

**CITY OF YUBA CITY
CALIFORNIA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the Fiscal Year Ended
June 30, 2011**

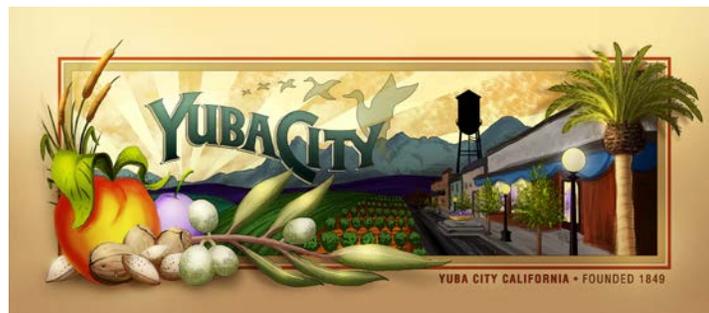
**CITY OF YUBA CITY
Finance Department**

Robin Bertagna, CPA
Finance Director

Welcome to Yuba City

Located 40 minutes north of California's Capitol in Sacramento, Yuba City is the county seat of Sutter County, the Agricultural Hub of Northern California, and is the principal city of the Yuba City Metropolitan Area, encompassing all of Sutter and Yuba Counties. This growing metropolitan has maintained its strong agricultural heritage and continues to be home of Sunsweet Growers, Orchard Machinery, Montna Farms and many additional agricultural based businesses and farms.

In early 2011, as part of Yuba City's Economic Development Work Plan, a new logo and crate label were commissioned to promote the City's branding and marketing efforts. In the past, Yuba City was known as the Peach Bowl of the World, which we continue to embrace and expand. In fact, we could be called the Prune, Plum, Walnut, Almond, Rice or Tomato Bowl of the world due to our diverse farming production. Yuba City's new crate label reinforces Yuba City's identity as the Agricultural Hub of Northern California.



Artwork By:

**Randy Johnson
Wag the Frog**

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December 9, 2011

Honorable Mayor and Members of the City Council,

It is our pleasure to submit the City of Yuba City's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011. Responsibility for the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the City. Management relies upon a comprehensive framework of internal controls to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (USGAAP). Because the cost of internal controls should not outweigh their benefits, Yuba City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. This report includes the annual audit report of the City's independent auditors, Moss, Levy & Hartzheim, LLP. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included. The data is designed to factually set forth the City's financial condition and to present results of City operations as measured by activity among the various fund groups in an easily readable and understandable style.

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

The financial statements are prepared in accordance with Accounting Principles Generally Accepted in the United States of America (USGAAP) as promulgated by the Governmental Accounting Standards Board (GASB), and include the report of the City's independent public accountants. The CAFR is presented in three sections: introductory, financial, and statistical.

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

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

For the fiscal year ended June 30, 2011, the City implemented the requirements of GASB Statements No. 54 and No. 59. GASB 54, the *Fund Balance Reporting and Governmental Fund Type Definitions* affect the components of fund balance within the financial statements. GASB 59, *Financial Instruments Omnibus* had no impact on these financial statements. More information regarding GASB 54 is available in Note 1L to the Financial Statements.

YUBA CITY HISTORY AND GOVERNMENT PROFILE

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

The City's population is currently estimated to be 65,569 and the City comprises 14.6 square miles. The City is the political, cultural, and economic center for the Yuba City Metropolitan Statistical Area (Yuba City MSA). The Yuba City MSA encompasses both Sutter and Yuba Counties. The MSA is comprised of nearly 1,250 square miles and is home to approximately 165,000 residents, 94,000 of whom reside in Sutter County and 71,000 of whom reside in Yuba County.

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

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

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

This report includes all of the funds of the City. This report also includes the financial activities considered to be part of, controlled by, and/or dependent on the City. Accordingly, this financial report incorporates financial data for *component units* of the City including the Yuba City Redevelopment Agency and the Yuba City Public Financing Authority. Component units are legally separate entities for which the City is financially accountable.

ECONOMIC CONDITION & FINANCIAL INFORMATION

Local Economy

The foreclosure and credit crisis, the State's budget deficit, and the recession have all had a remarkable effect on the Sacramento Valley. The number of housing foreclosures has reached new highs in many communities. Yuba City has not been buffered by this situation. Following years of significant residential development in Yuba City, new home construction has slowed to an almost halt and foreclosures are prevalent. In time, the housing construction cycle will return. The national economy entered a recession that has continued through 2011. Consumers have responded to all of the negative economic and financial news by reducing spending patterns.

The State's projected budget deficit has impacted local government in spite of voter approval of Proposition 22 in the November, 2010, election. Passage of this measure, which takes away the State's ability to borrow from local government coffers, proves that Californians are in favor of locally provided services and are opposed to the State's ability to raid local funds. Even though Proposition 1A passed by the voters in 2004 and Proposition 22 in 2010 largely protected local revenues, the Governor and the Legislature have continued to find ways to raid local coffers. The FY 2009-10 and FY 2010-11 State Budgets include the takeaway of \$2.05 billion in local Redevelopment Agency funds. Yuba City's share was approximately \$1.3 million for FY 2009-10 and \$0.3 million for FY 2010-11. The FY 2011-12 State budget proposed the elimination of Redevelopment agencies throughout the State. In order to continue as an Agency, the City adopted the required continuation ordinance and is awaiting the outcome of the State Supreme Court Case currently pending. In addition, the FY 2011-12 State budget eliminated general fund revenues for vehicle license fees, instead shifting the funds to Police grants which had already been provided to local agencies by the State.

For additional information regarding Yuba City's local economy, please refer to Management's Discussion & Analysis, which begins on page 3.

Budget Process and Long-Term Financial Planning

The City prepares a budget for each fiscal year on or before June 30. The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the general fund and special revenue funds are included in the annual appropriated budget. Budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is at the department level within an individual fund.

Due to the economic volatility in the past two years, beginning with FY 2008-09 the City returned to a one-year budget process with intermediate reviews conducted every 90 days due to rapidly changing economic conditions. The City remains committed to reviewing and updating its long range fiscal model which looks out ten years but is placing more emphasis and focus on evaluating the three-year sustainability of our general fund budget. Our budget policy specifically states “the City will strive to fund all current expenditures from current revenues, avoiding procedures that balance current budgets by postponing needed expenditures, accruing future revenues, or rolling over short-term debt.” Although we strive to fund current expenditures from current revenues, it is explained in more detail below, that the City consciously made the decision to fund a portion of on-going expenditures from one-time reserve sources during the on-going economic downturn.

During the budget development process for the FY 2008-09 City budget, City staff anticipated the revenue shortfall trend. As such, Yuba City adopted a budget for FY 2008-09 that included funding a \$2.3 million Economic Stabilization Reserve (ESR) Fund within the general fund. The intent was to utilize the ESR to cover general fund operating deficits until the economy turned around. The ESR was funded with \$2.3 million of general fund monies that had previously been designated for future capital improvement projects. \$0.6 million was utilized in FY 2008-09, \$0.3 million in FY 2009-10, and \$0.6 million in FY 2010-11 to fund operating deficits. As part of the FY 2011-12 budget process, additional concessions were obtained from employee bargaining groups and the ESR was replenished using one-time reserve funds. The replenishment of the ESR is intended to support the City’s structural budget deficits for FY 2011-12 through FY 2013-14, the same three year period of employee bargaining unit contracts in which job guarantees were provided in exchange for additional concessions. More detailed information regarding the City’s ESR and budget deficit is provided in the Management’s Discussion and Analysis section beginning on page 3.

The City Council has communicated that prudent financial management is one of their top priorities. City staff will continue to take a proactive approach in responding to declining revenues while ensuring that we do not overreact and reduce service levels in an unnecessary manner. While City staff will continue to update its Long-Term Financial Planning model, we will continue the practice of providing quarterly financial reports to respond to the dynamic, ever changing economic challenges facing us in the short term.

MAJOR ACCOMPLISHMENTS

The City achieved several major accomplishments during FY 2010-11. Significant progress was made in reducing the City's structural budget deficit by developing a three year budget plan that reduced the deficit by approximately half. A three year agreement was reached with employee bargaining units which includes an additional five percent voluntary furlough program (for a total of ten percent) and implementation of a two tiered retirement system for both Safety and Miscellaneous members in CalPERS. In addition, there were many other important accomplishments during the year. Included were: Groundbreaking on the new Veterans Administration Community Outpatient Clinic in the Town Center; completion of the City's Water and Wastewater rate studies including a successful Proposition 218 ballot process resulting in approved funding to meet the needs of the City's two enterprise funds; receipt of an upgrade by Standards and Poor's rating agency to the City's Wastewater rating; completion of the groundwater to surface water conversion project including the conversion of 4,000 flat rate customers to metered water service; completion of the improvements at Queens Avenue and Highway 99; implementation of a paperless agenda process; and completion of the Walton reservoir and pumping project.

MAJOR INITIATIVES

As set forth in the adopted budget of the City Council, there are several key issues and priorities of the City including flood control, economic development, public safety staffing, and infrastructure maintenance. Additionally, notable capital improvement projects include advancing the replacement of the 5th Street Bridge over the Feather River, advance increasing the capacity of Highway 99 and Highway 20 through Yuba City, assure Yuba City's continued supply of quality surface water, advance the development of the Feather River Mills property in the Town Center, forward implementation of the Feather River Parkway project and secure additional grant funding, develop active open spaces for recreation through current detention ponds and other projects, forward a long-range infrastructure strategic plan, advance the construction of fish screens and new raw water intake at the low lift pumping station on the Feather River, work cooperatively with Sutter County and Live Oak to provide Animal Control Services to the region, and secure solid waste services at a reasonable cost for Yuba City residents.

PROSPECTS FOR THE FUTURE

The City continues its fiscally conservative general fund balance reserve to cover unanticipated revenue shortfalls or expenditure requirements. This year the City continued its long-standing policy of maintaining a 10% general fund unallocated reserve (\$3.6 million) while also replenishing the ESR to meet the three year anticipated shortfall of the general fund budget (\$4.7 million). In addition, the City still has a healthy, unallocated general fund capital improvement program balance available (\$6.7 million). The recession has weakened the economy such that the City of Yuba City has experienced a significant revenue decline. Through its long-range financial planning, the City has positioned itself to weather the extended downturn.

AWARDS AND ACKNOWLEDGEMENTS

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Yuba City for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. This was the eleventh year that the City received the award. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

The GFOA also awarded a Distinguished Budget Presentation Award to the City of Yuba City for Fiscal Year 2010-11. This is the highest form of recognition in governmental budgeting, and represents a significant achievement by any organization. The document is judged by an independent, anonymous panel of experts in the field of finance and budgeting. In order to receive the award, Yuba City had to satisfy nationally recognized guidelines for effective budget presentation. These guidelines are designed to assess how well a government's budget serves as a policy document, a financial plan, an operations guide and a communications device. The California Society of Municipal Finance Officers (CSMFO) likewise awarded the City of Yuba City the Certificate of Award – Excellence in Operational Budgeting.

Acknowledgments

Publication of this report was made possible by the efficient and dedicated service of the Finance Department staff. Furthermore, the professional expertise and commitment of Derek Rampone of the auditing firm of Moss, Levy & Hartzheim, LLP was appreciated.

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

Respectfully submitted,



Robin Bertagna, CPA
Finance Director

CITY OF YUBA CITY
CITY OFFICIALS
For the Fiscal Year Ended June 30, 2011

CITY COUNCIL

John M. Dukes, Mayor

John Miller, Vice Mayor

Leslie McBride, Council Member

Tej Maan, Council Member

John Buckland, Council Member

ELECTED OFFICIALS

Terrel Locke, City Clerk

Steven C. Kroeger, City Treasurer

APPOINTED OFFICIALS

Steven Jepsen, City Manager

Timothy Hayes, City Attorney

EXECUTIVE TEAM

Steven C. Kroeger, Assistant City Manager

Robin Bertagna, Finance Director

Pete Daley, Fire Chief

Aaron Busch, Community Development Director

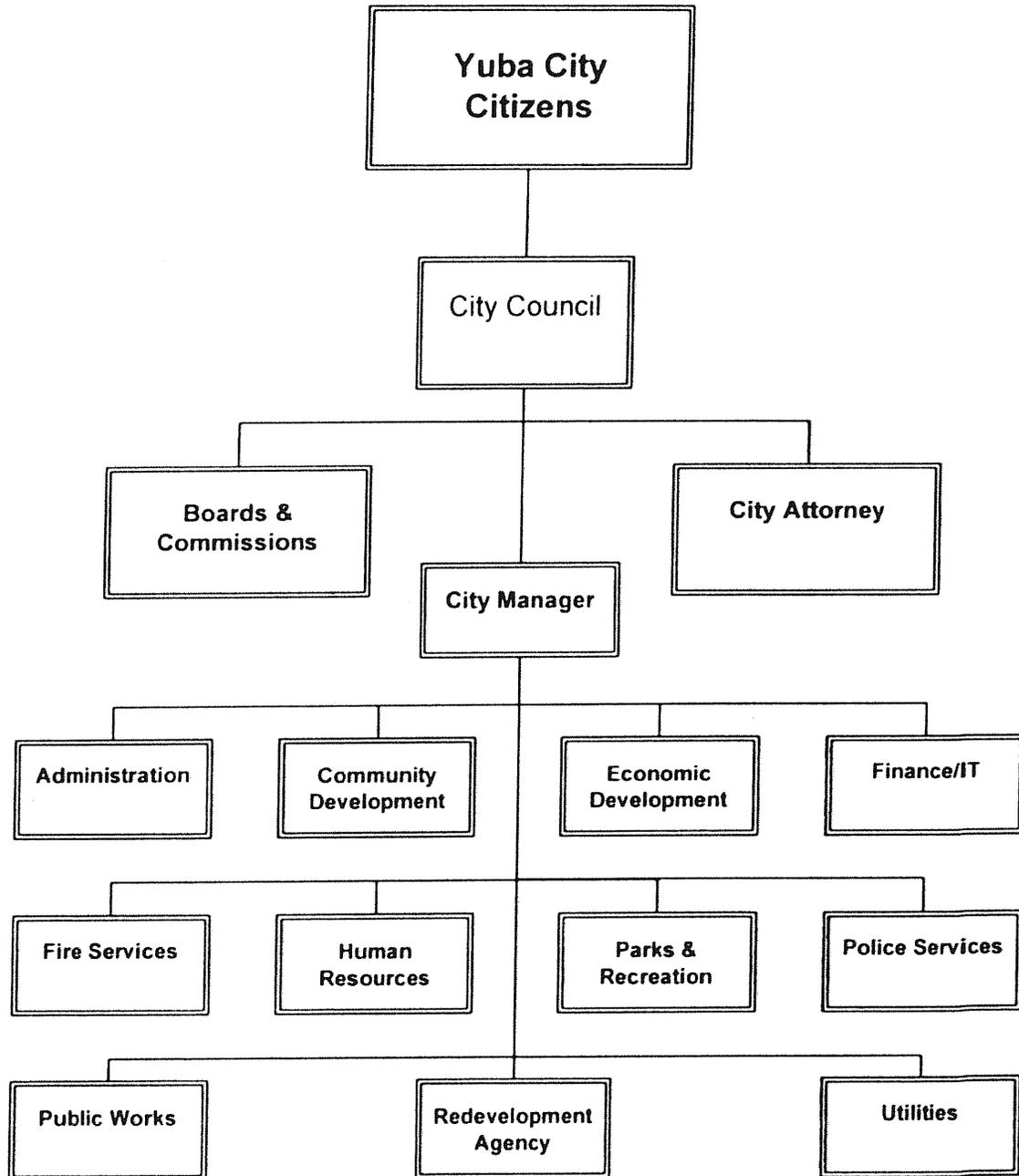
Robert Landon, Police Chief

Brad McIntire, Parks and Recreation Director

George Musallam, Public Works Director

Natalie Walter, Human Resources Manager

City Organization Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Yuba City
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Danison

President

Jeffrey R. Emer

Executive Director

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MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

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www.mlhcpas.com**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Yuba City (City), California, as of and for the fiscal year ended June 30, 2011, which collectively comprise the City's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the City's management. 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* as issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Yuba City, California, as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable thereof, for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 of the notes to the basic financial statements effective July 1, 2010, the City adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* and Statement No. 59, *Financial Instruments Omnibus*.

In accordance with the *Government Auditing Standards*, we have also issued a report dated December 7, 2011, on our consideration of the City of Yuba City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Pension Trend Information, the Schedule of Funding Progress of Other Postemployment Benefits, and the Budgetary Comparison Schedules of the General Fund and major special revenue funds on pages 3 through 14, page 71, and pages 73 through 77 respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Yuba City's basic financial statements. The Introductory Section, the Budgetary Comparison Schedules for the Nonmajor Governmental Funds, the Combining Financial Statements for the Nonmajor Governmental Funds, Internal Service Funds, and Agency Funds, and the Statistical Section listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements. The Budgetary Comparison Schedules for the Nonmajor Governmental Funds, the Combining Financial Statements for the Nonmajor Governmental Funds, Internal Service Funds, and Agency Funds are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, CA
December 7, 2011

This discussion and analysis of the City of Yuba City's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the preceding transmittal letter and the City's financial statements and related notes, which follow this section.

A. FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the fiscal year by \$620.2 million. Of this amount, \$40.9 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets decreased by \$5.3 million.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$36.6 million, a decrease of \$0.2 million from the prior fiscal year.
- The General Fund reported a net change in fund balance before Special Item of negative \$1.3 million.

B. OVERVIEW OF FINANCIAL STATEMENTS

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

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

Government-Wide Financial Statements

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

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

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

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

The two statements can be generally described as follows:

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Notably, these statements differ from the Fund Financial Statements in that they *include* all assets of the City (including infrastructure) and all liabilities (including long-term debt) and *exclude* certain interfund receivables, payables and other interfund activity as prescribed by GASB Statement No. 34. For an additional reference, reconciliations between the two are provided on pages 21 and 24 of this report.

Fund Financial Statements

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

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

The City's major governmental funds include the General Fund, Redevelopment Agency Fund, Streets and Roads Special Revenue Fund, Redevelopment Agency Debt Service Fund, General Capital Improvement Projects Fund, and Impact Fee Capital Improvement Projects Fund. All other funds are combined in a single, aggregated presentation. Individual data for each of these non-major governmental funds is provided in the form of combining statements beginning on page 82 of this report.

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

Fiduciary Funds – the City is the trustee, or fiduciary, for certain funds held on behalf of external parties. The City's fiduciary activities are reported in separate Statements of Fiduciary Assets and Liabilities. These activities are excluded from the City's other financial statements because the resources of the funds are not available to support the City's own programs. The City is responsible for ensuring that the assets reported in these funds are used for the intended purposes.

Notes to Basic Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report presents the following required supplementary information: budgetary comparisons for the City's General Fund, Redevelopment Agency Special Revenue Fund and Streets and Roads Special Revenue Fund; a description of the City's

accounting policies with regard to the annual budget; and information regarding any excess of expenditures over appropriations.

C. GOVERNMENT-WIDE FINANCIAL STATEMENT ANALYSIS

The City's combined Net Assets for the fiscal year ended June 30, 2011, totaled \$620.2 million, a decrease of \$5.3 million from the prior fiscal year (the detail in the table below may not add due to rounding).

Summary of Net Assets
(Amounts in Millions)

	Governmental Activities		Business-Type Activities		Total		Total % Change
	2011	2010	2011	2010	2011	2010	
Assets:							
Current and Other Assets	\$ 85.9	\$ 90.0	\$ 18.9	\$ 19.6	\$ 104.8	\$ 109.6	-4.4%
Capital Assets	445.4	448.5	202.0	200.9	647.4	649.5	-0.3%
Total Assets	531.3	538.5	220.9	220.6	752.2	759.1	-0.9%
Liabilities:							
Current and Other Liabilities	21.8	25.2	2.9	3.5	24.8	28.7	-13.7%
Long-term Liabilities	58.4	60.5	48.9	44.5	107.3	105.0	2.2%
Total Liabilities	80.2	85.6	51.8	48.0	132.0	133.6	-1.2%
Net Assets:							
Invested in Capital Assets, net of related debt	397.0	400.5	151.2	154.7	548.2	555.2	-1.3%
Restricted	28.8	33.4	2.4	3.2	31.1	36.6	-15.0%
Unrestricted	25.3	19.0	15.6	14.6	40.9	33.7	21.4%
Total Net Assets	\$ 451.1	\$ 452.9	\$ 169.1	\$ 172.6	\$ 620.2	\$ 625.5	-0.8%

At June 30, 2011, a significant portion of net assets (88 percent) consisted of the City's investment in capital assets, net of related debt. This component, which reflects the total amount of funds used to acquire those assets less any outstanding debt used for such acquisition, decreased from the prior fiscal year by \$7.0 million. The decrease is comprised of a decrease of \$3.5 million each in both governmental net assets and business type net assets. Governmental net assets invested in capital assets, net of related debt, increased by \$8.7 million due to the City's investment in new capital assets, \$1.3 million due to the change in the long-term debt associated with capital assets, and the exclusion of deferred amounts, such as costs of issuance, and decreased by \$11.9 million due to depreciation and \$1.6 million due to cash with fiscal agent monies being used to fund capital asset acquisitions. This leaves a net decrease of 3.5 million, which reconciles to the amount of net assets invested in capital assets, net of related debt. The largest investments in governmental type capital assets were the Bridge Street Reconstruction Project of \$5.4 million and Street Rehabilitation and Improvement Projects of \$1.8 million.

Business type net assets invested in capital assets, net of related debt, increased by \$7.9 million due to the investment in new assets and decreased \$4.5 million due to the change in the long-term debt associated with capital assets, and the exclusion of deferred amounts, such as costs of issuance and bond discounts, and decreased by \$6.8 million due to depreciation. Increases in business type capital assets include the Walton Groundwater Conversion to Surface Water Project of \$11.6 million, which includes a portion that was included in construction in progress as of June 30, 2010.

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

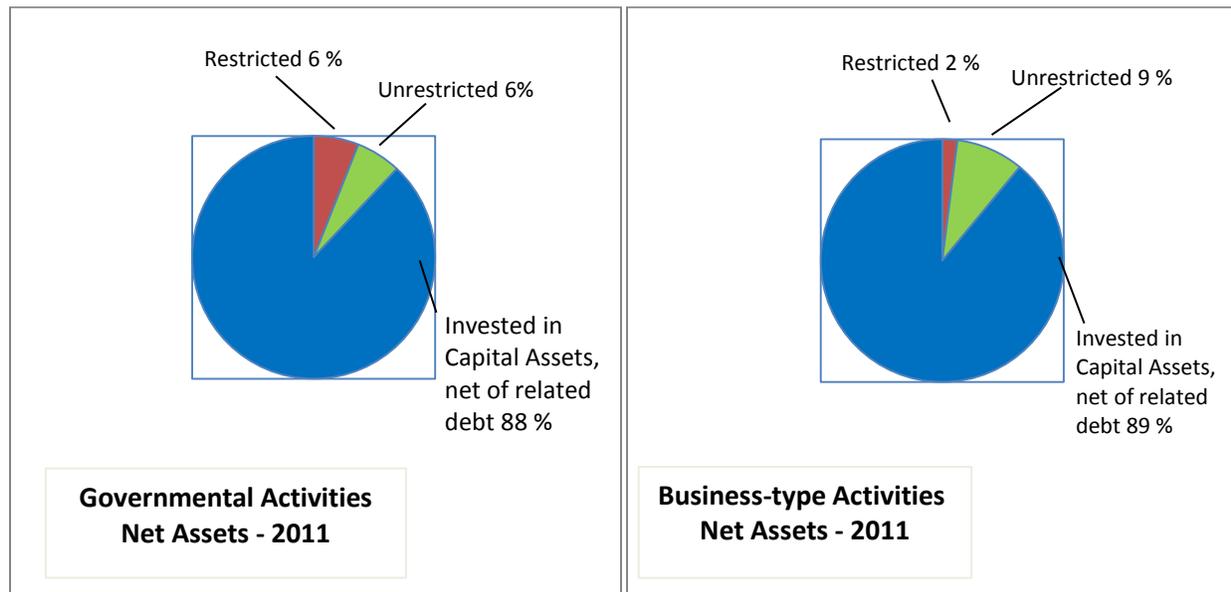
Restricted net assets of \$31.1 million (5 percent) represent resources subject to external restrictions as to how they may be used. Of the \$5.5 million decrease in restricted net assets, \$4.6 million occurred within governmental activities due to unrestricting the balance for future claims from the City's internal service funds of \$3.4 million, a \$0.2 million decline in the amount restricted for Low/Moderate income housing, and \$1.0 million decline in the amount restricted for capital projects.

Unrestricted Net Assets of \$40.9 million (7 percent) represent amounts that may be used to meet the City's ongoing obligations to its residents, businesses, customers, and creditors have increased \$7.2 million from the prior fiscal year. Of this increase, \$6.3 million occurred in the governmental activities due to showing \$3.4 million as restricted for future claims from the City's internal service funds in the previous year (now included in unrestricted). The most significant other factor contributing to the net increase was caused by the replenishment of the City's ESR of \$4.0 million which was partially offset with funds used for operations in FY 2010-11 of \$0.6 million.

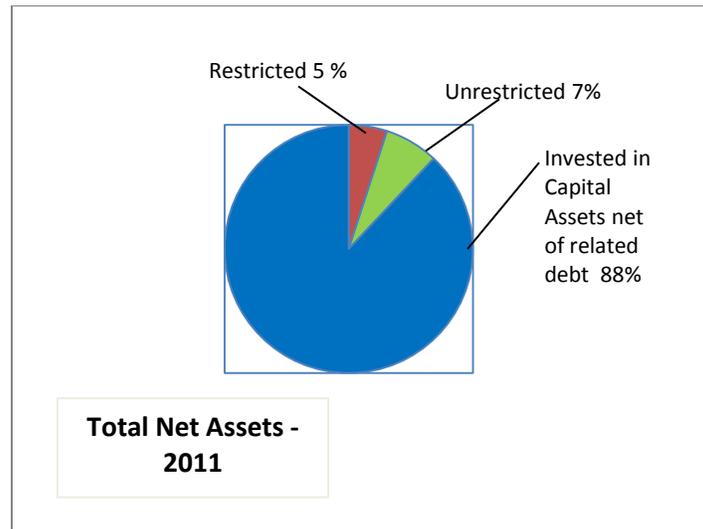
The decrease in Current and Other Assets for governmental and business-type activities of \$4.8 million is related to the expenditure of Low/Mod set aside funds for projects and the State SERAF payment (\$1.1 million), funds spent on Redevelopment project activities (\$2.4 million) and cash reserves to finance the water enterprise fund improvements described above.

