\$ 41,423	70,479	\$ 29,056
FUND BALANCES:				
Beginning of year			525,468	
End of year			\$ 595,947	

City of Yuba City

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Recology Rate Stabilization Special Revenue Fund

For the year ended June 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ 8,100	\$ 8,100	\$ 6,225	\$ (1,875)
Other revenues	296,400	-	-	-
Total revenues	304,500	8,100	6,225	(1,875)
Net change in fund balances	\$ 304,500	\$ 8,100	6,225	\$ (1,875)
FUND BALANCES:				
Beginning of year			15,403	
End of year			\$ 21,628	

City of Yuba City

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

CDBG Grant Special Revenue Fund

For the year ended June 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES:				
Intergovernmental revenues	\$ 580,299	\$ 580,299	\$ 892,628	\$ 312,329
Total revenues	580,299	580,299	892,628	312,329
EXPENDITURES:				
Current:				
Community development	680,299	445,931	291,787	154,144
Capital outlay	272,000	575,000	575,000	-
Total expenditures	952,299	1,020,931	866,787	154,144
Net change in fund balances	\$ (372,000)	\$ (440,632)	25,841	\$ 466,473
FUND BALANCES:				
Beginning of year			37,097	
End of year			\$ 62,938	

City of Yuba City

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

CDBG Program Income Special Revenue Fund

For the year ended June 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 47	\$ 47
Program income	5,160	5,160	14,845	9,685
Total revenues	5,160	5,160	14,892	9,732
EXPENDITURES:				
Current:				
Community development	5,160	5,160	-	5,160
Total expenditures	5,160	5,160	-	5,160
Net change in fund balances	\$ -	\$ -	14,892	\$ 14,892
FUND BALANCES:				
Beginning of year, as restated			1,412,133	
End of year			\$ 1,427,025	

City of Yuba City

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Miscellaneous Lighting District Special Revenue Fund

For the year ended June 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES:				
Use of money and property	\$ 4,589	\$ 4,589	\$ 4,374	\$ (215)
Charges for services	320,217	320,217	323,181	2,964
Total revenues	324,806	324,806	327,555	2,749
EXPENDITURES:				
Current:				
Parks and recreation	211,829	212,779	231,690	(18,911)
Public works and facilities	102,490	102,490	102,504	(14)
Total expenditures	314,319	315,269	334,194	(18,925)
Net change in fund balances	\$ 10,487	\$ 9,537	(6,639)	\$ (16,176)
FUND BALANCES:				
Beginning of year			464,873	
End of year			\$ 458,234	

City of Yuba City

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

TDA/LTF Special Revenue Fund

For the year ended June 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ 26,300	\$ 26,300	\$ 29,837	\$ 3,537
Intergovernmental revenues	1,647,900	1,647,900	1,579,648	(68,252)
Total revenues	<u>1,674,200</u>	<u>1,674,200</u>	<u>1,609,485</u>	<u>(64,715)</u>
EXPENDITURES:				
Current:				
Public works and facilities	-	600,000	738,531	(138,531)
Capital outlay	<u>1,668,000</u>	<u>4,044,552</u>	<u>2,822,014</u>	<u>1,222,538</u>
Total expenditures	<u>1,668,000</u>	<u>4,644,552</u>	<u>3,560,545</u>	<u>1,084,007</u>
Net change in fund balances	<u>\$ 6,200</u>	<u>\$ (2,970,352)</u>	<u>(1,951,060)</u>	<u>\$ 1,019,292</u>
FUND BALANCES:				
Beginning of year			<u>3,616,163</u>	
End of year			<u>\$ 1,665,103</u>	

City of Yuba City

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Cal-HOME Special Revenue Fund

For the year ended June 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 1,119	\$ 1,119
Intergovernmental revenues	111,000	111,000	210,056	99,056
Program income	1,800	1,800	73,444	71,644
Total revenues	112,800	112,800	284,619	171,819
EXPENDITURES:				
Current:				
Community development	112,800	112,800	2,939	109,861
Total expenditures	112,800	112,800	2,939	109,861
Net change in fund balances	\$ -	\$ -	281,680	\$ 281,680
FUND BALANCES:				
Beginning of year, as restated			437,255	
End of year			\$ 718,935	

City of Yuba City

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Fire Mitigation Fees Special Revenue Fund

For the year ended June 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ 30	\$ 30	\$ 36	\$ 6
Intergovernmental revenues	-	-	17,215	17,215
Licenses, permits, and fees	1,500	1,500	2,543	1,043
Total revenues	1,530	1,530	19,794	18,264
EXPENDITURES:				
Current:				
Public safety	-	-	18,362	(18,362)
Total expenditures	-	-	18,362	(18,362)
Net change in fund balances	\$ 1,530	\$ 1,530	1,432	\$ (98)
FUND BALANCES:				
Beginning of year			2,722	
End of year			\$ 4,154	

City of Yuba City

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

Harter Specific Plan Special Revenue Fund

For the year ended June 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ -	\$ -	\$ 9,953	\$ 9,953
Total revenues	-	-	9,953	9,953
Net change in fund balances	\$ -	\$ -	9,953	\$ 9,953
FUND BALANCES:				
Beginning of year			173,538	
End of year			\$ 183,491	

City of Yuba City

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual

DOE Energy Conservation Grant Special Revenue Fund

For the year ended June 30, 2017

	Budget Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
REVENUES:				
Use of money and property	\$ 1,500	\$ 1,500	\$ 1,416	\$ (84)
Charges for services	165,200	165,200	65,823	(99,377)
Total revenues	166,700	166,700	67,239	(99,461)
EXPENDITURES:				
Current:				
Community development	165,200	280,200	65,823	214,377
Total expenditures	165,200	280,200	65,823	214,377
Net change in fund balances	\$ 1,500	\$ (113,500)	1,416	\$ 114,916
FUND BALANCES:				
Beginning of year			102,724	
End of year			\$ 104,140	

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INTERNAL SERVICE FUNDS

Vehicle Replacement Fund accounts for the replacement of City vehicles upon the expiration of their useful life.

Vehicle Maintenance Fund accounts for the maintenance of City vehicles.

Technology Replacement Fund accounts for the replacement of City computers and servers upon the expiration of their useful life.

Employee Benefits Fund accounts for the provision of health and unemployment benefits.

Vision/Dental Fund accounts for the provisions of employee vision and dental benefits.

Disability Program Fund accounts for the City's self-funded employee disability benefits.

Workers' Compensation Program Fund accounts for the City's self-insured employee workers' compensation benefits.

General Liability Program Fund accounts for the provision of the City's self-insured general liability program.

City of Yuba City
Combining Statement of Net Position
Internal Service Funds
June 30, 2017

	Vehicle Replacement Fund	Vehicle Maintenance Fund	Technology Replacement Fund	Employee Benefits Fund	Vision/ Dental Fund
ASSETS					
Current assets:					
Cash and investments	\$ 9,728,935	\$ 196,853	\$ 2,697,145	\$ 237,438	\$ 187,530
Accounts receivable, net	26,082	1,198	-	14,220	7
Inventory	-	12,837	-	-	-
Prepaid expenses	-	420	-	291,645	-
Total current assets	9,755,017	211,308	2,697,145	543,303	187,537
Noncurrent assets:					
Advances to other funds	2,019,512	-	-	-	-
Capital assets:					
Depreciable, net	1,918,502	82,245	478,831	-	-
Total capital assets	1,918,502	82,245	478,831	-	-
Total noncurrent assets	3,938,014	82,245	478,831	-	-
Total assets	13,693,031	293,553	3,175,976	543,303	187,537
DEFERRED OUTFLOW OF RESOURCES					
Deferred employer pension contributions	-	44,657	-	-	-
Deferred outflows of resources - pension	-	76,956	-	-	-
Total deferred outflow of resources	-	121,613	-	-	-
LIABILITIES					
Current liabilities:					
Accounts payable	22,326	19,065	65,040	3,896	22,085
Accrued wages	-	5,929	-	38,835	-
Unearned revenue	-	-	-	107	-
Compensated absences, due within one year	-	13,294	-	-	-
Total current liabilities	22,326	38,288	65,040	42,838	22,085
Noncurrent liabilities:					
Compensated absences, due in more than one year	-	24,936	-	-	-
Net pension liability	-	622,032	-	-	-
Total noncurrent liabilities	-	646,968	-	-	-
Total liabilities	22,326	685,256	65,040	42,838	22,085
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows of resources - pension	-	18,125	-	-	-
Total deferred inflows of resources	-	18,125	-	-	-
NET POSITION					
Net investment in capital assets	1,918,502	82,245	478,831	-	-
Unrestricted	11,752,203	(370,460)	2,632,105	500,465	165,452
Total net position	\$ 13,670,705	\$ (288,215)	\$ 3,110,936	\$ 500,465	\$ 165,452

Disability Program Fund	Worker's Compensation Program Fund	General Liability Program Fund	Totals
\$ 82,828	\$ 1,158,425	\$ 312,861	\$ 14,602,015
-	668	-	42,175
-	-	-	12,837
-	447,828	326,275	1,066,168
82,828	1,606,921	639,136	15,723,195
-	-	-	2,019,512
-	-	-	2,479,578
-	-	-	2,479,578
-	-	-	4,499,090
82,828	1,606,921	639,136	20,222,285
-	-	-	44,657
-	-	-	76,956
-	-	-	121,613
427	1,971	-	134,810
-	-	-	44,764
-	-	-	107
-	-	-	13,294
427	1,971	-	192,975
-	-	-	24,936
-	-	-	622,032
-	-	-	646,968
427	1,971	-	839,943
-	-	-	18,125
-	-	-	18,125
-	-	-	2,479,578
82,401	1,604,950	639,136	17,006,252
\$ 82,401	\$ 1,604,950	\$ 639,136	\$ 19,485,830

City of Yuba City
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the year ended June 30, 2017

	Vehicle Replacement Fund	Vehicle Maintenance Fund	Technology Replacement Fund	Employee Benefits Fund
OPERATING REVENUES:				
Sales and charges for services	\$ 1,008,226	\$ 735,800	\$ 540,880	\$ 3,628,334
Other revenues	32,026	1,198	26,169	-
Total operating revenues	1,040,252	736,998	567,049	3,628,334
OPERATING EXPENSES:				
Salaries and benefits	-	368,033	-	-
Professional services	-	10,865	-	-
Supplies	6,270	607	-	-
Benefits, claims, and insurance	-	3,179	-	3,643,296
Maintenance and operation	3,681	386,288	212,567	-
Tools and equipment	8,869	13,352	164,271	-
Power and utilities	-	7,632	24,052	-
Training	-	3,935	-	-
Depreciation	811,670	15,073	170,551	-
Total operating expenses	830,490	808,964	571,441	3,643,296
OPERATING INCOME (LOSS):	209,762	(71,966)	(4,392)	(14,962)
NONOPERATING REVENUES (EXPENSES):				
Interest income	15,190	2,749	30,903	2,259
Gain (loss) on sale of capital assets	24,243	453	(27,902)	-
Total nonoperating revenues (expenses)	39,433	3,202	3,001	2,259
INCOME (LOSS) BEFORE TRANSFERS	249,195	(68,764)	(1,391)	(12,703)
Transfers in	252,636	-	6,002	-
Transfers out	-	-	-	-
Total transfers	252,636	-	6,002	-
Change in net position	501,831	(68,764)	4,611	(12,703)
NET POSITION:				
Beginning of year	13,168,874	(219,451)	3,106,325	513,168
End of year	<u>\$ 13,670,705</u>	<u>\$ (288,215)</u>	<u>\$ 3,110,936</u>	<u>\$ 500,465</u>

