

**CITY OF CHOWCHILLA
CALIFORNIA**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2013**

**CITY OF CHOWCHILLA
JUNE 30, 2013**

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JUNE 30, 2013**

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Chowchilla, 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 Chowchilla, California (the City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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 City'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 City'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.

Basis for Adverse Opinion

As discussed in Note 1 to the financial statements, management has not maintained records of capital assets and, therefore, capital assets and the related depreciation thereon are not reported in the governmental activities, business-type activities, and enterprise fund financial statements. Accounting principles generally accepted in the United States of America require that capital assets be capitalized and depreciated, which would increase the assets, net position, and expenses of the governmental activities, business-type activities, and enterprise fund activities. The amounts by which this departure would affect the assets, net position, and expenses of the governmental activities, business-type activities, and enterprise funds are not reasonably determinable.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion" paragraph, the financial statements referred to above do not present fairly the financial position of the City of Chowchilla, California, as of June 30, 2013, or the changes in financial position or, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the financial statements, effective July 1, 2012, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB No. 65, *Items Previously Reported as Assets and Liabilities*. GASB Statement No. 65 recognizes certain amounts that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflow of resources on the statement of net position. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 52-54 and the schedule of funding progress on page 55 be presented to supplement the basic financial statements. Such information, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements 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. Because we issued an adverse opinion on the City's financial statements as described above, it is inappropriate to, and we do not express an opinion on the combining nonmajor fund financial statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Chowchilla's internal control over financial reporting and compliance.

Price Pange & Company

Clovis, California
March 25, 2014

BASIC FINANCIAL STATEMENTS

CITY OF CHOWCHILLA

**STATEMENT OF NET POSITION
JUNE 30, 2013**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 9,298,844	\$ 1,580,582	\$ 10,879,426
Restricted cash and investments	3,759,684	-	3,759,684
Accounts receivable, net	1,467,419	442,251	1,909,670
Notes receivable, net	20,350,912	-	20,350,912
Prepaid expenses/deferred charges	21	-	21
Land held for resale	104,000	-	104,000
Accounts receivable - long-term	62,241	-	62,241
Internal balances	<u>162,259</u>	<u>(162,259)</u>	<u>-</u>
 Total assets	 <u>35,205,380</u>	 <u>1,860,574</u>	 <u>37,065,954</u>
 LIABILITIES			
Accounts payable	450,174	795,591	1,245,765
Accrued payroll	128,799	-	128,799
Deposits	-	166,488	166,488
Accrued interest	207,987	12,414	220,401
Unearned revenues	83,665	-	83,665
Long-term liabilities:			
Due within one year	738,104	209,872	947,976
Due in more than one year	<u>24,642,381</u>	<u>809,072</u>	<u>25,451,453</u>
 Total liabilities	 <u>26,251,110</u>	 <u>1,993,437</u>	 <u>28,244,547</u>
 NET POSITION (DEFICIT)			
Net investment in capital assets	(15,167,390)	(1,018,947)	(16,186,337)
Restricted for:			
Highway and streets	2,502,329	-	2,502,329
Culture and recreation	185,363	-	185,363
Community development	5,402,348	-	5,402,348
Capital maintenance	5,057,055	-	5,057,055
Debt service	4,437,719	-	4,437,719
Unrestricted	<u>6,536,846</u>	<u>886,084</u>	<u>7,422,930</u>
 Total net position (deficit)	 <u>\$ 8,954,270</u>	 <u>\$ (132,863)</u>	 <u>\$ 8,821,407</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CHOWCHILLA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS:							
Governmental activities:							
General government	\$ 756,169	\$ 828,820	\$ 7,739	\$ -	\$ 80,390	\$ -	\$ 80,390
Public safety	2,820,825	43,186	168,353	-	(2,609,286)	-	(2,609,286)
Highways and streets	1,226,226	324,060	1,459,203	342	557,379	-	557,379
Culture and recreation	320,426	460	55,276	-	(264,690)	-	(264,690)
Community development	342,234	1,396	2,989,199	-	2,648,361	-	2,648,361
Interest and fiscal charges	690,047	-	-	-	(690,047)	-	(690,047)
Total governmental activities	<u>6,155,927</u>	<u>1,197,922</u>	<u>4,679,770</u>	<u>342</u>	<u>(277,893)</u>	<u>-</u>	<u>(277,893)</u>
Business-type activities:							
Water	2,052,376	1,693,117	-	-	-	(359,259)	(359,259)
Solid waste	1,331,846	1,272,811	-	-	-	(59,035)	(59,035)
Sewer	1,156,240	1,266,533	-	-	-	110,293	110,293
Airport	34,840	15,756	10,000	-	-	(9,084)	(9,084)
Storm drain	45,231	202,219	-	-	-	156,988	156,988
Total business-type activities	<u>4,620,533</u>	<u>4,450,436</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>(160,097)</u>	<u>(160,097)</u>
Total	<u>\$ 10,776,460</u>	<u>\$ 5,648,358</u>	<u>\$ 4,689,770</u>	<u>\$ 342</u>	<u>(277,893)</u>	<u>(160,097)</u>	<u>(437,990)</u>
General revenues:							
Taxes:							
Property					1,407,835	7,959	1,415,794
Sales					892,560	-	892,560
Transient lodging					207,588	-	207,588
Franchises					207,909	-	207,909
Documentary stamp					17,333	-	17,333
Motor vehicle in lieu - unrestricted					1,517,749	-	1,517,749
Investment earnings					441,863	9,430	451,293
Rental income					87,179	-	87,179
Miscellaneous					227,377	7,140	234,517
Gain/loss on sale of capital assets					13,438	-	13,438
Transfers					75,676	(75,676)	-
Total general revenues, extraordinary item, and transfers					<u>5,096,507</u>	<u>(51,147)</u>	<u>5,045,360</u>
Change in net position					<u>4,818,614</u>	<u>(211,244)</u>	<u>4,607,370</u>
Net position (deficit), beginning of year					4,797,690	78,381	4,876,071
Prior period adjustments					(662,034)	-	(662,034)
Net position, beginning of year, as restated					<u>4,135,656</u>	<u>78,381</u>	<u>4,214,037</u>
Net position (deficit), end of year					<u>\$ 8,954,270</u>	<u>\$ (132,863)</u>	<u>\$ 8,821,407</u>

The notes to the financial statements are an integral part of this statement.

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FUND FINANCIAL STATEMENTS

CITY OF CHOWCHILLA

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

	<u>General</u>	<u>CDBG Grants Special Revenue</u>	<u>Community Facilities District Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and investments	\$ -	\$ 56,135	\$ 778,094	\$ 8,340,508	\$ 9,174,737
Restricted cash and investments	369,873	-	3,133,838	255,973	3,759,684
Accounts receivable	375,567	193,743	60,297	837,810	1,467,417
Notes receivable, net	-	19,956,252	-	394,660	20,350,912
Due from other funds	1,653,202	-	115,649	-	1,768,851
Prepaid expenses	21	-	-	-	21
Land held for resale	-	-	-	104,000	104,000
Accounts receivable - long-term	<u>30,318</u>	<u>-</u>	<u>-</u>	<u>31,923</u>	<u>62,241</u>
 Total assets	 <u>\$ 2,428,981</u>	 <u>\$ 20,206,130</u>	 <u>\$ 4,087,878</u>	 <u>\$ 9,964,874</u>	 <u>\$ 36,687,863</u>
LIABILITIES					
Accounts payable	\$ 168,043	\$ 20,094	\$ 3,187	\$ 233,669	\$ 424,993
Unearned revenues	67,000	-	-	16,665	83,665
Due to other funds	<u>115,649</u>	<u>-</u>	<u>-</u>	<u>1,539,606</u>	<u>1,655,255</u>
 Total liabilities	 <u>350,692</u>	 <u>20,094</u>	 <u>3,187</u>	 <u>1,789,940</u>	 <u>2,163,913</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	<u>135,793</u>	<u>15,611,349</u>	<u>16,253</u>	<u>702,221</u>	<u>16,465,616</u>
 Total deferred inflows of resources	 <u>135,793</u>	 <u>15,611,349</u>	 <u>16,253</u>	 <u>702,221</u>	 <u>16,465,616</u>
FUND BALANCES:					
Nonspendable:					
Prepaid expenses	21	-	-	-	21
Long-term receivable	30,318	-	-	-	30,318
Restricted for:					
Highway and streets	-	-	-	2,502,329	2,502,329
Culture and recreation	-	-	-	185,363	185,363
Community development	-	4,574,687	-	827,661	5,402,348
Capital maintenance	-	-	-	5,057,055	5,057,055
Debt service	369,873	-	4,068,438	(592)	4,437,719
Committed to:					
Emergency contingency	910,223	-	-	-	910,223
Assigned to:					
General government	1,305	-	-	-	1,305
Public safety	8,632	-	-	-	8,632
Unassigned	<u>622,124</u>	<u>-</u>	<u>-</u>	<u>(1,099,103)</u>	<u>(476,979)</u>
 Total fund balances	 <u>1,942,496</u>	 <u>4,574,687</u>	 <u>4,068,438</u>	 <u>7,472,713</u>	 <u>18,058,334</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 2,428,981</u>	 <u>\$ 20,206,130</u>	 <u>\$ 4,087,878</u>	 <u>\$ 9,964,874</u>	 <u>\$ 36,687,863</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CHOWCHILLA

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2013**

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

Fund balances - total governmental funds	\$ 18,058,334
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds. Those liabilities consist of:	
Bonds payable	(14,222,390)
Loans payable	(10,858,215)
Interest payable on long-term debt does not require the use of current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds balance sheet.	(207,987)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	16,465,616
The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	<u>(281,088)</u>
Net position of governmental activities	<u>\$ 8,954,270</u>

CITY OF CHOWCHILLA

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

	General	CDBG Grants Special Revenue	Community Facilities District Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 1,973,487	\$ -	\$ 739,591	\$ -	\$ 2,713,078
Licenses and permits	639,189	-	-	480	639,669
Fines and penalties	47,169	-	1,396	-	48,565
Intergovernmental revenues	1,603,791	505,829	-	1,732,251	3,841,871
Use of money and property	63,835	-	26,962	26,798	117,595
Charges for services	43,382	-	-	389,270	432,652
Miscellaneous	220,789	-	2,503	4,005	227,297
Total revenues	4,591,642	505,829	770,452	2,152,804	8,020,727
EXPENDITURES					
Current:					
General government	762,554	-	17,523	3,927	784,004
Public safety	2,655,691	-	-	-	2,655,691
Highways and streets	244,998	-	-	972,600	1,217,598
Culture and recreation	297,062	-	-	699	297,761
Community Development	-	1,340,314	-	69,335	1,409,649
Administrative	-	-	-	24,377	24,377
Capital outlay	19,156	-	-	78,660	97,816
Debt service:					
Principal	-	-	170,000	383,366	553,366
Interest	-	-	391,580	303,533	695,113
Total expenditures	3,979,461	1,340,314	579,103	1,836,497	7,735,375
Excess (deficiency) of revenues over (under) expenditures	612,181	(834,485)	191,349	316,307	285,352
OTHER FINANCING SOURCES (USES)					
Transfers in	312,903	-	-	916,911	1,229,814
Transfers out	(653,638)	-	-	(598,652)	(1,252,290)
Proceeds from sales of capital assets	13,438	950	-	-	14,388
Proceeds from promissory note	-	1,207,209	-	-	1,207,209
Total other financing sources (uses)	(327,297)	1,208,159	-	318,259	1,199,121
Net change in fund balances	284,884	373,674	191,349	634,566	1,484,473
Fund balances, beginning of year	1,657,612	4,201,013	3,877,089	6,754,198	16,489,912
Prior period adjustments	-	-	-	83,949	83,949
Fund balances, beginning of year, restated	1,657,612	4,201,013	3,877,089	6,838,147	16,573,861
Fund balances, end of year	\$ 1,942,496	\$ 4,574,687	\$ 4,068,438	\$ 7,472,713	\$ 18,058,334

The notes to the financial statements are an integral part of this statement.

CITY OF CHOWCHILLA

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

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

Net change in fund balances - total governmental funds	\$ 1,484,473
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Proceeds from long-term debt	(1,182,659)
Repayment of the principal of long-term debt	553,366
Amortization on bond discounts	(7,322)

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

Change in accrued interest from prior year	5,066
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New loans made included in the statement of activities do not provide the use of current financial resources and, therefore, are not reported as expenses in governmental funds.

3,743,321

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

278,744

The net revenue of certain activities of internal service funds is reported with governmental activities.