The decrease in Current and Other Liabilities for governmental activities of \$3.4 million is primarily attributable to a decrease in accounts payable of \$0.8 million and unearned revenue of \$2.6 million.

Total long-term Liabilities increased by \$2.3 million with a decrease of \$2.1 million in the governmental activities and an increase of \$4.4 million in business activities. Governmental activities had a decrease of \$2.0 million due to regular principal payments on the City's outstanding debt obligations and a decrease in compensated absences of \$0.1 million. The increase in business-type activities was due receipt of SRF Loan proceeds used to fund the Groundwater to Surface Water conversion project in the water fund and the payoff of the City's 2001 Water Certificates of Participation as offset by normal principal payments on the City's outstanding debt obligations.



City of Yuba City
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011



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

Statement of Activities
(Amounts in Millions)

	Governmental Activities		Business-Type Activities		Total		Total % Change
	2011	2010	2011	2010	2011	2010	
Revenues:							
Program Revenues:							
Charges for services	5.1	5.1	18.3	18.0	23.4	23.1	1.5%
Operating Grants and Contributions	3.4	3.8	0.5	3.8	3.9	7.6	-49.5%
Capital Grants and Contributions	8.3	9.6	-	0.5	8.3	10.1	-17.2%
General Revenues:							
Property Taxes	16.6	17.2	-	-	16.6	17.2	-3.5%
Sales and Other Taxes	10.5	10.0	-	-	10.5	10.0	5.2%
Investment Income	0.9	4.2	0.3	0.4	1.2	4.6	-73.2%
Other	0.5	0.2	-	-	0.5	0.2	111.2%
Total Revenues	45.3	50.0	19.2	22.8	64.5	72.8	-11.5%
Expenses:							
General Government	4.3	4.8	-	-	4.3	4.8	-9.6%
Public Safety	23.3	23.7	-	-	23.3	23.7	-1.8%
Parks and Recreation	2.0	2.1	-	-	2.0	2.1	-4.0%
Public Works and Facilities	13.7	14.1	-	-	13.7	14.1	-2.2%
Community Development	3.5	4.9	-	-	3.5	4.9	-28.9%
Interest on Long-term Debt	3.2	5.8	-	-	3.2	5.8	-45.4%
Water	-	-	9.8	9.8	9.8	9.8	0.6%
Wastewater	-	-	9.9	9.7	9.9	9.7	1.2%
Total Expenses	50.1	55.4	19.7	19.5	69.7	74.9	-6.9%
Transfers	2.9	3.0	(2.9)	(3.0)	-	-	n/a
Change in Net Assets	(1.9)	(2.3)	(3.4)	0.2	(5.3)	(2.1)	153.1%
Net Assets - Beginning	452.9	455.0	172.6	172.3	625.5	627.3	-0.3%
Prior Period Adjustment	-	0.2	-	-	-	0.2	N/A
Net Assets - Beginning, Restated	452.9	455.2	172.6	172.3	625.5	627.6	-0.3%
Net Assets - Ending	451.1	452.9	169.1	172.6	620.2	625.5	-0.8%

Governmental Activities

The City's governmental activities decreased the City's net assets by \$1.9 million. Revenues decreased by 9.4 percent (\$4.7 million), while total expenditures decreased by 9.6 percent (\$5.3 million). Revenue Highlights include the following:

- Capital Grants and Contributions decreased by \$1.3 million, mainly due to a \$0.1 million decline in public safety grants, a decline of \$0.9 million in Streets & Roads intergovernmental revenue and a decline of \$0.1 million in HUD grant revenues.
- Charges for services were flat and did not change from the previous fiscal year.
- Secured and unsecured property tax revenues decreased \$0.6 million due to declines in assessed valuations and Proposition 8 reassessments.
- Sales and use taxes increased by \$0.5 million due to increases in sales tax revenues.
- Miscellaneous revenues increased by \$0.3 million.
- Investment Income, which is a combination of interest earnings and change in the fair value of investments, decreased by \$3.3 million mostly attributable to the forgiveness of \$6.3 million in matured interest on the advance between the City and the Redevelopment Agency which included interest through FY 2010-11. As such, there was no interest charged on the Advance during FY 2010-11, whereas in FY 2009-10 there was a charge and related interest income of \$2.7 million.

Total expenses for governmental activities were \$50.1 million, which is a \$5.3 million decrease from the prior fiscal year. Approximately one half, or \$2.6 million, of this decrease is in interest expense on long-term debt and relates to not charging interest on the Advance between the City and the Redevelopment Agency as described above. The second largest decline in expenses was \$1.4 million in Community Development which was largely attributable to a reduction in Redevelopment expenses of \$0.8 million. There was also a decline in general fund community development expenses of \$0.4 million. The declines in expenses were partially offset by a \$0.5 million increase in depreciation expense (see page 50, Note 3, for depreciation expense totals by governmental function).

Net Cost of Governmental Activities
(Amounts in Millions)

	Total Cost of Services		Net Cost of Services	
	2011	2010	2011	2010
General Government	\$ 4.3	\$ 4.8	\$ (4.3)	\$ (4.7)
Public Safety	23.3	23.7	(20.3)	(20.2)
Parks and Recreation	2.0	2.1	(0.8)	(0.9)
Public Works and Facilities	13.7	14.1	(3.7)	(3.6)
Community Development	3.5	4.9	(1.0)	(1.7)
Interest on Long-term Debt	3.2	5.8	(3.2)	(5.8)
Total Net Cost	\$ 50.1	\$ 55.4	\$ (33.3)	\$ (37.0)

As shown in the Statement of Activities, the amount that taxpayers ultimately financed for governmental activities was \$33.3 million because some of the cost was paid by those who directly benefited from the programs (\$5.1 million), or by other governments and organizations that subsidized certain programs with operating grants and contributions (\$3.4 million), and capital grants and contributions (\$8.3 million). Overall, these governmental program revenues totaled \$16.8 million. The City paid for the remaining "public benefit" portion of the governmental activities with \$27.1 million in taxes (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

Business Type Activities

The City's business type activities decreased the City's net assets by \$3.4 million. Total revenues decreased by 15.8 percent (\$3.6 million), while total expenses increased by 1 percent (\$0.2 million).

The net revenue decrease includes the combination of an increase in service fees (\$0.3 million), a reduction in operating grants and contributions (\$3.5 million), a decrease in capital contributions and grants (\$0.5 million), and a decrease in investment earnings (\$0.1 million). The water revenue service fee increase was attributable to an increase in charges for services (\$0.5 million) which was largely offset by a decline in water connection fee revenues (\$0.4 million). The wastewater service fee revenue increase was also attributable to an increase in charges for services (\$0.3 million) which was partially offset by a decline in wastewater connection fee revenues (\$0.1 million). Operating grants and contributions decreased due to an ARRA grant (\$3.3 million) received in the previous fiscal year for construction of two water lines and installation of water meters.

Overall operating costs within both the water and wastewater enterprise experienced a slight increase in expenses over the previous year. Both enterprise funds experienced declines in salary and benefit costs due to reduced staffing levels (\$0.6 million) and the purchase of tools and equipment (\$0.3 million) offset by increases in maintenance and operation costs (\$0.4 million), a small increase in power and utility costs (\$0.1 million), water purchases (\$0.1 million) and depreciation expenses (\$0.1 million).

D. FUND FINANCIAL STATEMENT ANALYSIS

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

Governmental Funds

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

The General Fund is the chief operating fund of the City. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned and total fund balance to total funding requirements. As of June 30, 2011, the total fund balance of the General Fund was \$26.9 million (of which 69 percent is attributable to a long-term receivable from the City's Redevelopment Agency). The unassigned fund balance of \$3.6 million is equal to 10.6 percent of total General Fund expenditures. Total fund balance decreased by \$7.7 million from the previous fiscal year.

At the beginning of FY 2008-09 the City transferred \$2.3 million of one-time funds to the General Fund to fund the City's Economic Stabilization Reserve (ESR) fund. The ESR is intended to provide funding to cover revenue shortfalls during the current economic downturn. During FY 2008-09, \$0.6 million was utilized to cover funding shortfalls, \$0.3 million was utilized during FY 2009-10, and an additional \$0.6 million was used during FY 2011-12. The remaining balance was replenished with an additional \$4.05 million from reserves to bring the fund balance committed for Economic Stabilization to \$4.675 million as shown in the financial statements. The ESR was replenished to commit funds for the City's anticipated structural budget deficits for FY 2011-12 through FY 2013-14.

Although there is a net decline in fund balance within the General Fund of \$7.7 million, it is noteworthy that this includes \$6.3 million listed as a special item for forgiveness of the matured interest on the advances between the Redevelopment Agency and the City general fund. This special item relates to the long-term advance to the City's Redevelopment Agency which is not a spendable resource, it is a long-term receivable due back to the General Fund. In addition, the \$4.7 million of transfers out in the general fund, include a one-time transfer out of \$4.3 million for land transferred to the general fund from the Redevelopment Agency in exchange for writing down a portion of the long-term advance due to the general fund. The net change from operating activities for the year is a negative \$1.3 million. After

factoring out the one-time events of replenishment of the ESR and the transfer out for the land, the on-going change from operating activities is a negative \$1.1 million.

The Redevelopment Agency fund shows a decrease in fund balance of \$3.1 million, which is largely attributable to the \$4.3 million transfer out for land transferred to the general fund during the current fiscal year.

The Streets and Roads Special Revenue fund shows a increase in fund balance of \$.4 million from the prior fiscal year and a cumulative fund balance deficit of \$4 thousand.

The Redevelopment Agency Debt Service fund shows an increase in fund balance of \$10.6 million from the prior year and a cumulative fund balance deficit of \$18.6 million, which is attributable to the fact that the Agency's Advances from the City's general fund are required under GASB Statement No. 34 to be shown in the Debt Service funds. The reduction in the amount of the negative fund balance is due to the \$6.3 million in forgiveness of the matured interest on the Redevelopment Advance and the \$4.3 million shown as transfers in for land transferred to the general fund in exchange for forgiveness of the Redevelopment advance.

The General Capital Improvement Projects fund shows a decrease in fund balance of \$0.9 million. The decline in fund balance is directly attributable to the planned payment of debt service on the SunTrust lease payable utilized to construct the new Fire Station 4 and provide funding for the Police Department expansion project and the transfer out of \$1.35 million to the general fund for replenishment of the ESR.

The Impact Fee CIP fund balance is not the best indicator of the fund's financial position since revenues are not realized until spent. However, the unearned revenue of \$15.1 million, a decrease of \$2.4 million from the previous year, represents the balance available for spending on projects included in the City's Impact Fee Ordinance.

Proprietary Funds

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

E. GENERAL FUND BUDGETARY HIGHLIGHTS

A detailed budgetary comparison schedule for the fiscal year ended June 30, 2011, is presented as required supplementary information following the notes to the financial statements. The Approved Budget is adopted by the City Council prior to the July 1 start of the fiscal year (the "Original Budget"). The City Council usually makes expenditure and revenue estimate changes during the course of the fiscal year as new information becomes available (resulting in the "Final Budget").

The net decrease in budgeted expenditures from the original budget to the final budget is \$0.1 million, which was attributable to: 1) Additional appropriations for carryover expenditures from the previous fiscal year for existing contractual obligations that totaled \$0.3 million; 2) additional appropriations for grant activities in the amount of \$0.5 million, which are not included in the budget until funds are physically received by the City; 3) and a reduction to appropriations of \$0.7 million for the rollback of materials, supplies and services budgets to the FY 2009-10 level. Actual expenditures were \$1.1 million less than both the original budget and the final budget.

The net increase in budgeted revenues from the original budget to the final budget was \$0.6 million. This was entirely attributable to increasing revenue budgets to account for the receipt of grant funds. Actual revenues were \$0.9 million more than the original budget and \$0.3 million more than the final budget.

At fiscal year-end, in accordance with the City's budget policies, year-end fund balance above the required reserve of 10 percent was transferred to the general fund capital improvement project account (\$0.4 million). Additionally, the \$4.3 million in land transferred to the general fund is shown as transfers

out since the advance from RDA was reduced by the same amount. The increase in final budget transfers out of the General Fund reflects these actions.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets – the capital assets of the City are those assets which are used in the performance of the City's functions, including infrastructure. The City has elected to use the "basic approach" as defined by GASB Statement No. 34 for infrastructure reporting. Accordingly, eligible infrastructure assets are depreciated under the straight-line method. At June 30, 2011, net capital assets of the governmental activities totaled \$445.4 million and the net capital assets of business type activities totaled \$202.0 million. Depreciation on capital assets is recognized in the Government-Wide Financial Statements (the detail may not add due to rounding).

Summary of Capital Assets
(Amounts in Thousands)

Governmental Activities:	
Land	\$ 129,214
Buildings and Improvements	47,001
Equipment, Vehicles, Machinery	18,050
Construction in Progress	4,426
Infrastructure	350,403
Total Governmental Capital Assets	549,094
Less: Depreciation	(103,703)
Total Net Governmental Activities	\$ 445,391
 Business-Type Activities	
Land	\$ 1,675
Buildings and Improvements	99,078
Equipment, Vehicles, Machinery	24,153
Construction in Progress	7,812
Infrastructure	135,753
Total Business-Type Capital Assets	268,471
Less: Depreciation	(66,466)
Total Net Business Type Activities	\$ 202,005

This fiscal year's major capital asset additions were:

- ARRA funded HVAC replacement and Corporation Yard Solar Project \$0.5 million
- Bridge Street Reconstruction Project \$5.4 million
- Street Rehabilitation and Improvement Projects \$1.8 million
- Groundwater Conversion to Surface Water Projects \$11.6 million
- Sidewalk Improvement Projects \$0.3 million

Long-Term Debt – as of June 30, 2011, the City had outstanding debt issues as listed below. Not included in the table are assessment district and community facility district bonds since the City has no obligation for their repayment. Each of the City's other bonds are backed by certain specific revenues or General Fund lease payments. The City received rating changes from Standard & Poor's Rating Agency as follows:

- 1) Standard & Poor's raised the underlying rating on Yuba City's outstanding Certificates of Participation series 2006 to "A" from "A-" reflecting their view of the City's record of maintain strong available general fund balances during the past five years through fiscal year 2010 despite economic stress that has reduced its revenues. The outlook assigned was stable.
- 2) Standard & Poor's raised the rating on Yuba City's Wastewater Revenue Certificates of Participation and recently issued 2011 Wastewater Revenue Refunding Bonds to AA- from A+ based on the wastewater enterprise's continued maintenance of strong debt service coverage and a strong liquidity position, even as connection-fee revenues have declined since fiscal year 2008.

Summary of Long Term Indebtedness
(not including compensated absences or post-employment benefits)
(Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
RDA Tax Allocation and Revenue Bonds	\$ 33,932	\$ 34,327	\$ -	\$ -	\$ 33,932	\$ 34,327
Loans Payable	1,680	1,728	9,338		11,018	1,728
Capital Lease Payable	4,694	5,344	-	-	4,694	5,344
Certificates of Participation	11,054	11,301			11,054	11,301
Pension Obligation Bonds	5,375	6,007			5,375	6,007
Water Certificates of Participation	-	-	22,665	27,035	22,665	27,035
Wastewater Certificates of Participation	-	-	19,119	19,662	19,119	19,662
Total Indebtedness	\$ 56,735	\$ 58,707	\$ 51,122	\$ 46,697	\$ 107,857	\$ 105,403

During the fiscal year 2011, the City did not issue any new bonded indebtedness. The 2002 Wastewater Revenue Certificates of Participation were refinanced on November 1, 2011, as further described in Note 12, Subsequent Events, on Page 70 of the CAFR.

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

G. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

On June 21, 2011, the Council adopted the FY 2011-12 Operating Budget with total appropriations of \$72.6 million. Adequate resources are available to fund the proposed expenditures. The budget reflects a carefully developed financial plan that balances the highest priorities with the resources available. It reflects significant budget reductions and a planned use of one-time sources in light of current economic circumstances. After many years of significant economic growth, Yuba City is experiencing an economic downturn similar to that being experienced both statewide and nationally. The worldwide economy has continued to worsen with historically high unemployment, a crisis in housing foreclosures, weakened retail sales, a tightened credit market, and concerns regarding the global banking system. The full impacts of the situation are still being felt, but we know that our local economic outlook is not as bright as it has been in years past. At present, the duration of this situation is uncertain. The current economic decline has negatively impacted virtually every sector of the business and government community. This fact is clearly illustrated in that revenue declines have continued to outpace expenditure reduction efforts with the City's FY 2011-12 adopted general fund budget utilizing \$1.5 million in one-time money. The City anticipates it will take three years to reduce the deficit and has replenished the Economic Stabilization Reserve Fund with funds sufficient to sustain the City's projected deficits for FY 2011-12 through FY 2013-14.

As stated, the FY 2011-12 adopted budget has a \$1.5 million structural deficit that was funded with a combination of one-time reserve funds. As part of the budget adoption process, City Council directed staff to replenish the City's Economic Stabilization Reserve (ESR) with funds to cover the City's anticipated deficit for the three years including FY 2011-12 through FY 2013-14. The deficit was funded

with a combination of carryover funds from the previous ESR, funds allocated in the FY 2010-11 budget from the Vehicle Replacement Fund and new funds from both general fund monies in the Vehicle Replacement Fund and the General CIP Fund.

The City reduced appropriations between FY 2010-11 and FY 2011-12 by more than \$1.6 million. Unfortunately, the City's general fund budget continues to have a structural deficit due to declines in revenues and increases in employee benefit costs. This is not unique to Yuba City; most cities throughout California are experiencing similar circumstances. The difference between Yuba City and other cities may very well be the cooperation achieved between City Council, the Executive Team, bargaining unit leaders and all city staff in achieving a balance between reducing expenditures through voluntary concessions and the City's planned use of reserves. City employees voluntarily agreed to an additional five percent furlough (for a total of ten percent) in order to avoid city staff being laid off. In return for the voluntary concessions, the City agreed to guarantee jobs for three years and to fund the remaining deficit balance utilizing available reserves. The City has retained the right to leave positions that become vacant through attrition, vacant and unfilled.

The FY 2011-12 adopted budget projected a 4% decline in property taxes. Based upon the final assessed valuation reports from the Sutter County Auditor-Controller's Office, general fund assessed values decreased by 2.9% so the City anticipates property tax revenues for the year to be approximately \$60,000 more than budgeted. The four largest components of the change in values are as follows:

- Properties were adjusted by a CPI factor of 0.753% between 2010-11 and 2011-12 (an increase of \$29.7 million in assessed valuations).
- Residential decreased by 4.2% due to Proposition 8 reductions (\$122.4 million in assessed valuations).
- Commercial decreased by 3.2% (\$27.0 million in assessed valuations).
- Unsecured decreased by 5.4% (\$20.1 million in assessed valuations)

The foreclosed housing market continues to hold prices down. As of December, 2011, the City had approximately 215 properties in default, 178 properties scheduled for trustee sale, and 210 homes that are bank owned.

As it relates to sales tax, it appears consumer confidence is slowly returning as the City has seen increases in retail sales for the most recent three quarters. Revenue projections included in the FY 2011-12 budget include a projected 2% increase for sales tax revenues. On an adjusted basis the most recent quarterly sales tax results were up 8.0% on a cash basis and 8.6% on an adjusted basis (January – March, 2011) and up 7.1% on cash basis and 4.6% on an adjusted basis (April - June, 2011). During the last quarter (April - June, 2011), sales throughout California actually increased by 10.1% on a cash basis and 9.4% on an adjusted basis. Unfortunately, that was not true locally. If we continue to see larger than 2.0% increases in sales tax, projections for FY 2011-12 revenues will be updated. However, due to the lag time in receiving sales tax results information we do not yet have any data for FY 2011-12. It is too early to become optimistic when evaluating the volatility in sales tax results over the past four years.

The state budget continues to be another source of economic uncertainty. The State resolved its budget problem with one-time solutions, transfers, loans, and raids of local funds that push the problem out into the future. The opportunity for threats of state raids on local resources continues as long as the State fails to develop a long term strategy that is sustainable.

The City's unemployment rate has increased since the 2007-08 fiscal year; current data approximates the annualized unemployment rate around 21.9 percent. Due to the area's reliance on agriculture, employment rates fluctuate seasonally. This seemingly high rate, when compared to a statewide average between 10 – 11 percent, is nonetheless predictable and appropriately considered by city management when planning for operational costs and available resources.

As stated previously, when positions have been vacant, they have not been approved for re-hire and have been left vacant in order to achieve budgetary savings unless they are front-line public safety. The

FY 2011-12 budget reduced the full-time equivalent employee count to 282 full-time equivalent positions. This is down from a high of 342 employees as approved in FY 2008-09, a reduction of 60 positions, or fifteen percent. These positions have been across all departments, citywide.

Even with the planned use of a portion of its Economic Stabilization Reserve, the City continues to maintain city council's goal of having a 10 percent budget reserve. The City has positioned its operations so that this reserve can be properly maintained into the future. Taking into consideration the impacts of the recession, the foreclosure crisis, government bailouts of the financial sector, increased PERS and healthcare costs, the City continues to closely monitor its revenue projections in comparison with its expenditure commitments; adjusting service levels accordingly in order to provide priority services to its citizens during this economic downturn.

The City's water and wastewater enterprises have not been exempt from current economic conditions. City staff has reviewed the water and wastewater budgets and reduced them where practical. The City continues to construct necessary capital improvement projects in order to expand or enhance existing infrastructure. Most notable is the project recently completed to convert approximately 4,000 customers from the former Hillcrest groundwater system to the City's surface water system. This was funded with two Safe Drinking State Revolving Fund loans and \$4.0 million in grant funds from the American Recovery and Reinvestment Act. A priority has been placed on preservation of existing capital in order ensure connection fee balances are available to pay debt service during the period where housing development (and therefore receipt of new customer connection fees) is all but nonexistent.

H. CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

CITY OF YUBA CITY
STATEMENT OF NET ASSETS

June 30, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 52,639,888	\$ 14,615,654	\$ 67,255,542
Cash and investments with fiscal agents	6,587,918	2,527,406	9,115,324
Restricted cash and investments		850,535	850,535
Interest receivable	175,687		175,687
Accounts receivable	1,906,524	2,117,676	4,024,200
Taxes and assessments receivable	3,597,324	110,000	3,707,324
Internal balances	1,407,044	(1,407,044)	
Prepaid expenses	1,599,821	123,773	1,723,594
Inventory	16,754		16,754
Deposits receivable	24,800		24,800
Notes receivable	12,700,629		12,700,629
Net pension assets	5,224,326		5,224,326
Capital assets:			
Nondepreciable:			
Land	129,213,835	1,674,698	130,888,533
Construction in progress	4,425,627	7,812,160	12,237,787
Depreciable:			
Buildings	39,658,500	25,267,392	64,925,892
Improvements	7,342,649	73,810,463	81,153,112
Machinery and equipment	18,050,331	24,153,454	42,203,785
Infrastructure	350,403,207	135,752,552	486,155,759
Accumulated depreciation	(103,702,736)	(66,465,897)	(170,168,633)
Total assets	<u>531,272,128</u>	<u>220,942,822</u>	<u>752,214,950</u>
LIABILITIES			
Accounts payable	1,246,341	672,173	1,918,514
Accrued liabilities	995,404	183,695	1,179,099
Accrued interest payable	754,764	156,113	910,877
Deposits payable	1,141,286	70,255	1,211,541
Unearned revenue	15,450,753	167,867	15,618,620
Compensated absences, due within one year	88,703	360,258	448,961
Noncurrent liabilities, due within one year	2,154,095	1,313,756	3,467,851
Noncurrent liabilities:			
Other post-employment benefits obligation	548,472		548,472
Compensated absences, due in more than one year	3,249,924	87,045	3,336,969
Other, due in more than one year	54,581,143	48,798,341	103,379,484
Total liabilities	<u>80,210,885</u>	<u>51,809,503</u>	<u>132,020,388</u>
NET ASSETS			
Invested in capital assets, net of related debt	396,981,908	151,195,721	548,177,629
Restricted for:			
Low and moderate income housing	7,312,580		7,312,580
Capital projects	21,446,546		21,446,546
Debt service		2,371,293	2,371,293
Unrestricted	<u>25,320,209</u>	<u>15,566,305</u>	<u>40,886,514</u>
Total net assets	<u>\$ 451,061,243</u>	<u>\$ 169,133,319</u>	<u>\$ 620,194,562</u>

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

CITY OF YUBA CITY
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental activities:				
General government	\$ 4,320,708	\$ 18,203	\$ 21,283	\$ -
Public safety	23,298,449	2,502,798	425,996	71,430
Public works and facilities	13,746,466	396,971	1,617,586	8,002,440
Community development	3,466,209	920,703	1,289,754	270,476
Parks and recreation	2,039,732	1,223,333		
Interest on long term debt	3,186,505			
Total governmental activities	50,058,069	5,062,008	3,354,619	8,344,346
Business-type activities:				
Water	9,819,001	8,824,154	483,831	
Wastewater	9,865,739	9,523,380	15,428	
Total business-type activities	19,684,740	18,347,534	499,259	
Total government	\$ 69,742,809	\$ 23,409,542	\$ 3,853,878	\$ 8,344,346

General Revenues

Taxes:

Secured and unsecured property taxes

Sales and use taxes

Transient lodging taxes

Franchise taxes

Other taxes

Motor vehicle in lieu, unrestricted

Use of money and property

Miscellaneous revenue

Transfers

Total general revenues and transfers

Change in net assets

Net Assets, July 1, 2010

Net Assets, June 30, 2011

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

Net (Expense) Revenue and Change in Net Assets		
Net Governmental Activities	Net Business-type Activities	Total
\$ (4,281,222)	\$ -	\$ (4,281,222)
(20,298,225)		(20,298,225)
(3,729,469)		(3,729,469)
(985,276)		(985,276)
(816,399)		(816,399)
(3,186,505)		(3,186,505)
<u>(33,297,096)</u>		<u>(33,297,096)</u>
	(511,016)	(511,016)
	<u>(326,931)</u>	<u>(326,931)</u>
	(837,947)	(837,947)
<u>(33,297,096)</u>	<u>(837,947)</u>	<u>(34,135,043)</u>
16,616,162		16,616,162
7,261,010		7,261,010
651,970		651,970
1,351,524		1,351,524
926,680		926,680
295,509		295,509
928,351	308,866	1,237,217
516,964		516,964
2,891,445	<u>(2,891,445)</u>	
<u>31,439,615</u>	<u>(2,582,579)</u>	<u>28,857,036</u>
(1,857,481)	(3,420,526)	(5,278,007)
<u>452,918,724</u>	<u>172,553,845</u>	<u>625,472,569</u>
<u>\$ 451,061,243</u>	<u>\$ 169,133,319</u>	<u>\$ 620,194,562</u>

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

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FUND FINANCIAL STATEMENTS

CITY OF YUBA CITY
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2011

	General Fund	Redevelopment Agency Special Revenue Fund	Streets and Roads Special Revenue Fund
ASSETS			
Cash and investments	\$ 7,503,562	\$ 422,841	\$ -
Cash and investments with fiscal agent		2,298,209	
Interest receivable	173,518	462	
Accounts receivable	635,115	32,507	120,078
Taxes and assessments receivable	2,912,598	98,765	546,793
Prepaid expenditures	23,001	272	
Due from other funds			
Deposits receivable	15,000		
Notes receivable		232,989	
Advances to other funds	18,554,927		
Total assets	\$ 29,817,721	\$ 3,086,045	\$ 666,871
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 310,313	\$ 14,462	\$ -
Accrued liabilities	982,444	1,022	
Deposits payable	341,218		
Deferred revenue	1,300,785	265,496	
Due to other funds			671,019
Advances from other funds		1,626,817	
Total liabilities	2,934,760	1,907,797	671,019
Fund Balances:			
Nonspendable	18,577,928	272	
Restricted		1,177,976	
Committed	4,675,251		
Assigned			
Unassigned	3,629,782		(4,148)
Total fund balances (deficits)	26,882,961	1,178,248	(4,148)
Total liabilities and fund balances	\$ 29,817,721	\$ 3,086,045	\$ 666,871

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

RDA Debt Service Fund	General CIP Capital Projects Fund	Impact Fees CIP Capital Projects Fund	Other Governmental Funds	Total
\$ -	\$ 9,760,597	\$ 17,635,636	\$ 6,161,326	\$ 41,483,962
			4,289,709	6,587,918
			1,707	175,687
	444,305	9,708	587,698	1,829,411
			39,168	3,597,324
				23,273
	87,690		1,463,260	1,550,950
			9,800	24,800
	381,500	2,592,125	9,494,015	12,700,629
			1,626,817	20,181,744
<u>\$ -</u>	<u>\$ 10,674,092</u>	<u>\$ 20,237,469</u>	<u>\$ 23,673,500</u>	<u>\$ 88,155,698</u>
\$ -	\$ 37,216	\$ 475,438	\$ 373,435	\$ 1,210,864
				983,466
		42,501	757,567	1,141,286
	381,500	15,075,030	9,494,015	26,516,826
		87,690	792,241	1,550,950
18,554,927				20,181,744
<u>18,554,927</u>	<u>418,716</u>	<u>15,680,659</u>	<u>11,417,258</u>	<u>51,585,136</u>
				18,578,200
		4,556,810	8,695,679	14,430,465
	10,255,376		3,712,641	18,643,268
			161,996	161,996
(18,554,927)			(314,074)	(15,243,367)
<u>(18,554,927)</u>	<u>10,255,376</u>	<u>4,556,810</u>	<u>12,256,242</u>	<u>36,570,562</u>
<u>\$ -</u>	<u>\$ 10,674,092</u>	<u>\$ 20,237,469</u>	<u>\$ 23,673,500</u>	<u>\$ 88,155,698</u>

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CITY OF YUBA CITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
June 30, 2011

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 36,570,562

In the governmental funds balance sheet, only current assets are reported.
In the statement of net assets, all assets are reported,
including capital assets and accumulated depreciation.

Capital assets	\$ 537,195,859	
Accumulated depreciation	<u>(94,601,102)</u>	
Net		442,594,757

In the governmental funds balance sheet, interest on long-term debt is not recognized until the period in which it matures and is paid.
In government-wide statement of net assets, it is recognized in the period that it is incurred. (754,764)

Under the modified accrual basis of accounting used in governmental funds, revenues and expenses are not recognized for transactions that do not represent available financial resources. In the statement of net assets and statement of activities, however, revenues, assets, expenses, and liabilities are reported regardless of when financial resources are available.

Deferred revenue	11,073,902
Accounts payable	(3,509)

The net pension asset pertaining to governmental fund types is not a current financial resource and therefore is not recorded in the governmental fund statements. 5,224,326

Long-term liabilities: In the governmental funds balance sheet, only current liabilities are reported. In the statement of net assets, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:

Other post-employment benefits obligation	\$ (548,472)	
Tax allocation bonds, net of refunding difference (\$567,831), bond issue costs (\$482,960), and bond premium \$207,443	(33,931,652)	
Certificates of participation, net of issue costs (\$445,752)	(11,054,248)	
Loans payable	(1,679,818)	
Pension obligation bonds, net of bond issue costs (\$109,719)	(5,375,281)	
Capital leases payable	(4,694,239)	
Compensated absences	<u>(3,307,285)</u>	
Net		(60,590,995)

Internal service funds are used by management to charge the cost of certain activities such as insurance and equipment maintenance and operations, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net assets. 16,946,964

TOTAL NET ASSETS, GOVERNMENTAL ACTIVITIES \$ 451,061,243

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

CITY OF YUBA CITY
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2011

	General Fund	Redevelopment Agency Special Revenue Fund	Streets and Roads Special Revenue Fund
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
Revenues:			
Taxes and assessments	\$ 23,041,669	\$ 2,753,675	\$ 4,404,916
Use of money and property	79,430	109,797	11,321
Intergovernmental revenues	685,978		741,332
Charges for services	2,434,615		
Licenses, permits, and fees	694,993		
Fines and forfeitures	52,681		
Program income			
Other revenues	92,623	150,421	48,768
	<u>27,081,989</u>	<u>3,013,893</u>	<u>5,206,337</u>
Total revenues			
Expenditures:			
Current:			
General government	3,399,708		
Public safety	22,691,651		
Parks and recreation	1,751,779		
Public works and facilities	5,035,905		
Community development	1,132,670	1,220,019	
Capital outlay	200,820		
Debt service:			
Principal	113,253		
Interest and other charges	14,896		
	<u>34,340,682</u>	<u>1,220,019</u>	<u> </u>
Total expenditures			
Excess of revenues over (under) expenditures	<u>(7,258,693)</u>	<u>1,793,874</u>	<u>5,206,337</u>
Other Financing Sources (Uses):			
Transfers in	10,670,790	265,283	44,500
Transfers out	<u>(4,756,327)</u>	<u>(5,163,909)</u>	<u>(4,813,405)</u>
Total other financing sources (uses)	<u>5,914,463</u>	<u>(4,898,626)</u>	<u>(4,768,905)</u>
Net changes in fund balances before Special Item	(1,344,230)	(3,104,752)	437,432
Special Item			
Foregiveness of matured interest on advances	<u>(6,340,243)</u>	<u> </u>	<u> </u>
Net changes in fund balances	(7,684,473)	(3,104,752)	437,432
Fund balances (deficits) - July 1, 2010	<u>34,567,434</u>	<u>4,283,000</u>	<u>(441,580)</u>
Fund balances (deficits) - June 30, 2011	<u>\$ 26,882,961</u>	<u>\$ 1,178,248</u>	<u>\$ (4,148)</u>

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

RDA Debt Service Fund	General CIP Capital Projects Fund	Impact Fees CIP Capital Projects Fund	Other Governmental Funds	Totals
\$ -	\$ -	\$ -	\$ 1,187,797	\$ 31,388,057
	303,413		154,628	658,589
	792,113	71,430	1,883,073	4,173,926
	6,874	3,162,995	1,029,422	6,633,906
			29,097	724,090
			431,275	483,956
			62,635	62,635
	396,501		58,954	747,267
	1,498,901	3,234,425	4,836,881	44,872,426
			3,420	3,403,128
			165,818	22,857,469
			238,043	1,989,822
			229,693	5,265,598
			1,865,371	4,218,060
	1,086,719	2,691,047	3,879,601	7,858,187
			1,923,991	2,037,244
		99,682	2,993,192	3,107,770
	1,086,719	2,790,729	11,299,129	50,737,278
	412,182	443,696	(6,462,248)	(5,864,852)
4,319,388	436,939	134,750	9,016,386	24,888,036
	(1,725,340)	(1,032,901)	(1,765,627)	(19,257,509)
4,319,388	(1,288,401)	(898,151)	7,250,759	5,630,527
4,319,388	(876,219)	(454,455)	788,511	(234,325)
6,340,243				
10,659,631	(876,219)	(454,455)	788,511	(234,325)
(29,214,558)	11,131,595	5,011,265	11,467,731	36,804,887
<u>\$ (18,554,927)</u>	<u>\$ 10,255,376</u>	<u>\$ 4,556,810</u>	<u>\$ 12,256,242</u>	<u>\$ 36,570,562</u>

CITY OF YUBA CITY
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2011

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

NET CHANGE IN FUND BALANCES \$ (234,325)

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures are, therefore, added back to fund balances	7,858,187
Depreciation expense not reported in governmental funds	(11,063,904)
Capital outlay expenditures reported as salary expenditures in governmental funds	661,011

Gain or loss on disposition of capital assets is not reported in the governmental funds. This is the loss on disposition of capital assets that occurred during the current period (13,959)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Assets. Costs associated with the issuance of long-term debt are reported as expenditures in the governmental funds, but are deferred and amortized throughout the period during which the related debt is outstanding in the statement of net assets. Repayment of long-term debt principal is an expenditure in the governmental funds, but in the statement of net assets the repayment reduces long-term liabilities.

Repayment of debt principal is added back to fund balances	2,037,244
Amortization expense of costs of issuance not reported in governmental funds	(52,770)
Amortization of premium and deferred loss on refunding	(13,127)

The amounts below included in the Statement of Activities do not provide (require) the use of current financial resources and, therefore, are not reported as revenue or expenditures in governmental funds (net change). These are the current fiscal year changes:

Interest payable	16,825
Compensated absences	139,024

Certain revenues are offset by deferred revenue in the governmental funds because they are not available to pay for current period expenditures. This amount represents the amount by which current year deferred revenue exceeded prior year. 1,176,960

The net pension asset pertaining to governmental fund types is not a current financial resource and therefore is not recorded in the governmental fund statements. This amount represents the amount of the change in the net pension asset during the fiscal year (668,369)

Other postemployment benefits payable is not a current liability and therefore is not recorded in the governmental fund statements. This amount represents the amount of the change in the payable in the current period. (106,341)

Certain revenues and expenses reported in the statement of activities are not current financial resources or do not require the use of current financial resources, and therefore, are not reported as revenues or expenditures in the governmental funds. These amounts represent the amounts that prior fiscal year accounts receivable and accounts payable exceeded current fiscal year. (26,373)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and equipment maintenance and operations, to individual funds. The net revenue (expense) of the internal service funds is reported with the governmental activities. (1,567,564)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ (1,857,481)

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

CITY OF YUBA CITY
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
June 30, 2011

	Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Wastewater	Totals	
ASSETS				
Current Assets:				
Cash and investments	\$ 1,328,300	\$ 13,287,354	\$ 14,615,654	\$ 11,155,926
Cash and investments with fiscal agents	1,513,595	1,013,811	2,527,406	
Restricted cash and investments		850,535	850,535	
Accounts receivable - net	1,078,177	1,039,499	2,117,676	77,113
Taxes and assessments receivable		110,000	110,000	
Due from other funds				1,407,044
Inventory				16,754
Prepaid expenses	123,501	272	123,773	1,576,548
Total Current Assets	4,043,573	16,301,471	20,345,044	14,233,385
Noncurrent Assets:				
Deferred charges, net of accumulated amortization	529,596	480,409	1,010,005	
Capital Assets:				
Nondepreciable				
Land	974,698	700,000	1,674,698	
Construction in progress	7,402,253	409,907	7,812,160	
Total Nondepreciable Capital Assets	8,376,951	1,109,907	9,486,858	
Depreciable				
Buildings	9,124,700	16,142,692	25,267,392	306,372
Improvements	40,956,888	32,853,575	73,810,463	
Infrastructure	94,911,506	40,841,046	135,752,552	
Machinery and equipment	9,762,708	14,390,746	24,153,454	11,591,918
Total Depreciable Capital Assets	154,755,802	104,228,059	258,983,861	11,898,290
Less Accumulated Depreciation	(33,950,350)	(32,515,547)	(66,465,897)	(9,101,634)
Net Depreciable Capital Assets	120,805,452	71,712,512	192,517,964	2,796,656
Net Capital Assets	129,182,403	72,822,419	202,004,822	2,796,656
Total Noncurrent Assets	129,711,999	73,302,828	203,014,827	2,796,656
Total Assets	\$ 133,755,572	\$ 89,604,299	\$ 223,359,871	\$ 17,030,041

(Continued)

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

CITY OF YUBA CITY
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS (Continued)
June 30, 2011

	Business-type Activities			Governmental Activities - Internal Service Funds
	Enterprise Funds			
	Water	Wastewater	Totals	
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 496,611	\$ 175,562	\$ 672,173	\$ 31,968
Accrued interest payable	82,593	73,520	156,113	
Accrued wages	74,814	108,881	183,695	11,938
Unearned revenue	54,550	113,317	167,867	7,829
Deposits payable		70,255	70,255	
Due to other funds	1,407,044		1,407,044	
Compensated absences	166,267	193,991	360,258	
Loans payable	266,415		266,415	
Certificates of participation	485,000	562,341	1,047,341	
Total Current Liabilities	3,033,294	1,297,867	4,331,161	51,735
Noncurrent Liabilities:				
Compensated absences	44,673	42,372	87,045	31,342
Loans payable	9,071,909		9,071,909	
Certificates of participation	22,180,000	18,556,437	40,736,437	
Total Noncurrent Liabilities	31,296,582	18,598,809	49,895,391	31,342
Total Liabilities	34,329,876	19,896,676	54,226,552	83,077
NET ASSETS				
Investment in capital assets, net of related debt	97,179,079	54,016,642	151,195,721	2,796,656
Restricted for:				
Debt service	1,431,002	940,291	2,371,293	
Unrestricted	815,615	14,750,690	15,566,305	14,150,308
Total Net Assets	\$ 99,425,696	\$ 69,707,623	\$ 169,133,319	\$ 16,946,964

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

CITY OF YUBA CITY
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN FUND NET ASSETS
For the Fiscal Year Ended June 30, 2011

	Business-type Activities			Governmental Activities - Internal Service Funds
	Enterprise Funds			
	Water	Wastewater	Totals	
Operating Revenues:				
Sales and charges for services	\$ 8,567,570	\$ 9,181,104	\$ 17,748,674	\$ 6,680,624
Connection fees	187,414	223,692	411,106	
Other revenues	69,170	118,584	187,754	648,893
Total Operating Revenues	<u>8,824,154</u>	<u>9,523,380</u>	<u>18,347,534</u>	<u>7,329,517</u>
Operating Expenses:				
Salaries and benefits	2,030,364	2,680,564	4,710,928	382,622
Professional services	314,298	384,774	699,072	67,641
Supplies	23,716	25,847	49,563	15,143
Benefits, claims, and insurance	41,400	41,880	83,280	4,401,951
Maintenance and operation	418,781	860,708	1,279,489	502,340
Tools and equipment	251,593	683,113	934,706	19,113
Rents and leases	782	1,153	1,935	
Power and utilities	1,062,005	1,018,010	2,080,015	41,288
Training	19,257	36,716	55,973	1,654
Water purchases	607,872		607,872	
Depreciation	3,737,997	3,061,913	6,799,910	788,935
Total Operating Expenses	<u>8,508,065</u>	<u>8,794,678</u>	<u>17,302,743</u>	<u>6,220,687</u>
Operating Income (Loss)	<u>316,089</u>	<u>728,702</u>	<u>1,044,791</u>	<u>1,108,830</u>
Non-Operating Revenues (Expenses):				
Interest income	96,358	212,508	308,866	90,579
Interest expense	(1,256,869)	(1,038,961)	(2,295,830)	(11,294)
Amortization expense	(54,067)	(32,100)	(86,167)	
Gain (loss) on sale of capital assets				(16,597)
Intergovernmental revenues	483,831	15,428	499,259	
Total Non-Operating Revenue (Expenses)	<u>(730,747)</u>	<u>(843,125)</u>	<u>(1,573,872)</u>	<u>62,688</u>
Income (Loss) Before Transfers	(414,658)	(114,423)	(529,081)	1,171,518
Transfers:				
Transfers in		245,000	245,000	
Transfers out	(1,805,647)	(1,330,798)	(3,136,445)	(2,739,082)
Change in Net Assets	(2,220,305)	(1,200,221)	(3,420,526)	(1,567,564)
Net Assets, July 1, 2010	<u>101,646,001</u>	<u>70,907,844</u>	<u>172,553,845</u>	<u>18,514,528</u>
Net Assets, June 30, 2011	<u>\$ 99,425,696</u>	<u>\$ 69,707,623</u>	<u>\$ 169,133,319</u>	<u>\$ 16,946,964</u>

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

CITY OF YUBA CITY
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2011

	Business-type Activities			Governmental Activities - Internal Service Funds
	Enterprise Funds			
	Water	Wastewater	Totals	
Cash Flows from Operating Activities:				
Receipts from customers	\$ 10,237,573	\$ 9,371,519	\$ 19,609,092	\$ 7,309,981
Payments to suppliers and users	(2,322,765)	(2,898,371)	(5,221,136)	(6,428,682)
Payments to employees	(2,020,628)	(2,682,222)	(4,702,850)	(404,648)
Net Cash Provided (Used) by Operating Activities	<u>5,894,180</u>	<u>3,790,926</u>	<u>9,685,106</u>	<u>476,651</u>
Cash Flows from Non-Capital Financing Activities:				
Intergovernmental revenues	483,831	15,428	499,259	
Interest paid on negative cash				(11,294)
Transfers in		245,000	245,000	(2,739,082)
Transfers out	(1,805,647)	(1,330,798)	(3,136,445)	
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(1,321,816)</u>	<u>(1,070,370)</u>	<u>(2,392,186)</u>	<u>(2,750,376)</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition of capital assets	(7,407,680)	(462,190)	(7,869,870)	(224,162)
Proceeds from sale of capital assets				11,896
Proceeds from issuance of debt	9,338,324		9,338,324	
Principal paid on debt	(4,370,000)	(542,772)	(4,912,772)	
Interest paid on debt	(1,274,512)	(1,040,955)	(2,315,467)	
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(3,713,868)</u>	<u>(2,045,917)</u>	<u>(5,759,785)</u>	<u>(212,266)</u>
Cash Flows from Investing Activities:				
Interest received	96,877	212,508	309,385	90,579
Net Cash Provided by Investing Activities	<u>96,877</u>	<u>212,508</u>	<u>309,385</u>	<u>90,579</u>
Net Increase (Decrease) in Cash and Cash Equivalents	955,373	887,147	1,842,520	(2,395,412)
Cash and Cash Equivalents, July 1, 2010	<u>1,886,522</u>	<u>14,264,553</u>	<u>16,151,075</u>	<u>13,551,338</u>
Cash and Cash Equivalents, June 30, 2011	<u>\$ 2,841,895</u>	<u>\$ 15,151,700</u>	<u>\$ 17,993,595</u>	<u>\$ 11,155,926</u>
Reconciliation of Cash and Cash Equivalents to Statement of Net Assets				
Cash and investments	\$ 1,328,300	\$ 13,287,354	\$ 14,615,654	\$ 11,155,926
Cash and investments with fiscal agents	1,513,595	1,013,811	2,527,406	
Restricted cash and investments		850,535	850,535	
Total Cash and Investments	<u>\$ 2,841,895</u>	<u>\$ 15,151,700</u>	<u>\$ 17,993,595</u>	<u>\$ 11,155,926</u>

(Continued)

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

CITY OF YUBA CITY
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (Continued)
For the Fiscal Year Ended June 30, 2011

	Business-type Activities			Governmental
	Enterprise Funds			
	Water	Wastewater	Totals	Internal
				Service Funds
Reconciliation of Operating Income (Loss) to Net				
Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 316,089	\$ 728,702	\$ 1,044,791	\$ 1,108,830
Adjustments to Reconcile Operating				
Income (Loss) to Net Cash Provided				
(Used) by Operating Activities:				
Depreciation	3,737,997	3,061,913	6,799,910	788,935
(Increase) Decrease in Operating Assets:				
Accounts receivable	1,435,282	(150,467)	1,284,815	(19,572)
Inventory		94,114	94,114	250,131
Due from other funds	166,000	20,000	186,000	(1,407,044)
Prepaid expenses	(17,440)		(17,440)	21,718
Increase (Decrease) in Operating Liabilities:				
Accounts payable	(723,690)	39,716	(683,974)	(53,969)
Accrued wages	9,142	14,343	23,485	(296)
Compensated absences	594	(16,001)	(15,407)	7,882
Due to other funds	992,069		992,069	(220,000)
Unearned revenue	(14,590)	(1,394)	(15,984)	36
Deposits payable	(7,273)		(7,273)	
Net Cash Provided (Used) by				
Operating Activities	<u>\$ 5,894,180</u>	<u>\$ 3,790,926</u>	<u>\$ 9,685,106</u>	<u>\$ 476,651</u>

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

CITY OF YUBA CITY
FIDUCIARY FUNDS
STATEMENT OF ASSETS AND LIABILITIES
June 30, 2011

	Agency
ASSETS	
Cash and investments	\$ 6,658,163
Cash and investments with fiscal agent	887,242
Due from agency fund	54,492
Interest receivable	732
Accounts receivable	4,950,193
Total Assets	\$ 12,550,822
LIABILITIES	
Due to agency fund	\$ 54,492
Accounts payable	966,330
Loan payable	6,000,865
Deposits payable	5,529,135
Total Liabilities	\$ 12,550,822

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

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

For financial reporting purposes, the City's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the City's Council. The financial statements of the individual component units may be obtained by writing to the City of Yuba City, 1201 Civic Center Blvd., Yuba City, California 95993.

Blended Component Units

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

Yuba City Redevelopment Agency

The California Redevelopment process provides communities at a local level with a comprehensive tool for economic development. These tools are the powers of land assembly and site preparation for private development, the ability to finance necessary public improvements, the authority to impose conditions and restrictions for the quality of developments of an area, and the capability to broaden financing capabilities utilizing a variety of public and private sources. The Agency provides services entirely for the benefit of the City of Yuba City. The governing body is substantially the same as the primary government

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

Yuba City Redevelopment Agency (Continued)

and the City and the component unit are financially interdependent; hence, the unit is blended with the primary government. Separate audited financial statements for the Redevelopment Agency may be obtained from the City Finance Department, 1201 Civic Center Boulevard, Yuba City, California 95993.

Yuba City Public Finance Authority

The Yuba City Public Finance Authority was formed by a joint exercise of power agreement dated November 5, 1992, between the City of Yuba City and the Redevelopment Agency of the City of Yuba City for the purpose of issuing bonds to be used to provide financial assistance to the City and the Agency. The governing body is substantially the same as the primary government and the City and the component unit are financially interdependent; hence, the unit is presented by blending with the primary government. Separate audited financial statements for the Public Finance Authority are not issued.

Debt of the Public Finance Authority and the Redevelopment Agency is shown as general obligation long-term debt of the City.

Discretely Presented Component Units

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

Joint Powers Agencies

The City also has ownership interests in the Northern California Cities Self Insurance Fund (NCCSIF). This entity has not met the criteria stated above, and its financial information is not combined with that of the City, although the City's investment in this entity has been included in the financial statements as prepaid insurance.

B. Basis of Presentation and Accounting and Measurement Focus

The accounts of the City are organized and operated on the basis of funds, each of which is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. These funds are established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

Government-wide Financial Statements

The Government-wide Financial Statements include a Statement of Net Assets and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column. Fiduciary Activities of the City are not included in these statements.

The government-wide financial statements are reported using the *economic resources* measurement focus and the full 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. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. The types of transactions reported as program revenues for the City are reported in three categories:

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation and Accounting and Measurement Focus (Continued)

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

There have been certain eliminations as prescribed by GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis – for State and Local Governments*, in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated. However, transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

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

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, to the business type activities, 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.

Major Funds

An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation and Accounting and Measurement Focus (Continued)

The City has presented all major funds that meet the qualifications for major fund reporting.

The following are descriptions of the major governmental funds:

- The **General Fund** is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. The General Fund includes such activities as public safety, parks and recreation, public works and facilities and community development.
- The **Redevelopment Agency Fund** is a special revenue fund used to account for the property tax increment levied for redevelopment.
- The **Streets and Roads Fund** is a special revenue fund used to account for monies to be used on transportation, road, and street programs.
- The **RDA Debt Service Fund** is a debt service fund used to account for the advance from the General Fund to the Yuba City Redevelopment Agency.
- The **General Capital Improvement Projects Fund** is a capital projects fund used to account for funds budgeted for capital improvements which are funded from general City revenue sources.
- The **Impact Fees CIP Projects Fund** is a capital projects fund used to account for funds budgeted for capital expenditures, which are funded from Development Impact Fees.