Vision/ Dental Fund	Disability Program Fund	Worker's Compensation Program Fund	General Liability Program Fund	Totals
\$ 508,059	\$ 76,257	\$ 1,296,528	\$ 721,500	\$ 8,515,584
-	-	27,922	4,562	91,877
508,059	76,257	1,324,450	726,062	8,607,461
-	-	-	-	368,033
-	-	-	-	10,865
-	-	-	-	6,877
514,760	29,541	1,196,488	765,340	6,152,604
-	-	-	-	602,536
-	-	-	-	186,492
-	-	-	-	31,684
-	-	-	-	3,935
-	-	-	-	997,294
514,760	29,541	1,196,488	765,340	8,360,320
(6,701)	46,716	127,962	(39,278)	247,141
2,257	695	12,077	480	66,610
-	-	-	-	(3,206)
2,257	695	12,077	480	63,404
(4,444)	47,411	140,039	(38,798)	310,545
-	-	-	-	258,638
-	-	-	(6,002)	(6,002)
-	-	-	(6,002)	252,636
(4,444)	47,411	140,039	(44,800)	563,181
169,896	34,990	1,464,911	683,936	18,922,649
\$ 165,452	\$ 82,401	\$ 1,604,950	\$ 639,136	\$ 19,485,830

City of Yuba City
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2017

	Vehicle Replacement Fund	Vehicle Maintenance Fund	Technology Replacement Fund	Employee Benefits Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	\$ 1,025,866	\$ 735,800	\$ 567,049	\$ 3,646,005
Payments to suppliers and users	2,005	(434,961)	(340,975)	(3,637,927)
Payments to employees	-	(366,778)	-	5,339
Net cash provided by (used in) operating activities	1,027,871	(65,939)	226,074	13,417
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Cash receipts from other funds	339,088	-	6,002	-
Cash payments to other funds	-	-	-	-
Net cash provided by (used in) noncapital financing activities	339,088	-	6,002	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	(458,631)	(7,437)	(249,910)	-
Proceeds from sale of capital assets	27,839	-	-	-
Net cash provided by (used in) capital and related financing activities	(430,792)	(7,437)	(249,910)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	15,190	2,749	30,903	2,259
Net cash provided by investing activities	15,190	2,749	30,903	2,259
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	951,357	(70,627)	13,069	15,676
CASH AND CASH EQUIVALENTS:				
Beginning of year	8,777,578	267,480	2,684,076	221,762
End of year	<u>\$ 9,728,935</u>	<u>\$ 196,853</u>	<u>\$ 2,697,145</u>	<u>\$ 237,438</u>
FINANCIAL STATEMENT PRESENTATION:				
Cash and investments	\$ 9,728,935	\$ 196,853	\$ 2,697,145	\$ 237,438
Total	\$ 9,728,935	\$ 196,853	\$ 2,697,145	\$ 237,438
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:				
Operating income	\$ 209,762	\$ (71,966)	\$ (4,392)	\$ (14,962)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	811,670	15,073	170,551	-
Changes in assets and liabilities:				
Accounts receivable	(14,386)	(1,198)	-	17,628
Inventory	-	(3,513)	-	-
Prepaid expenses	-	-	-	8,982
Accounts payable	20,825	(5,590)	59,915	(3,613)
Accrued wages	-	547	-	5,339
Unearned revenue	-	-	-	43
Deferred employer pension contributions	-	(44,657)	-	-
Deferred outflows of resources - pension	-	16,795	-	-
Net pension liability	-	622,032	-	-
Deferred inflows of resources - pension	-	(603,163)	-	-
Compensated absences	-	9,701	-	-
Total adjustments	818,109	6,027	230,466	28,379
Net cash provided by (used in) operating activities	\$ 1,027,871	\$ (65,939)	\$ 226,074	\$ 13,417

See accompanying Notes to Basic Financial Statements.

Vision/ Dental Fund	Disability Program Fund	Worker's Compensation Program Fund	General Liability Program Fund	Totals
\$ 508,065 (521,934) -	\$ 76,257 (29,493) -	\$ 1,323,782 (1,436,151) -	\$ 726,062 (726,905) -	\$ 8,608,886 (7,126,341) (361,439)
(13,869)	46,764	(112,369)	(843)	1,121,106
-	-	-	-	345,090
-	-	-	(6,002)	(6,002)
-	-	-	(6,002)	339,088
-	-	-	-	(715,978)
-	-	-	-	27,839
-	-	-	-	(688,139)
2,257	695	12,077	480	66,610
2,257	695	12,077	480	66,610
(11,612)	47,459	(100,292)	(6,365)	838,665
199,142	35,369	1,258,717	319,226	13,763,350
\$ 187,530	\$ 82,828	\$ 1,158,425	\$ 312,861	\$ 14,602,015
\$ 187,530	\$ 82,828	\$ 1,158,425	\$ 312,861	\$ 14,602,015
\$ 187,530	\$ 82,828	\$ 1,158,425	\$ 312,861	\$ 14,602,015
\$ (6,701)	\$ 46,716	\$ 127,962	\$ (39,278)	\$ 247,141
-	-	-	-	997,294
6	-	(668)	-	1,382
-	-	-	-	(3,513)
-	-	(241,634)	38,435	(194,217)
(7,174)	48	1,971	-	66,382
-	-	-	-	5,886
-	-	-	-	43
-	-	-	-	(44,657)
-	-	-	-	16,795
-	-	-	-	622,032
-	-	-	-	(603,163)
-	-	-	-	9,701
(7,168)	48	(240,331)	38,435	873,965
\$ (13,869)	\$ 46,764	\$ (112,369)	\$ (843)	\$ 1,121,106

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FIDUCIARY FUNDS

RDA Low/Mod Successor Agency Private Purpose Trust Fund accounts for the activities related to the former Redevelopment Agency's low/moderate income housing fund.

RDA Successor Agency Private-Purpose Trust Fund accounts for all activities related to the former Redevelopment Agency's activities that are not already accounted for in the RDA Low/Mod Successor Agency Private-Purpose Trust Fund.

City Trust Fund accounts for assets held for employees and outside independent entities in a fiduciary capacity.

Net-5 Operations Fund accounts for assets held for an independent agency in a fiduciary capacity.

Pension Stability Fund accounts for the temporary holding of cash prior to the City remitting the funds to a trust fund for pension liabilities.

Assessment Districts Fund accounts for assets held for independent assessment districts in a fiduciary capacity.

Sunsweet Boulevard CFD Fund accounts for assets held for an independent community facilities district in a fiduciary capacity.

Flood Control Agency Fund accounts for the operating activities of the Sutter-Butte Flood Control Agency.

Animal Control Operations Fund accounts for the operating activities of the Sutter Animal Services Authority.

SBFCA Capital Fund accounts for the capital project activities of the Sutter Butte Flood Control Agency.

SBFCA Lauren Avenue Fund accounts for the capital project activities related to Laurel Avenue grant of the Sutter Butte Flood Control Agency.

City of Yuba City
Combining Statement of Fiduciary Net Position
Fiduciary Funds - Private Purpose Trust Funds
June 30, 2017

	RDA Low/Mod Successor Agency Fund	RDA Successor Agency Fund	Total
ASSETS			
Current assets			
Cash and investments	\$ 657,107	\$ 3,213,239	\$ 3,870,346
Interest receivable	-	387	387
Taxes and assessment receivable	-	189,197	189,197
Deposits	9,800	-	9,800
Total current assets	666,907	3,402,823	4,069,730
Noncurrent assets			
Restricted cash and investments	-	608,383	608,383
Prepaid items	-	12,062	12,062
Advances to other trust funds	1,626,817	-	1,626,817
Notes receivable, net	3,418,849	-	3,418,849
Property held for resale	-	93,852	93,852
Capital assets:			
Non-depreciable, net	2,930,127	719,971	3,650,098
Depreciable, net	913,857	77,178	991,035
Total capital assets	3,843,984	797,149	4,641,133
Total noncurrent assets	8,889,650	1,511,446	10,401,096
Total assets	9,556,557	4,914,269	14,470,826
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	-	455,010	455,010
Total deferred outflows of resources	-	455,010	455,010
LIABILITIES			
Liabilities:			
Current liabilities			
Accounts payable	56,869	10,160	67,029
Interest payable	-	384,059	384,059
Long-term debt, due in one year	-	-	-
Total current liabilities	56,869	394,219	451,088
Noncurrent liabilities			
Advances from other trust funds	-	1,626,817	1,626,817
Long term debt, due in more than one year, net	-	41,609,339	41,609,339
Total noncurrent liabilities	-	43,236,156	43,236,156
Total liabilities	56,869	43,630,375	43,687,244
NET POSITION			
Held in trust for dissolution of RDA	9,499,688	(38,261,096)	(28,761,408)
Total net position	\$ 9,499,688	\$ (38,261,096)	\$ (28,761,408)

City of Yuba City
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Private Purpose Trust Funds
For the year ended June 30, 2017

	RDA Low/Mod Successor Agency Fund	RDA Successor Agency Fund	Total
ADDITIONS:			
Investment income	\$ 467	\$ 28,179	\$ 28,646
RDA property tax trust fund distribution	-	2,810,360	2,810,360
Intergovernmental	-	208,351	208,351
Gain on sale of capital assets	187,038	-	187,038
Total additions	187,505	3,046,890	3,234,395
DEDUCTIONS:			
Administration	-	57,779	57,779
Community development	4,392	673,502	677,894
Interest expense	-	1,146,066	1,146,066
Depreciation	95,923	5,978	101,901
Total deductions	100,315	1,883,325	1,983,640
Change in net position	87,190	1,163,565	1,250,755
NET POSITION:			
Beginning of year	9,412,498	(39,424,661)	(30,012,163)
End of year	<u>\$ 9,499,688</u>	<u>\$ (38,261,096)</u>	<u>\$ (28,761,408)</u>

City of Yuba City
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2017

	City Trust	Net-5 Operation	Pension Stability	Village Green- Del Wayne Assessment District 2003-2	East Hillcrest Assessment District
ASSETS					
Cash and investments	\$ 793,013	\$ 441,046	\$ 2,398,360	\$ 28,422	\$ 46,906
Cash and investments with fiscal agent	-	-	-	-	-
Interest receivable	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Taxes and assessments Receivable	42,990	-	-	-	-
Accounts receivable	2,726	-	-	-	-
Total assets	\$ 838,729	\$ 441,046	\$ 2,398,360	\$ 28,422	\$ 46,906
LIABILITIES					
Liabilities:					
Accounts payable	\$ 50,023	\$ 9,315	\$ 431	\$ -	\$ -
Accrued liabilities	928	-	-	-	2,675
Deposits payable	787,778	431,731	2,397,929	28,422	44,231
Total liabilities	\$ 838,729	\$ 441,046	\$ 2,398,360	\$ 28,422	\$ 46,906

Staple/Ashley Dennis/Cornwell Assessment District 2004-1	Butte Vista Assessment District 2000-1	Butte Vista Assessment District 2002-1	Darrough Assessment District 2003	Tierra Buena Assessment District	Sunsweet Boulevard CFD	Flood Control Agency
\$ 18,119	\$ 185,223	\$ 122,941	\$ 41,623	\$ 320,950	\$ 29,819	\$ 3,741,666
-	-	-	-	-	208,092	-
-	-	-	-	-	107	-
-	-	-	-	-	-	876
1,301	936	1,869	256	1,536	-	-
-	-	-	-	-	-	-
<u>\$ 19,420</u>	<u>\$ 186,159</u>	<u>\$ 124,810</u>	<u>\$ 41,879</u>	<u>\$ 322,486</u>	<u>\$ 238,018</u>	<u>\$ 3,742,542</u>
\$ 71	\$ 71	\$ 10	\$ -	\$ 148	\$ -	\$ 30,618
-	152,483	270,630	-	-	-	-
19,349	33,605	(145,830)	41,879	322,338	238,018	3,711,924
<u>\$ 19,420</u>	<u>\$ 186,159</u>	<u>\$ 124,810</u>	<u>\$ 41,879</u>	<u>\$ 322,486</u>	<u>\$ 238,018</u>	<u>\$ 3,742,542</u>