(56,375)

Change in net position of governmental activities	<u>\$ 4,818,614</u>
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CITY OF CHOWCHILLA

**STATEMENT OF NET POSITION – PROPRIETARY FUNDS
JUNE 30, 2013**

	Business-Type Activities - Enterprise Funds					Total	Governmental
	Water	Solid Waste	Sewer	Storm Drain	Nonmajor Airport		Internal Service Fund
ASSETS							
Current assets:							
Cash and investments	\$ 234,488	\$ 394,504	\$ 951,590	\$ -	\$ -	\$ 1,580,582	\$ 124,107
Accounts receivable, net	<u>104,804</u>	<u>133,810</u>	<u>137,241</u>	<u>62,009</u>	<u>4,387</u>	<u>442,251</u>	<u>-</u>
Total assets	<u>339,292</u>	<u>528,314</u>	<u>1,088,831</u>	<u>62,009</u>	<u>4,387</u>	<u>2,022,833</u>	<u>124,107</u>
LIABILITIES							
Current liabilities:							
Accounts payable	444,931	326,065	23,761	125	710	795,592	25,181
Accrued payroll	-	-	-	-	-	-	128,799
Deposits	166,488	-	-	-	-	166,488	-
Due to other funds	-	-	-	29,913	73,802	103,715	9,882
Accrued interest	6,398	-	4,967	1,049	-	12,414	-
Compensated absences	-	-	-	-	-	-	168,959
Current portion of long-term debt	<u>60,000</u>	<u>-</u>	<u>85,372</u>	<u>64,500</u>	<u>-</u>	<u>209,872</u>	<u>-</u>
Total current liabilities	<u>677,817</u>	<u>326,065</u>	<u>114,100</u>	<u>95,587</u>	<u>74,512</u>	<u>1,288,081</u>	<u>332,821</u>
Noncurrent liabilities:							
Compensated absences	-	-	-	-	-	-	130,921
Long-term debt	<u>525,000</u>	<u>-</u>	<u>278,075</u>	<u>6,000</u>	<u>-</u>	<u>809,075</u>	<u>-</u>
Total noncurrent liabilities	<u>525,000</u>	<u>-</u>	<u>278,075</u>	<u>6,000</u>	<u>-</u>	<u>809,075</u>	<u>130,921</u>
Total liabilities	<u>1,202,817</u>	<u>326,065</u>	<u>392,175</u>	<u>101,587</u>	<u>74,512</u>	<u>2,097,156</u>	<u>463,742</u>
NET POSITION (DEFICIT)							
Net investment in capital assets	(585,000)	-	(363,447)	(70,500)	-	(1,018,947)	-
Unrestricted (deficit)	<u>(278,525)</u>	<u>202,249</u>	<u>1,060,103</u>	<u>30,922</u>	<u>(70,125)</u>	<u>944,624</u>	<u>(339,635)</u>
Total net position (deficit)	<u>\$ (863,525)</u>	<u>\$ 202,249</u>	<u>\$ 696,656</u>	<u>\$ (39,578)</u>	<u>\$ (70,125)</u>	<u>(74,323)</u>	<u>\$ (339,635)</u>
						Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time	<u>(58,540)</u>
						Net position of business-type activities	<u>\$ (132,863)</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CHOWCHILLA

**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	Business-Type Activities - Enterprise Funds					Governmental	
	Water	Solid Waste	Sewer	Storm Drain	Nonmajor Airport	Total	Internal Service Fund
Cash flows from operating activities:							
Receipts from customers and users	\$ 1,760,730	\$ 1,294,895	\$ 1,271,951	\$ 184,583	\$ 21,332	\$ 4,533,491	\$ 449,229
Payments to suppliers	(1,281,346)	(1,211,504)	(686,849)	(16,889)	(23,978)	(3,220,566)	(261,385)
Payments to employees	(426,638)	(11,316)	(416,936)	(20,996)	(10,997)	(886,883)	(327,491)
Net cash provided by (used in) operating activities	52,746	72,075	168,166	146,698	(13,643)	426,042	(139,647)
Cash flows from noncapital financing activities:							
Transfer from other funds	47,733	-	103,344	-	1,000	152,077	98,152
Transfer to other funds	(110,776)	-	(116,978)	-	-	(227,754)	-
Loan from other funds	-	-	-	-	-	-	9,882
Loan repayment to other funds	(1,647,270)	-	-	(74,025)	(5,316)	(1,726,611)	-
Taxes received	-	-	-	-	7,959	7,959	-
Net cash provided by (used in) noncapital financing activities	(1,710,313)	-	(13,634)	(74,025)	3,643	(1,794,329)	108,034
Cash flows from capital and related financing activities:							
Principal paid	(55,000)	-	(81,116)	(66,500)	-	(202,616)	-
Interest paid	(16,502)	-	(22,227)	(6,173)	-	(44,902)	-
Grants received	-	-	-	-	10,000	10,000	-
Net cash provided by (used in) capital and related financing activities	(71,502)	-	(103,343)	(72,673)	10,000	(237,518)	-
Cash flows from investing activities:							
Interest received	5,256	1,272	2,902	-	-	9,430	-
Net cash provided by (used in) investing activities	5,256	1,272	2,902	-	-	9,430	-
Net increase (decrease) in cash and cash equivalents	(1,723,813)	73,347	54,091	-	-	(1,596,375)	(31,613)
Cash and cash equivalents, beginning of year	1,958,301	321,157	897,499	-	-	3,176,957	155,720
Cash and cash equivalents, end of year	\$ 234,488	\$ 394,504	\$ 951,590	\$ -	\$ -	\$ 1,580,582	\$ 124,107

The notes to the financial statements are an integral part of this statement.

CITY OF CHOWCHILLA

**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	Business-Type Activities - Enterprise Funds						Governmental
	Water	Solid Waste	Sewer	Storm Drain	Nonmajor Airport	Total	Internal Service Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:							
Operating income (loss)	\$ (317,824)	\$ (59,035)	\$ 151,400	\$ 164,215	\$ (19,085)	\$ (80,329)	\$ (179,848)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Changes in assets and liabilities:							
(Increase) decrease in accounts receivable	68,831	22,084	5,417	(17,636)	5,576	84,272	78
(Increase) decrease in prepaid expenses	-	-	-	-	-	-	1,799
Increase (decrease) in accounts payable	310,094	109,026	11,349	119	(134)	430,454	(47,898)
Increase (decrease) in accrued payroll	-	-	-	-	-	-	80,830
Increase (decrease) in deposits	(8,355)	-	-	-	-	(8,355)	-
Increase (decrease) in compensated absences	-	-	-	-	-	-	5,392
Net cash provided by (used in) operating activities	<u>\$ 52,746</u>	<u>\$ 72,075</u>	<u>\$ 168,166</u>	<u>\$ 146,698</u>	<u>\$ (13,643)</u>	<u>\$ 426,042</u>	<u>\$ (139,647)</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CHOWCHILLA

**STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
JUNE 30, 2013**

	<u>Agency Funds</u>	<u>Successor Agency Trust Funds</u>
ASSETS		
Cash and investments (in City investment pool)	\$ 791,304	\$ 2,029,983
Restricted cash and investments (held by bond trustee)	916,692	549,650
Accounts receivable (net)	62,708	148,881
Prepaid expenses	-	36,668
Land held for resale	-	338,000
	<u> </u>	<u> </u>
Total assets	<u>\$ 1,770,704</u>	<u>\$ 3,103,182</u>
LIABILITIES		
Accounts payable	\$ -	139,974
Accrued interest	-	147,469
Long-term debt due within one year	-	190,000
Long-term debt due in more than one year	-	7,141,870
Agency obligations	<u>1,770,704</u>	<u>-</u>
	<u> </u>	<u> </u>
Total liabilities	<u>1,770,704</u>	<u>7,619,313</u>
NET POSITION		
Held in trust for Successor Agency activities	<u>\$ -</u>	<u>\$ (4,516,131)</u>

The notes to the financial statements are an integral part of this statement.

CITY OF CHOWCHILLA

**STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	Successor Agency Trust Fund
ADDITIONS	
Taxes	\$ 986,132
Use of money and property	409
Miscellaneous	<u>7,792</u>
Total additions	<u>994,333</u>
DEDUCTIONS	
Administrative expenses	507,028
Interest	354,483
Amortization	<u>1,875</u>
Total deductions	<u>863,386</u>
Change in net position	<u>130,947</u>
Net position, beginning of year	<u>(4,344,294)</u>
Prior period adjustment	(302,784)
Net position, beginning of year, restated	<u>(4,647,078)</u>
Net position, ending of year	<u>\$ (4,516,131)</u>

The notes to the financial statements are an integral part of this statement.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF CHOWCHILLA

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The City of Chowchilla (City) was incorporated on February 7, 1923, as a municipal corporation under the General Laws of the State of California. The City operates as a self-governing local government unit within the State of California. A five-member City Council appoints a City Administrator who administers the daily affairs under the policy guidance of the City Council. The City has limited authority to levy taxes and has the authority to determine user fees for the services that it provides. Voters elect a City Council that passes laws and determines broad policies. The City Council also oversees the operations of the City and approves all budgets, fund transfers, and fund balance reserves. Services provided by the City include public safety, streets and roads, water, sanitation, public improvements, culture and recreation, parks, building inspections, planning and zoning, redevelopment, and general administration.

As required by generally accepted accounting principles (GAAP) in the United States and Governmental Accounting Standards Board (GASB) Statement No. 14, these financial statements present the City and its component units. Component units are legally separate entities for which the government is considered to be financially accountable. Additionally, blended component units can be organizations for which the exclusion from the financial statement would cause the reporting entity's financial statements to be misleading or incomplete. Each blended component unit has a June 30 year-end.

Blended Component Units

The following is a brief overview of the component units included in the City's accompanying financial statements. Financial information for these component units can be obtained from the City's Administrative Services Department and from the City's website at <http://ci.chowchilla.ca.us>.

The **Public Financing Authority** (Authority) of the City of Chowchilla was formed on August 14, 1989, for the purpose of assisting the City in the financing of the acquisition, construction and installation of public capital improvements for the use, benefit and enjoyment of the citizens served by the City. The City Council serves as the governing board of the Authority and, therefore, is financially accountable for the operations of the Authority.

The **Chowchilla Housing Authority** (Housing Authority) was established on January 24, 2012. The Housing Authority was activated pursuant to State Law Section 34240 of the California Health and Safety Code, which allows for every City to establish a housing authority. The Housing Authority is designed to protect local housing funds and programs, provide new revenue opportunities for affordable housing programs, serve the public interest, promote public safety and welfare, and ensure decent, safe sanitary and affordable housing accommodations to persons of low income.

Since the City Council serves as the governing body of these entities, they are considered blended component units. As a result, the financial activities of these entities are integrally related to those of the City and are "blended" with those of the City.

CITY OF CHOWCHILLA

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The accounts of the City are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Government-Wide Financial Statements – The statement of net position and the statement of activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the *governmental and business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The *Statement of Activities* presents a comparison between direct expense and program revenues for each different identifiable activity of the City's *business-type activities* and for each function of the City's *governmental activities*. Direct expenses are those that are specifically associated with a program or function and, therefore, are included in the program expense reported for individual function. Certain indirect costs, which cannot be identified and broken down, are included in the program expense reported for individual functions and activities. Program revenues include: 1) fines, fees, and charges paid by the recipients of goods and services offered by the programs; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

Certain eliminations have been made as prescribed by GASB No. 34 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 those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated: due to/due from other funds, interfund note receivable/interfund long-term debt, and transfers in/transfers out.

Fund Financial Statements – The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. An accompanying schedule is presented to reconcile and explain the differences in funds and changes in fund balances as presented in these statements to the net position and changes in net position presented in the government-wide financial statements.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

The City reports the following major governmental funds:

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

The **Community Development Block Grant Special Revenue Fund** accounts for the revenues received by the various CDBG grants, the uses of those funds (i.e., grants and loans for housing rehabilitation projects), as well as the receipt and re-use of program income generated by the repayment of CDBG loans.

The **Community Facilities District Capital Projects Fund** accounts for the capital projects of the City's Community Facilities District that was formed for the purpose of providing essential public facilities, such as wastewater treatment facilities and related pipelines; streets and bridges; signalization; water wells and related pipelines; and storm drainage facilities and related pipelines.

Enterprise fund financial statements include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows for each major enterprise fund and non-major fund.

The City has five enterprise funds – water, solid waste, sewer, storm drain and airport. These funds are used to account for operations that are financed and operated in a manner similar to private business enterprise. In an enterprise fund, the intent of the City Council is that the costs (expenses, including depreciation) of providing services to the general public, on a continuing basis, be financed or recovered primarily through user charges.

The City reports the following major enterprise funds:

The **Water Enterprise Fund** accounts for the provision of water to the residents of the City. All activities to provide such services are accounted for in this fund, including, but not limited to, administration, operations, distribution, maintenance, and debt service.

The **Solid Waste Enterprise Fund** accounts for the revenues and expenses for operation and maintenance of the solid waste system.

The **Sewer Enterprise Fund** accounts for the provision of wastewater collection and treatment services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, and debt service.

The **Storm Drain Enterprise Fund** records the accumulation of the storm drain fees that are billed to utility customers monthly. The expenditure of these monies along with other amounts accumulated for the maintenance and reconstruction of existing storm drain facilities is reported in this fund.

Additionally, the government reports the following fund types:

Internal service funds:

The **Fleet Management Internal Service Fund** accounts for the costs associated with maintaining the citywide fleet of vehicles and rolling stock heavy equipment. Charges are assessed to each department on the basis of time/materials necessary to maintain their equipment.

The **Information Technology Internal Service Fund** accounts for the costs of providing computer and information services. User charges are recovered from other City departments that utilized the services provided.

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Internal service funds (Continued):

The **Employee Benefits Internal Service Fund** accounts for compensated absences and other employee benefits that are provided by the City.

Fiduciary funds:

The **Agency Fund** accounts for assets held by the City as a trustee or as an agent for special districts.

The **Successor Agency of the Redevelopment Agency** accounts for assets and liabilities of the former redevelopment agency until they are distributed to other units of state and local government as a result of the dissolution of the redevelopment agency.

Measurement Focus, Basis of Accounting

Government-Wide, Proprietary and Fiduciary Fund Financial Statements – The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales taxes are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements – Governmental funds are reported using current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants, and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be both measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments and compensated absences, are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

The City applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect), as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the Committee on Accounting Procedure. In addition, the City applies all applicable FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements to its business-type activities.

CITY OF CHOWCHILLA

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting (Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. *Operating revenues*, such as charges for services, result from exchange transactions associated with the principal activity of each fund. *Nonoperating revenues*, such as interest income, state and federal grants and subsidies, result from nonexchange transactions or ancillary activities. *Operating expenses* include costs for providing services and delivering goods such as administrative expenses and depreciation on capital assets. All other expenses not meeting this definition are reported as *nonoperating expenses*.