All Governmental Funds are accounted for on a spending or *current financial resources* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures, and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both *measurable* and *available* to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due.

Reconciliations of the Governmental Fund Financial Statements to the Government-wide Financial Statements are provided to explain the differences created by the integrated approach.

Proprietary Fund Financial Statements

Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Net Assets, and a Statement of Cash Flows for each major proprietary fund. A column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the Government-wide Financial Statements.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation and Accounting and Measurement Focus (Continued)

The following are descriptions of the major proprietary funds:

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

All proprietary fund types are accounted for on an *economic resources* measurement focus and full accrual basis of accounting. Accordingly, all assets and all liabilities (whether current or noncurrent) associated with their activity are included on the Statement of Net Assets. The Statement of Revenues, Expenses, and Changes in Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the full accrual basis of accounting, revenues are recognized in the accounting period in which they are *earned* and expenses are recognized in the accounting period *incurred*.

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

Internal Service Funds

The City also reports the following fund type:

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

Fiduciary Fund Financial Statements

Fiduciary Fund Financial Statements include a Statement of Assets and Liabilities. The City's Fiduciary funds are used to account for assets held by the City as an agent for employees and various independent entities as well as independent assessment districts, the Net - 5 Operations, and the operations of the Sutter-Butte Flood Control Agency. The Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations, however, they do use the full accrual basis of accounting to recognize receivables and payables.

C. Cash and Investments

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

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash and Investments (Continued)

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

Participant's equity in an investment pool is determined by the dollar amount of participant deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on an amortized cost basis. Amortized premiums and accreted discounts, accrued interest, and realized gains and losses, net of expenses, are apportioned to pool participants annually. During the fiscal year ended June 30, 2011, the City has not entered into any legally binding guarantees to support the participant equity in the investment pool.

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

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

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

The City has implemented GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are not readily available.

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

For purposes of the accompanying statement of cash flows, the enterprise and internal service funds consider all highly liquid investments with a maturity date of three months or less when purchased, and their equity in the City's investment pool, to be cash equivalents.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Receivables

In the government-wide financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. The major receivable balances for the governmental activities are taxes, grants, and interest. Business-type activities report user fees and interest earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as taxes and other similar intergovernmental revenues since they are not usually both measurable and available. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received.

E. Interfund Transactions

Interfund transactions are reflected as loans, services provided or used, reimbursements, or transfers.

- Loans reported as receivables and payables 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) as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”. Advances between funds, as reported in the fund financial statements, 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. These services provide information on the net cost of each governmental function and, therefore, are not eliminated in the process of preparing the government-wide Statement of Activities.
- Reimbursements occur when the funds responsible for particular expenditures or expenses repay the funds that initially paid for them. Such reimbursements are treated as an adjustment to expenditures or expenses; that is, a corresponding increase in expenditures or expenses in the reimbursing fund and a corresponding decrease in expenditures or expenses in the reimbursed fund.
- All other interfund transactions are treated as transfers. Transfers between funds are netted as part of the reconciliation to the government-wide presentation.

See Note 6 for details of interfund transactions.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Inventory and Prepaid Items

Inventories are stated at cost (first-in, first-out basis) for proprietary funds. Inventory recorded by proprietary funds includes supplies for internal service funds. Proprietary fund inventories are recorded as expenses at the time the inventory is consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses/expenditures.

G. Notes Receivable

For the purpose of the fund financial statements, special revenue funds expenditures relating to long-term notes receivable arising from mortgage subsidy programs are charged to operations upon funding and the notes receivable are recorded. The balance of the long-term receivable includes loans that may be forgiven if certain terms and conditions of the loans are met and, therefore, are offset by deferred revenue.

H. Capital Assets

Capital assets, which includes land, buildings, improvements, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated assets are valued at their estimated fair value on the date donated. Capital assets are defined by the City as assets with a cost of more than \$5,000 and an estimated useful life of more than two years.

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations and whether they are reported in the governmental-wide or fund financial statements.

Government-wide Financial Statements

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these capital assets. The amount charged to depreciation expense each fiscal year represents that fiscal year's pro rata share of the cost of capital assets.

GASB Statement No. 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. Depreciation of all capital assets is charged as an expense against operations each fiscal year and is reported in the statement of activities. The total amount of depreciation taken over the years, called accumulated depreciation, is reported on the statement of net assets as a reduction in the value of capital assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase is reflected in the capitalized value of the capital asset constructed, net of interest earned on the invested proceeds over the same period.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets (Continued)

The range of estimated useful lives by type of asset is as follows:

Depreciable Asset	Estimated Life
Equipment	3-25 years
Structures and improvements	5-50 years
Infrastructure	20-75 years

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

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

I. Deferred Revenue

Under both the accrual and modified accrual basis of accounting, revenues are recognized only when earned. Thus, the government-wide statement of net assets, governmental funds, and enterprise funds defer revenue recognition for resources that have been received at fiscal year-end, but not yet earned. Assets recognized before the earning process is complete are offset by a corresponding liability as deferred revenue. In addition, loans receivable for which repayments are deferred, or for which the balance may be forgiven if certain terms and conditions of the loans are met, have also been offset by deferred revenue. Under the modified accrual basis of accounting, revenues are recognized when earned and susceptible to accrual. Revenues are considered susceptible to accrual if they are measurable and available to finance expenditures of the current period. Thus, governmental funds also defer revenue recognition for revenues not considered available to liquidate liabilities of the current period.

See Note 4 for details of deferred revenue at fiscal year-end.

J. Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. The long-term debt consists of loans, compensated absences, bonds, and certificates of participation. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable premium or discount and issuance costs.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Long-term Debt (Continued)

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

K. Compensated Absences

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

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

L. Net Assets/Fund Balances

GASB Statement No. 34 adds the concept of Net Assets, which is measured on the full accrual basis, to the concept of Fund Balance, which is measured on the modified accrual basis.

Net Assets are divided into three captions under GASB Statement No. 34. These captions apply only to Net Assets as determined at the government-wide level, and are described below:

- *Invested in Capital Assets, net of related debt* describes the portion of Net Assets, which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.
- *Restricted* describes the portion of Net Assets, which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include debt service requirements, capital projects, and redevelopment funds restricted to low and moderate income housing purposes.
- *Unrestricted* describes the portion of Net Assets, which is not restricted as to use.

When both restricted and unrestricted net assets are available, restricted resources are depleted first before the unrestricted resources are used.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Assets/Fund Balances (Continued)

At June 30, 2011, the City had recorded restricted net assets in the Governmental Activities and Business-type Activities as follows:

	Governmental Activities	Business-type Activities
Restricted for:		
Low and moderate income housing	\$ 7,312,580	\$ -
Capital projects	19,631,840	
Debt service		2,371,293
Total Restricted	\$ 26,944,420	\$ 2,371,293

Included in total restricted net assets at June 30, 2011 are net assets restricted by enabling legislation of \$6,849,597.

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Assets/Fund Balances (Continued)

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City ordinance.

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

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available.

Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The constraints placed on fund balance for the major governmental funds and all other governmental funds at June 30, 2011 are as follows:

Fund Balances	General Fund	Redevelopment Agency Special Revenue Fund	Streets and Roads Special Revenue Fund	RDA Debt Service Fund	General CIP Capital Projects Fund	Impact Fees CIP Capital Projects Fund	Nonmajor Governmental Funds	Total
Nonspendable:								
Advances	\$ 18,554,927	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,554,927
Prepays	23,001	272						23,273
Total Nonspendable	18,577,928	272						18,578,200
Restricted for:								
Redevelopment Low and Moderate Income Housing		1,177,976						1,177,976
Landscaping							4,541,135	4,541,135
Lighting							769,388	769,388
Mitigation Fees							360,826	360,826
Specific Plans							97,262	97,262
Neighborhood Stabilization Programs							161,665	161,665
Energy Conservation							5,228	5,228
Debt Service							50,148	50,148
Capital Projects							895,321	895,321
Total Restricted		1,177,976					4,556,810	6,371,516
Committed for:								
Economic Stabilization	4,675,251							4,675,251
Debt Service							1,206,185	1,206,185
Capital Projects					10,255,376		2,506,456	12,761,832
Total Committed	4,675,251				10,255,376		3,712,641	18,643,268
Assigned for:								
Traffic Safety							50,254	50,254
Law Enforcement							111,742	111,742
Total Assigned							161,996	161,996
Unassigned	3,629,782		(4,148)	(18,554,927)			(314,074)	(15,243,367)
Total Fund Balances	\$ 26,882,961	\$ 1,178,248	\$ (4,148)	\$ (18,554,927)	\$ 10,255,376	\$ 4,556,810	\$ 12,256,242	\$ 36,570,562

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Assets/Fund Balances (Continued)

Stabilization Agreements/Rainy Day Fund/Budget Reserves

The City, has established by resolution a reserve for budget stabilization within the general fund. As of June 30, 2011 the balance in the Economic Stabilization Reserve Fund was \$4,675,251 and is reported within the committed fund balance classification in the general fund. The City also has a 10% reserve fund set by the City's Budget Policy, which is equal to 10% of the following fiscal year's appropriations. This balance is reported within the unassigned fund balance classification in the general fund.

M. Property Tax Levy, Collections, and Maximum Rates

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

Tax Levy Dates

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

Tax Collections

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

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

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Grant Revenues

Certain grant revenues are recognized when specific related expenditures have been incurred. In other grant programs, monies are virtually unrestricted as to purpose of expenditure and are only revocable for failure to comply with prescribed compliance requirements. These revenues are recognized at the time of receipt, or earlier if susceptible to accrual criteria are met. Cash received prior to incurrence of the related expenditure is recorded as deferred revenue.

O. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

P. New Accounting Pronouncements

The City has implemented the requirements of Governmental Accounting Standards Board (GASB) Statement No. 54 and No. 59 during the fiscal year ended June 30, 2011.

GASB Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions

This Statement is effective for periods beginning June 15, 2010. The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This Statement affects the Balance Sheet –Governmental Funds for the fiscal year ended June 30, 2011 by changing the classification of the fund balances. See Note 1L for detailed information on the effect on these financial statements.

GASB Statement No. 59 – Financial Instruments Omnibus

For the fiscal year ended June 30, 2011, the Agency implemented GASB Statement No. 59, “*Financial Instruments Omnibus*”. This Statement is effective for financial statements for periods beginning after June 15, 2010. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The implementation of this Statement did not have an effect on these financial statements.

Q. Rebtable Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. GANN Spending Limitation

Under Article XIII B of the California Constitution (the GANN Spending Limitation), the City is restricted as to the amount of annual appropriations from proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates, revised fee schedules, or other refund arrangements.

NOTE 2 - CASH AND INVESTMENTS

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

Statement of Net Assets:	
Cash and investments	\$ 67,255,542
Cash and investments with fiscal agents	9,115,324
Restricted cash and investments	850,535
Statement of Fiduciary Net Assets:	
Cash and investments	6,658,163
Cash and investments with fiscal agents	<u>887,242</u>
Total	<u><u>\$ 84,766,806</u></u>

Certain restricted cash and investments are held in separate cash accounts and with fiscal agents for the redemption of debt and for acquisition and construction of capital assets.

Cash and investments as of June 30, 2011 consist of the following:

Cash on hand	\$ 14,990
Deposits with financial institutions	1,157,758
Investments	<u>83,594,058</u>
Total	<u><u>\$ 84,766,806</u></u>

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2011

NOTE 2 - CASH AND INVESTMENTS (Continued)

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

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

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

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

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2011

NOTE 2 - CASH AND INVESTMENTS (Continued)

Investments Authorized by Debt Agreements

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Fund (State Pool)	N/A	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Government Agency Issues State of California and Local Agency Obligations	5 years	None	15%
Special Assessment District Obligations	30 years	None	15%
Bankers Acceptance (must be dollar denominated)	180 days	40%	30%
Commercial Paper	270 days	10%	25%
Negotiable Certificates of Deposit	5 years	30%	None
Non-Negotiable Certificates of Deposit	5 years	None	None
Repurchase Agreements	5 years	None	None
Medium Term Notes	5 years	30%	10%
Asset Backed Obligations	5 years	20%	None
Money Market Funds	N/A	20%	None
Investment Agreements	7 years	None	None
Forward Delivery Agreements	None	None	None
California Asset Management Program	N/A	None	None

Disclosures Relating to Interest Rate Risk

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

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

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

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2011

NOTE 2 - CASH AND INVESTMENTS (Continued)

Disclosures Relating to Interest Rate Risk (Continued)

Investment Type	Totals	Remaining Maturity (in Months)						Weighted Average Maturity (Years)
		12 Months Or Less	13 to 24 Months	25-36 Months	37-48 Months	49-60 Months	More Than 60 Months	
State Investment Pool	\$ 17,673,128	\$ 17,673,128	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
California Asset Management								
Program (CAMP)	102,120	102,120						N/A
Money market funds	12,311,301	12,311,301						N/A
Special assessment district bonds	308,044	18,865	22,502	16,106	17,105	18,165	215,301	14.23
Yuba City RDA obligations	1,011,900						1,011,900	21.17
U.S. treasury obligations	10,534,605	5,153,105	3,799,783	1,581,717				1.10
U.S. government agency issues	23,671,160	9,841,526	3,826,452	7,155,062	2,848,120			1.69
Corporate bonds	7,979,234	2,776,602	3,403,594	1,799,038				1.34
Held by bond trustees:								
Money market funds	3,183,055	3,183,055						N/A
State investment pool (LAIF)	2,371,892	2,371,892						N/A
U.S. government agency issues	4,447,619	4,447,619						0.29
	<u>\$ 83,594,058</u>	<u>\$ 57,879,213</u>	<u>\$ 11,052,331</u>	<u>\$ 10,551,923</u>	<u>\$ 2,865,225</u>	<u>\$ 18,165</u>	<u>\$ 1,227,201</u>	<u>1.86</u>

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

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

Disclosures Relating to Credit Risk

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

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End			
				AAA	AA	A	Not Rated
State Investment Pool	\$ 17,673,128	N/A	\$ -	\$ -	\$ -	\$ -	\$ 17,673,128
California Asset Management							
Program (CAMP)	102,120	N/A					102,120
Money market funds	12,311,301	N/A		2,909,370			9,401,931
Special assessment district bonds	308,044	N/A					308,044
Local agency obligations	1,011,900	N/A					1,011,900
U.S. treasury obligations	10,534,605	N/A	10,534,605				
U.S. government agency issues	23,671,160	N/A		23,671,160			
Corporate bonds	7,979,234	N/A		1,771,884	3,648,322	2,559,028	
Held by bond trustees:							
Money market funds	3,183,055	N/A		3,183,055			
State investment pool (LAIF)	2,371,892	N/A					2,371,892
U.S. government agency issues	4,447,619	N/A		4,447,619			
Total	<u>\$ 83,594,058</u>		<u>\$ 10,534,605</u>	<u>\$ 35,983,088</u>	<u>\$ 3,648,322</u>	<u>\$ 2,559,028</u>	<u>\$ 30,869,015</u>

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2011

NOTE 2 - CASH AND INVESTMENTS (Continued)

Concentration of Credit Risk

The investment policy of the City contains limitations on the amount that can be invested in any one issuer. There are two investments that represent more than 5% of total City investments other than U.S. Government securities, external investment pools, and money market funds (Federal National Mortgage - \$7,541,067 and Federal Home Loan Bank - \$5,875,525. Due to the City's pooling of its cash and investments, it is indeterminable of the amounts of concentration included in individual opinion units.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2011, \$1,322,013 of the City's deposits with financial institutions in excess of federal depository insurance limits was held in collateralized accounts.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. The LAIF fair value factor of 1.00157647 was used to calculate the fair value of the investments in LAIF.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2011

NOTE 3 - CAPITAL ASSETS

At June 30, 2011, the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Nondepreciable Assets:			
Land	\$ 129,213,835	\$ 1,674,698	\$ 130,888,533
Construction in progress	4,425,627	7,812,160	12,237,787
Total nondepreciable assets	133,639,462	9,486,858	143,126,320
Depreciable Assets:			
Buildings	39,658,500	25,267,392	64,925,892
Improvements	7,342,649	73,810,463	81,153,112
Machinery and equipment	18,050,331	24,153,454	42,203,785
Infrastructure	350,403,207	135,752,552	486,155,759
Total depreciable assets	415,454,687	258,983,861	674,438,548
Less accumulated depreciation	(103,702,736)	(66,465,897)	(170,168,633)
Total depreciable assets, net	311,751,951	192,517,964	504,269,915
Total capital assets, net	\$ 445,391,413	\$ 202,004,822	\$ 647,396,235

The following is a summary of capital asset activity for governmental activities for the fiscal year ended June 30, 2011:

	Balance July 1, 2010	Additions	Deletions	Transfers	Balance June 30, 2011
Governmental Activities					
Nondepreciable capital assets:					
Land	\$ 128,984,329	\$ 229,506	\$ -	\$ -	\$ 129,213,835
Construction in progress	5,740,187	7,899,714		(9,214,274)	4,425,627
Total nondepreciable capital assets	134,724,516	8,129,220		(9,214,274)	133,639,462
Depreciable capital assets:					
Buildings	39,445,591	189,495		23,414	39,658,500
Improvements	7,282,256			60,393	7,342,649
Machinery and equipment	17,331,022	424,645	(228,128)	522,792	18,050,331
Infrastructure	341,795,532			8,607,675	350,403,207
Total depreciable capital assets	405,854,401	614,140	(228,128)	9,214,274	415,454,687
Accumulated depreciation:					
Buildings	(7,758,021)	(1,666,003)			(9,424,024)
Improvements	(2,909,280)	(320,781)			(3,230,061)
Machinery and equipment	(11,158,204)	(1,309,262)	185,676		(12,281,790)
Infrastructure	(70,210,068)	(8,556,793)			(78,766,861)
Total accumulated depreciation	(92,035,573)	(11,852,839)	185,676		(103,702,736)
Net depreciable capital assets	313,818,828	(11,238,699)	(42,452)	9,214,274	311,751,951
Net capital assets	\$ 448,543,344	\$ (3,109,479)	\$ (42,452)	\$ -	\$ 445,391,413

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2011

NOTE 3 - CAPITAL ASSETS (Continued)

Depreciation Allocation

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

Governmental Activities:

General government	\$ 424,103
Public safety	1,070,590
Public works	10,003,549
Parks and recreation	339,715
Community development	<u>14,882</u>

Total Governmental Funds \$ 11,852,839

Depreciation on capital assets held by the City's internal service funds of \$788,935 are charged to the various functions based on their usage of the assets and is included above.

The following is a summary of capital asset activity for business-type activities for the fiscal year ended June 30, 2011:

	Balance July 1, 2010	Additions	Deletions	Transfers	Balance June 30, 2011
Business-type Activities					
Water					
Nondepreciable capital assets:					
Land	\$ 974,698	\$ -	\$ -	\$ -	\$ 974,698
Construction in progress	12,432,075	7,395,411		(12,425,233)	7,402,253
Total nondepreciable capital assets	13,406,773	7,395,411		(12,425,233)	8,376,951
Depreciable capital assets:					
Buildings	9,124,700			6,332	9,131,032
Improvements	40,950,556				40,950,556
Machinery and equipment	9,750,439	12,269			9,762,708
Infrastructure	82,492,605			12,418,901	94,911,506
Total depreciable capital assets	142,318,300	12,269		12,425,233	154,755,802
Accumulated depreciation:					
Buildings	(4,130,148)	(364,904)			(4,495,052)
Improvements	(13,691,919)	(1,483,302)			(15,175,221)
Machinery and equipment	(2,679,111)	(513,306)			(3,192,417)
Infrastructure	(9,711,175)	(1,376,485)			(11,087,660)
Total accumulated depreciation	(30,212,353)	(3,737,997)			(33,950,350)
Net depreciable capital assets	112,105,947	(3,725,728)		12,425,233	120,805,452
Net capital assets	\$ 125,512,720	\$ 3,669,683	\$ -	\$ -	\$ 129,182,403

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2011

NOTE 3 - CAPITAL ASSETS (Continued)

	Balance July 1, 2010	Additions	Deletions	Transfers	Balance June 30, 2011
Business-type Activities					
Wastewater					
Nondepreciable capital assets:					
Land	\$ 700,000	\$ -	\$ -	\$ -	\$ 700,000
Construction in progress	6,480	427,017		(23,590)	409,907
Total nondepreciable capital assets	<u>706,480</u>	<u>427,017</u>		<u>(23,590)</u>	<u>1,109,907</u>
Depreciable capital assets:					
Buildings	16,142,692				16,142,692
Improvements	32,829,985			23,590	32,853,575
Machinery and equipment	14,355,573	35,173			14,390,746
Infrastructure	40,841,046				40,841,046
Total depreciable capital assets	<u>104,169,296</u>	<u>35,173</u>		<u>23,590</u>	<u>104,228,059</u>
Accumulated depreciation:					
Buildings	(6,870,499)	(430,144)			(7,300,643)
Improvements	(14,267,434)	(1,044,226)			(15,311,660)
Machinery and equipment	(5,209,397)	(875,744)			(6,085,141)
Infrastructure	(3,106,304)	(711,799)			(3,818,103)
Total accumulated depreciation	<u>(29,453,634)</u>	<u>(3,061,913)</u>			<u>(32,515,547)</u>
Net depreciable capital assets	<u>74,715,662</u>	<u>(3,026,740)</u>		<u>23,590</u>	<u>71,712,512</u>
Net capital assets	<u>\$ 75,422,142</u>	<u>\$ (2,599,723)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,822,419</u>

Depreciation Allocation

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

Business-Type Activities:

Water	\$ 3,737,997
Wastewater	<u>3,061,913</u>

Total Depreciation Expense-Business-type Activities \$ 6,799,910

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2011

NOTE 4 – DEFERRED REVENUE

At June 30, 2011, components of deferred revenue reported were as follows:

General fund:		
Sales tax revenue accrued but not available	\$	663,001
Business license and miscellaneous revenue received but not earned		326,757
Senior fund raising revenue received but not earned		48,966
Accounts receivable accrued but not available		262,061
Redevelopment Agency Special Revenue Fund:		
Notes receivable (balance may be forgiven)		232,989
Accounts receivable accrued but not available		32,507
General CIP Capital Projects Fund:		
Notes receivable (balance may be forgiven)		381,500
Impact Fees CIP Capital Projects Fund:		
Notes receivable (balance may be forgiven)		2,592,125
Impact fees collected but not earned		12,482,905
Low and Moderate Set Aside Special Revenue Fund:		
Notes receivable (balance may be forgiven)		2,771,445
HOME Grant Special Revenue Fund:		
Notes receivable (balance may be forgiven)		5,241,298
CDBG Program Income Special Revenue Fund:		
Notes receivable (balance may be forgiven)		1,256,345
CAL-HOME Grant Special Revenue Fund:		
Notes receivable (balance may be forgiven)		224,927
Water Fund:		
Water revenues collected but not earned		54,550
Wastewater Fund:		
Wastewater revenues collected but not earned		113,317
Employee Benefits Fund:		
Employee benefit contributions received but not earned		7,829

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2011

NOTE 5 - LONG-TERM DEBT

The following is a summary of long-term debt activity of the City for the fiscal year ended June 30, 2011:

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011	Due within one year
Governmental Activities					
Tax Allocation Revenue Bonds	\$ 35,200,000	\$ -	\$ (425,000)	\$ 34,775,000	\$ 445,000
Less Deferred Amounts:					
Refunding Difference	(588,111)		20,280	(567,831)	
Costs of Issuance	(499,613)		16,654	(482,959)	
Plus: Bond Premium	214,595		(7,153)	207,442	
Bonds, net	<u>34,326,871</u>		<u>(395,219)</u>	<u>33,931,652</u>	<u>445,000</u>
Certificates of Participation	11,765,000		(265,000)	11,500,000	270,000
Less Deferred Amounts:					
Costs of Issuance	(463,582)		17,830	(445,752)	
Certificates of Participation, net	<u>11,301,418</u>		<u>(247,170)</u>	<u>11,054,248</u>	<u>270,000</u>
Pension Obligation Bonds	6,135,000		(650,000)	5,485,000	715,000
Less Deferred Amounts:					
Costs of Issuance	(128,005)		18,286	(109,719)	
Pension Obligation Bonds, net	<u>6,006,995</u>		<u>(631,714)</u>	<u>5,375,281</u>	<u>715,000</u>
Other post-employment benefits	442,131	106,341		548,472	
Street Light Lease Payable	415,970		(113,253)	302,717	117,643
Fire Station #4 Lease Payable	4,927,690		(536,168)	4,391,522	557,228
Compensated Absences	3,469,769	1,811,929	(1,943,071)	3,338,627	88,703
Loans Payable	<u>1,727,641</u>		<u>(47,823)</u>	<u>1,679,818</u>	<u>49,224</u>
Total - Governmental Activities	<u>\$ 62,618,485</u>	<u>\$ 1,918,270</u>	<u>\$ (3,914,418)</u>	<u>\$ 60,622,337</u>	<u>\$ 2,242,798</u>
Business-type Activities					
Certificates of Participation	\$ 46,696,550	\$ -	\$ (4,912,772)	\$ 41,783,778	\$ 1,047,341
Less Deferred Amounts:					
Refunding Difference	(335,492)		22,491	(313,001)	
Bond Discount	(477,424)		50,757	(426,667)	
Costs of Issuance	(283,256)		12,919	(270,337)	
Bonds, net	<u>45,600,378</u>		<u>(4,826,605)</u>	<u>40,773,773</u>	<u>1,047,341</u>
Loans payable		9,338,324		9,338,324	266,415
Compensated Absences	<u>462,710</u>	<u>405,659</u>	<u>(421,066)</u>	<u>447,303</u>	<u>360,258</u>
Total Business-type Activities	<u>\$ 46,063,088</u>	<u>\$ 9,743,983</u>	<u>\$ (5,247,671)</u>	<u>\$ 50,559,400</u>	<u>\$ 1,674,014</u>

Compensated absences for governmental activities are generally liquidated by the fund where the accrued liability occurred, which is usually the General fund. Other post-employment benefits are generally liquidated by the fund in which the retiree was originally charged to, which is usually the General fund, but could also be Water, Wastewater, or Redevelopment Agency funds.