City of Yuba City
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2017

	Animal Control Operations	SBFCA Capital	SBFCA Laurel Avenue	Totals
ASSETS				
Cash and investments	\$ 109,183	\$ 2,129,521	\$ 2,711,758	\$ 13,118,550
Cash and investments with fiscal agent	-	1,524,250	-	1,732,342
Interest receivable	-	905	-	1,012
Prepaid expenses	23,545	16,637	-	41,058
Taxes and assessments Receivable	-	152,267	-	201,155
Accounts receivable	97,813	18,326,155	-	18,426,694
Total assets	\$ 230,541	\$ 22,149,735	\$ 2,711,758	\$ 33,520,811
LIABILITIES				
Liabilities:				
Accounts payable	\$ 71,150	\$ 3,663,421	\$ -	\$ 3,825,258
Accrued liabilities	-	158,929	-	585,645
Deposits payable	159,391	18,327,385	2,711,758	29,109,908
Total liabilities	\$ 230,541	\$ 22,149,735	\$ 2,711,758	\$ 33,520,811

City of Yuba City
Agency Funds
Combining Statement of Changes in Assets and Liabilities
June 30, 2017

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
City Trust				
ASSETS				
Cash and investments	\$ 1,042,322	\$ 353,579	\$ (602,888)	\$ 793,013
Due from agency fund	32,483	-	(32,483)	-
Taxes and assessments receivable	-	42,990	-	42,990
Accounts receivable	23,762	2,726	(23,762)	2,726
Total Assets	<u>\$ 1,098,567</u>	<u>\$ 399,295</u>	<u>\$ (659,133)</u>	<u>\$ 838,729</u>
LIABILITIES				
Accounts payable	\$ 44,035	\$ 50,023	\$ (44,035)	\$ 50,023
Accrued liabilities	-	928	-	928
Deposits payable	1,054,532	348,344	(615,098)	787,778
Total Liabilities	<u>\$ 1,098,567</u>	<u>\$ 399,295</u>	<u>\$ (659,133)</u>	<u>\$ 838,729</u>
Net-5 Operations				
ASSETS				
Cash and investments	\$ 320,354	\$ 341,834	\$ (221,142)	\$ 441,046
Prepaid expenses	167	-	(167)	-
Total Assets	<u>\$ 320,521</u>	<u>\$ 341,834</u>	<u>\$ (221,309)</u>	<u>\$ 441,046</u>
LIABILITIES				
Accounts payable	\$ 1,930	\$ 9,315	\$ (1,930)	\$ 9,315
Deposits payable	318,591	332,519	(219,379)	431,731
Total Liabilities	<u>\$ 320,521</u>	<u>\$ 341,834</u>	<u>\$ (221,309)</u>	<u>\$ 441,046</u>
Pension Stability				
ASSETS				
Cash and investments	\$ 2,000,000	\$ 398,360	\$ -	\$ 2,398,360
Total Assets	<u>\$ 2,000,000</u>	<u>\$ 398,360</u>	<u>\$ -</u>	<u>\$ 2,398,360</u>
LIABILITIES				
Accounts payable	\$ -	\$ 431	\$ -	\$ 431
Deposits payable	2,000,000	397,929	-	2,397,929
Total Liabilities	<u>\$ 2,000,000</u>	<u>\$ 398,360</u>	<u>\$ -</u>	<u>\$ 2,398,360</u>
Village Green - Del Wayne Assessment District 2003-2				
ASSETS				
Cash and investments	\$ 30,234	\$ 37,729	\$ (39,541)	\$ 28,422
Total Assets	<u>\$ 30,234</u>	<u>\$ 37,729</u>	<u>\$ (39,541)</u>	<u>\$ 28,422</u>
LIABILITIES				
Deposits payable	\$ 30,234	\$ 37,729	\$ (39,541)	\$ 28,422
Total Liabilities	<u>\$ 30,234</u>	<u>\$ 37,729</u>	<u>\$ (39,541)</u>	<u>\$ 28,422</u>

City of Yuba City

Agency Funds

Combining Statement of Changes in Assets and Liabilities

June 30, 2017

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
East Hillcrest Assessment District				
ASSETS				
Cash and investments	\$ 1,644	\$ 51,924	\$ (6,662)	\$ 46,906
Accounts receivable	422	-	(422)	-
Total Assets	<u>\$ 2,066</u>	<u>\$ 51,924</u>	<u>\$ (7,084)</u>	<u>\$ 46,906</u>
LIABILITIES				
Accrued liabilities		\$ 2,675		\$ 2,675
Deposits payable	2,066	49,249	(7,084)	44,231
Total Liabilities	<u>\$ 2,066</u>	<u>\$ 51,924</u>	<u>\$ (7,084)</u>	<u>\$ 46,906</u>
Staple/Ashley/Dennis/Cornwell Assessment District 2004-1				
ASSETS				
Cash and investments	\$ 20,557	\$ 12,290	\$ (14,728)	\$ 18,119
Taxes and assessments receivable	-	1,301	-	1,301
Accounts receivable	1,108	-	(1,108)	-
Total Assets	<u>\$ 21,665</u>	<u>\$ 13,591</u>	<u>\$ (15,836)</u>	<u>\$ 19,420</u>
LIABILITIES				
Accounts payable	\$ -	\$ 71	\$ -	\$ 71
Deposits payable	21,665	13,520	(15,836)	19,349
Total Liabilities	<u>\$ 21,665</u>	<u>\$ 13,591</u>	<u>\$ (15,836)</u>	<u>\$ 19,420</u>
Butte Vista Assessment District 2000-1				
ASSETS				
Cash and investments	\$ 182,948	\$ 70,900	\$ (68,625)	\$ 185,223
Taxes and assessments receivable	-	936	-	936
Accounts receivable	4,279	-	(4,279)	-
Total Assets	<u>\$ 187,227</u>	<u>\$ 71,836</u>	<u>\$ (72,904)</u>	<u>\$ 186,159</u>
LIABILITIES				
Accounts payable	\$ 21	\$ 71	\$ (21)	\$ 71
Accrued liabilities	-	152,483	-	152,483
Deposits payable	187,206	33,605	(187,206)	33,605
Total Liabilities	<u>\$ 187,227</u>	<u>\$ 186,159</u>	<u>\$ (187,227)</u>	<u>\$ 186,159</u>

City of Yuba City

Agency Funds

Combining Statement of Changes in Assets and Liabilities

June 30, 2017

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Butte Vista Assessment District 2002-1				
ASSETS				
Cash and investments	\$ 119,626	\$ 64,701	\$ (61,386)	\$ 122,941
Taxes and assessments receivable	-	1,869	-	1,869
Accounts receivable	276	-	(276)	-
Total Assets	<u>\$ 119,902</u>	<u>\$ 66,570</u>	<u>\$ (61,662)</u>	<u>\$ 124,810</u>
LIABILITIES				
Due to agency fund	\$ 10	\$ -	\$ (10)	\$ -
Accounts payable	-	10	-	10
Accrued liabilities	-	270,630	-	270,630
Deposits payable	119,892	-	(265,722)	(145,830)
Total Liabilities	<u>\$ 119,902</u>	<u>\$ 270,640</u>	<u>\$ (265,732)</u>	<u>\$ 124,810</u>
Darrough Assessment District 2003				
ASSETS				
Cash and investments	\$ 41,144	\$ 15,083	\$ (14,604)	\$ 41,623
Taxes and assessments receivable	-	256	-	256
Accounts receivable	128	-	(128)	-
Total Assets	<u>\$ 41,272</u>	<u>\$ 15,339</u>	<u>\$ (14,732)</u>	<u>\$ 41,879</u>
LIABILITIES				
Deposits payable	\$ 41,272	\$ 15,339	\$ (14,732)	\$ 41,879
Total Liabilities	<u>\$ 41,272</u>	<u>\$ 15,339</u>	<u>\$ (14,732)</u>	<u>\$ 41,879</u>
Tierra Buena Assessment District				
ASSETS				
Cash and investments	\$ 317,556	\$ 202,107	\$ (198,713)	\$ 320,950
Taxes and assessments receivable	-	1,536	-	1,536
Accounts receivable	1,763	-	(1,763)	-
Total Assets	<u>\$ 319,319</u>	<u>\$ 203,643</u>	<u>\$ (200,476)</u>	<u>\$ 322,486</u>
LIABILITIES				
Due to agency fund	\$ 31	\$ -	\$ (31)	\$ -
Accounts payable	-	148	-	148
Deposits payable	319,288	203,495	(200,445)	322,338
Total Liabilities	<u>\$ 319,319</u>	<u>\$ 203,643</u>	<u>\$ (200,476)</u>	<u>\$ 322,486</u>

City of Yuba City
Agency Funds
Combining Statement of Changes in Assets and Liabilities
June 30, 2017

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Sunsweet Boulevard				
ASSETS				
Cash and investments	\$ 415,131	\$ 223,404	\$ (608,716)	\$ 29,819
Cash and investments with fiscal agent	219,396	-	(11,304)	208,092
Interest receivable	24	107	(24)	107
Total Assets	<u>\$ 634,551</u>	<u>\$ 223,511</u>	<u>\$ (620,044)</u>	<u>\$ 238,018</u>
LIABILITIES				
Deposits payable	\$ 634,551	\$ 223,511	\$ (620,044)	\$ 238,018
Total Liabilities	<u>\$ 634,551</u>	<u>\$ 223,511</u>	<u>\$ (620,044)</u>	<u>\$ 238,018</u>
Flood Control Agency				
ASSETS				
Cash and investments	\$ 3,542,114	\$ 1,183,540	\$ (983,988)	\$ 3,741,666
Prepaid expenses	779	876	(779)	876
Total Assets	<u>\$ 3,542,893</u>	<u>\$ 1,184,416</u>	<u>\$ (984,767)</u>	<u>\$ 3,742,542</u>
LIABILITIES				
Accounts payable	\$ 233,446	\$ 30,618	\$ (233,446)	\$ 30,618
Accrued liabilities	27,413	-	(27,413)	-
Deposits payable	3,282,034	1,153,798	(723,908)	3,711,924
Total Liabilities	<u>\$ 3,542,893</u>	<u>\$ 1,184,416</u>	<u>\$ (984,767)</u>	<u>\$ 3,742,542</u>
Animal Control Operations				
ASSETS				
Cash and investments	\$ -	\$ 1,607,009	\$ (1,497,826)	\$ 109,183
Prepaid expenses	-	23,545	-	23,545
Accounts receivable	142,027	97,813	(142,027)	97,813
Total Assets	<u>\$ 142,027</u>	<u>\$ 1,728,367</u>	<u>\$ (1,639,853)</u>	<u>\$ 230,541</u>
LIABILITIES				
Due to agency fund	\$ 32,483	\$ -	\$ (32,483)	\$ -
Accounts payable	73,282	71,150	(73,282)	71,150
Deposits payable	36,262	1,657,217	(1,534,088)	159,391
Total Liabilities	<u>\$ 142,027</u>	<u>\$ 1,728,367</u>	<u>\$ (1,639,853)</u>	<u>\$ 230,541</u>

City of Yuba City

Agency Funds

Combining Statement of Changes in Assets and Liabilities

June 30, 2017

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
SBFCA Capital				
ASSETS				
Cash and investments	\$ 6,930,166	\$ 84,656,141	\$ (89,456,786)	\$ 2,129,521
Cash and investments with fiscal agent	-	1,524,250	-	1,524,250
Interest receivable	278	905	(278)	905
Prepaid expenses	14,807	16,637	(14,807)	16,637
Taxes and assessments receivable	-	152,267	-	152,267
Accounts receivable	9,594,095	18,326,155	(9,594,095)	18,326,155
Total Assets	\$ 16,539,346	\$ 104,676,355	\$ (99,065,966)	\$ 22,149,735
LIABILITIES				
Accounts payable	\$ 16,119,263	\$ 3,663,421	\$ (16,119,263)	\$ 3,663,421
Accrued liabilities	-	158,929	-	158,929
Deposits payable	420,083	100,854,005	(82,946,703)	18,327,385
Total Liabilities	\$ 16,539,346	\$ 104,676,355	\$ (99,065,966)	\$ 22,149,735
SBFCA Laurel Avenue				
ASSETS				
Cash and investments	\$ -	\$ 2,711,758	\$ -	\$ 2,711,758
Total Assets	\$ -	\$ 2,711,758	\$ -	\$ 2,711,758
LIABILITIES				
Deposits payable	\$ -	\$ 2,711,758	\$ -	\$ 2,711,758
Total Liabilities	\$ -	\$ 2,711,758	\$ -	\$ 2,711,758
Total Agency Funds				
ASSETS				
Cash and investments	\$ 14,963,796	\$ 91,930,359	\$ (93,775,605)	\$ 13,118,550
Cash and investments with fiscal agent	219,396	1,524,250	(11,304)	1,732,342
Due from agency fund	32,483	-	(32,483)	-
Interest receivable	302	1,012	(302)	1,012
Prepaid expenses	15,753	41,058	(15,753)	41,058
Taxes and assessments receivable	-	201,155	-	201,155
Accounts receivable	9,767,860	18,426,694	(9,767,860)	18,426,694
Total Assets	\$ 24,999,590	\$ 112,124,528	\$ (103,603,307)	\$ 33,520,811
LIABILITIES				
Due to agency fund	\$ 32,524	\$ -	\$ (32,524)	\$ -
Accounts payable	16,471,977	3,825,258	(16,471,977)	3,825,258
Accrued liabilities	27,413	585,645	(27,413)	585,645
Deposits payable	8,467,676	108,032,018	(87,389,786)	29,109,908
Total Liabilities	\$ 24,999,590	\$ 112,442,921	\$ (103,921,700)	\$ 33,520,811

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STATISTICAL SECTION

This part of the City of Yuba City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City.