Assets, Liabilities and Net Position

Cash and Cash Equivalents

For purposes of reporting cash flow, the City considers all highly liquid investments with maturity of three months or less when purchased to be cash and cash equivalents.

Cash and Investments

The City maintains a cash and investment pool that is available for all funds. Each fund-type balance in the pool is reflected on the combined balance sheet as cash and investments. The City apportions interest earnings to all funds based on their quarterly cash balances.

The City pools cash and investments with the City Treasurer except for investments managed by fiscal agents under bonded debt agreements. Interest from bank accounts and investments are allocated quarterly to the various funds based on the fund's contribution to the pool. The City has stated required investments at fair value in the statement of net position and balance sheet. The fair value of investments is based on published market prices and quotations from major investment brokers.

Cash and investments with fiscal agent represents funds held by various trustees from proceeds of the issuance of bonds in order to establish required reserve funds and to pay bond issuance costs per the respective trust agreements.

Credit Risk: The City's investment policy limits certain types of investments to various ratings.

Custodial Credit Risk—Deposits: Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has a deposit policy for custodial risk that requires collateralization on certificates of deposit and repurchase (and reverse) agreements. In addition, the City maintains custodial agreements with certain independent third parties.

Concentration of Credit Risk: The City places no limit on the amount the City may invest in any one issuer.

Interest Rate Risk: Reserve funds may be invested in securities exceeding 10 years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

Restricted Assets

Certain proceeds of the general obligation debt and enterprise debt are classified as restricted assets on the balance sheet because their use is limited by applicable debt covenants. "Restricted cash and investments" is used to report resources set aside for potential deficiencies in the repayment ability of the debt service fund and for payment of construction projects undertaken by the City.

Land Held for Resale

Land held for resale is recorded in the Low and Moderate Housing Asset Special Revenue Fund. Land held for resale is valued at the lower of cost or estimated net realizable value.

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

Internal Balances

Interfund transactions are reflected as loans, services provided or used, or reimbursements or transfers. Loans reported as receivables and payables, as appropriate, are subject to elimination upon consolidation and are referred to as either “due to/from other funds” (i.e. the current portion of interfund loans) or “advances to/from other funds” (i.e. the noncurrent portion of interfund loans). Any residual balances outstanding between the *governmental activities* and the *business-type activities* are reported in the fund financial statements, and are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

Notes Receivable

The City engages in programs designed to encourage construction or improvement of housing for persons with low- to moderate-income and also to encourage business development. Under these programs, grants or loans are provided under favorable terms to homeowners or developers who agree to spend these funds in accordance with the City's terms. For financial statement purposes, the City has established an estimated allowance for potentially uncollectible loans. The balance of notes receivable includes loans that may be forgiven if certain terms and conditions of the loans are met.

Capital Assets

GAAP requires the reporting of capital assets in the financial statements. GASB Statement No. 34 added the requirement that the City report infrastructure including roads, bridges, sidewalks and traffic signals, in the financial statements. Prospective reporting of general infrastructure assets was required upon implementation of GASB Statement No. 34. However, the City has not maintained records of capital assets in its general ledger; therefore, capital assets and the related depreciation thereon are not reported in the government-wide or enterprise fund financial statements.

Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused leave time. Permanent employees earn from 12 to 30 vacation days per year depending upon their length of employment. Accumulated vacation days can be carried forward up to 2 years. Each year, by September 30th, certain employees may request to receive a cash payment for the value of all or a portion of their accumulated vacation leave. Upon termination or retirement, employees are compensated for the value of accrued vacation leave.

For full-time employees, sick leave is accumulated at the rate of 12 days per year up to a maximum of 250 days. Employees may convert 25% of unused sick leave to vacation time during a fiscal year up to the limit of the employee's maximum vacation accrual level. Upon retirement, employees may also convert a portion of their unused sick leave into service credit through the California Public Employees Retirement System.

The vacation and sick leave balances, along with compensatory leave and holiday hours are reflected in the Employee Benefits Internal Service Fund in the Statement of Net Position.

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discounts. Bond issuance costs are expensed immediately.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Interest Payable

In the government-wide financial statements, interest payable on long-term debt is recognized as a liability when incurred and is not recognized in the governmental funds financial statements.

Unearned Revenue

Unearned revenue is that for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The City typically records intergovernmental revenues (primary grants and subventions) received but not earned (qualifying expenditures not yet incurred).

Transfers

In the fund financial statements, interfund transfers are recorded as transfers in (out) except for transactions that are described below:

Charges for services are recorded as revenues of the performing fund and expenditures of the requesting fund. Unbilled costs are recognized as an asset of the performing fund at the end of the fiscal year.

Reimbursements for expenditures, initially made by one fund that is properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as other revenue in the fund that is reimbursed. Reimbursements are eliminated for purposes of government-wide reporting.

Fund Equity

The City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balances in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Please refer to Note 8 for additional information.

Use of Restricted and Unrestricted Net Position

When both restricted and unrestricted resources are available, circumstances existing at the time determine whether restricted resources are depleted first before the unrestricted resources are used.

CITY OF CHOWCHILLA

NOTES TO THE BASIC FINANCIAL STATEMENTS JUNE 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

Risk Management

The City participates with other public entities in a joint venture under a joint powers agreement which established the Central San Joaquin Valley Risk Management Authority (CSJVRMA). The relationship between the City and CSJVRMA is such that CSJVRMA is not a component unit of the City for financial reporting purposes.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Government-Wide Financial Statements

The government-wide and enterprise fund financial statements utilize a net position presentation. Net position is capitalized as net investment in capital assets, restricted and unrestricted.

- ♦ *Net investment in capital assets* – groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the net position balance. The City has not maintained records of capital assets in its general ledger.
- ♦ *Restricted* – represents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- ♦ *Unrestricted* – represents net position of the City, not restricted for any project or other purpose.

The City considers restricted net position to have been spent first when expenditures are incurred for purposes for which both restricted and unrestricted net position are available.

Fund Financial Statements

The City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in fiscal year 2010-11. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable Fund Balance

Amounts cannot be spent either because they are in nonspendable form (such as inventory or prepaid expense, and long-term loans and notes receivable) or because they are legally or contractually required to be maintained intact (such as principal of a permanent fund).

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

Fund Financial Statements (Continued)

Restricted Fund Balance

Amounts with external constraints placed on the use of these resources (such as debt covenants, grantors, contributors, or laws or regulations of other governments, etc.) or imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance

Amounts that can only be used for specific purposes pursuant to constraints imposed by City Council, the City's highest level of decision-making authority, through an ordinance or resolution. These committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified uses through the same type of formal action taken to establish the commitment. The City's committed fund balance includes:

General Fund Emergency Contingency:

The City's General Fund balance committed for emergency contingencies has been set by resolution and is for specific uses listed in the resolution.

Assigned Fund Balance

Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Intent is expressed by the City Council or its designee and may be changed at the discretion of the City Council or its designee. For all governmental funds other than the General Fund, any remaining positive amounts not classified as nonspendable, restricted or committed must be designated as assigned fund balance.

Unassigned Fund Balance

These are either residual positive net resources of the General Fund in excess of what can properly be classified in one of the other four categories, or negative balances in all other funds.

In circumstances when expenditures are made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

Property Tax Calendar

Madera County is responsible for assessing, collecting, and distributing property taxes in accordance with enabling legislation. Revenue received is based on an allocations factor calculated by the County under the provisions of Proposition 13 plus a percentage of the increase in market value in specific areas. The City's property tax is lien based on the assessed value listed as of the prior January 1 for all real and personal property located in the City. Property sold after the assessment date (January 1) is reassessed and the amount of property tax assessed is prorated.

Secured property taxes are levied on October 1 and are due in two installments on November 1 and February 1. The tax becomes delinquent after December 10 and April 10, respectively. Unsecured property tax is levied on July 1, due on July 31, and becomes delinquent after August 31.

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

Property Tax Calendar (Continued)

Property taxes levied for the year ended June 30, 2013 are recorded as receivables, net of estimated uncollectible amounts. Property taxes paid to the City by the County within 60 days of the fiscal year-end are considered “available” and are, therefore, recognized as revenue.

The City participates in the Teeter Plan adopted by Madera County in 1993-94. The Teeter Plan is an alternative method of apportioning property tax money that pays out 100% of the annual tax levy. As part of the agreement, the County keeps the penalties and interest on the delinquent taxes that have not been paid in any year.

Pronouncements

a. New Accounting Pronouncements Adopted

Governmental Accounting Standards Board Statement No. 62

Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, incorporates into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the AICPA Committee on Accounting Procedures which does not conflict with or contradict other GASB pronouncements. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011. As of July 1, 2012, the City adopted this standard, which did not have a significant impact on its financial statements.

Governmental Accounting Standards Board Statement No. 63

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and renames the resulting measure as net position rather than net assets. The provisions of this Statement are effective for financial statements with periods beginning after December 31, 2011. As of July 1, 2012, the City adopted this standard, which did not have a significant impact on its financial statements.

Governmental Accounting Standards Board Statement No. 65

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The requirements of this Statement are effective for the City’s fiscal year ending June 30, 2014. The City implemented this Statement as of June 30, 2013. The impact of this Statement resulted in the elimination of \$727,855 of previously deferred charges.

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pronouncements (Continued)

b. New Accounting Pronouncements Not Yet Adopted

Governmental Accounting Standards Board Statement No. 68

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The requirements of this Statement are effective for the City's fiscal year ending June 30, 2014.

Governmental Accounting Standards Board Statement No. 69

In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. The objective of this Statement is to establish accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement requires disclosure to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions. The requirements of this Statement are effective for the City's fiscal year ending June 30, 2015.

Government Accounting Standards Board Statement No. 70

In April 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The requirements of this Statement are effective for the City's fiscal year ending June 30, 2014.

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2013 are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and investments	\$ 10,879,426
Restricted cash and investments	3,759,684
Statement of Fiduciary Net Position:	
Cash and investments	2,821,287
Restricted cash and investments	<u>1,466,342</u>
 Total cash and investments	 <u>\$ 18,926,739</u>

Cash and investments as of June 30, 2013 consist of the following:

Cash on hand	\$ 2,700
Deposits with financial institutions	5,748,735
Investments	<u>13,175,304</u>
 Total cash and investments	 <u>\$ 18,926,739</u>

Deposits

The carrying amount of the City's cash deposits was \$5,748,735 at June 30, 2013. Bank balances were \$5,703,573, the total amount of which was insured and/or collateralized with securities held by the pledging financial institutions in the City's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This 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 on an accounting period basis 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.

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

In accordance with Section 53601 of the California Government Code and the City's investment policy, the City is authorized to invest in Certificates of Deposit, the California Local Agency Investment Fund (LAIF), U.S. Treasury Obligations, U.S. Government Agencies, Medium-Term Notes, Bankers' Acceptances, and Commercial Paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided by Moody's Investor Services, Inc. or Standards and Poor's Corporation. In accordance with the City's investment policy, the City will not invest in repurchase agreements, reverse repurchase agreements, or any other type of investments prohibited by California Government Code Section 53601.

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 2 – CASH AND INVESTMENTS (Continued)

Disclosure Relating to Interest Rate Risk

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

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the maturity date of each investment:

Investment Type	Total	12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
State investment pool	\$ 7,949,278	\$ 7,949,278	\$ -	\$ -	\$ -
Held by bond trustee:					
Money Market Fund	892,935	892,935	-	-	-
Treasury Obligation Fund	3,683,488	3,683,488	-	-	-
Investment Agreement	<u>649,603</u>	-	-	-	<u>649,603</u>
Total	<u>\$ 13,175,304</u>	<u>\$ 12,525,701</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 649,603</u>

Disclosure 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 actual rating as of year-end for each investment type:

Investment Type	Total	Exempt from Disclosure	Ratings as of Year-End		
			A-1+	AAAm	Not Rated
State investment pool	\$ 7,949,278	\$ -	\$ -	\$ -	\$ 7,949,278
Held by bond trustee:					
Money Market Fund	892,935	-	892,935	-	-
Treasury Obligation Fund	3,683,488	-	-	3,683,488	-
Investment Agreement	<u>649,603</u>	<u>649,603</u>	-	-	-
Total	<u>\$ 13,175,304</u>	<u>\$ 649,603</u>	<u>\$ 892,935</u>	<u>\$ 3,683,488</u>	<u>\$ 7,949,278</u>

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 2 – CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk

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

<u>Issuer</u>	<u>Reported Amount</u>
First American Treasury Obligation	\$ 3,683,488
US Bank Money Market Account	\$ 892,935

Investments in any one issuer that represent 5% or more of total investments by reporting unit (primary government, government activities, major funds, nonmajor funds in aggregate, etc.) are as follows:

\$369,873 of cash and investments (including amounts held by bond trustee) reported in the General Fund are held in the form of the above-described Money Market Fund.

\$255,973 of cash and investments (including amounts held by bond trustee) reported in the Debt Service Fund are held in the form of the above-described Money Market Fund.

\$3,133,838 of cash and investments (including amounts held by bond trustee) reported in the Community Facilities District Capital Projects Fund are held in the form of the above-described Treasury Obligation Fund.

\$549,650 of cash and investments (including amounts held by bond trustee) reported in the Successor Agency Trust Funds are held in the form of the above-described Treasury Obligation Fund.

\$267,089 of cash and investments (including amounts held by bond trustee) reported in the Greenhills Agency Fund are held in the form of the above-described Money Market Fund.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amount based upon the City's investment in this pool is reported in the accompanying financial statements at amount based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of the portfolio). The balance available for withdrawal is based in the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Although the City did not participate in any securities lending transactions or enter into any reverse repurchase agreements during the year, the City does have an investment in LAIF in the amount of \$7,949,265. The total amount invested by all public agencies in LAIF at June 30, 2013, was \$21,212,245,832. LAIF is part of the State of California Pooled Money Investment Account (PMIA) whose balance at June 30, 2013, was \$58,803,312,428. PMIA is not SEC-registered, but is required to invest according to California State Code. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different from the fair value of the City's position in the pool.