Governmental Activities

Tax Allocation Bonds – Series 2004A

On July 22, 2004, the Redevelopment Agency issued \$16,210,000 of Tax Allocation Bonds bearing interest between 2.000% and 5.375% and payable semi-annually on March 1 and September 1, maturing on September 1, 2039. These bonds will provide funds to aid in the financing of redevelopment in the project area and advance refund bonds issued in 1996. The outstanding principal balance of the 2004A Series bonds at June 30, 2011 was \$15,050,000.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2011

NOTE 5 - LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

The scheduled annual minimum debt service requirements at June 30, 2011 were as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2012	\$ 225,000	\$ 868,343	\$ 1,093,343
2013	235,000	858,275	1,093,275
2014	245,000	847,230	1,092,230
2015	255,000	835,416	1,090,416
2016	270,000	822,610	1,092,610
2017-2021	1,560,000	3,880,499	5,440,499
2022-2026	2,055,000	3,374,228	5,429,228
2027-2031	2,740,000	2,670,000	5,410,000
2032-2036	3,665,000	1,715,250	5,380,250
2037-2040	3,800,000	472,500	4,272,500
Totals	<u>\$ 15,050,000</u>	<u>\$ 16,344,351</u>	<u>\$ 31,394,351</u>

Tax Allocation Bonds – Series 2004B

On July 22, 2004, the Redevelopment Agency issued \$4,480,000 of Tax Allocation Bonds bearing interest between 2.000% and 5.375% and payable semi-annually on March 1 and September 1, maturing on September 1, 2039. These bonds will provide funds to aid in the financing of low and moderate income housing activities and advance refund bonds issued in 1996. The outstanding principal balance of the 2004B Series bonds at June 30, 2011 was \$4,155,000.

The scheduled annual minimum debt service requirements at June 30, 2011 were as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2012	\$ 65,000	\$ 239,585	\$ 304,585
2013	65,000	236,741	301,741
2014	70,000	233,634	303,634
2015	70,000	230,326	300,326
2016	75,000	226,789	301,789
2017-2021	430,000	1,069,505	1,499,505
2022-2026	565,000	930,405	1,495,405
2027-2031	755,000	736,650	1,491,650
2032-2036	1,010,000	473,400	1,483,400
2037-2040	1,050,000	130,500	1,180,500
Totals	<u>\$ 4,155,000</u>	<u>\$ 4,507,535</u>	<u>\$ 8,662,535</u>

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2011

NOTE 5 - LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Tax Allocation Bonds – Series 2007

On June 28, 2007, the Redevelopment Agency issued \$16,000,000 of Tax Allocation Bonds bearing interest of 5.00% and payable semi-annually on March 1 and September 1, maturing on September 1, 2039. These bonds will provide funds to aid in the financing of redevelopment in the project area. The outstanding principal balance of the 2007 Series bonds at June 30, 2011 was \$15,570,000.

The scheduled annual minimum debt service requirements at June 30, 2011 were as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2012	\$ 155,000	\$ 804,880	\$ 959,880
2013	250,000	794,648	1,044,648
2014	260,000	782,424	1,042,424
2015	275,000	770,236	1,045,236
2016	285,000	757,362	1,042,362
2017-2021	1,685,000	3,553,462	5,238,462
2022-2026	2,150,000	3,082,487	5,232,487
2027-2031	2,765,000	2,447,373	5,212,373
2032-2036	3,675,000	1,606,846	5,281,846
2037-2040	4,070,000	448,182	4,518,182
Totals	<u>\$ 15,570,000</u>	<u>\$ 15,047,900</u>	<u>\$ 30,617,900</u>

Certificates of Participation – Gauche Park/Aquatic Facility - 2006

On August 22, 2006, the City issued \$12,500,000 of Certificates of Participation bearing interest between 3.50% and 4.5% and payable semi-annually on December 1 and June 1, maturing on June 1, 2036. These certificates were used to finance the construction of the Gauche Aquatic Park. The outstanding principal balance of the 2006 Gauche Park/Aquatic Facility Certificates of Participation at June 30, 2011 was \$11,500,000.

The scheduled annual minimum debt service requirements at June 30, 2011 were as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2012	\$ 270,000	\$ 493,996	\$ 763,996
2013	285,000	484,141	769,141
2014	295,000	473,596	768,596
2015	305,000	462,534	767,534
2016	315,000	450,944	765,944
2017-2021	1,780,000	2,057,123	3,837,123
2022-2026	2,180,000	1,652,571	3,832,571
2027-2031	2,705,000	1,128,923	3,833,923
2032-2036	3,365,000	467,550	3,832,550
Totals	<u>\$ 11,500,000</u>	<u>\$ 7,671,378</u>	<u>\$ 19,171,378</u>

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2011

NOTE 5 - LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Pension Obligation Bonds – Series 2007

On April 17, 2007, the City issued \$7,685,000 of Pension Obligation Bonds bearing interest between 5.21% and 5.37% and payable annually on June 1, maturing on June 1, 2017. These bonds were used to advance pay safety employee pension obligations. The outstanding principal balance of the 2007 Series bonds at June 30, 2011 was \$5,485,000.

The scheduled annual minimum debt service requirements at June 30, 2011 were as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2012	\$ 715,000	\$ 288,033	\$ 1,003,033
2013	790,000	251,353	1,041,353
2014	865,000	210,590	1,075,590
2015	950,000	165,696	1,115,696
2016	1,035,000	115,536	1,150,536
2017	1,130,000	60,681	1,190,681
Totals	<u>\$ 5,485,000</u>	<u>\$ 1,091,889</u>	<u>\$ 6,576,889</u>

Capital Leases

The City has entered into a lease agreement with Pacific Gas & Electric Co. to acquire street lights. This equipment will become the property of the City when all terms of the lease agreement are met.

The scheduled annual minimum debt service requirements at June 30, 2011 were as follows:

Fiscal Year Ended June 30,	Total
2012	\$ 128,149
2013	128,149
2014	64,075
Total requirements	320,373
Less: interest	(17,656)
Present value of remaining payments	<u>\$ 302,717</u>

The City has entered into a lease agreement to provide funds for the construction of Fire Station #4 and the police department expansion. The building of Fire Station #4 will become the property of the City when all terms of the lease agreement are met. The fire department and police department are providing the debt service for this lease at 83.8% and 16.2% respectively.

The scheduled annual minimum debt service requirements at June 30, 2011 were as follows:

Fiscal Year Ended June 30,	Total
2012	\$ 722,691
2013	722,691
2014	722,691
2015	722,691
2016	722,691
2017-2018	1,445,384
Total requirements	5,058,839
Less: interest	(667,317)
Present value of remaining payments	<u>\$ 4,391,522</u>

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2011

NOTE 5 - LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Loan Payable

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

The loan was used to finance redevelopment activities. The outstanding principal balance of the loan at June 30, 2011 was \$1,679,818.

The scheduled annual minimum debt service requirements at June 30, 2011 were as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2012	\$ 49,224	\$ 48,497	\$ 97,721
2013	50,666	47,034	97,700
2014	52,151	45,528	97,679
2015	53,679	43,978	97,657
2016	55,251	42,382	97,633
2017-2021	301,510	186,285	487,795
2022-2026	348,346	138,763	487,109
2027-2031	402,459	83,860	486,319
2032-2035	366,532	21,868	388,400
Totals	<u>\$ 1,679,818</u>	<u>\$ 658,195</u>	<u>\$ 2,338,013</u>

Business-type Activities

Certificates of Participation – Wastewater Revenue - 2002

On July 25, 2002, the City issued \$11,000,000 of Certificates of Participation bearing interest between 3.95% and 6.00% and payable semi-annually on December 1 and June 1, maturing on June 30, 2032. These Certificates were used for capital improvement projects and expansion of existing facilities. The outstanding principal balance of the 2002 Wastewater Certificates of Participation at June 30, 2011 was \$10,350,000.

The scheduled annual minimum debt service requirements at June 30, 2011 were as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2012	\$ 95,000	\$ 504,753	\$ 599,753
2013	105,000	500,715	605,715
2014	105,000	496,568	601,568
2015	110,000	492,210	602,210
2016	110,000	487,535	597,535
2017-2021	605,000	2,360,173	2,965,173
2022-2026	1,630,000	2,208,615	3,838,615
2027-2031	6,165,000	1,307,700	7,472,700
2032-2036	1,425,000	71,250	1,496,250
Totals	<u>\$ 10,350,000</u>	<u>\$ 8,429,519</u>	<u>\$ 18,779,519</u>

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2011

NOTE 5 - LONG-TERM DEBT (Continued)

Business-type Activities (Continued)

Certificates of Participation – Water Revenue - 2005

On October 1, 2005, the City issued \$25,625,000 of Certificates of Participation bearing interest between 3.375% and 4.75% and payable semi-annually on December 1 and June 1, maturing on June 1, 2035. These Certificates were used for capital improvement projects and expansion of existing facilities. The outstanding principal balance of the 2005 Water Certificates of Participation at June 30, 2011 was \$22,665,000.

The scheduled annual minimum debt service requirements at June 30, 2011 were as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2012	\$ 485,000	\$ 976,396	\$ 1,461,396
2013	505,000	960,027	1,465,027
2014	520,000	942,983	1,462,983
2015	535,000	924,783	1,459,783
2016	555,000	905,390	1,460,390
2017-2021	3,090,000	4,185,051	7,275,051
2022-2026	3,755,000	3,479,682	7,234,682
2027-2031	6,695,000	2,398,275	9,093,275
2032-2035	6,525,000	750,150	7,275,150
Totals	<u>\$ 22,665,000</u>	<u>\$ 15,522,737</u>	<u>\$ 38,187,737</u>

Certificates of Participation – Wastewater Revenue - 2007

On May 23, 2007, the City issued \$10,440,769 of Certificates of Participation bearing interest of 4.370% and payable semi-annually on December 1 and June 1, maturing on June 1, 2025. These Certificates were used to advance refund the 2000 Wastewater Certificates which had been used for capital improvement projects and expansion of existing facilities. The outstanding principal balance of the 2007 Wastewater Certificates of Participation at June 30, 2011 was \$8,768,778.

The scheduled annual minimum debt service requirements at June 30, 2011 were as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2012	\$ 467,341	\$ 383,196	\$ 850,537
2013	487,762	362,773	850,535
2014	509,078	341,457	850,535
2015	531,325	319,211	850,536
2016	554,543	295,992	850,535
2017-2021	3,158,107	1,094,569	4,252,676
2022-2025	3,060,622	341,520	3,402,142
Totals	<u>\$ 8,768,778</u>	<u>\$ 3,138,718</u>	<u>\$ 11,907,496</u>

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2011

NOTE 5 - LONG-TERM DEBT (Continued)

Business-type Activities (Continued)

Loans Payable

The City has entered into two funding agreements with the State of California Department of Public Health for a construction loan under the Safe Drinking Water State Revolving Fund Law of 1997, in the amounts of \$19,133,209 (Region 2/3) and \$6,817,375 (Region 1). The loans are payable in semi-annual installments of \$598,527 and \$217,655, respectively and have annual interest rates of 2.2836% and 2.5017%. The loans have maturities of July 1, 2032 and January 1, 2031, respectively.

The loans are being used to finance project costs to meet safe drinking water standards. The outstanding principal balances of the loans at June 30, 2011 were \$6,647,713 and \$2,690,611.

As of June 30, 2011, the total amounts of the loans have not been drawn-down by the City.

Non-City Obligations

The City reports the debt service transactions of various special assessment issues for which the City is not obligated in any manner, in Agency funds. The debt will be paid from and secured solely by the revenues of these special assessment districts and does not constitute an indebtedness of the City. At June 30, 2011, the principal amount of special assessment debt outstanding for which the City is not obligated was \$7,573,477.

NOTE 6 - INTERFUND TRANSACTIONS

A. Long-Term Advances

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

At June 30, 2011, the City had the following long-term advances:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Governmental Fund: General Fund	Major Governmental Fund: Redevelopment Agency Debt Service Fund	\$ 18,554,927
Nonmajor Governmental Fund: Low & Moderate Set-Aside Special Revenue Fund	Major Governmental Fund: Redevelopment Agency Special Revenue Fund	1,626,817

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2011

NOTE 6 - INTERFUND TRANSACTIONS (Continued)

B. Due To/From Other Funds

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

Due to/from other funds as of June 30, 2011 were as follows:

Receivable Fund	Payable Fund	Amount
Major Governmental Funds: General CIP Capital Projects Fund	Major Governmental Funds: Impact Fees CIP Capital Projects Fund	\$ 87,690
Enterprise Fund: Water Fund	Internal Service Fund: Vehicle Replacement Fund	1,407,044
Nonmajor Governmental Funds: Low and Moderate Set Aside Fund	Nonmajor Governmental Funds: HOME Grant Special Revenue Fund CDBG Grant Special Revenue Fund CAL-HOME Grant Special Revenue Fund	210,838 428,110 153,293
Streets and Roads CIP Capital Projects Fund	Major Governmental Fund: Streets and Roads Special Revenue Fund	671,019
Agency Fund: Net-5 Operations	Agency Fund: Cal-Met Program	<u>54,492</u>
	Totals	<u><u>\$ 3,012,486</u></u>

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2011

NOTE 6 - INTERFUND TRANSACTIONS (Continued)

C. Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, reimbursement of various City operations and re-allocations of special revenues.

Transfers for the fiscal year ended June 30, 2011 were as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
<u>Major Governmental Funds:</u>		
General Fund	\$ 10,670,790	\$ (4,756,327)
Redevelopment Agency Special Revenue Fund	265,283	(5,163,909)
Streets and Roads Special Revenue Fund	44,500	(4,813,405)
RDA Debt Service Fund	4,319,388	
General CIP Capital Projects Fund	436,939	(1,725,340)
Impact Fees CIP Capital Projects Fund	134,750	(1,032,901)
<u>Major Enterprise Funds:</u>		
Water Fund		(1,805,647)
Wastewater Fund	245,000	(1,330,798)
<u>Nonmajor Governmental Funds:</u>		
Traffic Safety Special Revenue Fund		(200,000)
Low and Moderate Set Aside Special Revenue Fund		(304,139)
Law Enforcement Services Special Revenue Fund		(150,000)
Landscape Districts Special Revenue Fund		(142,312)
HOME Grant Special Revenue Fund		(16,348)
CDBG Grant Special Revenue Fund		(158,281)
Miscellaneous Lighting Districts Special Revenue Fund		(83,701)
CAL-HOME Grant Special Revenue Fund		(119)
Neighborhood Stabilization Program Grant Special Revenue Fund		(1,672)
Gauche Park COP Debt Service Fund	1,938,491	
CIEDB Loan Debt Service Fund	54,317	
Yuba City RDA 2004 Series A Debt Service Fund	1,092,425	
Yuba City RDA Low/Mod Series B Debt Service Fund	302,166	
Yuba City RDA 2007 Series Debt Service Fund	962,505	
Fire Station #4 Lease Debt Service Fund	722,691	
Streets & Roads CIP Capital Projects Fund	2,857,297	(300,949)
Yuba City RDA CIP Project Capital Projects Fund	1,086,494	(408,106)
<u>Internal Service Funds:</u>		
Store Fund		(39,082)
Vehicle Replacement Fund		(2,700,000)
	<u>\$ 25,133,036</u>	<u>\$ (25,133,036)</u>
Totals		

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2011

NOTE 7 - EMPLOYEE RETIREMENT PLANS

Plan Description

The City's defined benefit pension plan, Public Employees' Retirement System (PERS), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is part of the Public Agency portion of the California Public Employees' Retirement System, (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes with the Public Employees' Retirement Law. The City selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance (other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office – 400 P Street – Sacramento, CA 95814.

Funding Policy

The City contributes the employer's share for the Miscellaneous Plan and the Safety Plan. The City is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the fiscal year 2010-11 was 18.841% for miscellaneous employees and 22.392% and 23.309% for safety employees (two-tiered). The contribution requirements of the plan members are established by the State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost

For fiscal year 2010-2011, the City's contributions to CalPERS for the miscellaneous plan of \$1,821,718, and \$2,268,874 for the safety plan were equal to 100% of the required contributions. The required contributions were determined as part of the June 30, 2008 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual salary increases that vary by duration of service, (c) .25% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of PERS was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a fifteen-year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2011 was 18 years for safety and 21 years for miscellaneous.

Funded Status and Funding Progress

As of June 30, 2010, the most recent actuarial valuation date, the miscellaneous plan and safety plan were 78.7% and 65.4% funded, respectively. The actuarial accrued liability for benefits was \$83,247,779 and the actuarial value of assets was \$65,498,936 for the miscellaneous plan, resulting in an unfunded actuarial accrued liability of \$17,748,843. The covered payroll was \$10,805,164, which results in a ratio of the unfunded actuarial accrued liability to the covered payroll of 164.3%. The safety plan is in a CalPERS risk pool, and therefore, is not required to be reported here.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2011

NOTE 7 - EMPLOYEE RETIREMENT PLANS (Continued)

The schedules of funding progress, presented as Required Supplementary Information (RSI) following the notes to the basic financial statements present 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.

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost</u>	<u>Percentage of Annual Pension Cost Contribution</u>	<u>Net Pension Obligation (Asset)</u>
Miscellaneous			
6/30/2009	\$ 2,261,377	100%	\$ -
6/30/2010	1,978,403	100%	-
6/30/2011	1,821,718	100%	-
Safety			
6/30/2009	\$ 2,213,104	100%	\$ -
6/30/2010	2,154,814	100%	-
6/30/2011	2,268,874	100%	-

On April 17, 2007, the City issued \$7,685,000 of Pension Obligation Bonds. These bonds were used to advance pay safety employee pension obligations of \$7,498,612, which was paid to CalPERS on April 17, 2007. As of June 30, 2011, the net pension asset was \$5,224,326.

PARS

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

457 Plan

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

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

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2011

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS

Plan Description

The City assumed certain post employment benefits payable when assuming the Walton Fire Protection District. These liabilities include a salary severance and health package for one former employee and funding for additional PERS benefits for a second employee. The City also provided health benefits for one retired City employee. In addition, Executive Service Employees/City Manager who retire from the City in good standing; have at least five years of City of Yuba City service; and are of full retirement age (55 for miscellaneous and 50 for public safety) are entitled to have 80% of the lowest cost City medical plan paid by the City until such time as the employee is eligible to receive Medicare or turns 65 years old.

Funding Policy

The City’s adopted policy is to contribute an amount sufficient to pay the current fiscal year’s premium. For fiscal year 2010-2011, the City contributed \$53,659 which consisted of current premiums, but did not include any additional prefunding of benefits.

Annual OPEB and Net OPEB Obligation

The City’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), and an amount actuarially determined in accordance with the parameters of GASB Statement No.45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years, on a closed basis. The following table shows the components of the City’s annual OPEB cost for the fiscal year, the amount actually contributed to the plan, and changes in the City’s net OPEB obligation.

Annual required contribution	\$	173,000
Interest on net OPEB obligation		20,000
Net OPEB obligation adjustment		(33,000)
Annual OPEB cost (expense)		160,000
Contributions made		(53,659)
Increase in net OPEB obligation		106,341
Net OPEB obligation - beginning of fiscal year		442,131
Net OPEB obligation - end of fiscal year	\$	548,472

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2010-2011 and the two preceding fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contribution	Net OPEB Obligation (Asset)
6/30/2009	\$ 350,000	38.9%	\$ 213,990
6/30/2010	371,000	38.5%	442,131
6/30/2011	160,000	33.5%	548,472

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2011

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (Continued)

Funded Status and Funding Progress

As of January 1, 2011, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$1,336,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,336,000. The covered payroll (annual payroll of active employees covered by the plan) was \$6,701,000, and the ratio of the UAAL to the covered payroll was 20 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

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

In the January 1, 2011 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return, which is the expected long-term investment returns on plan assets, a projected salary increase assumption rate of 3.25 percent, and an annual healthcare cost trend rate of 4.5 percent. The actuarial value of assets is not applicable (no assets as of the initial valuation date). The UAAL is being amortized as a flat percentage of covered payroll over thirty years. The remaining amortization period at January 1, 2011 was twenty-eight years.

NOTE 9 – RISK MANAGEMENT

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

There is no claims liability to be reported based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

There are no significant reductions in insurance coverage from prior years and there have been no settlements exceeding the insurance coverages for each of the past three fiscal years.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2011

NOTE 9 – RISK MANAGEMENT (Continued)

As of July 1, 1992, the City became a member of Northern California Cities Self Insurance Fund (NCCSIF), a joint powers agency which provides the City with a shared risk layer of coverage above the self insured \$25,000 (\$50,000 as of July 1, 2007) retention for liability and the self insured \$100,000 retention for workers compensation. The NCCSIF is composed of 20 member cities and is governed by a board of directors appointed by the member cities. The governing board has authority over budgeting and financing.

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

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

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

The participants as of June 30, 2011, were as follows:

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

The City's investment in the NCCSIF of \$1,576,548 is recorded in the General Liability Program and Workers' Compensation Program Internal Service funds as prepaid insurance. The net change is shown as an income or expense item in the internal service funds.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2011

NOTE 9 – RISK MANAGEMENT (Continued)

The NCCSIF’s June 30, 2011 financial statements were audited by a different accounting firm and received an unqualified opinion. The following is summary financial information of the NCCSIF for the liability and workers’ compensation programs for the fiscal year ended June 30, 2011:

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>
Total assets	\$ 36,420,150	\$ 14,022,414
Total liabilities	24,569,403	7,922,512
Net assets	<u>\$ 11,850,747</u>	<u>\$ 6,099,902</u>
Operating revenue	\$ 3,718,558	\$ 3,109,311
Operating expenses	<u>6,612,489</u>	<u>4,472,120</u>
Operating income (loss)	(2,893,931)	(1,362,809)
Investment income	<u>904,513</u>	<u>375,541</u>
Net income (loss)	(1,989,418)	(987,268)
Beginning retained earnings	<u>13,840,165</u>	<u>7,087,170</u>
Ending retained earnings	<u>\$ 11,850,747</u>	<u>\$ 6,099,902</u>

Complete audited financial statements can be obtained from the Claims Administrator, 728 Cherry Street, Chico, California, 95928.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

A. Construction

The City has signed agreements to construct various capital improvement projects. The balance owed on these commitments at June 30, 2011 was \$10,083,594. The majority of these costs will be financed by proceeds of debt previously issued or existing reserves.

B. Contingencies

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

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

SERAF Contingency. During the fiscal year 2008-2009, the State of California experienced a severe budgetary crisis. Various “budget trailer bills” were passed by the state legislature to balance the state’s budget, including bills that required California redevelopment agencies to transfer funds to the Educational Revenue Augmentation Fund (ERAF) and Supplemental Educational Revenue Augmentation Fund (SERAF) administered by the various county auditor-controllers. Noted below is a general explanation of the SERAF legislation, together with the effect of this legislation on the Redevelopment Agency of the City of Yuba City (the Agency).

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2011

NOTE 10 - COMMITMENTS AND CONTINGENCIES (Continued)

B. Contingencies (Continued)

Pursuant to AB 26 4x, a budget trailer bill, California redevelopment agencies were required to make SERAF contributions totaling \$1.7 billion for the fiscal year 2009-2010 and \$350 million for the fiscal year 2010-2011. Under AB 26 4x, agencies may borrow a portions of the required contributions from their low and moderate income housing fund. Alternatively, sponsoring governmental agencies (the cities or counties) may elect to pay the SERAF contributions on behalf of their redevelopment agencies. On October 20, 2009, the (CRA) filed a class action lawsuit on behalf of all California redevelopment agencies challenging the SERAF obligations as unconstitutional.

The Agency's SERAF contribution was \$277,528 for 2010-2011, which the Agency made during the fiscal year 2010-2011.

Recent Changes in Legislation Affecting California Redevelopment Agencies. The Redevelopment Agency operates pursuant to the provisions of California Redevelopment Law (Health & Safety Code Section 33000 et seq.). On June 28, 2011, the California Legislature adopted Assembly Bill XI 26 (Dissolution Act) and Assembly Bill XI 27 (Continuation Act). The express purpose of the Dissolution Act was to provide for the elimination of redevelopment agencies, and to direct the orderly distribution of a former redevelopment agency's assets and liabilities. The purpose of the Continuation Act was to provide a voluntary alternative for local governments to continue redevelopment activities. Taken together, these Acts require the Agency and its sponsoring community (the City) to take several legislative actions to implement their various provisions.

The City, as the Agency's sponsoring community, elected to continue the Agency under the provisions of the Continuation Act, on August 16, 2011. Under the provisions of the Dissolution Act, an "Enforceable Payment Obligation Schedule" (EOPS) was adopted by the Agency and presented to the County Auditor-Controller for certification. If the City had not adopted the Continuation Ordinance, the last official act of the Agency would be to provide a draft "Recognized Obligation Payment Schedule" (ROPS) to a successor agency. The ROPS is subject to an independent audit and a review by an independent oversight board. Once audited and accepted by the oversight board, the County Auditor-Controller is directed to retain an amount of tax increment sufficient to meet the ongoing cost of enforceable obligations, and then distribute the remainder of revenues to the affected taxing agencies.

Pursuant to the Continuation Act, the City must make an annual payment, which may be reimbursed by the Agency. The required payment, which was calculated by the State Department of Finance and released to the City on August 1, 2011, will be \$1,104,860 for fiscal year 2011-12. Subsequent remittance payments will be calculated using a statutory ratio that will be applied to the fiscal year 2011-12 payment and adjusted for inflation and other items. The Agency estimates that the payment for fiscal year 2012-13 will be \$259,967.