Index

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability issues additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

CITY OF YUBA CITY
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year			
	2008	2009	2010	2011
Governmental Activities				
Net Investment In Capital Assets	\$ 403,278,221	\$ 403,377,779	\$ 402,012,636	\$ 396,981,908
Restricted	32,249,323	29,786,112	33,415,439	28,759,126
Unrestricted	22,227,025	21,847,750	17,490,649	25,320,209
Total Governmental Activities Net Position	<u>\$ 457,754,569</u>	<u>\$ 455,011,641</u>	<u>\$ 452,918,724</u>	<u>\$ 451,061,243</u>
Business-Type Activities				
Net Investment In Capital Assets	\$ 145,579,890	\$ 144,507,456	\$ 155,334,486	\$ 151,195,721
Restricted	762,967	448,717	3,206,069	2,371,293
Unrestricted	28,952,704	27,368,372	14,013,290	15,566,305
Total Business-Type Activities Net Position	<u>\$ 175,295,561</u>	<u>\$ 172,324,545</u>	<u>\$ 172,553,845</u>	<u>\$ 169,133,319</u>
Primary Government				
Net Investment In Capital Assets	\$ 548,858,111	\$ 547,885,235	\$ 557,347,122	\$ 548,177,629
Restricted	33,012,290	30,234,829	36,621,508	31,130,419
Unrestricted	51,179,729	49,216,122	31,503,939	40,886,514
Total Primary Government Net Position	<u>\$ 633,050,130</u>	<u>\$ 627,336,186</u>	<u>\$ 625,472,569</u>	<u>\$ 620,194,562</u>

Note: The City implemented GASB Statement No. 68 in FY 2015, which required the City to record their net pension liability in the statement of net position.

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

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 419,160,425	\$ 413,009,592	\$ 408,431,621	\$ 402,069,188	\$ 396,528,329	\$ 395,934,158
26,619,342	27,627,518	21,512,890	18,966,851	18,331,920	15,982,186
33,828,556	29,839,895	34,160,188	(9,635,998)	(9,466,531)	(10,923,862)
\$ 479,608,323	\$ 470,477,005	\$ 464,104,699	\$ 411,400,041	\$ 405,393,718	\$ 400,992,482
\$ 135,862,972	\$ 138,177,551	\$ 146,164,051	\$ 146,107,792	\$ 144,380,529	\$ 137,804,966
1,596,243	250,270	1,346,340	1,483,073	5,100,098	7,442,933
27,262,871	25,612,341	19,758,356	17,895,992	17,991,569	19,913,104
\$ 164,722,086	\$ 164,040,162	\$ 167,268,747	\$ 165,486,857	\$ 167,472,196	\$ 165,161,003
\$ 555,023,397	\$ 551,187,143	\$ 554,595,672	\$ 548,176,980	\$ 540,908,858	\$ 533,739,124
28,215,585	27,877,788	22,859,230	20,449,924	23,432,018	23,425,119
61,091,427	55,452,236	53,918,544	8,259,994	8,525,038	8,989,242
\$ 644,330,409	\$ 634,517,167	\$ 631,373,446	\$ 576,886,898	\$ 572,865,914	\$ 566,153,485

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

	Fiscal Year			
	2008	2009	2010	2011
Expenses				
Governmental Activities				
General government	\$ 5,363,212	\$ 5,176,267	\$ 4,779,423	\$ 4,320,708
Public safety	23,282,357	24,688,420	23,727,230	23,298,449
Parks and recreation	4,113,957	4,054,318	3,619,636	2,039,732
Public works and facilities	10,417,186	11,203,066	12,561,736	13,746,466
Community development	3,900,994	3,612,257	4,876,451	3,466,209
Interest on long-term debt	5,337,470	5,644,530	5,832,196	3,186,505
Total Governmental Activities Expenses	52,415,176	54,378,858	55,396,672	50,058,069
Business-Type Activities				
Water	9,706,835	9,938,304	9,758,320	9,819,001
Wastewater	9,749,245	9,797,636	9,746,836	9,865,739
Total Business-Type Activities Expenses	19,456,080	19,735,940	19,505,156	19,684,740
Total Primary Government Net Expenses	\$ 71,871,256	\$ 74,114,798	\$ 74,901,828	\$ 69,742,809
Program Revenues				
Governmental Activities				
Charges for Services				
General government	\$ 993,453	\$ 27,482	\$ 24,097	\$ 18,203
Public safety	1,891,045	2,710,690	2,355,913	2,502,798
Parks and recreation	1,142,165	1,446,139	1,237,924	1,223,333
Public works and facilities	587,212	475,349	497,209	396,971
Community development	1,723,654	1,304,404	940,205	920,703
Operating Contributions and Grants	3,800,202	3,488,022	3,814,256	3,354,619
Capital Contributions and Grants	18,809,192	6,728,478	9,550,250	8,344,346
Total Governmental Activities Program Revenues	28,946,923	16,180,564	18,419,854	16,760,973
Business-Type Activities				
Charges for Services				
Water	9,237,474	8,629,300	8,653,769	8,824,154
Wastewater	9,695,363	9,054,820	9,353,229	9,523,380
Operating Contributions and Grants		51,196	3,810,219	499,259
Capital Contributions and Grants	773,751	448,415	523,868	
Total Business-Type Activities Program Revenues	19,706,588	18,183,731	22,341,085	18,846,793
Total Primary Government Program Revenues	\$ 48,653,511	\$ 34,364,295	\$ 40,760,939	\$ 35,607,766

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

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 4,016,418	\$ 4,141,515	\$ 4,393,129	\$ 4,374,344	\$ 6,649,977	\$ 5,181,682
24,602,053	23,803,495	24,980,039	24,894,058	24,767,950	29,379,977
2,352,919	2,327,384	3,536,186	2,244,504	2,500,042	14,061,408
14,378,965	14,679,065	15,409,666	14,888,082	14,927,232	1,439,154
1,837,460	2,681,441	1,292,742	5,438,612	1,307,882	2,624,534
2,963,697	918,815	843,038	753,437	994,519	524,658
50,151,512	48,551,715	50,454,800	52,593,037	51,147,602	53,211,413
10,785,207	10,931,144	10,726,296	11,512,906	12,612,023	15,234,066
10,051,516	9,912,472	10,061,207	9,777,819	11,094,136	13,229,102
20,836,723	20,843,616	20,787,503	21,290,725	23,706,159	28,463,168
\$ 70,988,235	\$ 69,395,331	\$ 71,242,303	\$ 73,883,762	\$74,853,761	\$ 81,674,581
\$ 74,070	\$ 30,072	\$ 53,769	\$ 75,309	\$ 101,139	\$ 300,713
2,376,915	2,576,302	2,556,336	2,626,869	2,705,427	2,777,026
1,202,537	1,153,643	1,134,791	975,052	1,063,289	991,831
419,187	473,896	418,210	424,353	443,365	6,584,677
932,856	983,285	1,520,681	1,458,308	1,448,510	1,554,212
3,582,211	3,995,600	5,231,043	3,546,059	2,397,875	2,466,277
4,514,869	6,583,249	5,955,999	4,623,083	4,531,637	6,429,034
13,102,645	15,796,047	16,870,829	13,729,033	12,691,242	21,103,770
9,592,893	11,177,162	11,794,764	11,021,165	12,035,874	12,525,914
9,745,996	10,869,354	11,863,241	12,505,064	12,899,797	13,814,641
68,186	1,447,342				21,689
		3,862,488	8,098,514	3,658,074	
19,407,075	23,493,858	27,520,493	31,624,743	28,593,745	26,362,244
\$ 32,509,720	\$ 39,289,905	\$ 44,391,322	\$ 45,353,776	\$41,284,987	\$ 47,466,014

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

	Fiscal Year			
	2008	2009	2010	2011
Net (Expense)/Revenue				
Governmental Activities	\$ (23,468,253)	\$ (38,198,294)	\$ (36,976,818)	\$ (33,297,096)
Business-Type Activities	250,508	(1,552,209)	2,835,929	(837,947)
Total Primary Government Net Expense	(23,217,745)	(39,750,503)	(34,140,889)	(34,135,043)
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Secured and unsecured property taxes	18,211,784	17,946,109	17,216,421	16,616,162
Sales and use taxes	7,593,904	6,759,997	7,009,127	7,261,010
Transient lodging taxes	744,133	648,209	530,582	651,970
Franchise taxes	1,374,274	1,431,844	1,357,607	1,351,524
Other and public service taxes	1,008,694	960,949	864,948	926,680
Grants and Contributions - Unrestricted	313,876	238,821	209,236	295,509
Interest and Investment Earnings	6,666,935	5,006,289	4,193,845	928,351
Miscellaneous	506,607	7,062	244,794	516,964
Sale of capital assets	100,535	25,815		
Transfers	1,733,485	2,727,978	3,035,849	2,891,445
Total Governmental Activities	38,254,227	35,753,073	34,662,409	31,439,615
Business-Type Activities				
Interest and Investment Earnings	1,774,540	1,309,171	429,220	308,866
Sale of capital assets	(912)			
Transfers	(1,733,485)	(2,727,978)	(3,035,849)	(2,891,445)
Total Business-Type Activities	40,143	(1,418,807)	(2,606,629)	(2,582,579)
Total Primary Government	38,294,370	34,334,266	32,055,780	28,857,036
Change in Net Position				
Governmental Activities	14,785,974	(2,445,221)	(2,314,409)	(1,857,481)
Business-Type Activities	290,651	(2,971,016)	229,300	(3,420,526)
Total Primary Government	\$ 15,076,625	\$ (5,416,237)	\$ (2,085,109)	\$ (5,278,007)

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

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ (37,048,867)	\$ (32,755,668)	\$ (33,583,971)	\$ (38,864,004)	\$ (38,456,360)	\$ (32,107,643)
(1,429,648)	2,650,242	6,732,990	10,334,018	4,887,586	(2,100,924)
(38,478,515)	(30,105,426)	(26,850,981)	(28,529,986)	(33,568,774)	(34,208,567)
14,258,572	13,035,024	13,203,137	11,003,670	11,401,648	11,780,943
7,797,443	8,077,442	8,304,105	11,864,667	12,004,221	12,912,621
637,662	626,485	696,092	816,356	852,227	987,297
1,454,956	1,513,729	1,581,936	1,764,820	2,009,323	2,149,312
904,052	919,624	997,047	1,567,630	1,410,211	1,291,998
32,438	33,612	27,933	26,982	26,776	30,486
757,501	191,015	734,621	668,306	860,543	129,035
1,038,920	81,433	741,795	1,022,209	672,703	756,694
		96,458	89,804		
3,286,481	3,822,793	3,400,139	3,422,409	3,212,385	40,000
30,168,025	28,301,157	29,783,263	32,246,853	32,450,037	30,078,386
304,896	490,627	248,809	170,129	310,138	218,148
(3,286,481)	(3,822,793)	(3,400,139)	(3,422,409)	(3,212,385)	(40,000)
(2,981,585)	(3,332,166)	(3,151,330)	(3,252,280)	(2,902,247)	178,148
27,186,440	24,968,991	26,631,933	28,994,573	29,547,790	30,256,534
(6,880,842)	(4,454,511)	(3,800,708)	(6,617,151)	(6,006,323)	(2,029,257)
(4,411,233)	(681,924)	3,581,660	7,081,738	1,985,339	(1,922,776)
\$ (11,292,075)	\$ (5,136,435)	\$ (219,048)	\$ 464,587	\$ (4,020,984)	\$ (3,952,033)