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 3 – RECEIVABLES

Receivables as of year-end for the City’s individual major funds and aggregate nonmajor, including applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>CDBG Grants Special Revenue</u>	<u>Community Facilities District Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Receivables:					
Accounts receivable	\$ 375,567	\$ 193,743	\$ 60,297	\$ 837,810	\$ 1,467,417
Accounts receivable - long-term	30,318	-	-	31,923	62,241
Notes receivable	<u>-</u>	<u>19,956,252</u>	<u>-</u>	<u>536,853</u>	<u>20,493,105</u>
Gross receivables	405,885	20,149,995	60,297	1,406,586	22,022,763
Less: allowance for for uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>(142,193)</u>	<u>(142,193)</u>
Net receivables	<u>\$ 405,885</u>	<u>\$ 20,149,995</u>	<u>\$ 60,297</u>	<u>\$ 1,264,393</u>	<u>\$ 21,880,570</u>

	<u>Business-Type Activities - Enterprise Funds</u>					
	<u>Water</u>	<u>Solid Waste</u>	<u>Sewer</u>	<u>Storm Drain</u>	<u>Nonmajor Airport</u>	<u>Total</u>
Receivables:						
Accounts receivable	\$ 134,807	\$ 148,309	\$ 153,681	\$ 70,201	\$ 4,387	\$ 511,385
Gross receivables	134,807	148,309	153,681	70,201	4,387	511,385
Less: allowance for for uncollectibles	<u>(30,003)</u>	<u>(14,499)</u>	<u>(16,440)</u>	<u>(8,192)</u>	<u>-</u>	<u>(69,134)</u>
Net receivables	<u>\$ 104,804</u>	<u>\$ 133,810</u>	<u>\$ 137,241</u>	<u>\$ 62,009</u>	<u>\$ 4,387</u>	<u>\$ 442,251</u>

Receivables are presented on the Statement of Net Position as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts receivable, net	\$ 1,467,419	\$ 442,251	\$ 1,909,670
Accounts receivable - long-term, net	62,241	-	62,241
Notes receivable, net	<u>20,350,912</u>	<u>-</u>	<u>20,350,912</u>
	<u>\$ 21,880,572</u>	<u>\$ 442,251</u>	<u>\$ 22,322,823</u>

Receivables in governmental funds which are not expected to be collected in one year are as follows:

Accounts receivable in General Fund	\$ 30,318
Accounts receivable in Storm Drain Capital Reserve Capital Projects Fund	31,923
Notes receivable in CDBG Grants Special Revenue Fund	19,956,252
Notes receivable in EDBG Grants Special Revenue Fund	325,810
Notes receivable in Low and Moderate Income Housing Asset Special Revenue Fund	<u>68,850</u>
	<u>\$ 20,413,153</u>

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 4 – INTERNAL BALANCES

Due to and due from balances at June 30, 2013 are as follows:

	<u>Due From</u>	<u>Due To</u>
Governmental Funds:		
Major Funds:		
General Fund	\$ 1,653,202	\$ 115,649
Nonmajor Funds:		
HOME grant Special Revenue Fund	-	10
Transit System Special Revenue Fund	-	327,794
Public Safety Grants Special Revenue Fund	-	109,613
Low and Moderate Low Income Housing Asset Fund	-	57,376
Debt Service Fund	-	256,508
Park Improvements Misc. Capital Projects Fund	-	229,418
Public Building Impact Fees	-	558,610
PFA Street Improvements-Capital Projects Fund	-	276
Fleet Maintenance-Internal Service Fund	-	9,882
Enterprise Funds:		
Major Funds:		
Storm Drain Fund	-	29,913
Nonmajor Funds:		
Airport	-	73,802
Total	<u>\$ 1,768,851</u>	<u>\$ 1,768,851</u>

The “due from” balance of \$1,653,202 in the General Fund represents loans made to other funds to cover operating cash deficits.

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 5 – TRANSFERS

Transfers for the year ended June 30, 2013 are summarized as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
Major Funds:		
General Fund	\$ 112,904	\$ 453,638 (1)
CDBG Grants Special Revenue Fund	-	-
Nonmajor Funds:		
State Gas Tax Special Revenue Fund	-	444,318 (2)
RSTP Special Revenue Fund	-	43,843
Street and Road Fund (LTF) Special Revenue Fund	335,926 (2)	-
Measure T Special Revenue Fund	-	-
Maintenance Assessment District Special Revenue Fund	56,893	-
LTA Measure A Special Revenue Fund	-	-
Transit System Special Revenue Fund	-	7,588
Public Safety Grants Special Revenue Fund	-	102,903
EDBG Grant Special Revenue Fund	-	-
Debt Service Funds	371,857 (1)	-
1994 PFA Street Improvements Capital Projects Fund	152,235 (2)	-
Enterprise Funds:		
Major Funds:		
Water Enterprise Fund	47,733	110,776
Sewer Enterprise Fund	103,344	116,978
Nonmajor Funds:		
Airport Enterprise Fund	1,000	-
Internal Service Funds	<u>98,152</u>	<u>-</u>
Total	<u>\$ 1,280,044</u>	<u>\$ 1,280,044</u>

- (1) The General Fund transferred \$363,413 to the Debt Service Fund for the Civic Center debt service payments.
- (2) Street maintenance is being recorded in the Local Transportation Fund (LTF). The State Gas Tax fund transferred \$292,083 for that purpose. The fund also transferred \$152,235 to the Street Improvements fund for street improvements.

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 6 – LONG-TERM DEBT

The following is a summary of debt transactions of the City for the year ended June 30, 2013:

	<u>June 30,</u> <u>2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30,</u> <u>2013</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Compensated absences	\$ 294,488	\$ 5,392	\$ -	299,880	\$ 168,959
2000 Refunding of 1994 PFA Revenue Bonds	1,254,486	-	(90,866)	1,163,620	96,645
2005 Civic Center Bond	5,380,000	-	(135,000)	5,245,000	140,000
2007 CFD Series Special Tax Bond	8,150,000	-	(170,000)	7,980,000	175,000
Measure T Interprogram Loan	1,102,500	-	(157,500)	945,000	157,500
State of California NSP Loan	8,730,556	1,182,659	-	9,913,215	-
Less: Discounts	<u>(173,551)</u>	<u>-</u>	<u>7,322</u>	<u>(166,229)</u>	<u>-</u>
Total Governmental Activities Long-Term Debt	<u>\$ 24,738,479</u>	<u>\$ 1,188,051</u>	<u>\$ (546,044)</u>	<u>\$ 25,380,486</u>	<u>\$ 738,104</u>
Business-Type Activities:					
Westside Storm Drain Pond Project Refunding Lease	\$ 137,000	\$ -	\$ (66,500)	\$ 70,500	\$ 64,500
2000 Refunding of 1994 PFA Revenue Bonds	289,563	-	(66,119)	223,444	70,372
2001 USDA Sewer Bond	155,000	-	(15,000)	140,000	15,000
Loan from Successor Agency	1,647,270	-	(1,647,270) (A)	-	-
2001 Water Certificates of Participation	<u>640,000</u>	<u>-</u>	<u>(55,000)</u>	<u>585,000</u>	<u>60,000</u>
Total Business-Type Activities Long-Term Debt	<u>\$ 2,868,833</u>	<u>\$ -</u>	<u>\$ (1,849,889)</u>	<u>\$ 1,018,944</u>	<u>\$ 209,872</u>

(A) The loan from the RDA to the Water Fund was disallowed by the Department of Finance and the funds were returned.

Long-term debt payable at June 30, 2013 is comprised of the following individual issues:

2000 Refunding of 1994 Public Financing Authority (PFA) Revenue Bonds

In 1994, the City issued Revenue Bonds in the aggregate principal amount of \$3,670,000 to finance the acquisition and construction of three projects: (1) capital improvements to the City Hall (the Land Acquisition/Facilities Rehabilitation Project) in the amount of \$495,000; (2) Street/Road Improvement Project in the amount of \$1,890,000; and (3) Wastewater Improvement Project in the amount of \$920,000. The original amount of the note (\$3,670,000) was secured by each project's pledged sources of revenue, including the Street/Road Improvement Project's pledge of the City's net revenues from the state gas tax, and Measure A Funds; the Wastewater Plant Improvement Project's net revenues from user fees collected by the Sewer Enterprise Fund; and General Fund revenues pledged for the Land Acquisition Project in the amount of \$3,106,000, to take advantage of lower interest rates and reduce the total future debt service payments. Semiannual payments range from \$4,433 to \$288,668 and are payable each March 15 and September 15 through 2021.

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 6 – LONG-TERM DEBT (Continued)

2000 Refunding of 1994 Public Financing Authority (PFA) Revenue Bonds (Continued)

Annual debt service requirements to maturity of the 2000 Refunding of 1994 PFA Revenue Bonds are as follows:

Fiscal Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2014	\$ 96,645	\$ 64,048	\$ 70,372	\$ 11,578
2015	113,524	57,927	74,520	7,122
2016	313,156	46,854	78,553	2,415
2017	113,754	35,876	-	-
2018	118,978	28,719	-	-
2019-2021	<u>407,563</u>	<u>38,515</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,163,620</u>	<u>\$ 271,939</u>	<u>\$ 223,445</u>	<u>\$ 21,115</u>

2005 Civic Center Bond

In 2005, the City issued Revenue Bonds in the aggregate principal amount of \$5,890,000 to refund the 2002 \$1,900,000 Civic Center Project Private Placement Financing and to finance certain public improvements. The original amount of the note (\$5,890,000) was secured by revenues of the Public Financing Authority consisting primarily of lease payments to be received by the Authority from the City under a lease agreement dated July 1, 2005, by and between the Authority and the City which are payable from the City's general fund for lease by the City of certain real property and public facilities located in the City and then constituting the Civic Center Project. Annual payments range from \$7,875 to \$362,953 and are payable each January 1 and July 1 through 2035.

Annual debt service requirements to maturity of the 2005 Civic Center Bond are as follows:

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2014	\$ 140,000	\$ 223,513
2015	145,000	218,256
2016	150,000	212,538
2017	160,000	206,338
2018	165,000	199,837
2019-2023	925,000	891,447
2024-2028	1,145,000	670,578
2029-2033	1,415,000	390,269
2034-2036	<u>1,000,000</u>	<u>69,187</u>
Total	<u>\$ 5,245,000</u>	<u>\$ 3,081,963</u>

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 6 – LONG-TERM DEBT (Continued)

2007 Community Facilities District (CFD) Special Tax Bond

In 2007, the City issued Community Facilities District No. 2006-1 Improvement Area 1 Special Tax Bonds in the aggregate principal amount of \$8,615,000 to finance certain capital expenses of the District, to pay costs of issuance of the Bonds, and to fund two years' capitalized interest on the Bonds. The Bonds are authorized to be issued pursuant to the Mello-Roos Community Facilities Act of 1982, as amended. The Bonds (\$8,615,000) are secured under the Trust indenture by a pledge and lien upon Net Taxes levied on parcels within the District and all moneys in the Special Tax Fund. The Bonds were issued for the purpose of financing the acquisition, construction, expansion, improvement, or rehabilitation of facilities to serve the area within the District and its neighboring areas. Annual payments range from \$13,375 to \$560,486 and are payable each March 1 and September 1 through 2037.

Annual debt service payments to maturity of the CFD Special Tax Bond are as follows:

Fiscal Year Ending June 30,	Governmental Activities	
	Principal	Interest
2014	\$ 175,000	\$ 384,571
2015	180,000	377,091
2016	190,000	369,041
2017	200,000	360,361
2018	210,000	351,136
2019-2023	1,180,000	1,602,949
2024-2028	1,500,000	1,281,250
2029-2033	1,910,000	856,750
2034-2038	<u>2,435,000</u>	<u>316,125</u>
Total	<u>\$ 7,980,000</u>	<u>\$ 5,899,274</u>

Measure T Interprogram Loan

The City entered into a loan agreement in 2009, with the Madera County Transportation Commission to receive an advance of Measure T revenues. The loan will be a lien of the City's portion of the Regional Rehabilitation/Reconstruction/Maintenance Program and Safe Routes to School and Job Program which is 4.71% of the total Measure T Sales Tax Revenues. Principal is payable annually on June 30 in the amount of \$157,500, with interest payment calculated as the total principal outstanding times the average LAIF rate for the prior calendar year, and matures on June 30, 2019.

Annual debt service requirements to maturity of the Measure T Interprogram loan are as follows:

Fiscal Year Ending June 30,	Governmental Activities	
	Principal	Interest
2014	\$ 157,500	\$ -
2015	157,500	-
2016	157,500	-
2017	157,500	-
2018	157,500	-
2019	<u>157,500</u>	<u>-</u>
Total	<u>\$ 945,000</u>	<u>\$ -</u>

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 6 – LONG-TERM DEBT (Continued)

State of California Neighborhood Stabilization Program (NSP) Loan

In fiscal year 2010-11, the City entered into a loan agreement with the Department of Housing and Community Development. The City could borrow up to \$10,000,000 to assist Olivero Ranch, LLC, in financing construction of 31 multi-family units, of which 30 units will be restricted to households at or below 50% of the AMI households in the City. Interest is accrued on the outstanding principal balance at the annual rate of 3% compounded annually. The entire outstanding principal balance plus all accrued but unpaid interest is due in full on the 55th anniversary of the date of the Project's receipt of certificates of occupancy. The loan will be secured on the property on which the Project is located. The outstanding loan balance as of June 30, 2013 was \$9,913,215. All loan payments will be generated by the operation of the housing development by the private developer which will pass through the City and back to the State.