The City has not recorded any liability related to these Acts in these financial statements. At the close of fiscal year 2010-11 the amount of the required payment was not yet known. The California Redevelopment Association, the League of California Cities, and two cities have sued to prevent enforcement of the Acts. On August 11, 2011, the Supreme Court of California (Supreme Court) agreed to hear the lawsuit and committed to issuing a decision by January 15, 2012. The Supreme Court also issued a stay of many elements of the Acts, including dissolution, County actions required for continuation, and the required payment, until the Supreme Court rules on the merits of the case.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2011

NOTE 10 - COMMITMENTS AND CONTINGENCIES (Continued)

B. Contingencies (Continued)

The deadlines imposed by the Acts with respect to affirmation of continuation are expected to be re-set by the Supreme Court at that time, depending on its decision. If the Supreme Court upholds these Acts, the realization of any costs related to the Continuation Act is subject to an action by the City Council taken subsequent to the issuance of this report. Should the City Council elect to discontinue the Agency, it would then be dissolved and its rights, obligations and responsibilities would be assigned to a successor agency. If the Supreme Court upholds these Acts, the City Council will consider the ordinance required for continuation of the Agency subsequent to the issuance of this report.

NOTE 11 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Balances/Net Assets

As of June 30, 2011 the following funds had a deficit fund balance:

Major Governmental Funds:	
Streets and Roads Special Revenue Fund	\$ 4,148
RDA Debt Service Fund	18,554,927
Nonmajor Special Revenue Funds:	
HOME Grant Fund	137,922
CDBG Grant Fund	15,061
CDBG Program Income Fund	7,798
CAL-HOME Grant Fund	153,293

The Streets and Roads Special Revenue Fund deficit fund balance is expected to be eliminated in future years through intergovernmental revenue.

The RDA Debt Service Fund deficit fund balance is expected to be eliminated in future years through tax increment revenue.

The HOME Grant Fund deficit fund balance is expected to be eliminated in future years through intergovernmental revenue.

The CDBG Grant Fund deficit fund balance is expected to be eliminated in future years through intergovernmental revenue.

The CDBG Program income Fund deficit fund balance is expected to be eliminated in future years through program income revenue.

The CAL-HOME Grant Fund deficit fund balance is expected to be eliminated in future years through intergovernmental revenue.

NOTE 12 – SUBSEQUENT EVENTS

On November 1, 2011 the City issued \$9,715,000 in 2011 Wastewater Revenue Refunding Bonds. The proceeds were used to refund the 2002 Wastewater Revenue Certificates of Participation.

CITY OF YUBA CITY
Required Supplementary Information
June 30, 2011

Pension Trend Information

Required Supplementary Information
Miscellaneous Plan

Valuation Date	Entry Age Normal Accrued Liability (a)	Actuarial Value of Assets (b)	Unfunded Liability (Excess Assets) (a)-(b)	Funded Status (b)/(a)	Annual Covered Payroll (c)	UAAL as a % of Payroll [(a)-(b)]/(c)
6/30/2008	\$ 70,538,951	\$ 58,066,143	\$ 12,472,808	82.3%	\$ 11,581,567	107.7%
6/30/2009	78,675,867	61,875,871	16,799,996	78.6%	11,742,805	143.1%
6/30/2010	83,247,779	65,498,936	17,748,843	78.7%	10,805,164	164.3%

Other Postemployment Benefits

Schedule of Funding Progress

Valuation Date	Accrued Liability (a)	Actuarial Value of Assets (b)	Unfunded Liability (Excess Assets) (a)-(b)	Funded Status (b)/(a)	Annual Covered Payroll (c)	UAAL as a % of Payroll [(a)-(b)]/(c)
1/1/2011	\$ 1,336,000	\$ -	\$ 1,336,000	0.0%	\$ 6,701,000	19.9%

CITY OF YUBA CITY
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2011

BUDGETARY BASIS OF ACCOUNTING

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

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

Formal budgetary integration is employed as a management control device during the fiscal year for the General fund and special revenue funds. Special Revenue Fund budgets are adopted on a basis consistent with accounting principles generally accepted in the United States (USGAAP) and are consistent with the basis used for financial reporting. Accordingly, actual revenues and expenditures can be compared with related budget amounts without any reconciliation. The City adopts project (versus annual) budgets (which can span a number of years) for the capital projects funds, therefore budgetary schedules for the capital projects funds are not presented. The debt service funds budgets are adopted when the debt issuances are authorized, therefore budgetary schedules for debt service funds are not presented.

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

CITY OF YUBA CITY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget
				Positive
				(Negative)
Revenues:				
Taxes and assessments	\$ 22,447,372	\$ 22,447,372	\$ 23,041,669	\$ 594,297
Intergovernmental revenues	470,086	1,099,529	685,978	(413,551)
Licenses, permits, and fees	595,100	595,100	694,993	99,893
Fines and forfeitures	50,000	50,000	52,681	2,681
Use of money and property	62,700	63,099	79,430	16,331
Charges for services	2,460,654	2,462,201	2,434,615	(27,586)
Other revenues	66,500	66,500	92,623	26,123
	<u>26,152,412</u>	<u>26,783,801</u>	<u>27,081,989</u>	<u>298,188</u>
Expenditures:				
Current:				
General government:				
City council	136,203	134,968	116,267	18,701
City manager	670,205	666,335	655,280	11,055
City attorney	203,500	171,109	131,846	39,263
Finance	1,472,803	1,467,990	1,427,510	40,480
City treasurer	7,836	7,013	6,949	64
Information technology	602,005	576,144	571,967	4,177
City clerk	52,061	45,144	23,788	21,356
Human resources	521,149	484,083	330,586	153,497
Non departmental	190,340	97,196	123,423	(26,227)
Contingency	181,505	33,185	12,092	21,093
	<u>4,037,607</u>	<u>3,683,167</u>	<u>3,399,708</u>	<u>283,459</u>
Public safety:				
Animal control	375,000	375,000	375,000	
Police-traffic	993,003	993,003	990,896	2,107
Police-administration	1,256,994	1,256,994	1,222,341	34,653
Police-investigation	2,087,788	2,087,788	2,184,608	(96,820)
Police-field operations	7,305,586	7,291,876	7,134,437	157,439
Police-community outreach	15,372	15,372	12,167	3,205
Police-technology research	164,903	164,903	162,095	2,808
Police-information and analysis	30,116	30,116	31,734	(1,618)
Police-communications	1,112,507	1,108,562	1,106,682	1,880
Law Enforcement-grants	74,954	277,992	234,858	43,134
Fire-administration	814,911	806,386	823,126	(16,740)
Fire-operations	8,184,050	8,189,376	8,411,576	(222,200)
Fire-grants	2,653	68,801	2,131	66,670
	<u>22,417,837</u>	<u>22,666,169</u>	<u>22,691,651</u>	<u>(25,482)</u>

(Continued)

See notes to required supplementary information.

CITY OF YUBA CITY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget
Expenditures: (Continued)				Positive
Current:				(Negative)
Parks and recreation:				
Administration	\$ 336,228	\$ 328,048	\$ 301,456	\$ 26,592
Supervision	247,663	233,049	225,154	7,895
Programs	629,454	629,454	536,910	92,544
Swimming pool	611,915	601,726	557,944	43,782
Senior center	149,721	134,402	130,315	4,087
Total parks and recreation	<u>1,974,981</u>	<u>1,926,679</u>	<u>1,751,779</u>	<u>174,900</u>
Public works and facilities:				
Administration	432,071	427,212	415,464	11,748
Streets	1,284,583	1,238,892	1,184,063	54,829
Parks	1,260,080	1,260,080	1,306,376	(46,296)
General services	650,842	617,107	535,286	81,821
Electrical maintenance	601,029	560,901	484,502	76,399
Engineering	1,154,744	1,148,730	1,110,214	38,516
Total public works and facilities	<u>5,383,349</u>	<u>5,252,922</u>	<u>5,035,905</u>	<u>217,017</u>
Community development:				
Planning	531,424	525,464	412,883	112,581
Building	584,112	550,258	482,724	67,534
Economic development	207,906	203,466	237,063	(33,597)
Total community development	<u>1,323,442</u>	<u>1,279,188</u>	<u>1,132,670</u>	<u>146,518</u>
Debt Service:				
Principal	113,253	113,253	113,253	
Interest and other charges	14,896	14,896	14,896	
Total debt service	<u>128,149</u>	<u>128,149</u>	<u>128,149</u>	
Capital Outlay:				
Public safety	207,779	464,041	200,820	263,221
Total capital outlay	<u>207,779</u>	<u>464,041</u>	<u>200,820</u>	<u>263,221</u>
Total expenditures	<u>35,473,144</u>	<u>35,400,315</u>	<u>34,340,682</u>	<u>1,059,633</u>
Excess of revenues over (under) expenditures	<u>(9,320,732)</u>	<u>(8,616,514)</u>	<u>(7,258,693)</u>	<u>1,357,821</u>

(Continued)

See notes to required supplementary information.

CITY OF YUBA CITY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (Continued)
For the Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget
				Positive
				(Negative)
Other Financing Sources (Uses):				
Transfers in	\$ 8,442,473	\$ 10,642,473	\$ 10,670,790	\$ 28,317
Transfers out		(4,756,327)	(4,756,327)	
Total other financing sources (uses)	8,442,473	5,886,146	5,914,463	28,317
Net changes in fund balance before Special Item	(878,259)	(2,730,368)	(1,344,230)	1,386,138
Special Item				
Foregiveness of matured interest on advance:		(6,340,243)	(6,340,243)	
Net changes in fund balance	(878,259)	(9,070,611)	(7,684,473)	1,386,138
Fund balance - July 1, 2010	34,567,434	34,567,434	34,567,434	
Fund balance - June 30, 2011	<u>\$ 33,689,175</u>	<u>\$ 25,496,823</u>	<u>\$ 26,882,961</u>	<u>\$ 1,386,138</u>

See notes to required supplementary information.

CITY OF YUBA CITY
REDEVELOPMENT AGENCY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Taxes and assessments	\$ 2,935,824	\$ 2,935,824	\$ 2,753,675	\$ (182,149)
Use of money and property	7,100	7,100	109,797	102,697
Other revenues	204,699	204,699	150,421	(54,278)
Total revenues	<u>3,147,623</u>	<u>3,147,623</u>	<u>3,013,893</u>	<u>(133,730)</u>
Expenditures:				
Current:				
Community development	<u>1,263,603</u>	<u>1,266,870</u>	<u>1,220,019</u>	<u>46,851</u>
Total expenditures	<u>1,263,603</u>	<u>1,266,870</u>	<u>1,220,019</u>	<u>46,851</u>
Excess of revenues over (under) expenditures	<u>1,884,020</u>	<u>1,880,753</u>	<u>1,793,874</u>	<u>(86,879)</u>
Other Financing Sources (Uses):				
Transfers in	277,528	265,283	265,283	
Transfers out	<u>(3,048,746)</u>	<u>(5,175,177)</u>	<u>(5,163,909)</u>	<u>11,268</u>
Total other financing sources (uses)	<u>(2,771,218)</u>	<u>(4,909,894)</u>	<u>(4,898,626)</u>	<u>11,268</u>
Net changes in fund balance	(887,198)	(3,029,141)	(3,104,752)	(75,611)
Fund balance - July 1, 2010	<u>4,283,000</u>	<u>4,283,000</u>	<u>4,283,000</u>	
Fund balance - June 30, 2011	<u>\$ 3,395,802</u>	<u>\$ 1,253,859</u>	<u>\$ 1,178,248</u>	<u>\$ (75,611)</u>

See notes to required supplementary information.

CITY OF YUBA CITY
STREETS AND ROADS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Taxes and assessments	\$ 2,946,782	\$ 3,577,524	\$ 4,404,916	\$ 827,392
Use of money and property	20,000	20,000	11,321	(8,679)
Intergovernmental revenues	2,079,000	1,479,749	741,332	(738,417)
Other revenue	630,742		48,768	48,768
	<u>5,676,524</u>	<u>5,077,273</u>	<u>5,206,337</u>	<u>129,064</u>
Other Financing Sources (Uses):				
Transfers in	44,500	44,500	44,500	
Transfers out	(3,960,800)	(4,813,405)	(4,813,405)	
	<u>(3,916,300)</u>	<u>(4,768,905)</u>	<u>(4,768,905)</u>	
Total other financing sources (uses)	<u>(3,916,300)</u>	<u>(4,768,905)</u>	<u>(4,768,905)</u>	
Net change in fund balance	1,760,224	308,368	437,432	129,064
Fund balance (deficit) - beginning of fiscal year	<u>(441,580)</u>	<u>(441,580)</u>	<u>(441,580)</u>	
Fund balance (deficit) - end of fiscal year	<u>\$ 1,318,644</u>	<u>\$ (133,212)</u>	<u>\$ (4,148)</u>	<u>\$ 129,064</u>

See notes to required supplementary information.

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CITY OF YUBA CITY

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are restricted by law or administrative action and expenditures for specified purposes. Nonmajor special revenue funds used by the City are listed below:

Traffic Safety Fund – This fund is used to account for court fines collected on the City’s account for moving violations.

Low and Moderate Set Aside Fund – This fund is used to account for property tax increment specifically levied for low and moderate income housing.

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

Landscape Districts Fund – This fund is used to account for monies to be used to landscape various areas of the City.

HOME Grant Fund – This fund is used to account for funds related to various HOME housing rehabilitation grant programs.

CDBG Grant Fund – This fund is used to account for CDBG open grant activities.

CDBG Program Income Fund – This fund is used to account for CDBG program income generated from loans made previously, which revolve back into the program for reuse.

Miscellaneous Lighting Districts Fund – This fund is used to account for monies to be used for various street lighting districts.

CAL-HOME Grant Fund – This fund is used to account for CAL-HOME grant activities.

Fire Mitigation Fees Fund – This fund is used to account for monies collected for fire mitigation purposes.

Harter Specific Plan Fund – This fund is used to account for monies to be used for the Harter Specific Plan.

Specific Plan Fund – This fund is used to account for Specific Plan amendments.

Siller Ranch MP Fund – This fund is used to account for monies to be used for the activities of the Siller Ranch Master Plan.

Neighborhood Stabilization Program Grant Fund – This fund is used to account for Neighborhood Stabilization Program federal grant monies that were used for program activities.

DOE Energy Conservation Fund – This fund is used to account for DOE Energy Conservation grant activities.

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CITY OF YUBA CITY

NONMAJOR GOVERNMENTAL FUNDS

Debt Service Funds

Debt Service Funds are used to account for accumulation of resources for, and payment of, principal and interest on the City's governmental activities long-term debt. Nonmajor debt service funds of the City are listed below:

Gauche Park COP Fund – This fund is used to account for the activity for the repayment of the 2006 Gauche Park Certificates of Participation.

CIEDB Loan Fund – This fund is used to account for the activity for the repayment of the CIEDB loan.

Yuba City RDA 2004 Series A Fund – This fund is used to account for the activity for the repayment of the 2004 Series A bonds.

Yuba City RDA Low/Mod Series B Fund – This fund is used to account for the repayment of the Yuba City RDA Low/Mod Series B bonds.

Yuba City RDA 2007 Series Fund – This fund is used to account for the repayment of the Yuba City RDA 2007 Series bonds.

Pension Obligation Bonds Fund – This fund is used to account for the repayment of the Pension Obligation Bonds.

Fire Station #4 Lease Fund – This fund is used to account for the capital lease payments associated with Fire Station #4.

Capital Project Funds

Capital Project Funds are used to account for financial resources to be used for the acquisition of land or acquisition and construction of major capital facilities other than those financed by the proprietary fund types. Nonmajor capital project funds are listed below:

Streets and Roads CIP Projects Fund – This fund is used to account for funds budgeted for capital expenditures, which are funded from gas tax revenue and streets and road fund sources.

Yuba City RDA CIP Project Fund – This fund is used to account for funds budgeted for the RDA projects.

CITY OF YUBA CITY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2011

	Special Revenue Funds			
	Traffic Safety Fund	Low and Moderate Set Aside Fund	Law Enforcement Services Fund	Landscape Districts Fund
Assets				
Cash and investments	\$ 25,585	\$ 1,769,288	\$ 111,742	\$ 773,011
Cash and investments with fiscal agent		311,507		
Interest receivable				
Accounts receivable	41,847			
Taxes and assessments receivable		32,098		2,666
Due from other funds		792,241		
Deposits receivable		9,800		
Notes receivable		2,771,445		
Advances to other funds		1,626,817		
Total assets	\$ 67,432	\$ 7,313,196	\$ 111,742	\$ 775,677
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 8,404	\$ 616	\$ -	\$ 6,289
Deposits payable	8,774			
Deferred revenue		2,771,445		
Due to other funds				
Total liabilities	17,178	2,772,061		6,289
Fund Balances:				
Restricted		4,541,135		769,388
Committed				
Assigned	50,254		111,742	
Unassigned				
Total fund balances (deficits)	50,254	4,541,135	111,742	769,388
Total liabilities and fund balances	\$ 67,432	\$ 7,313,196	\$ 111,742	\$ 775,677

Special Revenue Funds

HOME Grant Fund	CDBG Grant Fund	CDBG Program Income Fund	Miscellaneous Lighting Districts Fund	CAL-HOME Grant Fund
\$ 72,191	\$ -	\$ 222	\$ 363,782	\$ -
725	461,161	3,445	4,404	
5,241,298		1,256,345		224,927
<u>\$ 5,314,214</u>	<u>\$ 461,161</u>	<u>\$ 1,260,012</u>	<u>\$ 368,186</u>	<u>\$ 224,927</u>
\$ -	\$ 48,112	\$ 11,465	\$ 7,360	\$ -
5,241,298		1,256,345		224,927
210,838	428,110			153,293
<u>5,452,136</u>	<u>476,222</u>	<u>1,267,810</u>	<u>7,360</u>	<u>378,220</u>
			360,826	
<u>(137,922)</u>	<u>(15,061)</u>	<u>(7,798)</u>		<u>(153,293)</u>
<u>(137,922)</u>	<u>(15,061)</u>	<u>(7,798)</u>	<u>360,826</u>	<u>(153,293)</u>
<u>\$ 5,314,214</u>	<u>\$ 461,161</u>	<u>\$ 1,260,012</u>	<u>\$ 368,186</u>	<u>\$ 224,927</u>

(Continued)

CITY OF YUBA CITY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (Continued)
 June 30, 2011

Special Revenue Funds

	Fire Mitigation Fees Fund	Harter Specific Plan Fund	Specific Plan Fund	Siller Ranch MP Fund	Neighborhood Stabilization Program Grant Fund	DOE Energy Conservation Fund
Assets						
Cash and investments	\$ 91,742	\$ 839,616	\$ 70,349	\$ 493	\$ 5,228	\$ 50,148
Cash and investments with fiscal agent						
Interest receivable						
Accounts receivable	5,520					
Taxes and assessments receivable						
Due from other funds						
Deposits receivable						
Notes receivable						
Advances to other funds						
Total assets	\$ 97,262	\$ 839,616	\$ 70,349	\$ 493	\$ 5,228	\$ 50,148
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Deposits payable		702,984	45,809			
Deferred revenue						
Due to other funds						
Total liabilities		702,984	45,809			
Fund Balances:						
Restricted	97,262	136,632	24,540	493	5,228	50,148
Committed						
Assigned						
Unassigned						
Total fund balances (deficits)	97,262	136,632	24,540	493	5,228	50,148
Total liabilities and fund balances	\$ 97,262	\$ 839,616	\$ 70,349	\$ 493	\$ 5,228	\$ 50,148

Debt Service Funds

Gauche Park COP Fund	CIEDB Loan Fund	Yuba City RDA 2004 Series A Fund	Yuba City RDA Low/Mod Series B Fund	Yuba City RDA 2007 Series Fund
\$ - 1,985,005 10	\$ -	\$ -	\$ -	\$ -
<u>\$ 1,985,015</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -
778,830 1,206,185				
<u>1,985,015</u>				
<u>\$ 1,985,015</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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CITY OF YUBA CITY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (Continued)
June 30, 2011

	<u>Debt Service Funds</u>		<u>Capital Projects Funds</u>		<u>Totals</u>
	<u>Pension Obligation Bonds Fund</u>	<u>Fire Station #4 Lease Fund</u>	<u>Streets and Roads CIP Projects Fund</u>	<u>Yuba City RDA CIP Project Fund</u>	
Assets					
Cash and investments	\$ 115,197	\$ -	\$ 1,811,951	\$ 60,781	\$ 6,161,326
Cash and investments with fiscal agent	1,294			1,991,903	4,289,709
Interest receivable				1,697	1,707
Accounts receivable			75,000		587,698
Taxes and assessments receivable					39,168
Due from other funds			671,019		1,463,260
Deposits receivable					9,800
Notes receivable					9,494,015
Advances to other funds					1,626,817
	<u>\$ 116,491</u>	<u>\$ -</u>	<u>\$ 2,557,970</u>	<u>\$ 2,054,381</u>	<u>\$ 23,673,500</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 113,992	\$ 177,197	\$ 373,435
Deposits payable					757,567
Deferred revenue					9,494,015
Due to other funds					792,241
			<u>113,992</u>	<u>177,197</u>	<u>11,417,258</u>
Fund Balances:					
Restricted	116,491			1,814,706	8,695,679
Committed			2,443,978	62,478	3,712,641
Assigned					161,996
Unassigned					(314,074)
	<u>116,491</u>		<u>2,443,978</u>	<u>1,877,184</u>	<u>12,256,242</u>
Total fund balances (deficits)					
	<u>\$ 116,491</u>	<u>\$ -</u>	<u>\$ 2,557,970</u>	<u>\$ 2,054,381</u>	<u>\$ 23,673,500</u>

CITY OF YUBA CITY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2011

	Special Revenue Funds			
	Traffic Safety Fund	Low and Moderate Set Aside Fund	Law Enforcement Services Fund	Landscape Districts Fund
Revenues:				
Taxes and assessments	\$ -	\$ 722,892	\$ -	\$ 193,761
Use of money and property	783	52,265	2,293	17,515
Intergovernmental revenues				
Charges for services				
Licenses, permits, and fees				
Fines and forfeitures	307,855		123,420	
Program income				
Other revenues		10,346		
Total revenues	308,638	785,503	125,713	211,276
Expenditures:				
Current:				
General government				
Public safety	165,818			
Parks and recreation				235,553
Public works and facilities				
Community development		350,128		
Capital outlay		419,001		
Debt Service:				
Principal				
Interest and other charges				
Total expenditures	165,818	769,129		235,553
Excess of revenues over (under) expenditures	142,820	16,374	125,713	(24,277)
Other Financing Sources (Uses):				
Transfers in				
Transfers out	(200,000)	(304,139)	(150,000)	(142,312)
Total other financing sources (uses)	(200,000)	(304,139)	(150,000)	(142,312)
Net changes in fund balances	(57,180)	(287,765)	(24,287)	(166,589)
Fund balances (deficits) - July 1, 2010	107,434	4,828,900	136,029	935,977
Fund balances (deficits) - June 30, 2011	\$ 50,254	\$ 4,541,135	\$ 111,742	\$ 769,388

Special Revenue Funds

HOME Grant Fund	CDBG Grant Fund	CDBG Program Income Fund	Miscellaneous Lighting Districts Fund	CAL-HOME Grant Fund
\$ -	\$ -	\$ -	\$ 271,144	\$ -
1,133		5,461	6,176	
120,903	666,719			80,000
30,264	12,169	18,652		1,550
<u>152,300</u>	<u>678,888</u>	<u>24,113</u>	<u>277,320</u>	<u>81,550</u>
357,976	251,977	163,833	209,202	191,350
	270,476			
<u>357,976</u>	<u>522,453</u>	<u>163,833</u>	<u>209,202</u>	<u>191,350</u>
<u>(205,676)</u>	<u>156,435</u>	<u>(139,720)</u>	<u>68,118</u>	<u>(109,800)</u>
<u>(16,348)</u>	<u>(158,281)</u>		<u>(83,701)</u>	<u>(119)</u>
<u>(16,348)</u>	<u>(158,281)</u>		<u>(83,701)</u>	<u>(119)</u>
(222,024)	(1,846)	(139,720)	(15,583)	(109,919)
84,102	(13,215)	131,922	376,409	(43,374)
<u>\$ (137,922)</u>	<u>\$ (15,061)</u>	<u>\$ (7,798)</u>	<u>\$ 360,826</u>	<u>\$ (153,293)</u>

(Continued)

CITY OF YUBA CITY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (Continued)
For the Fiscal Year Ended June 30, 2011

	Special Revenue Funds					
	Fire Mitigation Fees Fund	Harter Specific Plan Fund	Specific Plan Fund	Siller Ranch MP Fund	Neighborhood Stabilization Program Grant Fund	DOE Energy Conservation Fund
Revenues:						
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property	1,676	15,934	1,090	105	59	687
Intergovernmental revenues					505,387	49,461
Charges for services						
Licenses, permits, and fees	8,606		20,491			
Fines and forfeitures						
Program income						
Other revenues						
Total revenues	10,282	15,934	21,581	105	505,446	50,148
Expenditures:						
Current:						
General government						
Public safety						
Parks and recreation						
Public works and facilities			20,491			
Community development					311,933	
Capital outlay						
Debt Service:						
Principal						
Interest and other charges						
Total expenditures			20,491		311,933	
Excess of revenues over (under) expenditures	10,282	15,934	1,090	105	193,513	50,148
Other Financing Sources (Uses):						
Transfers in						
Transfers out					(1,672)	
Total other financing sources (uses)					(1,672)	
Net changes in fund balances	10,282	15,934	1,090	105	191,841	50,148
Fund balances (deficits) - July 1, 2010	86,980	120,698	23,450	388	(186,613)	
Fund balances (deficits) - June 30, 2011	<u>\$ 97,262</u>	<u>\$ 136,632</u>	<u>\$ 24,540</u>	<u>\$ 493</u>	<u>\$ 5,228</u>	<u>\$ 50,148</u>