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

	Fiscal Year			
	2008	2009	2010	2011*
General Fund				
Reserved	\$ 24,558,967	\$ 26,888,182	\$ 29,609,352	
Unreserved	3,881,024	5,465,445	4,958,082	
Total General Fund	\$28,439,991	\$32,353,627	\$34,567,434	
All Other Governmental Funds				
Reserved	\$ 29,430,138	\$ 13,583,533	\$ 13,439,946	
Unreserved, Reported In:				
Special Revenue Funds	13,359,772	5,783,782	4,902,184	
Debt Service Funds	(24,144,263)	(26,558,689)	(29,214,558)	
Capital Projects Funds	9,231,060	17,534,282	13,109,881	
Total All Other Governmental Funds	27,876,707	10,342,908	2,237,453	
Total Governmental Funds	\$56,316,698	\$42,696,535	\$36,804,887	

General Fund	
Nonspendable	\$ 18,577,928
Committed	4,675,251
Unassigned	3,629,782
Total General Fund	26,882,961
All Other Governmental Funds	
Nonspendable	272
Restricted	14,430,465
Committed	13,968,017
Assigned	161,996
Unassigned	(18,873,149)
Total All Other Governmental Funds	9,687,601
Total Governmental Funds	\$ 36,570,562

* GASB 54 implemented in fiscal year 10/11

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

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 11,036,331	\$ 11,087,802	\$ 11,097,202	\$ 11,137,155	\$ 11,195,687	8,825,887
4,252,629	3,905,424	4,541,557	4,541,557	715,680	1,113,766
3,967,340	4,252,782	4,530,069	6,304,518	5,882,502	6,076,786
19,256,300	19,246,008	20,168,828	21,983,230	17,793,869	16,016,439
	2,933,989	3,032,704			
9,324,531	9,141,002	10,865,600	11,261,234	10,808,910	15,982,186
12,167,982	11,468,379	8,234,627	8,168,404	7,194,599	6,193,145
(263,157)	(447)	(1,917)	(530,072)		(80,289)
21,229,356	23,542,923	22,131,014	18,899,566	18,003,509	22,095,042
\$ 40,485,656	\$ 42,788,931	\$ 42,299,842	\$ 40,882,796	\$ 35,797,378	\$ 38,111,481

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

	Fiscal Year				
	2008	2009	2010	2011	2012
Revenues					
Taxes and Assessments	\$ 30,845,525	\$ 30,417,648	\$ 28,563,525	\$ 31,388,057	\$ 28,723,364
Licenses, Permits and Fees	1,353,822	764,696	761,033	724,090	573,925
Fines and Forfeitures	815,815	677,402	490,881	483,956	421,957
Use of Money and Property	6,106,793	4,552,206	3,801,345	658,589	540,838
Intergovernmental Revenues	5,329,618	3,433,937	8,043,366	4,173,926	2,481,818
Charges for Services	5,294,303	6,803,599	5,620,730	6,633,906	4,881,860
Program income					
Other Revenue	529,093	590,307	1,207,407	809,902	3,417,534
Total Revenues	50,274,969	47,239,795	48,488,287	44,872,426	41,041,296
Expenditures					
Current					
General Government	5,152,199	4,858,367	4,354,742	3,403,128	3,534,513
Public Safety	22,847,118	23,674,889	23,163,001	22,857,469	22,848,034
Parks and Recreation	3,955,688	3,878,488	3,628,957	1,989,822	2,047,812
Public works and facilities	3,382,147	3,173,448	3,681,891	5,265,598	4,612,500
Community Development	3,673,956	3,806,050	5,578,721	4,218,060	2,216,260
Pension expenditures					
Debt Service					
Principal Retirement	1,059,894	1,811,502	1,931,391	2,037,244	2,154,096
Interest and Fiscal Charges	5,011,466	5,582,117	5,746,734	3,107,770	2,928,812
Bond Issue Cost					
Capital Outlay	22,118,800	16,803,075	9,330,347	7,858,187	5,505,424
Total Expenditures	67,201,268	63,587,936	57,415,784	50,737,278	45,847,451
Excess of Revenues Over (Under) Expenditures	(16,926,299)	(16,348,141)	(8,927,497)	(5,864,852)	(4,806,155)
Other Financing Sources (Uses)					
Transfers In	49,398,274	22,406,863	24,505,212	24,888,036	13,915,016
Transfers Out	(47,850,239)	(19,678,885)	(21,469,363)	(19,257,509)	(10,628,535)
Issuance of debt	6,323,368				
Payments to Refunding Agents					
Proceeds from sale of capital assets					
Loan Proceeds					
Certificates of Participation Issued					
Tax Allocation Bond Issued					
Premium on Tax Allocation Bond					
Total Other Financing Sources (Uses)	7,871,403	2,727,978	3,035,849	5,630,527	3,286,481
Extraordinary/Special Items					5,434,768
Net Change In Fund Balances	(\$9,054,896)	(\$13,620,163)	(\$5,891,648)	(\$234,325)	\$3,915,094
Debt Service as a percentage of non-capital expenditures¹	13.5%	15.8%	15.9%	12.0%	12.6%

¹For 2008, 2009, 2010, 2011, 2012, and 2013 the debt service as a percentage of noncapital expenditures was calculated by excluding the capital outlay expenditure amount from the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.
Source: Comprehensive Annual Financial Reports - City of Yuba City, California

Fiscal Year				
2013	2014	2015	2016	2017
\$ 27,711,200	\$ 29,087,598	\$ 30,455,874	\$ 32,241,022	\$ 29,122,171
669,358	1,133,736	1,110,842	1,013,229	3,880,483
334,341	276,227	306,313	308,659	241,978
161,313	510,789	389,897	575,213	177,032
5,007,541	5,024,014	3,677,430	3,191,650	8,925,797
5,455,241	6,105,051	4,031,027	4,512,724	10,473,222
				141,441
2,594,920	931,392	1,480,987	790,621	911,352
41,933,914	43,068,807	41,452,370	42,633,118	53,873,476
3,692,914	3,863,559	3,848,744	4,218,216	4,803,582
23,408,117	24,164,207	23,832,458	25,144,760	26,213,138
2,037,572	3,283,707	1,942,989	2,145,220	3,749,068
4,625,359	4,551,124	4,621,709	4,767,121	6,626,656
2,371,335	1,281,553	5,598,687	1,241,065	1,487,176
1,776,320	1,920,032	1,986,833	2,149,334	2,309,582
885,016	852,225	766,055	674,231	532,354
			178,867	
5,624,286	5,201,065	4,612,112	6,538,037	9,880,913
44,420,919	45,117,472	47,209,587	47,056,851	55,602,469
(2,487,005)	(2,048,665)	(5,757,217)	(4,423,733)	(1,728,993)
10,854,900	9,901,040	9,529,509	12,044,693	3,603,108
(7,410,107)	(6,500,901)	(6,107,100)	(11,373,865)	(3,815,744)
1,345,487		1,111,615	11,341,409	
			(10,673,922)	
				27,126
4,790,280	3,400,139	4,534,024	1,338,315	(185,510)
			(2,000,000)	
\$2,303,275	\$1,351,474	(\$1,223,193)	(\$5,085,418)	(\$1,914,503)
6.9%	6.9%	6.5%	7.4%	6.2%

CITY OF YUBA CITY
ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Real Property	Personal Property	Less: Tax-Exempt Real Property	Total Taxable Assessed Value ¹	Total Direct Tax Rate
2008	4,362,825,195	398,556,414	148,818,949	4,612,562,660	1.07670%
2009	4,620,231,165	383,764,855	268,912,438	4,735,083,582	1.07503%
2010	4,476,330,929	395,589,268	289,743,659	4,582,176,538	1.11124%
2011	4,385,775,665	373,906,661	314,536,993	4,445,145,333	1.09676%
2012	4,260,834,085	354,476,862	336,512,532	4,278,798,415	1.10541%
2013	4,122,453,319	366,518,780	288,135,271	4,200,836,828	1.11033%
2014	4,196,228,276	343,103,021	305,053,071	4,234,278,226	1.11574%
2015	4,429,291,191	346,898,386	311,355,267	4,464,834,310	1.11381%
2016	4,695,039,095	335,903,536	317,890,657	4,713,051,974	1.10658%
2017	4,872,431,090	332,984,296	313,658,236	4,891,757,150	1.10873%

¹ Article XIII A, added to the California Constitution by Proposition 13 in 1978, fixed the base for valuation of property subject to taxes at the full cash value as it appeared on the Assessor's 1975-76 assessment roll. Thereafter, full cash value can be increased to reflect:

- a) annual inflation up to 2 percent
- b) current market value at time of ownership change;
- c) market value for new construction

Note: Estimated actual value of taxable property cannot easily be determined as the property in the City is not reassessed annually. Reassessment normally occurs when ownership changes.

Source: Sutter County Tax Collector/Treasurer

CITY OF YUBA CITY
DIRECT AND OVERLAPPING PROPERTY TAX RATES¹
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>County Direct Rate²</u>	<u>Yuba City Unified and Community College Bond</u>	<u>Field Bond</u>	<u>Total Rate</u>
2008	1.00000	0.07670	-	1.07670
2009	1.00000	0.07503	-	1.07503
2010	1.00000	0.11124	-	1.11124
2011	1.00000	0.09676	-	1.09676
2012	1.00000	0.10541	-	1.10541
2013	1.00000	0.11033	-	1.11033
2014	1.00000	0.11574	-	1.11574
2015	1.00000	0.11381	-	1.11381
2016	1.00000	0.10658	-	1.10658
2017	1.00000	0.10873	-	1.10873

¹ On June 6, 1978, California voters approved a constitutional amendment to Article XIII A of the California Constitution, commonly known as Proposition 13, that limits the taxing power of California public agencies. Legislation to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) provides that notwithstanding any other law, local agencies may not levy property taxes except to pay debt service on indebtedness approved by voters prior to July 1, 1978 or on bonded indebtedness for the acquisition or improvement of real property approved on or after July 1, 1978 by two-thirds of the voting public.

² Proposition 13 allows each county to levy a maximum of \$1 per \$100 of full cash value. Full cash value is equivalent to assessed value pursuant to Statutes of 1978, Senate Bill 1656.

Source: Sutter County Auditor-Controller

CITY OF YUBA CITY
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Fiscal Year 2017			Fiscal Year 2008		
	Taxable Assessed Value ¹	Percent Of Total Assessed Valuation	Rank	Taxable Assessed Value ¹	Percent Of Total Assessed Valuation	Rank
Sunsweet Growers Inc.	\$ 79,183,029	1.55%	1	\$ 73,192,657	1.59%	2
Wal Mart Stores Inc./Sam's West	43,354,567	0.85%	2	18,196,002	0.39%	9
Sutter Medical Foundation	34,750,000	0.68%	3	N/A	N/A	N/A
Miravista LLC Etal	34,713,197	0.68%	4	N/A	N/A	N/A
Yuba City Co-Generation LP	24,388,838	0.48%	5	32,930,576	0.71%	5
CSFB 2005-C1 Colusa Retail LP	23,473,762	0.46%	6	N/A	N/A	N/A
Comcast	20,400,599	0.40%	7	28,970,274	0.63%	6
Feather River Energy Center LLC	20,207,495	0.40%	8	N/A	N/A	N/A
Greenleaf Unit Two Associates	19,980,230	0.39%	9	N/A	N/A	N/A
Kats River Oaks	18,860,910	0.37%	10	N/A	N/A	N/A
	<u>\$ 319,312,627</u>	<u>6.26%</u>		<u>\$ 153,289,509</u>	<u>3.32%</u>	

¹ Taxable assessed value includes tax assessments on real and personal properties.