Westside Storm Drain Pond Project Refunding

The City has entered into lease agreements as lessee for financing the acquisition of various equipment and capital improvements. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of inception date.

The present values of future minimum capital lease payments as of June 30, 2013 are as follows:

Fiscal Year Ending June 30,	Business-Type Activities	
	Principal	Interest
2014	\$ 70,500	\$ 2,097
	<u>\$ 70,500</u>	<u>\$ 2,097</u>

2001 USDA Sewer Bond

The City entered into a loan agreement in 2001 for \$268,325, with the United States Department of Agriculture-Rural Development (USDA-RD) for the purpose of constructing capital improvements for the City's wastewater system. Principal is payable annually on October 1 in amounts from \$10,000 to \$20,000, with interest due semi-annually at 4.375%, and matures on September 1, 2020.

Annual debt service requirements to maturity of the 2001 USDA Sewer Bond are as follows:

Fiscal Year Ending June 30,	Business-Type Activities	
	Principal	Interest
2014	\$ 15,000	\$ 5,797
2015	15,000	5,141
2016	15,000	4,484
2017	15,000	3,828
2018	20,000	3,063
2019-2021	<u>60,000</u>	<u>3,938</u>
Total	<u>\$ 140,000</u>	<u>\$ 26,251</u>

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 6 – LONG-TERM DEBT (Continued)

2001 Water Certificate of Participation

Certificates of Participation (2000 Water System Improvement Project) in the amount of \$1,114,558 were issued on August 30, 2001, for the purpose of financing the acquisition and construction of certain modifications, improvements and additions to the City's water treatment storage and distribution facilities systems. Loan proceeds are utilized for the construction period only and are repaid with a United States Department of Agriculture Rural Development (USDA-RD) Bond Anticipation Note when the project is complete. The amount of the note is secured by the pledge of user fees collected by the Water Enterprise Fund. Principal is payable annually on August 1 in amounts from \$50,000 to \$70,000 with final payment due August 1, 2021.

Annual debt service requirements to maturity for certificates of participation are as follows:

Fiscal Year Ending June 30,	Business-Type Activities	
	Principal	Interest
2014	\$ 60,000	\$ 24,281
2015	60,000	21,656
2016	60,000	19,031
2017	65,000	16,297
2018	65,000	13,453
2019-2022	<u>275,000</u>	<u>24,391</u>
Total	<u>\$ 585,000</u>	<u>\$ 119,109</u>

Special Assessment District Debt

The City issued \$6,750,000 Limited Obligation Improvement Bonds on June 5, 2002, for the City of Chowchilla Assessment District No. 2002-1 (Pheasant Run), pursuant to the provisions of the Improvement Bond Act of 1915 for the purpose of financing the construction and acquisition of public improvements within the City's Assessment District No. 2002-1. The Bonds are fully-secured by the unpaid special assessments levied on privately owned properties within the District. These Bonds have no governmental commitment. The Bonds are not secured by the general taxing power of the City, the State of California, or any political subdivision of the State. The City acts as agent for the property owners in collecting assessment installments of principal and interest and forwarding collections to the bond trustee. The City's liability in the event of delinquent assessments shall not exceed the balance of the established Reserve Fund. The amount outstanding as of June 30, 2013 is \$4,790,000.

On August 26, 2003, the City issued \$6,595,000 of 2003-1 Limited Obligation Refunding Bonds (the "2003 Local Obligations") pursuant to the provisions of the Improvement Bond Act of 1915 to refund the outstanding 1994-1 Local Obligations Series A and B (collectively, the "1994-1 Local Obligations"), for the purpose of creating annual debt savings. The 2003 Local Obligations are secured by assessments levied against private property owners in the Greenhills Assessment District No. 2003-1. The Authority will receive the reserve fund upon final maturity. The City acts as agent for the property owners in collecting assessment installments of principal and interest and forwarding collections to the bond trustee. The City's liability in the event of delinquent assessments shall not exceed the balance of the established Reserve Fund. The outstanding balance as of June 30, 2013 is \$4,795,000.

Since the City is not obligated in any manner for special assessment debt, the debt is not recorded in these financial statements.

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 7 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

The City implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities* as of June 30, 2013.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This Statement also amends the net asset reporting requirements and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type, unavailable revenues. The unavailable revenues arise only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenues, is reported only in the governmental funds balance sheet. Deferred inflows of resources reported in the governmental funds for unavailable revenues totaled \$16,465,616.

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 8 – DEFINED BENEFIT PENSION PLAN

(a) Plan Description

The City's defined benefit pension plans, (Miscellaneous Plan, Safety Fire Plan and the Safety Police Plan) provide retirement and disability benefits which include annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Miscellaneous Plan, Safety Fire Plan, and the Safety Police Plan are part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer defined benefit pension plan administered by CalPERS, which acts a common investment and administrative agent for participating public employers within the State of California. State statutes within the Public Employees' Retirement Law establish a menu of benefit provisions as well as other requirements. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. Copies of CalPERS annual financial report may be obtained from their Executive Office, 400 Q Street, Sacramento, CA 95814.

(b) Funding Policy

Participants are required to contribute a portion of the total cost of the plan (Safety Police 9%, Safety Fire 9% and Miscellaneous 8%). Under the terms of the existing bargaining agreements, the City has agreed to pay a portion of the employees' share of the plan cost.

In addition, the City is required to contribute amounts necessary to fund the benefit for its members, at an actuarially determined rate applied to annual covered payroll. The required employer contribution rate for fiscal year 2012-13 was 17.31% for miscellaneous employees, 34.310% for the police safety group and 35.510% for the fire safety group. The contribution requirements of plan members and the City are established and may be amended by CalPERS.

(c) Annual Pension Costs

For fiscal year 2012-13, the City's annual pension cost of \$765,762 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included: (1) 7.75% investment rate of return – net of administrative expenses; (2) projected annual salary increases of 3.55% to 14.45% for both miscellaneous and safety employees (police and fire) depending on age, service, and type of employment; (3) 3.25% payroll growth; and (4) 3.0% inflation. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a 15-year period (smoothed market value). The City's unfunded actuarial liability is being amortized as a level percentage of projected payroll on a closed basis.

(d) Trend Information

The City's contributions to CalPERS for the Miscellaneous Plan, the Safety Fire Plan and the Safety Police Plan for the three years ending June 30, 2011, 2012, and 2013 are presented below:

Three-Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/11	\$707,729	100%	\$0
06/30/12	\$620,253	100%	\$0
06/30/13	\$765,762	100%	\$0

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 9 – DEFINED BENEFIT PENSION PLAN (Continued)

(e) Funded Status and Funding Progress

Valuation Date	Accrued Liabilities (AL)	Actuarial Value of Assets (AVA)	Unfunded Liabilities (UL)	Funded Ratio (AVA/AL)	Annual Covered Payroll	UL As a % of Payroll
Safety Police Plan:						
06/30/12	\$ 2,183,549,942	\$ 1,896,139,291	\$ 287,410,651	86.8%	\$ 232,078,083	123.8%
Safety Fire Plan:						
06/30/12	\$ 2,183,549,942	\$ 1,896,139,291	\$ 287,410,651	86.8%	\$ 232,078,083	123.8%
Miscellaneous Plan:						
06/30/12	\$ 2,254,622,362	\$ 1,837,489,422	\$ 417,132,940	81.5%	\$ 339,228,272	123.0%

The information presented above relates to the plan as a whole, of which the City is one participating employer.

The schedule of funding progress, presented as required supplementary information following the notes to the 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 liability for benefits.

NOTE 10 – POST-RETIREMENT HEALTH CARE BENEFITS

The City provides no post-employment benefits for its employees. However, former employees may be maintained on the City's health insurance programs through the City's Consolidated Omnibus Budget Reconciliation Act (COBRA) insurance continuation plan.

NOTE 11 – RISK MANAGEMENT

The City is a member, along with fifty-eight other public entities, of Central San Joaquin Valley Risk Management Authority (the Authority) organized under a joint powers agreement pursuant to the California Government Code for the purpose of operating and maintaining a cooperative program of self-insurance and risk management which benefits its member cities through cost reductions, insurance coverage stability, and loss control techniques. The Authority is governed by a Board of Directors, consisting of one member appointed by each member city. The Authority maintains pooled coverage programs for its member cities for workers' compensation, liability, auto-physical damage, property, employment practices liability, and errors and omissions coverage. For workers' compensation and liability programs, each program and program year is accounted for and administered as a separate operation.

Under the pooled liability program, expected claims are actuarially determined as are required deposits to cover those claims along with all estimated operating costs. Each year is retrospectively adjusted five years following its conclusion and any funds remaining are returned to the member city. Likewise, funds paid out in excess of their original deposits are collected from the member city.

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 11 – RISK MANAGEMENT (Continued)

The City is covered for the first \$1,000,000 of each general liability claim and \$500,000 of each workers' compensation claim through the Authority. The City has the right to receive refunds or the obligation to pay assessments based on a formula which, among other expenses, charges the City's account for liability losses under \$1,000,000 and workers' compensation losses under \$500,000. The Authority is a member of the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) for the purpose of providing excess coverage. Any claims of \$500,000 up to \$150,000,000 are covered under a purchased policy through the membership with the LAWCX. The Authority is a member of the California Affiliated Risk Management Authorities (CARMA) for the purpose of providing excess coverage in a risk sharing pool. The CARMA program provided coverage in excess of the Authority's retained limit up to \$19,000,000.

The financial position results of operations of the Authority are as follows for June 30, 2013:

Total assets	\$ 82,190,005
Total liabilities	<u>66,304,596</u>
Total net position	<u>\$ 15,885,409</u>
Revenues	\$ 30,744,973
Expenses	<u>27,142,583</u>
Change in net position	<u>\$ 3,602,390</u>

At the termination of the joint powers agreement and after all claims have been settled, any excess or deficit will be divided among the cities in accordance with its governing documents.

The City has established the following retained limits for the coverages shown: \$25,000 for liability; \$100,000 for worker's compensation; \$1,000 for property damage; \$500 deductible on vehicles.

NOTE 12 – DEFICIT IN FUND EQUITY

Major Enterprise Funds

Water Enterprise Fund – A deficit in fund equity at June 30, 2013, in the amount of \$863,525 in the fund is primarily due to the recording of long-term debt without recording of the related capital assets. Once capital assets are recorded, the deficit balance should be eliminated.

Storm Drain Enterprise Fund – A deficit in fund equity at June 30, 2013, in the amount of \$39,578 in the fund is primarily due to the recording of long-term debt without recording of the related capital assets. Once capital assets are recorded, the deficit balance should be eliminated.

Airport Enterprise Fund – A deficit in fund equity at June 30, 2013, in the amount of \$70,125 is due to the prior management's application of excessive overhead charges year after year. While the overhead charges are no longer being applied, a plan to generate additional revenues from airport operations is needed to eliminate the deficit.

Transit System Special Revenue Fund – A deficit in fund equity at June 30, 2013, in the amount of \$386,649 is due solely to the fact that revenues were recorded but not received within 60 days from the end of the year and, therefore, were treated as deferred revenue in the financial statements.

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 12 – DEFICIT IN FUND EQUITY (Continued)

Nonmajor Funds

Public Safety Grants Special Revenue Fund – A deficit in fund equity at June 30, 2013, in the amount of \$50,030 is due to the fact that the 4th Quarter SLESF payment of \$50,000 had not been received within the 60-day measurement period.

Park Improvements – Miscellaneous Capital Projects Fund – A deficit in fund equity at June 30, 2013, in the amount of \$229,557 is due primarily to the fact that prior management expended more money than was available on projects. Staff is trying to determine whether there are other funds available to transfer into this account in order to offset the deficit. A transfer from the General Fund may be required in the future to permanently eliminate the deficit.

Public Building Impact Fees Fund Capital Project Fund – A deficit in fund equity at June 30, 2013, in the amount of \$558,949 in the fund is primarily due to the fact that prior management overspent the account in order to construct the new Civic Center complex. Future deposits received from developer fee payments will eliminate the deficit over a period of several years.

Internal Service Fund

Employee Benefits Internal Service Fund – A deficit in fund equity at June 30, 2013, in the amount of \$339,635 exists because the fund was established on a pay-as-you go basis for the purpose of funding the annual accrued leave liability. As employees are paid for their accumulated leave in the future, the home program of the employee makes a transfer to the Employee Benefit Fund to offset the expense.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Federal Awards and Grants

The City participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

Litigation and Claims

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the government's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

Encumbrances

At June 30, 2013, the General Fund had encumbrances totaling \$9,937.

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 14 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X26 (“the Bill”) that dissolved all redevelopment agencies in the State of California. This action impacted the reporting entity of the City of Chowchilla that previously had reported a redevelopment agency within the reporting entity of the City as a blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the city or another unit of local government will agree to serve as the “successor agency” to hold the assets until they are distributed to other units of state and local government. On January 10, 2012, the City Council elected to become the Successor Agency for the former redevelopment agency in accordance with the Bill as part of City Resolution Number 5-12.

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

In future 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 the 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 the State Controller of the State of California to renew 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 of 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.

Management believes, in consultation with legal counsel, that the obligations of the former redevelopment agency due to the City are valid enforceable obligations payable by the successor agency trust under the requirements of the Bill. The City’s position on this issue is not a position of settled law and there is considerable uncertainty regarding this issue. It is reasonable possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue favorably to the City.

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.