Debt Service Funds

Gauche Park COP Fund	CIEDB Loan Fund	Yuba City RDA 2004 Series A Fund	Yuba City RDA Low/Mod Series B Fund	Yuba City RDA 2007 Series Fund
\$ - 35,565	\$ -	\$ -	\$ -	\$ -
	48,608			
35,565	48,608			
2,490				
	5,183			
265,000	47,823	215,000	60,000	150,000
503,536	49,919	877,425	242,166	812,505
771,026	102,925	1,092,425	302,166	962,505
(735,461)	(54,317)	(1,092,425)	(302,166)	(962,505)
1,938,491	54,317	1,092,425	302,166	962,505
1,938,491	54,317	1,092,425	302,166	962,505
1,203,030				
781,985				
<u>\$ 1,985,015</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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CITY OF YUBA CITY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (Continued)
For the Fiscal Year Ended June 30, 2011

	<u>Debt Service Funds</u>		<u>Capital Projects Funds</u>		<u>Totals</u>
	<u>Pension Obligation Bonds Fund</u>	<u>Fire Station #4 Lease Fund</u>	<u>Streets and Roads CIP Projects Fund</u>	<u>Yuba City RDA CIP Project Fund</u>	
Revenues:					
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ 1,187,797
Use of money and property	1,294			12,592	154,628
Intergovernmental revenues			460,603		1,883,073
Charges for services	1,029,422				1,029,422
Licenses, permits, and fees					29,097
Fines and forfeitures					431,275
Program income					62,635
Other revenues					58,954
Total revenues	<u>1,030,716</u>		<u>460,603</u>	<u>12,592</u>	<u>4,836,881</u>
Expenditures:					
Current:					
General government	3,420				3,420
Public safety					165,818
Parks and recreation					238,043
Public works and facilities					229,693
Community development				232,991	1,865,371
Capital outlay			2,562,980	627,144	3,879,601
Debt Service:					
Principal	650,000	536,168			1,923,991
Interest and other charges	321,118	186,523			2,993,192
Total expenditures	<u>974,538</u>	<u>722,691</u>	<u>2,562,980</u>	<u>860,135</u>	<u>11,299,129</u>
Excess of revenues over (under) expenditures	<u>56,178</u>	<u>(722,691)</u>	<u>(2,102,377)</u>	<u>(847,543)</u>	<u>(6,462,248)</u>
Other Financing Sources (Uses):					
Transfers in		722,691	2,857,297	1,086,494	9,016,386
Transfers out			(300,949)	(408,106)	(1,765,627)
Total other financing sources (uses)		<u>722,691</u>	<u>2,556,348</u>	<u>678,388</u>	<u>7,250,759</u>
Net changes in fund balances	56,178		453,971	(169,155)	788,511
Fund balances (deficits) - July 1, 2010	<u>60,313</u>		<u>1,990,007</u>	<u>2,046,339</u>	<u>11,467,731</u>
Fund balances (deficits) - June 30, 2011	<u>\$ 116,491</u>	<u>\$ -</u>	<u>\$ 2,443,978</u>	<u>\$ 1,877,184</u>	<u>\$ 12,256,242</u>

CITY OF YUBA CITY
TRAFFIC SAFETY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and forfeitures	\$ 366,700	\$ 307,855	\$ (58,845)
Use of money and property	1,000	783	(217)
Total revenues	<u>367,700</u>	<u>308,638</u>	<u>(59,062)</u>
Expenditures:			
Current:			
Public safety	150,000	165,818	(15,818)
Total expenditures	<u>150,000</u>	<u>165,818</u>	<u>(15,818)</u>
Excess of revenues over (under) expenditures	<u>217,700</u>	<u>142,820</u>	<u>(74,880)</u>
Other Financing Sources (Uses):			
Transfers out	<u>(200,000)</u>	<u>(200,000)</u>	
Total other financing sources (uses)	<u>(200,000)</u>	<u>(200,000)</u>	
Net changes in fund balance	17,700	(57,180)	(74,880)
Fund balance - beginning of fiscal year	<u>107,434</u>	<u>107,434</u>	
Fund balance - end of fiscal year	<u><u>\$ 125,134</u></u>	<u><u>\$ 50,254</u></u>	<u><u>\$ (74,880)</u></u>

CITY OF YUBA CITY
LOW AND MODERATE SET ASIDE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes and assessments	\$ 777,909	\$ 722,892	\$ (55,017)
Use of money and property	49,000	52,265	3,265
Other revenues	10,425	10,346	(79)
Total revenues	837,334	785,503	(51,831)
Expenditures:			
Current:			
Community development	79,150	350,128	(270,978)
Capital outlay	1,626,000	419,001	1,206,999
Total expenditures	1,705,150	769,129	936,021
Excess of revenues over (under) expenditures	(867,816)	16,374	884,190
Other Financing Sources (Uses):			
Transfers out	(302,166)	(304,139)	(1,973)
Total other financing sources (uses)	(302,166)	(304,139)	(1,973)
Net changes in fund balance	(1,169,982)	(287,765)	882,217
Fund balance - beginning of fiscal year	4,828,900	4,828,900	
Fund balance - end of fiscal year	\$ 3,658,918	\$ 4,541,135	\$ 882,217

CITY OF YUBA CITY
LAW ENFORCEMENT SERVICES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and forfeitures	\$ 100,000	\$ 123,420	\$ 23,420
Use of money and property	2,800	2,293	(507)
Total revenues	<u>102,800</u>	<u>125,713</u>	<u>22,913</u>
Other Financing Sources (Uses):			
Transfers out	(150,000)	(150,000)	
Total other financing sources (uses)	<u>(150,000)</u>	<u>(150,000)</u>	
Net changes in fund balance	(47,200)	(24,287)	22,913
Fund balance - beginning of fiscal year	<u>136,029</u>	<u>136,029</u>	
Fund balance - end of fiscal year	<u>\$ 88,829</u>	<u>\$ 111,742</u>	<u>\$ 22,913</u>

CITY OF YUBA CITY
LANDSCAPE DISTRICTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes and assessments	\$ 246,280	\$ 193,761	\$ (52,519)
Use of money and property	32,352	17,515	(14,837)
Total revenues	<u>278,632</u>	<u>211,276</u>	<u>(67,356)</u>
Expenditures:			
Current:			
Parks and recreation	249,657	235,553	14,104
Total expenditures	<u>249,657</u>	<u>235,553</u>	<u>14,104</u>
Excess of revenues over (under) expenditures	<u>28,975</u>	<u>(24,277)</u>	<u>(53,252)</u>
Other Financing Sources (Uses):			
Transfers out	(139,626)	(142,312)	(2,686)
Total other financing sources (uses)	<u>(139,626)</u>	<u>(142,312)</u>	<u>(2,686)</u>
Net change in fund balance	(110,651)	(166,589)	(55,938)
Fund balance - beginning of fiscal year	<u>935,977</u>	<u>935,977</u>	
Fund balance - end of fiscal year	<u><u>\$ 825,326</u></u>	<u><u>\$ 769,388</u></u>	<u><u>\$ (55,938)</u></u>

CITY OF YUBA CITY
HOME GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental revenues	\$ 700,100	\$ 120,903	\$ (579,197)
Use of money and property		1,133	1,133
Program income	37,000	30,264	(6,736)
Total revenues	737,100	152,300	(584,800)
Expenditures:			
Current:			
Community development	737,100	357,976	379,124
Total expenditures	737,100	357,976	379,124
Excess of revenues over (under) expenditures		(205,676)	(205,676)
Other Financing Sources (Uses):			
Transfers out		(16,348)	(16,348)
Total other financing sources (uses)		(16,348)	(16,348)
Net change in fund balance		(222,024)	(222,024)
Fund balance - beginning of fiscal year	84,102	84,102	
Fund balance (deficit) - end of fiscal year	\$ 84,102	\$ (137,922)	\$ (222,024)

CITY OF YUBA CITY
CDBG GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental revenues	\$ 782,000	\$ 666,719	\$ (115,281)
Program income	10,000	12,169	2,169
Total revenues	<u>792,000</u>	<u>678,888</u>	<u>(113,112)</u>
Expenditures:			
Current:			
Community development	446,000	251,977	194,023
Capital outlay	447,702	270,476	177,226
Total expenditures	<u>893,702</u>	<u>522,453</u>	<u>371,249</u>
Excess of revenues over (under) expenditures	<u>(101,702)</u>	<u>156,435</u>	<u>258,137</u>
Other Financing Sources (Uses):			
Transfers out		(158,281)	(158,281)
Total other financing sources (uses)		<u>(158,281)</u>	<u>(158,281)</u>
Net change in fund balance	(101,702)	(1,846)	99,856
Fund balance (deficit) - beginning of fiscal year	<u>(13,215)</u>	<u>(13,215)</u>	
Fund balance (deficit) - end of fiscal year	<u>\$ (114,917)</u>	<u>\$ (15,061)</u>	<u>\$ 99,856</u>

CITY OF YUBA CITY
CDBG PROGRAM INCOME SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ -	\$ 5,461	\$ 5,461
Program income	25,000	18,652	(6,348)
Total revenues	<u>25,000</u>	<u>24,113</u>	<u>(887)</u>
Expenditures:			
Current:			
Community development	288,847	163,833	125,014
Total expenditures	<u>288,847</u>	<u>163,833</u>	<u>125,014</u>
Net change in fund balance	(263,847)	(139,720)	124,127
Fund balance - beginning of fiscal year	<u>131,922</u>	<u>131,922</u>	
Fund balance (deficit) - end of fiscal year	<u><u>\$ (131,925)</u></u>	<u><u>\$ (7,798)</u></u>	<u><u>\$ 124,127</u></u>

CITY OF YUBA CITY
MISCELLANEOUS LIGHTING DISTRICTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes and assessments	\$ 237,131	\$ 271,144	\$ 34,013
Use of money and property	8,669	6,176	(2,493)
Total revenues	<u>245,800</u>	<u>277,320</u>	<u>31,520</u>
Expenditures:			
Current:			
Public works and facilities	194,571	209,202	(14,631)
Total expenditures	<u>194,571</u>	<u>209,202</u>	<u>(14,631)</u>
Excess of revenues over (under) expenditures	<u>51,229</u>	<u>68,118</u>	<u>16,889</u>
Other Financing Sources (Uses):			
Transfers out	(84,652)	(83,701)	951
Total other financing sources (uses)	<u>(84,652)</u>	<u>(83,701)</u>	<u>951</u>
Net change in fund balance	(33,423)	(15,583)	17,840
Fund balance - beginning of fiscal year	<u>376,409</u>	<u>376,409</u>	
Fund balance - end of fiscal year	<u>\$ 342,986</u>	<u>\$ 360,826</u>	<u>\$ 17,840</u>

CITY OF YUBA CITY
CAL-HOME GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental revenues	\$ 600,000	\$ 80,000	\$ (520,000)
Program revenue		1,550	1,550
Total revenues	<u>600,000</u>	<u>81,550</u>	<u>(518,450)</u>
Expenditures:			
Current:			
Community development	600,000	191,350	408,650
Total expenditures	<u>600,000</u>	<u>191,350</u>	<u>408,650</u>
Excess of revenues over (under) expenditures		<u>(109,800)</u>	<u>(109,800)</u>
Other Financing Sources (Uses):			
Transfers out		<u>(119)</u>	<u>(119)</u>
Total other financing sources (uses)		<u>(119)</u>	<u>(119)</u>
Net change in fund balance		(109,919)	(109,919)
Fund balance (deficit) - beginning of fiscal year	<u>(43,374)</u>	<u>(43,374)</u>	
Fund balance (deficit) - end of fiscal year	<u>\$ (43,374)</u>	<u>\$ (153,293)</u>	<u>\$ (109,919)</u>

CITY OF YUBA CITY
FIRE MITIGATION FEES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ 1,700	\$ 1,676	\$ (24)
Licenses, permits, and fees	5,000	8,606	3,606
Total revenues	<u>6,700</u>	<u>10,282</u>	<u>3,582</u>
Net change in fund balance	6,700	10,282	3,582
Fund balance - beginning of fiscal year	<u>86,980</u>	<u>86,980</u>	<u></u>
Fund balance - end of fiscal year	<u><u>\$ 93,680</u></u>	<u><u>\$ 97,262</u></u>	<u><u>\$ 3,582</u></u>

CITY OF YUBA CITY
HARTER SPECIFIC PLAN SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ -	\$ 15,934	\$ 15,934
Total revenues		15,934	15,934
Net change in fund balance		15,934	15,934
Fund balance - beginning of fiscal year	120,698	120,698	
Fund balance - end of fiscal year	\$ 120,698	\$ 136,632	\$ 15,934

CITY OF YUBA CITY
SPECIFIC PLAN SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ -	\$ 1,090	\$ 1,090
Licenses, permits, and fees		20,491	20,491
Total revenues		21,581	21,581
Expenditures:			
Current:			
Public works and facilities		20,491	(20,491)
Total expenditures		20,491	(20,491)
Net change in fund balance		1,090	1,090
Fund balance - beginning of fiscal year	23,450	23,450	
Fund balance - end of fiscal year	\$ 23,450	\$ 24,540	\$ 1,090

CITY OF YUBA CITY
SILLER RANCH MP SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ -	\$ 105	\$ 105
Total revenues		105	105
Net change in fund balance		105	105
Fund balance - beginning of fiscal year	388	388	
Fund balance - end of fiscal year	\$ 388	\$ 493	\$ 105

CITY OF YUBA CITY
NEIGHBORHOOD STABILIZATION PROGRAM GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental revenues	\$ 505,387	\$ 505,387	\$ -
Use of money and property	59	59	
Total revenues	505,446	505,446	
Expenditures:			
Current:			
Community development	311,933	311,933	
Total expenditures	311,933	311,933	
Excess of revenues over (under) expenditures	193,513	193,513	
Other Financing Sources (Uses):			
Transfers out	(1,672)	(1,672)	
Total other financing sources (uses)	(1,672)	(1,672)	
Net change in fund balance	191,841	191,841	
Fund balance (deficit) - beginning of fiscal year	(186,613)	(186,613)	
Fund balance - end of fiscal year	\$ 5,228	\$ 5,228	\$ -

CITY OF YUBA CITY
DOE ENERGY CONSERVATION GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2011

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental revenues	\$ 47,913	\$ 49,461	\$ 1,548
Use of money and property		687	687
Total revenues	<u>47,913</u>	<u>50,148</u>	<u>2,235</u>
Net change in fund balance	47,913	50,148	2,235
Fund Balance - beginning of fiscal year			
Fund Balance - end of fiscal year	<u><u>\$ 47,913</u></u>	<u><u>\$ 50,148</u></u>	<u><u>\$ 2,235</u></u>

CITY OF YUBA CITY

Internal Service Funds

Internal Service Funds are used to account for the financing of goods and services provided by one department to other departments on a cost reimbursement basis. Internal service funds used by the City are listed below:

Store Fund – This fund was used to account for the central stores function of the City, and has been closed as of June 30, 2011.

Vehicle Replacement Fund – This fund is used to account for the replacement of City vehicles upon the expiration of their useful life.

Vehicle Maintenance Fund – This fund is used to account for the maintenance of City vehicles.

Technology Replacement Fund – This fund is used to account for the replacement of City computers and servers upon the expiration of their useful life.

Employee Benefits Fund – This fund is used to account for the provision of health and unemployment benefits.

Vision/Dental Fund – This fund is used to account for the provisions of employee vision and dental benefits.

Disability Program Fund – This fund is used to account for the City's self-funded employee disability benefits.

Workers' Compensation Program Fund – This fund is used to account for the City's self-insured employee workers' compensation benefits.

General Liability Program Fund – This fund is used to account for the provision of the City's self-insured general liability program.

CITY OF YUBA CITY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
June 30, 2011

	<u>Store Fund</u>	<u>Vehicle Replacement Fund</u>	<u>Vehicle Maintenance Fund</u>	<u>Technology Replacement Fund</u>
ASSETS				
Current Assets:				
Cash and investments	\$ -	\$ 5,311,817	\$ 491,997	\$ 2,842,087
Accounts receivable		29,689		
Inventory			16,754	
Due from other funds		1,407,044		
Prepaid expenses				
Total current assets		<u>6,748,550</u>	<u>508,751</u>	<u>2,842,087</u>
Capital Assets:				
Depreciable				
Buildings			306,372	
Machinery and equipment		9,642,111	88,821	1,860,986
Total depreciable capital assets		9,642,111	395,193	1,860,986
Less accumulated depreciation		<u>(7,361,322)</u>	<u>(238,083)</u>	<u>(1,502,229)</u>
Net depreciable capital assets		<u>2,280,789</u>	<u>157,110</u>	<u>358,757</u>
Net capital assets		<u>2,280,789</u>	<u>157,110</u>	<u>358,757</u>
Total noncurrent assets		<u>2,280,789</u>	<u>157,110</u>	<u>358,757</u>
Total assets		<u>9,029,339</u>	<u>665,861</u>	<u>3,200,844</u>
LIABILITIES				
Current Liabilities:				
Accounts payable		5,604	10,979	956
Accrued wages			11,938	
Unearned revenue				
Total current liabilities		5,604	22,917	956
Noncurrent Liabilities:				
Compensated absences			31,342	
Total liabilities		<u>5,604</u>	<u>54,259</u>	<u>956</u>
NET ASSETS				
Investment in capital assets, net of related debt		2,280,789	157,110	358,757
Unrestricted		6,742,946	454,492	2,841,131
Total net assets	<u>\$ -</u>	<u>\$ 9,023,735</u>	<u>\$ 611,602</u>	<u>\$ 3,199,888</u>

Employee Benefits Fund	Vision/ Dental Fund	Disability Program Fund	Workers' Compensation Program Fund	General Liability Program Fund	Totals
\$ 164,954	\$ 169,550	\$ 123,971	\$ 1,460,714	\$ 590,836	\$ 11,155,926
46,440	984				77,113
					16,754
					1,407,044
<u>225,509</u>			<u>976,703</u>	<u>374,336</u>	<u>1,576,548</u>
<u>436,903</u>	<u>170,534</u>	<u>123,971</u>	<u>2,437,417</u>	<u>965,172</u>	<u>14,233,385</u>
					306,372
					<u>11,591,918</u>
					11,898,290
					<u>(9,101,634)</u>
					<u>2,796,656</u>
					<u>2,796,656</u>
					<u>2,796,656</u>
<u>436,903</u>	<u>170,534</u>	<u>123,971</u>	<u>2,437,417</u>	<u>965,172</u>	<u>17,030,041</u>
					2,331
	7,890		4,125	83	31,968
					11,938
<u>7,829</u>					<u>7,829</u>
10,160	7,890		4,125	83	51,735
					31,342
<u>10,160</u>	<u>7,890</u>		<u>4,125</u>	<u>83</u>	<u>83,077</u>
					2,796,656
<u>426,743</u>	<u>162,644</u>	<u>123,971</u>	<u>2,433,292</u>	<u>965,089</u>	<u>14,150,308</u>
<u>\$ 426,743</u>	<u>\$ 162,644</u>	<u>\$ 123,971</u>	<u>\$ 2,433,292</u>	<u>\$ 965,089</u>	<u>\$ 16,946,964</u>

CITY OF YUBA CITY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET ASSETS
For the Fiscal Year Ended June 30, 2011

	Store Fund	Vehicle Replacement Fund	Vehicle Maintenance Fund	Technology Replacement Fund
Revenues:				
Charges for services	\$ -	\$ 912,549	\$ 763,576	\$ 453,735
Other revenues		29,689	1,978	37,440
Total revenues		942,238	765,554	491,175
Expenses:				
Salaries and benefits			382,622	
Professional services			1,347	18,412
Supplies		14,660	483	
Benefits, claims, and insurance			4,663	
Maintenance and operation			362,765	139,575
Tools and equipment			8,515	10,598
Power and utilities			9,614	31,674
Training			1,654	
Depreciation		662,987	10,064	115,884
Total expenses		677,647	781,727	316,143
Operating Income (Loss)		264,591	(16,173)	175,032
Non-Operating Revenues (Expenses):				
Gain (loss) on sale of capital assets		(14,049)		(2,548)
Interest income			10,227	49,792
Interest expense		(11,294)		
Total non-operating revenues (expenses)		(25,343)	10,227	47,244
Income (Loss) before transfers		239,248	(5,946)	222,276
Transfers:				
Transfers out	(39,082)	(2,700,000)		
Change in net assets	(39,082)	(2,460,752)	(5,946)	222,276
Net Assets, July 1, 2010	39,082	11,484,487	617,548	2,977,612
Net Assets, June 30, 2011	\$ -	\$ 9,023,735	\$ 611,602	\$ 3,199,888

Employee Benefits Fund	Vision/ Dental Fund	Disability Program Fund	Workers' Compensation Program Fund	General Liability Program Fund	Totals
\$ 2,787,361	\$ 540,001	\$ 13,983	\$ 634,419	\$ 575,000	\$ 6,680,624
18,901			511,539	49,346	648,893
<u>2,806,262</u>	<u>540,001</u>	<u>13,983</u>	<u>1,145,958</u>	<u>624,346</u>	<u>7,329,517</u>
					382,622
17,545			30,337		67,641
					15,143
2,765,150	494,151	29,612	544,904	563,471	4,401,951
					502,340
					19,113
					41,288
					1,654
					788,935
<u>2,782,695</u>	<u>494,151</u>	<u>29,612</u>	<u>575,241</u>	<u>563,471</u>	<u>6,220,687</u>
<u>23,567</u>	<u>45,850</u>	<u>(15,629)</u>	<u>570,717</u>	<u>60,875</u>	<u>1,108,830</u>
					(16,597)
3,573	2,917	2,443	16,452	5,175	90,579
					(11,294)
<u>3,573</u>	<u>2,917</u>	<u>2,443</u>	<u>16,452</u>	<u>5,175</u>	<u>62,688</u>
27,140	48,767	(13,186)	587,169	66,050	1,171,518
					(2,739,082)
27,140	48,767	(13,186)	587,169	66,050	(1,567,564)
399,603	113,877	137,157	1,846,123	899,039	18,514,528
<u>\$ 426,743</u>	<u>\$ 162,644</u>	<u>\$ 123,971</u>	<u>\$ 2,433,292</u>	<u>\$ 965,089</u>	<u>\$ 16,946,964</u>

CITY OF YUBA CITY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2011

	Store Fund	Vehicle Replacement Fund	Vehicle Maintenance Fund	Technology Replacement Fund
Cash Flows from Operating Activities:				
Receipts from customers	\$ -	\$ 912,549	\$ 765,792	\$ 491,175
Payment to suppliers and users	37,360	(1,422,397)	(403,368)	(227,000)
Payment to employees			(375,036)	
Net Cash Provided (Used) by Operating Activities	<u>37,360</u>	<u>(509,848)</u>	<u>(12,612)</u>	<u>264,175</u>
Cash flows from Non-Capital Financing Activities:				
Interest paid on negative cash		(11,294)		
Transfers out	(39,082)	(2,700,000)		
Net Cash Provided by Non-Capital Financing Activities	<u>(39,082)</u>	<u>(2,711,294)</u>		
Cash Flows from Capital and Related Financing Activities:				
Proceeds from sale of capital assets		11,896		
Acquisition of capital assets		(153,954)		(70,208)
Net Cash Provided (Used) by Capital and Related Financing Activities		<u>(142,058)</u>		<u>(70,208)</u>
Cash Flows from Investing Activities:				
Interest received			10,227	49,792
Net Cash Provided (Used) by Investing Activities			<u>10,227</u>	<u>49,792</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,722)	(3,363,200)	(2,385)	243,759
Cash and Cash Equivalents, July 1, 2010	<u>1,722</u>	<u>8,675,017</u>	<u>494,382</u>	<u>2,598,328</u>
Cash and Cash Equivalents, June 30, 2011	<u>\$ -</u>	<u>\$ 5,311,817</u>	<u>\$ 491,997</u>	<u>\$ 2,842,087</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ -	\$ 264,591	\$ (16,173)	\$ 175,032
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation		662,987	10,064	115,884
(Increase) Decrease in Operating Assets:				
Accounts receivable		(29,689)	238	
Inventory	257,360		(7,229)	
Prepaid expenses				
Due from other funds		(1,407,044)		
Increase (Decrease) in Operating Liabilities:				
Accounts payable		(693)	(7,098)	(26,741)
Accrued wages			(296)	
Deferred revenue				
Due to other funds	(220,000)			
Compensated absences			7,882	
Net Cash Provided (Used) by Operating Activities	<u>\$ 37,360</u>	<u>\$ (509,848)</u>	<u>\$ (12,612)</u>	<u>\$ 264,175</u>

Employee Benefits Fund	Vision/ Dental Fund	Disability Program Fund	Workers' Compensation Program Fund	General Liability Program Fund	Totals
\$ 2,817,146 (2,812,973)	\$ 539,032 (492,797)	\$ 13,983 (1,122) (29,612)	\$ 1,145,958 (539,686)	\$ 624,346 (566,699)	\$ 7,309,981 (6,428,682) (404,648)
4,173	46,235	(16,751)	606,272	57,647	476,651
					(11,294) (2,739,082)
					(2,750,376)
					11,896 (224,162)
					(212,266)
3,573	2,917	2,443	16,452	5,175	90,579
3,573	2,917	2,443	16,452	5,175	90,579
7,746	49,152	(14,308)	622,724	62,822	(2,395,412)
157,208	120,398	138,279	837,990	528,014	13,551,338
<u>\$ 164,954</u>	<u>\$ 169,550</u>	<u>\$ 123,971</u>	<u>\$ 1,460,714</u>	<u>\$ 590,836</u>	<u>\$ 11,155,926</u>
\$ 23,567	\$ 45,850	\$ (15,629)	\$ 570,717	\$ 60,875	\$ 1,108,830
					788,935
10,848	(969)				(19,572) 250,131
(8,360)			33,306	(3,228)	21,718 (1,407,044)
(21,918)	1,354	(1,122)	2,249		(53,969) (296)
36					36 (220,000)
					7,882
<u>\$ 4,173</u>	<u>\$ 46,235</u>	<u>\$ (16,751)</u>	<u>\$ 606,272</u>	<u>\$ 57,647</u>	<u>\$ 476,651</u>

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CITY OF YUBA CITY

Fiduciary Funds

Agency Funds are used to account for the receipt and disbursement of various taxes, deposits, deductions, and property collected by the City, acting in the capacity of an agent for distribution to other governmental units or other organizations. The agency funds maintained by the City are divided into the following categories for presentation in this report.