Source: Sutter County Assessor
N/A - data not available

CITY OF YUBA CITY
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied for the Fiscal Year			Collections within the Fiscal Year of the Levy	
	City	RDA/Successor Agency	Total ¹	Amount	Percent of Levy
2008	7,148,318	3,338,218	10,486,536	10,486,536	100.00%
2009	7,091,491	3,712,359	10,803,850	10,803,850	100.00%
2010	6,812,588	3,512,956	10,325,544	10,325,544	100.00%
2011	6,398,070	3,476,567	9,874,637	9,874,637	100.00%
2012	6,013,572	3,121,923	9,135,495	9,135,495	100.00%
2013	6,203,157	3,149,668	9,352,825	9,352,825	100.00%
2014	6,276,524	2,790,734	9,067,258	9,067,258	100.00%
2015	6,645,580	2,772,586	9,418,166	9,418,166	100.00%
2016	7,039,111	2,855,601	9,894,712	9,894,712	100.00%
2017	7,408,328	3,139,175	10,547,503	10,547,503	100.00%

¹ Schedule excludes unitary tax.

² Yuba City is part of Sutter County which adopted the Teeter Plan in the 1993/94 fiscal year.

Source: Sutter County Tax Collector/Treasurer

CITY OF YUBA CITY
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Governmental Activities								
Fiscal Year	Tax Allocation Revenue Bonds	Loans Payable	Certificates of Participation	Refunding Lease Revenue Bonds	Pension Obligation Bonds	Net Pension Liability	Capital Lease Payable	Total ²
2008	36,005,000	1,819,241	12,265,000	-	7,255,000	-	6,569,953	63,914,194
2009	35,615,000	1,774,102	12,020,000	-	6,725,000	-	5,968,590	62,102,692
2010	35,200,000	1,727,641	11,765,000	-	6,135,000	-	5,343,660	60,171,301
2011	34,775,000	1,679,818	11,500,000	-	5,485,000	-	4,694,239	58,134,057
2012	-	-	11,230,000	-	4,770,000	-	4,019,367	20,019,367
2013	-	-	10,945,000	-	3,980,000	-	4,663,534	19,588,534
2014	-	279,125	10,650,000	-	3,115,000	-	3,924,677	17,968,802
2015	-	254,100	10,345,000	-	2,165,000	39,545,106	4,329,484	56,638,690
2016	-	231,000	-	9,700,629	1,130,000	44,810,601	4,866,999	60,739,229
2017	-	207,900	-	9,357,655	-	56,277,790	4,035,517	69,878,862

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

¹ See Demographic and Economic Indicators schedule for personal income and population data.

² Totals do not include other post-employment benefits payable or compensated absences.

n/a: not available

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

Business-Type Activities

Revenue Bonds Payable	Certificates of Participation	Loans Payable	Net Pension Liability	Capital Lease Payable	Total ²	Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
-	48,372,698	-	-	2,279,648	50,652,346	114,566,540	6.85%	1,809
-	47,317,394	-	-	-	47,317,394	109,420,086	7.63%	1,719
-	46,219,126	-	-	-	46,219,126	106,390,427	n/a	1,627
-	41,357,111	9,338,324	-	-	50,695,435	108,829,492	8.46%	1,660
9,101,310	29,897,484	24,309,381	-	-	63,308,175	83,327,542	6.44%	1,276
29,594,158	7,545,656	24,762,085	-	-	61,901,899	81,490,433	6.17%	1,238
36,218,737	-	29,284,569	-	-	65,503,306	83,472,108	6.22%	1,271
34,688,000	-	32,036,454	7,918,971	1,117,576	75,761,001	132,399,691	9.45%	1,995
33,142,661	-	29,477,660	8,597,177	2,409,957	73,627,455	114,112,249	8.15%	1,677
38,952,062	-	28,012,829	10,356,836	2,338,559	79,660,286	120,368,510	7.39%	1,785

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

Fiscal Year	General Bonded Debt Outstanding				Percentage of Personal Income ¹	Percentage of Total Taxable Assessed Value ²	Per Capita ¹
	Certificates of Participation	Refunding Lease Revenue Bonds	Pension Obligation Bonds	Total			
2008	12,265,000	-	7,255,000	19,520,000	1.17%	0.42%	308
2009	12,020,000	-	6,725,000	18,745,000	1.31%	0.40%	295
2010	11,765,000	-	6,135,000	17,900,000	n/a	0.39%	274
2011	11,500,000	-	5,485,000	16,985,000	1.32%	0.38%	259
2012	11,230,000	-	4,770,000	16,000,000	1.24%	0.37%	245
2013	10,945,000	-	3,980,000	14,925,000	1.13%	0.36%	227
2014	10,650,000	-	3,115,000	13,765,000	1.03%	0.33%	210
2015	10,345,000	-	2,165,000	12,510,000	0.89%	0.28%	176
2016	-	9,700,629	1,130,000	10,830,629	0.77%	0.23%	162
2017		9,357,655	-	9,357,655	0.57%	0.19%	139

¹ See Demographic and Economic Indicators schedule for personal income and population data.

² See Assessed Value and Actual Value of Taxable Property schedule for property value data.

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

CITY OF YUBA CITY
DIRECT AND OVERLAPPING DEBT GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2017

	Percent Applicable ¹	Debt June 30, 2017
OVERLAPPING TAX AND ASSESSMENT DEBT:		
Yuba Joint Community College District	17.058%	\$ 27,503,095
Sutter Union High School District	4.860%	1,154,897
Franklin School District	1.852%	32,916
Yuba City Unified School District School Facilities Improvement District No. 99-1	71.496%	9,092,678
Yuba City Unified School District School Facilities Improvement District No. 2004-1	72.939%	12,900,792
City of Yuba City Community Facilities District No. 2004-1	100.000%	2,297,797
City of Yuba City 1915 Act Bonds	100.000%	2,701,615
California Statewide Communities Development Authority 1915 Act Bonds	100.000%	368,262
Sutter Butte Flood Control Agency Assessment District	56.716%	49,686,052
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		105,738,104
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Sutter County Certificates of Participation	54.766%	462,773
Sutter County Board of Education Certificates of Participation	54.766%	2,730,085
Yuba Joint Community College District Certificates of Participation	17.058%	2,261,039
Yuba City Unified School District Certificates of Participation	79.112%	16,672,854
City of Yuba City Certificates of Participation	100.000%	9,135,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		31,261,751
OVERLAPPING TAX INCREMENT DEBT (Successor Agency):	100.000%	30,895,000
COMBINED TOTAL DEBT		\$ 167,894,855 ²
TOTAL DIRECT DEBT		\$ 9,135,000
TOTAL OVERLAPPING DEBT		158,759,855
COMBINED TOTAL DEBT		\$ 167,894,855 ²

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

² Excludes business-type activities debt.

RATIOS TO 2016-17 ASSESSED VALUATION:

Total Overlapping Tax and Assessment Debt	2.16%
Combined Direct Debt (\$9,135,000)	0.19%
Combined Total Debt	3.43%

RATIOS TO REDEVELOPMENT INCREMENTAL VALUATION (\$361,193,623):

Total Overlapping Tax Increment Debt	8.55%
--------------------------------------	-------

Source: California Municipal Statistics

CITY OF YUBA CITY
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	Fiscal year			
	2008	2009	2010	2011
Total assessed value of all real and personal property	\$ 4,612,562,660	\$ 4,735,083,582	\$ 4,582,176,538	\$ 4,445,145,333
Debt limit percentage	3.75%	3.75%	3.75%	3.75%
Total debt limit	172,971,100	177,565,634	171,831,620	166,692,950
Amount applicable to debt limit	26,089,953	24,713,590	23,243,660	21,679,239
Legal debt margin	<u>\$ 146,881,147</u>	<u>\$ 152,852,044</u>	<u>\$ 148,587,960</u>	<u>\$ 145,013,711</u>
Total net debt applicable to the limit as a percentage of debt limit	15.08%	13.92%	13.53%	13.01%

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

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

Fiscal year					
2012	2013	2014	2015	2016	2017
\$ 4,278,798,415	\$ 4,200,836,828	\$ 4,234,278,226	\$ 4,464,834,310	\$ 4,713,051,974	\$ 4,891,757,150
3.75%	3.75%	3.75%	3.75%	3.75%	3.75%
160,454,941	157,531,381	158,785,433	167,431,287	176,739,449	183,440,893
20,019,367	21,914,591	13,765,000	17,093,584	15,687,999	13,601,072
<u>\$ 140,435,574</u>	<u>\$ 135,616,790</u>	<u>\$ 145,020,433</u>	<u>\$ 150,337,703</u>	<u>\$ 161,051,450</u>	<u>\$ 169,839,821</u>
12.48%	13.91%	8.67%	10.21%	8.88%	7.41%

CITY OF YUBA CITY
PLEDGED REVENUE COVERAGE
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

Tax Allocation Revenue Bonds				
Fiscal Year	Property Tax Increment	Principal	Interest	Coverage
2008	3,338,218	250,000	1,708,563	1.70
2009	3,712,359	390,000	1,966,559	1.58
2010	3,512,956	415,000	1,950,034	1.49
2011	3,476,567	425,000	1,932,096	1.47
2012	3,121,923	445,000	1,906,208	1.33
2013	-	-	-	-
2014	-	-	-	-
2015	-	-	-	-
2016	-	-	-	-
2017	-	-	-	-

Loans Payable		
Fiscal Year	Principal	Interest
2008	43,854	53,946
2009	45,139	52,642
2010	46,461	51,301
2011	47,823	49,919
2012	49,224	48,023
2013	-	-
2014	21,175	1,289
2015	25,025	3,098
2016	23,100	-
2017	23,100	-

Note: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements. Operating expenses do not include interest, depreciation or amortization.

Note: As of June 30, 2013, pledged revenue for governmental fund debt was zero, due to transfer of liabilities to Successor Agency.

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

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CITY OF YUBA CITY
PLEDGED REVENUE COVERAGE
PROPRIETARY FUNDS
LAST TEN FISCAL YEARS

Water Revenue Bonds

<u>Fiscal Year</u>	<u>Operating Revenue</u>	<u>Adjusted Operating Expenses</u>	<u>Other Allowed Sources (Uses)</u>	<u>Net Available Revenue</u>	<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>
2008	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-

Sewer Revenue Bonds

<u>Fiscal Year</u>	<u>Operating Revenue</u>	<u>Adjusted Operating Expenses</u>	<u>Other Allowed Sources (Uses)</u>	<u>Net Available Revenue</u>	<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>
2008	-	-	-	-	-	-	-
2009	-	-	-	-	-	-	-
2010	-	-	-	-	-	-	-
2011	-	-	-	-	-	-	-
2012	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-

Note: Does not include 2000 Wastewater Certificates of Participation debt defeased of \$9,670,000.

Note: 2002 Wastewater Certificates of Participation were defeased in fiscal year 11/12.

Note: 2005 Water Certificates of Participation were defeased in fiscal year 12/13.

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

Note: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements. Operating expenses do not include interest, depreciation or amortization.