After the date of dissolution, the assets and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

Cash

A reconciliation of the Successor Agency Trust Fund’s cash balances as of June 30, 2013 is as follows:

Cash on hand	\$ 2,029,983
Cash with fiscal agent	<u>549,650</u>
 Total cash	 <u>\$ 2,579,633</u>

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 14 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY
(Continued)

Long-term Debt

Long-term debt reported in the Successor Agency Trust Fund at June 30, 2013 was comprised of the following:

	June 30, 2012	Additions	Reductions	June 30, 2013	Amounts Due Within One Year
2005 RDA Bond	\$ 7,480,000	\$ -	\$ (155,000)	\$ 7,325,000	\$ 165,000
County of Madera RDA Loan	75,000	-	(25,000)	50,000	25,000
Less: Discounts	<u>(45,005)</u>	<u>-</u>	<u>1,875</u>	<u>(43,130)</u>	<u>-</u>
Total	<u>\$ 7,509,995</u>	<u>\$ -</u>	<u>\$ (178,125)</u>	<u>\$ 7,331,870</u>	<u>\$ 190,000</u>

2005 RDA Bond

In 2005, the City issued Tax Allocation Bonds in the aggregate principal amount of \$7,945,000 to finance the acquisition and construction of public capital improvements within the Redevelopment Project Area. The original amount of the note (\$7,945,000) was secured by a pledge of tax revenues consisting of tax increment payments to be received by the RDA. Semiannual payments range from \$12,000 to \$492,000 and are payable each February 1 and August 1 through 2037. As a result of the dissolution of the Redevelopment Agency of the City of Chowchilla as of February 1, 2012, the 2005 RDA Bond of the former redevelopment agency was transferred to the Successor Agency of the Redevelopment Agency of the City of Chowchilla. After the date of dissolution, the bond and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

Annual debt service requirements to maturity for the 2005 RDA Bond are as follows:

Fiscal Years Ending	2005 RDA Bond		
	Principal	Interest	Total
2014	\$ 165,000	\$ 350,350	\$ 515,350
2015	170,000	343,100	513,100
2016	180,000	335,525	515,525
2017	185,000	327,600	512,600
2018	195,000	319,169	514,169
2019-2023	1,105,000	1,451,144	2,556,144
2024-2028	1,395,000	1,159,187	2,554,187
2029-2033	1,750,000	770,750	2,520,750
2034-2038	<u>2,180,000</u>	<u>283,000</u>	<u>2,463,000</u>
Total	<u>\$ 7,325,000</u>	<u>\$ 5,339,825</u>	<u>\$ 12,664,825</u>

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 14 – SUCCESSOR AGENCY TRUST FOR ASSETS OF FORMER REDEVELOPMENT AGENCY

(Continued)

County of Madera RDA Loan

The City entered into a loan agreement in 2008, with the County of Madera for the purpose of obtaining real property for redevelopment purposes. Principal is payable annually on September 1 in the amount \$25,000, with no interest due, and matures on September 1, 2015. As a result of the dissolution of the Redevelopment Agency of the City of Chowchilla as of February 1, 2012, the County of Madera RDA Loan of the former redevelopment agency was transferred to the Successor Agency of the Redevelopment Agency of the City of Chowchilla. After the date of dissolution, the bond and activities of the dissolved redevelopment agency are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

Annual debt service requirements to maturity for the County of Madera RDA Loan are as follows:

Fiscal Year Ending June 30,	Loan Payable to County of Madera		
	Principal	Interest	Total
2014	\$ 25,000	\$ -	\$ 25,000
2015	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 50,000</u>

Insurance

The Successor Agency is covered under the City of Chowchilla's insurance policies. Therefore, the limitation and self-insured retentions applicable to the City also apply to the Successor Agency. Additional information as to coverage can be found in Note 11.

Contingencies

At June 30, 2013, the Successor Agency was involved as a defendant in several lawsuits arising out of the ordinary conduct of its affairs. It is the opinion of management that settlements of these lawsuits, including losses for claims that are incurred but not reported, if any, will not have a material effect on the financial position of the Successor Agency.

CITY OF CHOWCHILLA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013**

NOTE 15 – PRIOR PERIOD ADJUSTMENTS

During the year the following prior period adjustments were recorded:

Governmental Activities

The beginning net position of the governmental activities was overstated by \$662,034 due to the following:

Overstatement of deferred revenues	\$ (38,792)
Understatement of accounts receivable	(53,163)
Understatement of accounts payable	26,134
Implementation of GASB 65-Elimination of bond issuance costs	<u>727,855</u>
Total overstatement of Governmental Net Position	<u>\$ 662,034</u>

Trust Activities

The beginning net position of the trust activities was overstated by \$302,784 due to the following:

Understatement of accrued interest	\$ 40,347
Overstatement of deferred revenues	(60,000)
Implementation of GASB 65-Elimination of bond issuance costs	<u>322,437</u>
Total overstatement of Trust Net Position	<u>\$ 302,784</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CHOWCHILLA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET TO ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVENUES				
Taxes	\$ 2,107,120	\$ 2,112,120	\$ 1,973,487	\$ (138,633)
Licenses and permits	501,602	501,602	639,189	137,587
Fines and penalties	35,500	35,500	47,169	11,669
Intergovernmental	1,265,088	1,346,518	1,603,791	257,273
Use of money and property	64,353	64,353	63,835	(518)
Charges for services	72,760	72,760	43,382	(29,378)
Miscellaneous	<u>162,101</u>	<u>162,101</u>	<u>220,789</u>	<u>58,688</u>
Total revenues	<u>4,208,524</u>	<u>4,294,954</u>	<u>4,591,642</u>	<u>296,688</u>
EXPENDITURES				
Current:				
General government	839,321	844,321	762,554	81,767
Public safety	2,601,001	2,712,515	2,655,691	56,824
Highways and streets	272,620	272,620	244,998	27,622
Culture and recreation	327,771	333,771	297,062	36,709
Capital outlay	<u>5,156</u>	<u>45,156</u>	<u>19,156</u>	<u>26,000</u>
Total expenditures	<u>4,045,869</u>	<u>4,208,383</u>	<u>3,979,461</u>	<u>228,922</u>
Excess (deficiency) of revenues over (under) expenditures	<u>162,655</u>	<u>86,571</u>	<u>612,181</u>	<u>525,610</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	300,000	340,000	312,903	(27,097)
Transfers out	(647,024)	(687,024)	(653,638)	33,386
Proceeds from sale of capital assets	<u>-</u>	<u>-</u>	<u>13,438</u>	<u>13,438</u>
Total other financing sources (uses)	<u>(347,024)</u>	<u>(347,024)</u>	<u>(327,297)</u>	<u>19,727</u>
Net change in fund balance	(184,369)	(260,453)	284,884	545,337
Fund balances, beginning	<u>1,657,612</u>	<u>1,657,612</u>	<u>1,657,612</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,473,243</u>	<u>\$ 1,397,159</u>	<u>\$ 1,942,496</u>	<u>\$ 545,337</u>

CITY OF CHOWCHILLA

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET TO ACTUAL
CDBG GRANTS SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Intergovernmental	\$ 1,820,000	\$ 1,820,000	\$ 505,829	\$ (1,314,171)
Use of money and property	900	900	-	(900)
Miscellaneous	<u>11,137</u>	<u>11,137</u>	-	<u>(11,137)</u>
Total revenues	<u>1,832,037</u>	<u>1,832,037</u>	<u>505,829</u>	<u>(1,326,208)</u>
EXPENDITURES				
Current:				
Community development	<u>3,030,337</u>	<u>3,030,337</u>	<u>1,340,314</u>	<u>1,690,023</u>
Total expenditures	<u>3,030,337</u>	<u>3,030,337</u>	<u>1,340,314</u>	<u>1,690,023</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,198,300)</u>	<u>(1,198,300)</u>	<u>(834,485)</u>	<u>363,815</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	950	950
Proceeds from promissory note	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,207,209</u>	<u>107,209</u>
Total other financing sources (uses)	<u>1,100,000</u>	<u>1,100,000</u>	<u>1,208,159</u>	<u>108,159</u>
Net change in fund balance	(98,300)	(98,300)	373,674	471,974
Fund balances, beginning	<u>4,201,013</u>	<u>4,201,013</u>	<u>4,201,013</u>	<u>-</u>
Fund balances, ending	<u>\$ 4,102,713</u>	<u>\$ 4,102,713</u>	<u>\$ 4,574,687</u>	<u>\$ 471,974</u>

CITY OF CHOWCHILLA

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2013**

NOTE 1 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

The City establishes annual budgets for the General, Special Revenue Funds, and Capital Projects Funds. Except for encumbrances and long-term projects in progress, which are carried forward to the following year, all appropriations remaining will lapse at year-end. The following procedures are followed in establishing the budgetary data reflected in the budgetary comparison schedules:

- 1) The department heads prepare a budget request based upon the previous year's expenditures.
- 2) A meeting is held between the department heads, Finance Director and the City Administrator for the purpose of reviewing and prioritizing the budget requests.
- 3) The City Administrator submits the proposed City Budget to the City Council, who makes decisions regarding department budgets.
- 4) The approved budget is placed in the City accounting system and monitored by the Finance Department as well as by the department heads.

Department heads may, with the City Administrator's authorization, transfer amounts between line items which do not change the original operational budget appropriation limit of the department. The transfers between departments and funds require approval of the City Council.

- 5) Budgets are adopted on the modified accrual basis. Revenues are budgeted in the year receipt is expected, and expenditures are budgeted in the year that the applicable purchase orders are expected to be issued. The Debt Service Fund budget is prepared to provide funding for general obligation debt service when liabilities are due for payment. Budgeted amounts are maintained as originally adopted and as further amended by the City Council. The level of control (level at which expenditures may not exceed budget) is at fund level for the General Fund, fund level for the Special Revenue Funds, and project level for the Capital Projects Funds.

CITY OF CHOWCHILLA

**SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2013**

The City's defined benefit pension plans, the Miscellaneous Plan, the Safety Fire Plan, and the Safety Police Plan, are cost-sharing multiple employer defined benefit pension plans that provide retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. The information presented in below in the schedule of funding progress and employer contributions relates to the plan as a whole, of which the City is one participating employer.

<u>Valuation Date</u>	<u>Accrued Liabilities (AL)</u>	<u>Actuarial Value of Assets (AVA)</u>	<u>Unfunded Liabilities (UL)</u>	<u>Funded Ratio (AVA/AL)</u>	<u>Annual Covered Payroll</u>	<u>UL As a % of Payroll</u>
Safety Police Plan:						
06/30/10	\$ 1,915,095,826	\$ 1,628,915,283	\$ 286,180,543	85.1%	\$ 224,562,008	127.4%
06/30/11	\$ 2,061,923,933	\$ 1,759,286,797	\$ 302,637,136	85.3%	\$ 225,026,216	134.5%
06/30/12	\$ 2,183,549,942	\$ 1,896,139,291	\$ 287,410,651	86.8%	\$ 232,078,083	123.8%
Safety Fire Plan:						
06/30/10	\$ 1,915,095,826	\$ 1,628,915,283	\$ 286,180,543	85.1%	\$ 224,562,008	127.4%
06/30/11	\$ 2,061,923,933	\$ 1,759,286,797	\$ 302,637,136	85.3%	\$ 225,026,216	134.5%
06/30/12	\$ 2,183,549,942	\$ 1,896,139,291	\$ 287,410,651	86.8%	\$ 232,078,083	123.8%
Miscellaneous Plan:						
06/30/10	\$ 1,972,910,641	\$ 1,603,482,152	\$ 369,428,489	81.3%	\$ 352,637,380	104.8%
06/30/11	\$ 2,135,350,204	\$ 1,724,200,585	\$ 411,149,619	80.7%	\$ 350,121,750	117.4%
06/30/12	\$ 2,254,622,362	\$ 1,837,489,422	\$ 417,132,940	81.5%	\$ 339,228,272	123.0%

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OTHER SUPPLEMENTARY INFORMATION

CITY OF CHOWCHILLA

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

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and investments	\$ 3,096,242	\$ -	\$ 5,244,266	\$ 8,340,508
Restricted cash and investments	-	255,973	-	255,973
Accounts receivable	822,829	(57)	15,038	837,810
Notes receivable, net	394,660	-	-	394,660
Land held for resale	104,000	-	-	104,000
Accounts receivable - long-term	<u>-</u>	<u>-</u>	<u>31,923</u>	<u>31,923</u>
 Total assets	 <u>\$ 4,417,731</u>	 <u>\$ 255,916</u>	 <u>\$ 5,291,227</u>	 <u>\$ 9,964,874</u>
LIABILITIES				
Accounts payable	\$ 184,289	\$ -	\$ 49,380	\$ 233,669
Unearned revenues	16,665	-	-	16,665
Due to other funds	<u>494,793</u>	<u>256,508</u>	<u>788,305</u>	<u>1,539,606</u>
 Total liabilities	 <u>695,747</u>	 <u>256,508</u>	 <u>837,685</u>	 <u>1,789,940</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	<u>702,221</u>	<u>-</u>	<u>-</u>	<u>702,221</u>
 Total deferred inflows of resources	 <u>702,221</u>	 <u>-</u>	 <u>-</u>	 <u>702,221</u>
FUND BALANCES (DEFICIT):				
Restricted for:				
Highway and streets	2,502,329	-	-	2,502,329
Culture and recreation	-	-	185,363	185,363
Community development	827,661	-	-	827,661
Capital maintenance	-	-	5,057,055	5,057,055
Debt service	-	(592)	-	(592)
Unassigned	<u>(310,227)</u>	<u>-</u>	<u>(788,876)</u>	<u>(1,099,103)</u>
 Total fund balances (deficit)	 <u>3,019,763</u>	 <u>(592)</u>	 <u>4,453,542</u>	 <u>7,472,713</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 4,417,731</u>	 <u>\$ 255,916</u>	 <u>\$ 5,291,227</u>	 <u>\$ 9,964,874</u>

CITY OF CHOWCHILLA

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

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVENUES				
Licenses and permits	\$ 480	\$ -	\$ -	\$ 480
Intergovernmental	1,677,488	-	54,763	1,732,251
Use of money and property	11,163	-	15,635	26,798
Charges for services	272,867	-	116,403	389,270
Miscellaneous	<u>4,005</u>	<u>-</u>	<u>-</u>	<u>4,005</u>
Total revenues	<u>1,966,003</u>	<u>-</u>	<u>186,801</u>	<u>2,152,804</u>
EXPENDITURES				
Current:				
General government	-	1,740	2,187	3,927
Highway and streets	972,600	-	-	972,600
Culture and recreation	-	-	699	699
Community development	69,335	-	-	69,335
Administrative	24,377	-	-	24,377
Capital outlay	-	-	78,660	78,660
Debt service:				
Principal	157,500	135,000	90,866	383,366
Interest	<u>4,823</u>	<u>236,971</u>	<u>61,739</u>	<u>303,533</u>
Total expenditures	<u>1,228,635</u>	<u>373,711</u>	<u>234,151</u>	<u>1,836,497</u>
Excess (deficiency) of revenues over (under) expenditures	<u>737,368</u>	<u>(373,711)</u>	<u>(47,350)</u>	<u>316,307</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	392,819	371,857	152,235	916,911
Transfers out	<u>(598,652)</u>	<u>-</u>	<u>-</u>	<u>(598,652)</u>
Total other financing sources (uses)	<u>(205,833)</u>	<u>371,857</u>	<u>152,235</u>	<u>318,259</u>
Net changes in fund balances	<u>531,535</u>	<u>(1,854)</u>	<u>104,885</u>	<u>634,566</u>
Fund balances (deficit), beginning of year	2,404,279	1,262	4,348,657	6,754,198
Prior period adjustments	<u>83,949</u>	<u>-</u>	<u>-</u>	<u>83,949</u>
Fund balances (deficit), beginning of year, restated	<u>2,488,228</u>	<u>1,262</u>	<u>4,348,657</u>	<u>6,838,147</u>
Fund balances (deficit), end of year	<u>\$ 3,019,763</u>	<u>\$ (592)</u>	<u>\$ 4,453,542</u>	<u>\$ 7,472,713</u>

CITY OF CHOWCHILLA

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013**

	State Gas Tax	RSTP	Street & Road Fund (LTF)	Measure T Fund	Maintenance Assessment District	LTA Measure A
ASSETS						
Cash and investments	\$ 317,188	\$ 132,555	\$ 123,593	\$ 1,184,545	\$ 952,040	\$ -
Accounts receivable	37,804	141,795	22,225	115,320	12,493	-
Notes receivable, net	-	-	-	-	-	-
Land held for resale	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 354,992</u>	<u>\$ 274,350</u>	<u>\$ 145,818</u>	<u>\$ 1,299,865</u>	<u>\$ 964,533</u>	<u>\$ -</u>
LIABILITIES						
Accounts payable	\$ 37,340	\$ -	\$ 19,004	\$ 69,320	\$ 16,483	\$ -
Unearned revenues	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>37,340</u>	<u>-</u>	<u>19,004</u>	<u>69,320</u>	<u>16,483</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues	-	141,688	342	114,620	11,960	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	<u>-</u>	<u>141,688</u>	<u>342</u>	<u>114,620</u>	<u>11,960</u>	<u>-</u>
FUND BALANCES (DEFICIT):						
Restricted for:						
Highway and streets	317,652	132,662	-	1,115,925	936,090	-
Community development	-	-	-	-	-	-
Unassigned	-	-	126,472	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances (deficit)	<u>317,652</u>	<u>132,662</u>	<u>126,472</u>	<u>1,115,925</u>	<u>936,090</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 354,992</u>	<u>\$ 274,350</u>	<u>\$ 145,818</u>	<u>\$ 1,299,865</u>	<u>\$ 964,533</u>	<u>\$ -</u>

CITY OF CHOWCHILLA

**COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2013**

	Transit System	Public Safety Grants	HOME Grant	EDBG Grant	Ash Slough Arundo Removal	Low and Moderate Income Housing Asset Fund	Total
ASSETS							
Cash and investments	\$ -	\$ -	\$ -	\$ 363,373	\$ 11,160	\$ 11,788	\$ 3,096,242
Accounts receivable	383,424	109,583	-	171	7	7	822,829
Notes receivable, net	-	-	-	325,810	-	68,850	394,660
Land held for resale	-	-	-	-	-	104,000	104,000
Total assets	\$ 383,424	\$ 109,583	\$ -	\$ 689,354	\$ 11,167	\$ 184,645	\$ 4,417,731
LIABILITIES AND FUND BALANCES							
Accounts payable	\$ 42,003	\$ -	\$ 10	\$ 129	\$ -	\$ -	\$ 184,289
Unearned revenues	16,665	-	-	-	-	-	16,665
Due to other funds	327,794	109,613	10	-	-	57,376	494,793
Total liabilities	386,462	109,613	20	129	-	57,376	695,747
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenues	383,611	50,000	-	-	-	-	702,221
Total deferred inflows of resources	383,611	50,000	-	-	-	-	702,221
FUND BALANCES (DEFICIT):							
Restricted for:	-	-	-	-	-	-	-
Highway and streets	-	-	-	-	-	-	2,502,329
Community development	-	-	-	689,225	11,167	127,269	827,661
Unassigned	(386,649)	(50,030)	(20)	-	-	-	(310,227)
Total fund balances (deficit)	(386,649)	(50,030)	(20)	689,225	11,167	127,269	3,019,763
Total liabilities, deferred inflows of resources, and fund balances	\$ 383,424	\$ 109,583	\$ -	\$ 689,354	\$ 11,167	\$ 184,645	\$ 4,417,731

CITY OF CHOWCHILLA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	State Gas Tax	RSTP	Street & Road Fund (LTF)	Measure T Fund	Maintenance Assessment District	LTA Measure A
REVENUES						
Licenses and permits	\$ -	\$ -	\$ 480	\$ -	\$ -	\$ -
Intergovernmental	367,095	113,784	245,758	441,251	-	-
Use of money and property	1,689	403	37	3,091	2,439	-
Charges for services	-	-	-	-	253,435	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>368,784</u>	<u>114,187</u>	<u>246,275</u>	<u>444,342</u>	<u>255,874</u>	<u>-</u>
EXPENDITURES						
Current:						
Highway and streets	1,701	-	423,682	72,300	141,368	40
Community Development	-	-	-	-	-	-
Administrative	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	157,500	-	-
Interest	-	-	-	4,823	-	-
Total expenditures	<u>1,701</u>	<u>-</u>	<u>423,682</u>	<u>234,623</u>	<u>141,368</u>	<u>40</u>
Excess (deficiency) of revenues over (under) expenditures	<u>367,083</u>	<u>114,187</u>	<u>(177,407)</u>	<u>209,719</u>	<u>114,506</u>	<u>(40)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	335,926	-	56,893	-
Transfers out	(444,318)	(43,843)	-	-	-	-
Total other financing sources (uses)	<u>(444,318)</u>	<u>(43,843)</u>	<u>335,926</u>	<u>-</u>	<u>56,893</u>	<u>-</u>
Net changes in fund balances	(77,235)	70,344	158,519	209,719	171,399	(40)
Fund balances (deficit), beginning of year	<u>341,724</u>	<u>62,318</u>	<u>(24,041)</u>	<u>906,206</u>	<u>725,899</u>	<u>40</u>
Prior period adjustments	<u>53,163</u>	<u>-</u>	<u>(8,006)</u>	<u>-</u>	<u>38,792</u>	<u>-</u>
Fund balances (deficit), beginning of year, restated	<u>394,887</u>	<u>62,318</u>	<u>(32,047)</u>	<u>906,206</u>	<u>764,691</u>	<u>40</u>
Fund balances (deficit), end of year	<u>\$ 317,652</u>	<u>\$ 132,662</u>	<u>\$ 126,472</u>	<u>\$ 1,115,925</u>	<u>\$ 936,090</u>	<u>\$ -</u>

CITY OF CHOWCHILLA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	Transit System	Public Safety Grants	HOME Grant	EDBG Grant	Ash Slough Arundo Removal	Low and Moderate Income Housing Asset Fund	Total
REVENUES							
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 480
Intergovernmental	193,073	77,843	-	238,684	-	-	1,677,488
Use of money and property	-	-	-	3,391	34	79	11,163
Charges for services	19,432	-	-	-	-	-	272,867
Miscellaneous	4,005	-	-	-	-	-	4,005
Total revenues	216,510	77,843	-	242,075	34	79	1,966,003
EXPENDITURES							
Current:							
Highway and streets	333,509	-	-	-	-	-	972,600
Community Development	-	-	20	69,315	-	-	69,335
Administrative	-	-	-	-	-	24,377	24,377
Debt service:							
Principal	-	-	-	-	-	-	157,500
Interest	-	-	-	-	-	-	4,823
Total expenditures	333,509	-	20	69,315	-	24,377	1,228,635
Excess (deficiency) of revenues over (under) expenditures	(116,999)	77,843	(20)	172,760	34	(24,298)	737,368
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	392,819
Transfers out	(7,588)	(102,903)	-	-	-	-	(598,652)
Total other financing sources (uses)	(7,588)	(102,903)	-	-	-	-	(205,833)
Net changes in fund balances	(124,587)	(25,060)	(20)	172,760	34	(24,298)	531,535
Fund balances (deficit), beginning of year	(262,062)	(24,970)	-	516,465	11,133	151,567	2,404,279
Prior period adjustments	-	-	-	-	-	-	83,949
Fund balances (deficit), beginning of year, restated	(262,062)	(24,970)	-	516,465	11,133	151,567	2,488,228
Fund balances (deficit), end of year	\$ (386,649)	\$ (50,030)	\$ (20)	\$ 689,225	\$ 11,167	\$ 127,269	\$ 3,019,763

CITY OF CHOWCHILLA

**COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2013**

	<u>Debt Service Fund</u>
ASSETS	
Restricted cash and investments	\$ 255,973
Accounts receivable	<u>(57)</u>
Total assets	<u>\$ 255,916</u>
LIABILITIES	
Due to other funds	<u>\$ 256,508</u>
Total liabilities	<u>256,508</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue	<u>-</u>
Total deferred inflows of resources	<u>-</u>
FUND BALANCES (DEFICIT):	
Restricted for:	
Debt service	<u>(592)</u>
Total fund balances (deficit)	<u>(592)</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 255,916</u>

CITY OF CHOWCHILLA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Debt Service Fund</u>
REVENUES	
Use of money and property	\$ <u> -</u>
Total revenues	<u> -</u>
EXPENDITURES	
Current:	
General government	1,740
Debt service:	
Principal	135,000
Interest	<u>236,971</u>
Total expenditures	<u>373,711</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(373,711)</u>
OTHER FINANCING SOURCES (USES)	
Transfers in	<u>371,857</u>
Total other financing sources (uses)	<u>371,857</u>
Net changes in fund balances	(1,854)
Fund balances (deficit), beginning of year	<u>1,262</u>
Fund balances (deficit), end of year	<u>\$ <u>(592)</u></u>

CITY OF CHOWCHILLA

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2013**

	<u>Police Impact Fees</u>	<u>Fire Impact Fees</u>	<u>SR99/Ave 26 Interchange</u>	<u>SR99/Road 17 Interchange</u>	<u>Road Improvement</u>
ASSETS					
Pooled cash and investments	\$ 606,399	\$ 532,011	\$ 12,336	\$ 310,574	\$ 742,760
Accounts receivable	368	323	7	189	607
Accounts receivable - long-term	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 606,767</u>	<u>\$ 532,334</u>	<u>\$ 12,343</u>	<u>\$ 310,763</u>	<u>\$ 743,367</u>
LIABILITIES					
Accounts payable	\$ 44,366	\$ 5,014	\$ -	\$ -	\$ -
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>44,366</u>	<u>5,014</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICIT):					
Restricted for:					
Culture and recreation	-	-	-	-	-
Capital maintenance	562,401	527,320	12,343	310,763	743,367
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>562,401</u>	<u>527,320</u>	<u>12,343</u>	<u>310,763</u>	<u>743,367</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 606,767</u>	<u>\$ 532,334</u>	<u>\$ 12,343</u>	<u>\$ 310,763</u>	<u>\$ 743,367</u>

CITY OF CHOWCHILLA

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2013**

	Signalization Impact Fees	Waste Water System Capital	Park Improvements Soccer Field	Park Improvements Misc.	Park Development (IF)	Park Grants
ASSETS						
Pooled cash and investments	\$ 373,761	\$ 671,940	\$ 3,909	\$ -	\$ 78,558	\$ 185,273
Accounts receivable	227	408	2	(139)	48	90
Accounts receivable - long-term	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 373,988</u>	<u>\$ 672,348</u>	<u>\$ 3,911</u>	<u>\$ (139)</u>	<u>\$ 78,606</u>	<u>\$ 185,363</u>
LIABILITIES						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	229,418	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>229,418</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>229,418</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICIT):						
Restricted for:						
Culture and recreation	-	-	-	-	-	185,363
Capital maintenance	373,988	672,348	3,911	-	78,606	-
Unassigned	-	-	-	(229,557)	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(229,557)</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>373,988</u>	<u>672,348</u>	<u>3,911</u>	<u>(229,557)</u>	<u>78,606</u>	<u>185,363</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 373,988</u>	<u>\$ 672,348</u>	<u>\$ 3,911</u>	<u>\$ (139)</u>	<u>\$ 78,606</u>	<u>\$ 185,363</u>