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

Water Certificates of Participation, SRF Loans, and Revenue Refunding Bonds

Operating Revenue	Adjusted Operating Expenses	Use of Stabilization Reserve	Other Allowed Sources (Uses)	Net Available Revenue	Principal	Interest	Coverage
9,237,474	(5,457,677)	-	(324,810)	3,454,987	550,000	1,267,282	1.90
8,629,300	(5,202,852)	-	(634,882)	2,791,566	575,000	1,241,738	1.54
8,653,769	(4,816,519)	290,290	(1,949,504)	2,178,036	600,000	1,215,030	1.20
8,824,154	(4,770,068)	-	(1,709,289)	2,344,797	630,000	1,190,095	1.29
9,592,893	(4,980,680)	-	(1,762,644)	2,849,569	485,000	1,283,128	1.61
11,177,162	(4,286,748)	-	(1,555,502)	5,334,912	1,471,087	1,539,209	1.77
11,794,764	(4,815,664)	-	(1,343,364)	5,635,736	1,768,787	1,146,362	1.93
11,021,165	(5,349,921)	-	(1,933,671)	3,737,573	1,817,019	1,102,835	1.28
12,035,874	(5,534,189)	-	(1,750,485)	4,751,200	1,923,963	1,174,003	1.53
12,659,452	(7,765,967)	-	-	4,893,485	1,936,886	1,104,329	1.61

Wastewater Certificates of Participation, Revenue Refunding Bonds, and Capital Lease

Operating Revenue	Adjusted Operating Expenses	Use of Stabilization Reserve	Other Allowed Sources (Uses)	Net Available Revenue	Principal	Interest	Coverage
9,695,363	(6,046,042)	-	628,595	4,277,916	469,135	976,312	2.96
9,070,420	(5,937,384)	-	(265,983)	2,867,053	501,061	953,151	1.97
9,353,229	(5,823,559)	-	(673,042)	2,856,628	519,025	931,520	1.97
9,523,380	(5,732,765)	-	(873,291)	2,917,324	542,772	911,317	2.01
9,745,996	(6,135,668)	-	(1,218,941)	2,391,387	757,341	847,575	1.49
10,869,354	(5,987,918)	-	(1,776,664)	3,104,772	642,763	724,756	2.27
11,863,241	(5,852,523)	-	(1,376,580)	4,634,138	810,373	756,338	2.96
12,505,064	(6,010,491)	-	(1,318,609)	5,175,964	833,130	612,867	3.58
12,899,797	(7,033,450)	-	(1,151,762)	4,714,585	1,185,222	684,989	2.52
13,899,068	(9,002,623)	-	(40,000)	4,856,445	1,187,907	671,706	2.61

CITY OF YUBA CITY
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population ¹	Personal Income ²		School Enrollment ³	Unemployment Rate ⁴	City Square Miles ⁵
		Total (in thousands)	Per Capita			
2008	63,338	1,671,553	26,391	12,758	11.8%	14.58
2009	63,647	1,433,595	22,634	12,842	12.3%	14.58
2010	65,372	n/a	n/a	12,670	21.6%	14.65
2011	65,569	1,286,479	19,620	12,746	21.9%	14.65
2012	65,300	1,294,547	19,825	12,734	17.7%	14.65
2013	65,841	1,321,604	20,073	12,779	14.0%	14.65
2014	65,677	1,342,164	20,436	12,822	12.6%	14.91
2015	66,363	1,400,858	21,109	12,751	9.6%	14.91
2016	68,052	1,400,858	20,585	12,722	9.3%	14.91
2017	67,445	1,629,451	24,160	13,284	8.3%	14.91

¹ Source: California Department of Finance

² Source: California Franchise Tax Board

³ Source: Yuba City Unified School District

⁴ Source: California Employment Development Department

⁵ Source: Yuba City Engineering Department

n/a: not available

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

Employer	Fiscal Year 2017			Fiscal Year 2007		
	Employees	Percent of Total Employment	Rank	Employees	Percent of Total Employment	Rank
Fremont Rideout Medical	2,200	6.90%	1	N/A	N/A	N/A
Yuba City Unified School District	1,400	4.39%	2	N/A	N/A	N/A
County of Sutter	905	2.84%	3	N/A	N/A	N/A
Sunsweet Growers	620	1.94%	4	N/A	N/A	N/A
Wal-Mart	480	1.50%	5	N/A	N/A	N/A
Sutter North Medical	450	1.41%	6	N/A	N/A	N/A
City of Yuba City	303	0.95%	7	N/A	N/A	N/A
Target	190	0.60%	8	N/A	N/A	N/A
Sam's Club	185	0.58%	9	N/A	N/A	N/A
Bel Air/Raley's	175	0.55%	10	N/A	N/A	N/A
	<u>6,908</u>	<u>21.66%</u>				

Source: City of Yuba City Economic Development Division

N/A - Data not available

CITY OF YUBA CITY
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Fiscal Year			
	2008	2009	2010	2011
Governmental Activities				
General Government				
City manager	2.00	2.00	4.00	3.75
Finance	16.00	16.60	13.52	13.52
General services	4.00	4.00	4.00	4.00
Human resources	6.00	5.50	4.50	3.50
Public Safety				
Police	102.50	103.50	101.50	91.50
Fire	52.10	55.10	55.10	55.10
Parks and Recreation	32.50	31.73	26.24	20.23
Public Works and facilities				
Administration	2.00	3.00	3.00	3.75
Custodial	11.75	11.75	9.75	5.00
Streets	10.30	10.23	9.23	9.23
Engineering	6.00	8.00	10.00	10.00
Electrical maintenance	4.10	4.08	1.08	0.88
Community Development				
Planning	5.00	4.00	3.00	3.00
Building inspection	10.00	10.00	6.00	5.00
Economic development	1.60	1.00	1.00	1.00
Water	27.95	28.73	29.58	24.58
Wastewater	36.65	37.73	38.88	35.08
Vehicle maintenance	5.25	5.25	5.25	4.25
SBFCA				
Total Full-Time Equivalent Employees	335.70	342.20	325.63	293.37

Source: City of Yuba City Finance Department

Fiscal Year					
2012	2013	2014	2015	2016	2017
3.50	3.50	3.50	3.00	3.00	3.34
13.00	13.00	13.00	13.00	13.00	13.00
5.00	5.00	5.00	5.00	5.00	5.00
3.00	3.00	3.00	3.00	4.00	4.00
91.50	91.50	91.50	91.50	91.50	94.50
55.00	55.00	55.00	48.00	57.00	58.00
18.23	18.23	23.98	24.10	24.10	19.00
2.00	1.30	1.30	1.30	1.30	1.00
5.00	5.00	5.00	5.00	5.00	5.00
9.23	9.23	9.23	9.24	9.24	9.34
10.00	12.00	12.00	11.00	11.00	11.00
0.88	0.88	0.88	0.88	0.88	0.88
4.00	4.00	3.00	3.00	3.00	3.75
5.00	5.00	6.00	5.00	5.00	5.25
1.00	1.00	1.00	1.00	1.00	1.00
25.43	24.13	24.13	24.19	24.69	24.97
36.23	34.13	35.13	35.19	35.69	36.47
4.00	4.10	4.10	4.10	4.10	4.00
		1.00	1.00	1.00	1.00
292.00	290.00	297.75	288.50	299.50	300.50

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

	Fiscal Year			
	2008	2009	2010	2011
Finance				
Utility customers billed	17,570	17,628	17,806	17,997
Community Development				
Single family dwelling building permits issued	54	39	37	8
Land use entitlement applications	92	42	37	26
Police				
Citations issued	12,597	11,769	8,485	8,831
Arrests made	3,465	3,452	3,336	3,180
Requests for services	43,936	48,053	44,856	47,880
Fire				
Fire responses	6,591	7,169	7,101	7,302
Area served (sq. miles)	30.000	30.000	30.000	30.000
Parks and Recreation				
Classes held	500	1,182	2,762	2,484
Hours of recreation offered	5,800	8,190	17,530	17,217
Total participants	12,500	36,749	93,103	78,787
Public Works				
Encroachment permits	117	83	98	106
Subdivision agreements	3	-	-	-
Capital improvement projects	17	20	20	20
Park acres overseen	130.00	133.00	133.00	133.00
Street maintenance - crack seal (streets)	52	93	70	76
Street maintenance - traffic marking paint (gal.)	910	925	538	401
Street light repairs	621	468	398	414
Water				
Water introduced to system (million gallons)	6,008	6,220	6,091	4,985
Metered water deliveries (hundred cubic feet)	6,010,883	5,976,940	5,450,998	5,351,142
Wastewater				
Effluent (millions of gallons per day)	5.366	5.150	6.500	5.800

Source: City of Yuba City Finance Department

Fiscal Year					
2012	2013	2014	2015	2016	2017
18,338	18,197	18,219	18,700	18,699	18,719
13	41	49	39	43	42
21	41	37	45	26	33
6,741	7,429	6,172	6,343	6,308	5,790
2,989	3,161	3,298	2,878	2,913	3,460
46,093	49,648	47,384	45,233	46,162	48,479
7,712	8,166	8,513	8,875	9,327	10,417
30.000	30.000	30.000	30.000	30.000	30.000
3,010	2,552	1,117	1,009	1,687	1,743
17,766	15,942	12,838	16,122	8,450	8,870
99,102	80,000	60,000	51,021	68,211	68,319
84	85	115	108	143	192
-	-	-	1	-	1
15	14	18	16	16	8
133.00	133.00	133.00	133.00	133.00	275.00
72	74	31	66	0	22
40	30	50	30	115	45
406	460	435	425	435	144
5,248	5,475	5,260	4,572	4,110	4,272
6,436,753	7,075,367	6,800,658	5,821,860	5,086,702	5,303,569
5.900	5.500	5.500	5.500	4.700	6.000

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

	Fiscal Year			
	2008	2009	2010	2011
Police				
Stations	1	1	1	1
Fire				
Stations	5	5	5	5
Public Works				
Streets (centerline miles)	237	237	237	237
Street lights	6,071	6,071	6,071	6,078
Traffic signals	33	34	34	37
Parks and Recreation				
Office buildings	2	3	3	2
Park acreage	110	113	113	113
Playing fields/courts	7	7	7	7
Swimming pools	1	1	1	1
Water play features	1	2	2	2
Water				
Water mains (miles)	232	260	260	274.7
Fire hydrants	2,324	2,593	2,593	2,684
Storage capacity (million gallons)	18.00	18.00	18.00	21.00
Treatment capacity (million gallons)	48.5	48.5	36.0	36.0
Wastewater				
Sewer mains (miles)	176.5	176.5	176.5	179
Treatment capacity (million gallons)	10.5	10.5	10.5	10.5

Source: City of Yuba City Finance Department

Fiscal Year					
2012	2013	2014	2015	2016	2017
1	1	1	1	1	1
5	5	5	5	5	5
237	237	237	237	237	237
6,078	6,078	6,078	6,078	6,078	3,626
37	37	37	37	37	38
2	2	2	2	2	2
113	188	188	188	188	275
7	7	7	7	7	7
1	1	1	1	1	1
2	2	2	2	2	2
275	275	275	280	280	280
2,688	2,694	2,703	2,771	2,771	2,789
21.00	21.00	21.00	21.00	21.00	21
36.0	36.0	36.0	36.0	36.0	36.0
179	179	179	179	179	179.0
10.5	10.5	10.5	10.5	10.5	10.5

ATTACHMENT 2

City of Yuba City

Yuba City, California

Single Audit Report

For the year ended June 30, 2017

City of Yuba City
Single Audit Report
For the year ended June 30, 2017

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members of the City Council
of the City of Yuba City
Yuba City, California

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Yuba City, California (City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 6, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify one deficiency in internal control, described in the accompanying schedule of findings and questioned costs as 2017-001 that we consider to be a significant deficiency.

To the Honorable Mayor and Members of the City Council
of the City of Yuba City
Yuba City, California
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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Badawi & Associates, CPAs
Oakland, California
December 6, 2017



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Mayor and Members of the City Council
of the City of Yuba City
Yuba City, California

Report on Compliance for Each Major Federal Program

We have audited the City of Yuba City, California (City)'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2017. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed two instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2017-002 and 2017-003. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-002 and 2017-003 that we consider to be significant deficiencies.

To the Honorable Mayor and Members of the City Council
of the City of Yuba City
Yuba City, California
Page 3

The City's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 6, 2017., which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is stylized, with a large, looped "B" at the beginning.

Badawi & Associates, CPAs
Oakland, California
December 6, 2017

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City of Yuba City
Schedule of Expenditures of Federal Awards
For the year ended June 30, 2017

Grantor Agency and Grant Title	Federal Catalog Number	Agency or Pass-Through Grantor's Number	Expenditures	Subrecipient Expenditures
U.S. Department of Housing and Urban Development				
<i>Direct Program</i>				
Community Development Block Grant - Entitlement Grants	14.218	B-16-MC-06-0036	\$ 866,787	\$ 122,669
Total U.S. Department of Housing and Urban Development			866,787	122,669
U.S. Department of Justice:				
<i>Passed through County of Sutter</i>				
Justice Assistance Grant	16.738	2015-H3004-CA-DJ	12,604	-
Justice Assistance Grant	16.738	2016-DJ-BX-1085	3,857	-
		Subtotal CFDA 16.738	16,461	-
Total U.S. Department of Justice			16,461	-
U.S. Department of Transportation:				
<i>Highway Planning and Construction Cluster</i>				
<i>Passed through State of California Department of Transportation</i>				
Highway Planning and Construction - High Priority Projects	20.205	SAFETEA-LU HPP#3631/5163(025)	2,213,622	-
Highway Planning and Construction - Road Rehabilitation Projects	20.205	1051	11,832	-
Highway Planning and Construction - Garden Highway Improvement	20.205	1153	224,220	-
Highway Planning and Construction - Active Transportation Grant	20.205	1199	309,870	-
		Subtotal Highway Planning and Construction Cluster	2,759,544	-
<i>Highway Safety Cluster</i>				
<i>Passed through State of California Office of Traffic Safety</i>				
2015-2016 Selective Traffic Enforcement Program (STEP)	20.600	PT1668	17,090	-
2016-2017 Selective Traffic Enforcement Program (STEP)	20.600	PT1745	41,372	-
Travel Safe Program Grant	20.616	OP1604	17,541	-
		Subtotal Highway Safety Cluster	76,003	-
Total U.S. Department of Transportation			2,835,547	-
U.S Department of Health and Human Services				
<i>Direct Program</i>				
ACHIEVE Grant	93.283	2011-03-23	7,109	-
Total U.S. Department of Health and Human Services			7,109	-
U.S. Department of Homeland Security:				
<i>Direct Program</i>				
2014 SAFER Grant	97.083	EMW-2014-FH-00444	787,920	-
2015 Homeland Security Grant	97.067	2322	39,520	-
2015 Homeland Security Grant	97.067	2193	17,873	-
		Subtotal CFDA 97.067	57,393	-
Total U.S. Department of Homeland Security			845,313	-
Total Expenditures of Federal Awards			\$ 4,571,217	\$ 122,669

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City of Yuba City

Notes to the Schedule of Expenditures of Federal Awards For the year ended June 30, 2017

1. REPORTING ENTITY

The financial reporting entity, as described by the Governmental Accounting Standards Board (GASB) Codification, consists of (a) the primary government, City of Yuba City (City), and (b) component units which include organizations for which the primary government is financially accountable, and other organization for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The component unit of the City is:

- Yuba City Public Financing Authority

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Funds received under various grant programs have been recorded within the General, Special Revenue, Capital Projects, and Enterprise funds of the City. The City utilizes the modified accrual method of accounting for General, Special Revenue and Capital Projects funds and accrual basis of accounting for Enterprise funds. The accompanying Schedule of Expenditures of Federal Awards (SEFA) is presented in accordance with the requirements of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the Schedule of Expenditures of Federal Awards may differ from amounts presented in, or used in, the presentation of the City's basic financial statements.

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the City. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through the State of California and County of Sutter, California are also included in the Schedule of Expenditures of Federal Awards.

The Schedule of Expenditures of Federal Awards was prepared only from accounts of various grant programs and, therefore, does not present financial position or results of operations of the City.

City of Yuba City

Notes to the Schedule of Expenditures of Federal Awards For the year ended June 30, 2017

3. RELATIONSHIP TO FINANCIAL STATEMENTS

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within the City's financial statements. Federal award revenues are reported principally in the City's financial statements as intergovernmental revenues in the General, Special Revenue, Capital Projects, and Enterprise funds.

4. PASS-THROUGH ENTITIES' IDENTIFYING NUMBER

When federal awards were received from a pass-through, the Schedule of Expenditures of Federal Awards shows, if available, the identifying number assigned by the pass-through entity.

5. INDIRECT COSTS

The City did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance, and currently does not charge any indirect costs to federal programs.

City of Yuba City
Schedule of Findings and Questioned Costs
For the year ended June 30, 2017

Section I – Summary of Auditor’s Results

Financial Statements

Types of auditors’ report issued on whether financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? Yes

Any noncompliance material to the financial statements noted No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? Yes

Type of auditor’s report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 200.516(a) Yes

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster	Expenditures
14.218	Community Development Block Grants - Entitlement Grants	\$ 866,787
97.083	Staffing for Adequate Fire and Emergency Response (SAFER)	787,920
Total Expenditures of All Major Federal Programs		\$ 1,654,707
Total Expenditures of Federal Awards		\$ 4,571,217
Percentage of Total Expenditures of Federal Awards		36%

Dollar threshold used to distinguish between type A and type B program \$750,000

Auditee qualified as low-risk auditee under section 200.520? Yes

City of Yuba City
Schedule of Findings and Questioned Costs, Continued
For the year ended June 30, 2017

Section II – Current Year Findings

A. Current Year Findings – Financial Statement Audit

2017-001 Grant Billing

Criteria:

Policies and procedures should be in place over grant administrative requirements to ensure that grants are billed timely and accurately, being compliant with any grant requirements with regard to billing frequency and expiration of grant funds, and maintaining adequate cash reserves to fund expenditures of other City programs.

Condition:

During the performance of the audit, we noted that the City had large receivables that related to unbilled grant expenditures for grants that are funded on a cost reimbursement basis. After follow up with management during audit fieldwork, we noted that the unbilled amounts at the end of the fiscal year were yet to be billed.

Cause:

The City assigns project managers to projects to be responsible for billing grants that provide funding for those projects. There are currently no formal written policies and procedures in place requiring frequency and due dates for grant billings to be performed.

Context and Effect:

In times of significant project expenditures that are expected to be funded by cost reimbursement type grants, the City may experience depleted cash balances, if reimbursements are not submitted on a timely basis.

Recommendation:

We recommend that the City implement formal written policies and procedures over grant billing to ensure the timely reimbursement of expenditures funded by grants.

View of Responsible Officials and Planned Corrective Action:

As it relates to grant reimbursements, the City reviewed timeliness of reimbursements and has determined that for a variety of reasons, this is often beyond the City's control. Examples of 'why' are stated below. That aside, the City will do our best to ensure timely billing and reimbursement of grant funded projects. In FY 16-17, the 5th Street Bridge Replacement project used HBP/RSTP/HPP funds that the California Department of Transportation (CalTrans) controls. City staff has been waiting several months for CalTrans to approve an increase to the design expenditure limit before they will release a claim for work performed by the City in April, 2017. Similarly, the City has submitted a claim to be reimbursed for work performed on the Prop 84-funded Feather River Parkway Phase II project, but the Central Valley Flood Protection Board will not release the claim until the US Army Corp of Engineers approves a section 408 alteration request submitted by a city-hired consultant over two years ago. The City's Franklin Road Improvement project, funded by an ATP grant, was completed and the reimbursement claim submitted within the scope of the grant contract (within one fiscal year), yet the City did not receive the reimbursement until the middle of November, 2017, and likewise, the City's RSTP/CMAQ-funded Garden Highway Improvement project final reimbursement is being held by CalTrans until they approve a change order that will allow the close-out of the project.

City of Yuba City
Schedule of Findings and Questioned Costs, Continued
For the year ended June 30, 2017

Section II – Current Year Findings (Continued)

B. Current Year Findings and Questioned Costs – Major Federal Award Program Audit

2017-002 Allowable Costs and Cost Principles, Control Activities (Significant Deficiency) and Compliance

Program:

Community Development Block Grant (CFDA Number 14.218, U.S. Department of Housing and Urban Development, Direct Program, Award Number B-16-MC-06-00436)

Criteria:

Per 2 CFR Section 200.430 (i) *Standards of Documentation of Personnel Expenses*, Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed and budget estimates alone do not qualify as support charges to Federal awards.

Condition:

During the performance of the audit, we noted that the City charged the program an additional \$43,845.71 of payroll costs to capture non-routine time incurred by City staff that assisted in program activities during the year. The amount was determined by a percentage estimate that was not supported by approved payroll activity reports.

Cause:

The program manager who is responsible for the grant was on leave during the period the cost was recorded and billed.

Context and Effect:

The City could not demonstrate that it was in full compliance with the allowable costs and cost principles compliance requirement of the program.

Questioned Costs:

The payroll costs charged based on estimates totaled \$43,845.71.

Recommendation:

We recommend that the City cross-train employees to perform functions required by the program to ensure program continuity and compliance requirements are met during times of either employee absence or employee turnover.

View of Responsible Officials and Planned Corrective Action:

The City has updated our internal procedures for charging staff time to grant activities to ensure that payroll records document all costs charged in the future.

City of Yuba City
Schedule of Findings and Questioned Costs, Continued
For the year ended June 30, 2017

Section II- Current Year Findings (Continued)

B. Current Year Findings and Questioned Costs – Major Federal Award Program Audit (Continued)

2017-003 Pass-through Entity Responsibilities, Information and Communication (Significant Deficiency) and Compliance

Program:

Community Development Block Grant (CFDA Number 14.218, U.S. Department of Housing and Urban Development, Direct Program, Award Number B-16-MC-06-00436)

Criteria:

Per 2 CFR Section 200.331 *Requirements for pass-through entities,*

- All pass through entities must ensure that every subaward is clearly identified to the subrecipients as a subaward and includes the following information at the time of the subaward and if any of these elements change, include the changes in subsequent award information...Required information includes... (xi) CFDA Number and Name; the pass-through entity must identify the dollar amount made available under each Federal award and the CFDA number at time of disbursement.
- Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraphs (d) and (e) of this section.

Condition:

During the performance of the audit, we noted the following matters:

- The City did not include the CFDA number of the Community Development Block Grant program in the subaward documentation for all subrecipient agreements effective during the fiscal year.
- The City does perform on-site monitoring for all subrecipients, and performs follow up visits for problematic subrecipients, however the City did not document a formal evaluation on each subrecipient's risk of noncompliance with program requirements.

Cause:

The City believed that the subrecipient agreement template that is used included all regulatory language required by the grant, however the subrecipient agreement template did not include all federal information to be communicated to the subrecipient. The requirement to perform a formal evaluation on each subrecipient's risk of noncompliance with program requirements to determine the level of monitoring to be performed by the City is relatively new and was not timely captured by the City's internal control over compliance for the program.

Context and Effect:

The City was not in full compliance with the pass through entity responsibilities under 2 CFR Section 200.

Questioned Costs:

No questioned costs were noted.

City of Yuba City
Schedule of Findings and Questioned Costs, Continued
For the year ended June 30, 2017

Section II- Current Year Findings (Continued)

B. Current Year Findings and Questioned Costs – Major Federal Award Program Audit (Continued)

2017-003 Pass-through Entity Responsibilities, Information and Communication (Significant Deficiency) and Compliance (Continued)

Recommendation:

We recommend that the City implement policies and procedures over subrecipients to be in full compliance with pass-through entity responsibilities under 2 CFR Section 200.

View of Responsible Officials and Planned Corrective Action:

Subaward documents for all subrecipient agreements for FY 2017-18 have been updated to include the CFDA number of the CDBG program. The City is developing a template that documents risk assessment prior to the CDBG subrecipient monitorings at the end of the program year. Each subrecipient will be formally evaluated on risk of noncompliance with program requirements. Documentation will be maintained in each subrecipient's file, and the level of monitoring will depend on the results of the assessment.

Section III- Prior Year Findings

A. Prior Year Findings – Financial Statement Audit

No financial statement findings in the prior year.

B. Prior Year Findings and Questioned Costs – Major Federal Award Program Audit

No prior year findings or questioned costs.