CITY OF CHOWCHILLA

**COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2013**

	Water Systems Capital	Storm Drain Capital	Public Building Impact Fees	1994 PFA Streets Improvements	Total
ASSETS					
Pooled cash and investments	\$ 182,887	\$ 1,543,858	\$ -	\$ -	\$ 5,244,266
Accounts receivable	111	13,229	(339)	(93)	15,038
Accounts receivable - long-term	-	31,923	-	-	31,923
	<u>-</u>	<u>31,923</u>	<u>-</u>	<u>-</u>	<u>31,923</u>
 Total assets	 <u>\$ 182,998</u>	 <u>\$ 1,589,010</u>	 <u>\$ (339)</u>	 <u>\$ (93)</u>	 <u>\$ 5,291,227</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 49,380
Due to other funds	-	-	558,610	277	788,305
	<u>-</u>	<u>-</u>	<u>558,610</u>	<u>277</u>	<u>788,305</u>
 Total liabilities	 <u>-</u>	 <u>-</u>	 <u>558,610</u>	 <u>277</u>	 <u>837,685</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Total deferred inflows of resources	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
FUND BALANCES (DEFICIT):					
Restricted for:					
Culture and recreation	-	-	-	-	185,363
Capital maintenance	182,998	1,589,010	-	-	5,057,055
Unassigned	-	-	(558,949)	(370)	(788,876)
	<u>-</u>	<u>-</u>	<u>(558,949)</u>	<u>(370)</u>	<u>(788,876)</u>
 Total fund balances (deficit)	 <u>182,998</u>	 <u>1,589,010</u>	 <u>(558,949)</u>	 <u>(370)</u>	 <u>4,453,542</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 182,998</u>	 <u>\$ 1,589,010</u>	 <u>\$ (339)</u>	 <u>\$ (93)</u>	 <u>\$ 5,291,227</u>

CITY OF CHOWCHILLA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Police Impact Fees</u>	<u>Fire Impact Fees</u>	<u>SR99/Ave 26 Interchange</u>	<u>SR99/Road 17 Interchange</u>	<u>Road Improvement</u>
REVENUES					
Intergovernmental		\$ -	\$ -	\$ -	\$ -
Use of money and property	1,894	1,616	37	944	2,413
Charges for services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	<u>1,894</u>	<u>1,616</u>	<u>37</u>	<u>944</u>	<u>2,413</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Capital outlay	73,646	5,014	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>73,646</u>	<u>5,014</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(71,752)</u>	<u>(3,398)</u>	<u>37</u>	<u>944</u>	<u>2,413</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(71,752)	(3,398)	37	944	2,413
Fund balances (deficit), beginning of year	<u>634,153</u>	<u>530,718</u>	<u>12,306</u>	<u>309,819</u>	<u>740,954</u>
Fund balances (deficit), end of year	<u>\$ 562,401</u>	<u>\$ 527,320</u>	<u>\$ 12,343</u>	<u>\$ 310,763</u>	<u>\$ 743,367</u>

CITY OF CHOWCHILLA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Signalization Impact Fees</u>	<u>Waste Water System Capital</u>	<u>Park Improvements Soccer Field</u>	<u>Park Improvements Misc.</u>	<u>Park Development (IF)</u>	<u>Park Grants</u>
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,763
Use of money and property	1,136	2,041	11	-	239	407
Charges for services	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total revenues	<u>1,136</u>	<u>2,041</u>	<u>11</u>	<u>-</u>	<u>239</u>	<u>55,170</u>
EXPENDITURES						
Current:						
General government	-	3	-	-	-	-
Culture and recreation	-	-	-	699	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>-</u>	<u>3</u>	<u>-</u>	<u>699</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,136</u>	<u>2,038</u>	<u>11</u>	<u>(699)</u>	<u>239</u>	<u>55,170</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	1,136	2,038	11	(699)	239	55,170
Fund balances (deficit), beginning of year	<u>372,852</u>	<u>670,310</u>	<u>3,900</u>	<u>(228,858)</u>	<u>78,367</u>	<u>130,193</u>
Fund balances (deficit), end of year	<u>\$ 373,988</u>	<u>\$ 672,348</u>	<u>\$ 3,911</u>	<u>\$ (229,557)</u>	<u>\$ 78,606</u>	<u>\$ 185,363</u>

CITY OF CHOWCHILLA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	Water Systems Capital	Storm Drain Capital	Public Building Impact Fees	1994 PFA Streets Improvements	Total
REVENUES					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 54,763
Use of money and property	378	4,519	-	-	15,635
Charges for services	1,831	114,572	-	-	116,403
Miscellaneous	-	-	-	-	-
Total revenues	<u>2,209</u>	<u>119,091</u>	<u>-</u>	<u>-</u>	<u>186,801</u>
EXPENDITURES					
Current:					
General government	-	1,298	886	-	2,187
Culture and recreation	-	-	-	-	699
Capital outlay	-	-	-	-	78,660
Debt service:					
Principal	-	-	-	90,866	90,866
Interest	-	-	-	61,739	61,739
Total expenditures	<u>-</u>	<u>1,298</u>	<u>886</u>	<u>152,605</u>	<u>234,151</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,209</u>	<u>117,793</u>	<u>(886)</u>	<u>(152,605)</u>	<u>(47,350)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	152,235	152,235
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>152,235</u>	<u>152,235</u>
Net changes in fund balances	2,209	117,793	(886)	(370)	104,885
Fund balances (deficit), beginning of year	<u>180,789</u>	<u>1,471,217</u>	<u>(558,063)</u>	<u>-</u>	<u>4,348,657</u>
Fund balances (deficit), end of year	<u>\$ 182,998</u>	<u>\$ 1,589,010</u>	<u>\$ (558,949)</u>	<u>\$ (370)</u>	<u>\$ 4,453,542</u>

CITY OF CHOWCHILLA

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2013**

	<u>Fleet Maintenance</u>	<u>Information Technology</u>	<u>Employee Benefits</u>	<u>Total</u>
ASSETS				
Current assets:				
Cash and investments	\$ -	\$ 3,910	\$ 120,197	\$ 124,107
Accounts receivable, net	-	-	-	-
Prepaid expenses	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>-</u>	<u>3,910</u>	<u>120,197</u>	<u>124,107</u>
LIABILITIES				
Current liabilities:				
Cash overdraft	-	-	-	-
Accounts payable	1,675	19,630	3,876	25,181
Accrued payroll	-	-	128,799	128,799
Due to other funds	9,882	-	-	9,882
Compensated absences	-	-	168,959	168,959
	<u>-</u>	<u>-</u>	<u>168,959</u>	<u>168,959</u>
Total current liabilities	<u>11,557</u>	<u>19,630</u>	<u>301,634</u>	<u>332,821</u>
Noncurrent liabilities:				
Compensated absences	-	-	130,921	130,921
	<u>-</u>	<u>-</u>	<u>130,921</u>	<u>130,921</u>
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>130,921</u>	<u>130,921</u>
Total liabilities	<u>11,557</u>	<u>19,630</u>	<u>432,555</u>	<u>463,742</u>
NET POSITION (DEFICIT)				
Unrestricted (deficit)	<u>(11,557)</u>	<u>(15,720)</u>	<u>(312,358)</u>	<u>(339,635)</u>
Total net position (deficit)	<u>\$ (11,557)</u>	<u>\$ (15,720)</u>	<u>\$ (312,358)</u>	<u>\$ (339,635)</u>

CITY OF CHOWCHILLA

**COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Fleet Maintenance</u>	<u>Information Technology</u>	<u>Employee Benefits</u>	<u>Total</u>
Operating revenues:				
Charges for services	\$ 165,397	\$ 283,754	\$ -	\$ 449,151
Total operating revenues	<u>165,397</u>	<u>283,754</u>	<u>-</u>	<u>449,151</u>
Operating expenses:				
Personnel services	135,794	196,348	81,571	413,713
Materials, supplies and services	<u>43,656</u>	<u>171,630</u>	<u>-</u>	<u>215,286</u>
Total operating expenses	<u>179,450</u>	<u>367,978</u>	<u>81,571</u>	<u>628,999</u>
Operating income (loss)	<u>(14,053)</u>	<u>(84,224)</u>	<u>(81,571)</u>	<u>(179,848)</u>
Non-operating revenues (expenses):				
Interest income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income (loss) before transfers	<u>(14,053)</u>	<u>(84,224)</u>	<u>(81,571)</u>	<u>(179,848)</u>
Other financing sources (uses):				
Transfers in	-	22,123	76,029	98,152
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>22,123</u>	<u>76,029</u>	<u>98,152</u>
Change in net position	<u>(14,053)</u>	<u>(62,101)</u>	<u>(5,542)</u>	<u>(81,696)</u>
Net position (deficit), beginning of year	2,496	46,381	(288,688)	(239,811)
Prior period adjustments	<u>-</u>	<u>-</u>	<u>(18,128)</u>	<u>(18,128)</u>
Net assets, beginning of year, restated	<u>2,496</u>	<u>46,381</u>	<u>(306,816)</u>	<u>(257,939)</u>
Net position (deficit), end of year	<u>\$ (11,557)</u>	<u>\$ (15,720)</u>	<u>\$ (312,358)</u>	<u>\$ (339,635)</u>

CITY OF CHOWCHILLA

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Fleet Maintenance</u>	<u>Information Technology</u>	<u>Employee Benefits</u>	<u>Total</u>
Cash flows from operating activities:				
Receipts from customers and users	\$ 165,397	\$ 283,754	\$ 78	\$ 449,229
Payments to suppliers	(42,750)	(162,050)	(56,585)	(261,385)
Payments to employees	<u>(135,794)</u>	<u>(196,348)</u>	<u>4,651</u>	<u>(327,491)</u>
Net cash provided by (used in) operating activities	<u>(13,147)</u>	<u>(74,644)</u>	<u>(51,856)</u>	<u>(139,647)</u>
Cash flows from noncapital financing activities:				
Transfer from other funds	-	22,123	76,029	98,152
Loan from other funds	<u>9,882</u>	<u>-</u>	<u>-</u>	<u>9,882</u>
Net cash provided by (used in) noncapital financing activities	<u>9,882</u>	<u>22,123</u>	<u>76,029</u>	<u>108,034</u>
Cash flows from investing activities:				
Interest received	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) investing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	(3,265)	(52,521)	24,173	(31,613)
Cash and cash equivalents, beginning of year	<u>3,265</u>	<u>56,431</u>	<u>96,024</u>	<u>155,720</u>
Cash and cash equivalents, end of year	<u>\$ -</u>	<u>\$ 3,910</u>	<u>\$ 120,197</u>	<u>\$ 124,107</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	\$ (14,053)	\$ (84,224)	\$ (81,571)	\$ (179,848)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	-	-	78	78
(Increase) decrease in prepaid expenses	-	-	1,799	1,799
Increase (decrease) in accounts payable	906	9,580	(58,384)	(47,898)
Increase (decrease) in accrued payroll	-	-	80,830	80,830
Increase (decrease) in compensated absences	<u>-</u>	<u>-</u>	<u>5,392</u>	<u>5,392</u>
Net cash provided by (used in) operating activities	<u>\$ (13,147)</u>	<u>\$ (74,644)</u>	<u>\$ (51,856)</u>	<u>\$ (139,647)</u>

CITY OF CHOWCHILLA

**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2013**

	<u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2013</u>
<u>Greenhills Assessment District</u>				
ASSETS				
Cash and investments	\$ 644,114	\$ 1,423,130	\$ (1,430,364)	\$ 636,880
Accounts receivable	<u>17,670</u>	<u>16,189</u>	<u>(17,670)</u>	<u>16,189</u>
Total assets	<u>\$ 661,784</u>	<u>\$ 1,439,319</u>	<u>\$ (1,448,034)</u>	<u>\$ 653,069</u>
LIABILITIES				
Agency obligations	<u>\$ 661,784</u>	<u>\$ 1,439,319</u>	<u>\$ (1,448,034)</u>	<u>\$ 653,069</u>
<u>Pheasant Run Assessment District</u>				
ASSETS				
Cash and investments	\$ 959,164	\$ 1,680,388	\$ (1,584,188)	\$ 1,055,364
Accounts receivable	<u>32,473</u>	<u>46,463</u>	<u>(32,473)</u>	<u>46,463</u>
Total assets	<u>\$ 991,637</u>	<u>\$ 1,726,851</u>	<u>\$ (1,616,661)</u>	<u>\$ 1,101,827</u>
LIABILITIES				
Agency obligations	<u>\$ 991,637</u>	<u>\$ 1,726,851</u>	<u>\$ (1,616,661)</u>	<u>\$ 1,101,827</u>
<u>Developer Deposits</u>				
ASSETS				
Cash and investments	\$ 140,960	\$ 235,592	\$ (360,800)	\$ 15,752
Accounts receivable	<u>-</u>	<u>194,590</u>	<u>(194,534)</u>	<u>56</u>
Total assets	<u>\$ 140,960</u>	<u>\$ 430,182</u>	<u>\$ (555,334)</u>	<u>\$ 15,808</u>
LIABILITIES				
Agency obligations	<u>\$ 140,960</u>	<u>\$ 430,182</u>	<u>\$ (555,334)</u>	<u>\$ 15,808</u>
<u>Total Agency Funds</u>				
ASSETS				
Cash and investments	\$ 1,744,238	\$ 3,339,110	\$ (3,375,352)	\$ 1,707,996
Accounts receivable	<u>50,143</u>	<u>257,242</u>	<u>(244,677)</u>	<u>62,708</u>
Total assets	<u>\$ 1,794,381</u>	<u>\$ 3,596,352</u>	<u>\$ (3,620,029)</u>	<u>\$ 1,770,704</u>
LIABILITIES				
Agency obligations	<u>\$ 1,794,381</u>	<u>\$ 3,596,352</u>	<u>\$ (3,620,029)</u>	<u>\$ 1,770,704</u>