City Trust Fund – This fund is used to account for assets held for employees and outside independent entities in a fiduciary capacity.

Assessment District Funds – These funds are used to account for assets held for independent assessment districts in a fiduciary capacity.

Sunsweet Boulevard CFD Fund – This fund is used to account for assets held for an independent community facilities district in a fiduciary capacity.

Net – 5 Operations Fund – This fund is used to account for assets held for an independent agency in a fiduciary capacity.

Cal-Met Program Fund – This fund is used to account for Net-5 grant funded activity held for an independent agency in a fiduciary capacity.

Flood Control Agency Fund – This fund is used to account for the operating activities of the Sutter-Butte Flood Control Agency.

SBFCA Capital Fund – This fund is used to account for the capital project activities of the Sutter-Butte Flood Control Agency.

CITY OF YUBA CITY
AGENCY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
June 30, 2011

	City Trust	Garden Highway Assessment District	West Hillcrest Assessment District
Assets:			
Cash and investments	\$ 559,951	\$ 10,951	\$ 91,630
Cash and investments with fiscal agent			
Due from agency fund			
Interest receivable			
Accounts receivable	13,494		
	<u>573,445</u>	<u>10,951</u>	<u>91,630</u>
Total assets	<u>\$ 573,445</u>	<u>\$ 10,951</u>	<u>\$ 91,630</u>
Liabilities:			
Due to agency fund	\$ -	\$ -	\$ -
Accounts payable	17,063		
Loan payable			
Deposits payable	556,382	10,951	91,630
	<u>573,445</u>	<u>10,951</u>	<u>91,630</u>
Total liabilities	<u>\$ 573,445</u>	<u>\$ 10,951</u>	<u>\$ 91,630</u>

Ricky Drive Assessment District	Marcia Avenue Assessment District	East Hillcrest Assessment District	Jan Court Assessment District	Butte Vista Assessment District 2000-1	Butte Vista Assessment District 2002-1
\$ 14,762	\$ 13,330	\$ 4,069	\$ 5,939	\$ 111,140 143,983	\$ 126,427 134,291
				107 5,391	97 1,491
<u>\$ 14,762</u>	<u>\$ 13,330</u>	<u>\$ 4,069</u>	<u>\$ 5,939</u>	<u>\$ 260,621</u>	<u>\$ 262,306</u>
\$ -	\$ -	\$ -	\$ -	\$ - 127	\$ - 138
<u>14,762</u>	<u>13,330</u>	<u>4,069</u>	<u>5,939</u>	<u>260,494</u>	<u>262,168</u>
<u><u>\$ 14,762</u></u>	<u><u>\$ 13,330</u></u>	<u><u>\$ 4,069</u></u>	<u><u>\$ 5,939</u></u>	<u><u>\$ 260,621</u></u>	<u><u>\$ 262,306</u></u>

CITY OF YUBA CITY
AGENCY FUNDS
COMBINING STATEMENT OF ASSETS AND LIABILITIES
June 30, 2011

	Darrough Assessment District 2003	Tierra Buena Assessment District	Village Green - Del Wayne Assessment District 2003-2	Staple/Ashley/ Dennis/Cornwell Assessment District 2004-1
Assets				
Cash and investments	\$ 41,908	\$ 88,933	\$ 44,026	\$ 5,254
Cash and investments with fiscal agent		390,395		
Due from agency fund				
Interest receivable		269		
Accounts receivable	140	3,001		541
	<u>42,048</u>	<u>393,600</u>	<u>44,026</u>	<u>5,795</u>
Total assets	<u>\$ 42,048</u>	<u>\$ 482,598</u>	<u>\$ 44,026</u>	<u>\$ 5,795</u>
Liabilities:				
Due to agency fund	\$ -	\$ -	\$ -	\$ -
Accounts payable	35	638		2,180
Loan payable				
Deposits payable	42,013	481,960	44,026	3,615
	<u>42,048</u>	<u>482,598</u>	<u>44,026</u>	<u>5,795</u>
Total liabilities	<u>\$ 42,048</u>	<u>\$ 482,598</u>	<u>\$ 44,026</u>	<u>\$ 5,795</u>

Sunsweet Boulevard CFD	Net-5 Operations	Cal-Met Program	Flood Control Agency	SBFCA Capital	Totals
\$ 270,675	\$ 82,517	\$ -	\$ 1,446,665	\$ 3,739,986	\$ 6,658,163
218,573					887,242
	54,492				54,492
259					732
109,600	4	76,640	4,577,942	161,949	4,950,193
<u>\$ 599,107</u>	<u>\$ 137,013</u>	<u>\$ 76,640</u>	<u>\$ 6,024,607</u>	<u>\$ 3,901,935</u>	<u>\$ 12,550,822</u>
\$ -	\$ -	\$ 54,492	\$ -	\$ -	\$ 54,492
1,630	23,648	9,024	23,742	888,105	966,330
			6,000,865		6,000,865
597,477	113,365	13,124		3,013,830	5,529,135
<u>\$ 599,107</u>	<u>\$ 137,013</u>	<u>\$ 76,640</u>	<u>\$ 6,024,607</u>	<u>\$ 3,901,935</u>	<u>\$ 12,550,822</u>

CITY OF YUBA CITY
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
CITY TRUST				
ASSETS				
Cash and investments	\$ 448,480	\$ 254,962	\$ (143,491)	\$ 559,951
Accounts receivable	6,939	13,494	(6,939)	13,494
Due from agency fund	96,126		(96,126)	
Total Assets	<u>\$ 551,545</u>	<u>\$ 268,456</u>	<u>\$ (246,556)</u>	<u>\$ 573,445</u>
LIABILITIES				
Accounts payable	\$ 36,865	\$ 17,063	\$ (36,865)	\$ 17,063
Deposits payable	514,680	251,393	(209,691)	556,382
Total Liabilities	<u>\$ 551,545</u>	<u>\$ 268,456</u>	<u>\$ (246,556)</u>	<u>\$ 573,445</u>
GARDEN HIGHWAY ASSESSMENT DISTRICT				
ASSETS				
Cash and investments	\$ 4,669	\$ 6,282	\$ -	\$ 10,951
Accounts receivable	6,097		(6,097)	
Total Assets	<u>\$ 10,766</u>	<u>\$ 6,282</u>	<u>\$ (6,097)</u>	<u>\$ 10,951</u>
LIABILITIES				
Deposits payable	\$ 10,766	\$ 6,282	\$ (6,097)	\$ 10,951
Total Liabilities	<u>\$ 10,766</u>	<u>\$ 6,282</u>	<u>\$ (6,097)</u>	<u>\$ 10,951</u>
WEST HILLCREST ASSESSMENT DISTRICT				
ASSETS				
Cash and investments	\$ 91,930	\$ 1,727	\$ (2,027)	\$ 91,630
Total Assets	<u>\$ 91,930</u>	<u>\$ 1,727</u>	<u>\$ (2,027)</u>	<u>\$ 91,630</u>
LIABILITIES				
Deposits payable	\$ 91,930	\$ 1,727	\$ (2,027)	\$ 91,630
Total Liabilities	<u>\$ 91,930</u>	<u>\$ 1,727</u>	<u>\$ (2,027)</u>	<u>\$ 91,630</u>

CITY OF YUBA CITY
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
RICKY DRIVE ASSESSMENT DISTRICT				
ASSETS				
Cash and investments	\$ 14,487	\$ 275	\$ -	\$ 14,762
Total Assets	<u>\$ 14,487</u>	<u>\$ 275</u>	<u>\$ -</u>	<u>\$ 14,762</u>
LIABILITIES				
Deposits payable	\$ 14,487	\$ 275	\$ -	\$ 14,762
Total Liabilities	<u>\$ 14,487</u>	<u>\$ 275</u>	<u>\$ -</u>	<u>\$ 14,762</u>
MARCIA AVENUE ASSESSMENT DISTRICT				
ASSETS				
Cash and investments	\$ 14,257	\$ 6,063	\$ (6,990)	\$ 13,330
Total Assets	<u>\$ 14,257</u>	<u>\$ 6,063</u>	<u>\$ (6,990)</u>	<u>\$ 13,330</u>
LIABILITIES				
Deposits payable	\$ 14,257	\$ 6,063	\$ (6,990)	\$ 13,330
Total Liabilities	<u>\$ 14,257</u>	<u>\$ 6,063</u>	<u>\$ (6,990)</u>	<u>\$ 13,330</u>
EAST HILLCREST ASSESSMENT DISTRICT				
ASSETS				
Cash and investments	\$ 3,806	\$ 7,313	\$ (7,050)	\$ 4,069
Total Assets	<u>\$ 3,806</u>	<u>\$ 7,313</u>	<u>\$ (7,050)</u>	<u>\$ 4,069</u>
LIABILITIES				
Deposits payable	\$ 3,806	\$ 7,313	\$ (7,050)	\$ 4,069
Total Liabilities	<u>\$ 3,806</u>	<u>\$ 7,313</u>	<u>\$ (7,050)</u>	<u>\$ 4,069</u>
JAN COURT ASSESSMENT DISTRICT				
ASSETS				
Cash and investments	\$ 5,632	\$ 307	\$ -	\$ 5,939
Accounts receivable	197		(197)	
Total Assets	<u>\$ 5,829</u>	<u>\$ 307</u>	<u>\$ (197)</u>	<u>\$ 5,939</u>
LIABILITIES				
Deposits payable	\$ 5,829	\$ 307	\$ (197)	\$ 5,939
Total Liabilities	<u>\$ 5,829</u>	<u>\$ 307</u>	<u>\$ (197)</u>	<u>\$ 5,939</u>

(Continued)

CITY OF YUBA CITY
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

	Balance July 1, 2010	Additions	Deletions	Balance June 30, 2011
BUTTE VISTA ASSESSMENT DISTRICT 2000-1				
ASSETS				
Cash and investments	\$ 104,674	\$ 95,177	\$ (88,711)	\$ 111,140
Cash and investments with fiscal agent	148,891		(4,908)	143,983
Interest receivable	124	107	(124)	107
Accounts receivable	279	5,391	(279)	5,391
	<u>253,968</u>	<u>100,675</u>	<u>(94,022)</u>	<u>260,621</u>
Total Assets	<u>\$ 253,968</u>	<u>\$ 100,675</u>	<u>\$ (94,022)</u>	<u>\$ 260,621</u>
LIABILITIES				
Accounts payable	\$ -	\$ 127	\$ -	\$ 127
Deposits payable	253,968	100,548	(94,022)	260,494
	<u>253,968</u>	<u>100,548</u>	<u>(94,022)</u>	<u>260,494</u>
Total Liabilities	<u>\$ 253,968</u>	<u>\$ 100,675</u>	<u>\$ (94,022)</u>	<u>\$ 260,621</u>
BUTTE VISTA ASSESSMENT DISTRICT 2002-1				
ASSETS				
Cash and investments	\$ 116,425	\$ 99,732	\$ (89,730)	\$ 126,427
Cash and investments with fiscal agent	138,026		(3,735)	134,291
Interest receivable	112	97	(112)	97
Accounts receivable	5,844	1,491	(5,844)	1,491
	<u>260,407</u>	<u>101,320</u>	<u>(99,421)</u>	<u>262,306</u>
Total Assets	<u>\$ 260,407</u>	<u>\$ 101,320</u>	<u>\$ (99,421)</u>	<u>\$ 262,306</u>
LIABILITIES				
Accounts payable	\$ 1,073	\$ 138	\$ (1,073)	\$ 138
Deposits payable	259,334	101,182	(98,348)	262,168
	<u>260,407</u>	<u>101,182</u>	<u>(98,348)</u>	<u>262,168</u>
Total Liabilities	<u>\$ 260,407</u>	<u>\$ 101,320</u>	<u>\$ (99,421)</u>	<u>\$ 262,306</u>
DARROUGH ASSESSMENT DISTRICT 2003				
ASSETS				
Cash and investments	\$ 40,898	\$ 15,724	\$ (14,714)	\$ 41,908
Accounts receivable	420	140	(420)	140
	<u>41,318</u>	<u>15,864</u>	<u>(15,134)</u>	<u>42,048</u>
Total Assets	<u>\$ 41,318</u>	<u>\$ 15,864</u>	<u>\$ (15,134)</u>	<u>\$ 42,048</u>
LIABILITIES				
Accounts payable	\$ -	\$ 35	\$ -	\$ 35
Deposits payable	41,318	15,829	(15,134)	42,013
	<u>41,318</u>	<u>15,829</u>	<u>(15,134)</u>	<u>42,013</u>
Total Liabilities	<u>\$ 41,318</u>	<u>\$ 15,864</u>	<u>\$ (15,134)</u>	<u>\$ 42,048</u>

CITY OF YUBA CITY
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
TIERRA BUENA ASSESSMENT DISTRICT				
ASSETS				
Cash and investments	\$ 101,455	\$ 249,549	\$ (262,071)	\$ 88,933
Cash and investments with fiscal agent	381,056	9,339		390,395
Interest receivable	312	269	(312)	269
Accounts receivable	4,481	3,001	(4,481)	3,001
	<u>487,304</u>	<u>262,158</u>	<u>(266,864)</u>	<u>482,598</u>
Total Assets	<u>\$ 487,304</u>	<u>\$ 262,158</u>	<u>\$ (266,864)</u>	<u>\$ 482,598</u>
LIABILITIES				
Accounts payable	\$ 1,693	\$ 638	\$ (1,693)	\$ 638
Deposits payable	485,611	261,520	(265,171)	481,960
	<u>487,304</u>	<u>262,158</u>	<u>(266,864)</u>	<u>482,598</u>
Total Liabilities	<u>\$ 487,304</u>	<u>\$ 262,158</u>	<u>\$ (266,864)</u>	<u>\$ 482,598</u>
VILLAGE GREEN - DEL WAYNE ASSESSMENT DISTRICT 2003-2				
ASSETS				
Cash and investments	\$ 40,514	\$ 47,164	\$ (43,652)	\$ 44,026
	<u>40,514</u>	<u>47,164</u>	<u>(43,652)</u>	<u>44,026</u>
Total Assets	<u>\$ 40,514</u>	<u>\$ 47,164</u>	<u>\$ (43,652)</u>	<u>\$ 44,026</u>
LIABILITIES				
Deposits payable	\$ 40,514	\$ 47,164	\$ (43,652)	\$ 44,026
	<u>40,514</u>	<u>47,164</u>	<u>(43,652)</u>	<u>44,026</u>
Total Liabilities	<u>\$ 40,514</u>	<u>\$ 47,164</u>	<u>\$ (43,652)</u>	<u>\$ 44,026</u>
STAPLE/ASHLEY/DENNIS/CORNWELL ASSESSMENT DISTRICT 2004-1				
ASSETS				
Cash and investments	\$ 11,698	\$ 13,583	\$ (20,027)	\$ 5,254
Accounts receivable		541		541
	<u>11,698</u>	<u>14,124</u>	<u>(20,027)</u>	<u>5,795</u>
Total Assets	<u>\$ 11,698</u>	<u>\$ 14,124</u>	<u>\$ (20,027)</u>	<u>\$ 5,795</u>
LIABILITIES				
Accounts payable	\$ 674	\$ 2,180	\$ (674)	\$ 2,180
Deposits payable	11,024	11,944	(19,353)	3,615
	<u>11,698</u>	<u>14,124</u>	<u>(20,027)</u>	<u>5,795</u>
Total Liabilities	<u>\$ 11,698</u>	<u>\$ 14,124</u>	<u>\$ (20,027)</u>	<u>\$ 5,795</u>
SUNSWEET BOULEVARD CFD				
ASSETS				
Cash and investments	\$ 197,427	\$ 266,242	\$ (192,994)	\$ 270,675
Cash and investments with fiscal agent	296,621		(78,048)	218,573
Interest receivable	304	259	(304)	259
Accounts receivable		109,600		109,600
	<u>494,352</u>	<u>376,101</u>	<u>(271,346)</u>	<u>599,107</u>
Total Assets	<u>\$ 494,352</u>	<u>\$ 376,101</u>	<u>\$ (271,346)</u>	<u>\$ 599,107</u>
LIABILITIES				
Accounts payable	\$ 3,399	\$ 1,630	\$ (3,399)	\$ 1,630
Deposits payable	490,953	374,471	(267,947)	597,477
	<u>494,352</u>	<u>376,101</u>	<u>(271,346)</u>	<u>599,107</u>
Total Liabilities	<u>\$ 494,352</u>	<u>\$ 376,101</u>	<u>\$ (271,346)</u>	<u>\$ 599,107</u>

(Continued)

CITY OF YUBA CITY
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
NET-5 OPERATIONS				
ASSETS				
Cash and investments	\$ 103,721	\$ 110,924	\$ (132,128)	\$ 82,517
Due from agency fund		54,492		54,492
Accounts receivable	<u>6</u>	<u>4</u>	<u>(6)</u>	<u>4</u>
Total Assets	<u>\$ 103,727</u>	<u>\$ 165,420</u>	<u>\$ (132,134)</u>	<u>\$ 137,013</u>
LIABILITIES				
Accounts payable	\$ 4,384	\$ 23,648	\$ (4,384)	\$ 23,648
Deposits payable	<u>99,343</u>	<u>141,772</u>	<u>(127,750)</u>	<u>113,365</u>
Total Liabilities	<u>\$ 103,727</u>	<u>\$ 165,420</u>	<u>\$ (132,134)</u>	<u>\$ 137,013</u>
CAL-MET PROGRAM				
ASSETS				
Accounts receivable	\$ 110,904	\$ 76,640	\$ (110,904)	\$ 76,640
Total Assets	<u>\$ 110,904</u>	<u>\$ 76,640</u>	<u>\$ (110,904)</u>	<u>\$ 76,640</u>
LIABILITIES				
Due to agency fund	\$ 96,126	\$ 54,492	\$ (96,126)	\$ 54,492
Accounts payable	761	9,024	(761)	9,024
Deposits payable	<u>14,017</u>	<u>13,124</u>	<u>(14,017)</u>	<u>13,124</u>
Total Liabilities	<u>\$ 110,904</u>	<u>\$ 76,640</u>	<u>\$ (110,904)</u>	<u>\$ 76,640</u>
FLOOD CONTROL AGENCY				
ASSETS				
Cash and investments	\$ 363,093	\$ 1,796,156	\$ (712,584)	\$ 1,446,665
Accounts receivable	<u>5,594,034</u>	<u>100</u>	<u>(1,016,192)</u>	<u>4,577,942</u>
Total Assets	<u>\$ 5,957,127</u>	<u>\$ 1,796,256</u>	<u>\$ (1,728,776)</u>	<u>\$ 6,024,607</u>
LIABILITIES				
Accounts payable	\$ 80,685	\$ 23,742	\$ (80,685)	\$ 23,742
Loan payable	5,876,442	124,423		6,000,865
Deposits payable		<u>1,648,091</u>	<u>(1,648,091)</u>	
Total Liabilities	<u>\$ 5,957,127</u>	<u>\$ 1,796,256</u>	<u>\$ (1,728,776)</u>	<u>\$ 6,024,607</u>
SBFCA CAPITAL				
ASSETS				
Cash and investments	\$ 2,685,284	\$ 6,159,327	\$ (5,104,625)	\$ 3,739,986
Accounts receivable	<u>256,063</u>	<u>161,949</u>	<u>(256,063)</u>	<u>161,949</u>
Total Assets	<u>\$ 2,941,347</u>	<u>\$ 6,321,276</u>	<u>\$ (5,360,688)</u>	<u>\$ 3,901,935</u>
LIABILITIES				
Accounts payable	\$ 64,817	\$ 888,105	\$ (64,817)	\$ 888,105
Deposits payable	<u>2,876,530</u>	<u>5,433,171</u>	<u>(5,295,871)</u>	<u>3,013,830</u>
Total Liabilities	<u>\$ 2,941,347</u>	<u>\$ 6,321,276</u>	<u>\$ (5,360,688)</u>	<u>\$ 3,901,935</u>

CITY OF YUBA CITY
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2011</u>
TOTAL AGENCY FUNDS				
ASSETS				
Cash and investments	\$ 4,348,450	\$ 9,130,507	\$ (6,820,794)	\$ 6,658,163
Cash and investments with fiscal agent	964,594	9,339	(86,691)	887,242
Due from agency fund	96,126	54,492	(96,126)	54,492
Interest receivable	852	732	(852)	732
Accounts receivable	<u>5,985,264</u>	<u>372,351</u>	<u>(1,407,422)</u>	<u>4,950,193</u>
 Total Assets	 <u>\$ 11,395,286</u>	 <u>\$ 9,567,421</u>	 <u>\$ (8,411,885)</u>	 <u>\$ 12,550,822</u>
LIABILITIES				
Due to agency fund	\$ 96,126	\$ 54,492	\$ (96,126)	\$ 54,492
Accounts payable	194,351	966,330	(194,351)	966,330
Loan payable	5,876,442	124,423		6,000,865
Deposits payable	<u>5,228,367</u>	<u>8,422,176</u>	<u>(8,121,408)</u>	<u>5,529,135</u>
 Total Liabilities	 <u>\$ 11,395,286</u>	 <u>\$ 9,567,421</u>	 <u>\$ (8,411,885)</u>	 <u>\$ 12,550,822</u>

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CITY OF YUBA CITY STATISTICAL SECTION

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

• Financial Trends

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

• Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and sales taxes.

• Debt Capacity

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

• Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.

• Operating Information

These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.

CITY OF YUBA CITY
NET ASSETS BY COMPONENT
LAST NINE FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year			
	2003	2004	2005	2006
Governmental Activities				
Invested In Capital Assets, net of related debt	\$ 18,012,834	\$ 27,740,167	\$ 18,162,443	\$ 25,793,897
Restricted	6,062,127	6,007,497	4,741,946	16,552,036
Unrestricted	18,294,769	17,752,933	43,119,246	30,678,331
Total Governmental Activities Net Assets	\$ 42,369,730	\$ 51,500,597	\$ 66,023,635	\$ 73,024,264
Business-Type Activities				
Invested In Capital Assets, net of related debt	\$ 22,663,423	\$ 36,771,797	\$ 53,889,915	\$ 48,346,102
Restricted	614,250	614,250	762,967	762,967
Unrestricted	30,662,845	25,507,906	25,259,121	37,874,324
Total Business-Type Activities Net Assets	\$ 53,940,518	\$ 62,893,953	\$ 79,912,003	\$ 86,983,393
Primary Government				
Invested In Capital Assets, net of related debt	\$ 40,676,257	\$ 64,511,964	\$ 72,052,358	\$ 74,139,999
Restricted	6,676,377	6,621,747	5,504,913	17,315,003
Unrestricted	48,957,614	43,260,839	68,378,367	68,552,655
Total Primary Government Net Assets	\$ 96,310,248	\$ 114,394,550	\$ 145,935,638	\$ 160,007,657

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002/2003. The City implemented retroactive reporting of infrastructure in fiscal year 2006/2007.

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

Fiscal Year				
2007	2008	2009	2010	2011
\$ 398,797,672	\$ 403,278,221	\$ 403,377,779	\$ 402,012,636	\$ 396,981,908
26,188,402	32,249,323	29,786,112	33,415,439	28,759,126
10,968,014	22,227,025	21,847,750	17,490,649	25,320,209
<u>\$ 435,954,088</u>	<u>\$ 457,754,569</u>	<u>\$ 455,011,641</u>	<u>\$ 452,918,724</u>	<u>\$ 451,061,243</u>
\$ 141,461,866	\$ 145,579,890	\$ 144,507,456	\$ 155,334,486	\$ 151,195,721
762,967	762,967	448,717	3,206,069	2,371,293
28,969,981	28,952,704	27,368,372	14,013,290	15,566,305
<u>\$ 171,194,814</u>	<u>\$ 175,295,561</u>	<u>\$ 172,324,545</u>	<u>\$ 172,553,845</u>	<u>\$ 169,133,319</u>
\$ 540,259,538	\$ 548,858,111	\$ 547,885,235	\$ 557,347,122	\$ 548,177,629
26,951,369	33,012,290	30,234,829	36,621,508	31,130,419
39,937,995	51,179,729	49,216,122	31,503,939	40,886,514
<u>\$ 607,148,902</u>	<u>\$ 633,050,130</u>	<u>\$ 627,336,186</u>	<u>\$ 625,472,569</u>	<u>\$ 620,194,562</u>

CITY OF YUBA CITY
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
Governmental Activities				
General government	\$ 4,690,193	\$ 4,915,935	\$ 4,374,806	\$ 4,961,963
Public safety	11,103,416	13,310,227	15,739,089	17,342,884
Parks and recreation	2,421,961	2,983,167	2,879,858	3,287,171
Public works and facilities	2,780,827	2,804,148	3,261,043	4,450,059
Community development	1,604,772	1,661,702	3,934,728	3,930,166
Interest on long-term debt	1,974,712	2,025,268	2,669,496	3,007,720
Total Governmental Activities Expenses	24,575,881	27,700,447	32,859,020	36,979,963
Business-Type Activities				
Water	4,743,117	5,003,127	5,136,621	6,620,198
Wastewater	6,847,062	6,396,021	7,409,572	9,045,282
Total Business-Type Activities Expenses	11,590,179	11,399,148	12,546,193	15,665,480
Total Primary Government Net Expenses	\$ 36,166,060	\$ 39,099,595	\$ 45,405,213	\$ 52,645,443
Program Revenues				
Governmental Activities				
Charges for Services				
General government	\$ 895,573	\$ 520,408	\$ 715,587	\$ 710,437
Public safety	1,306,983	1,416,699	1,474,532	1,299,653
Parks and recreation	647,921	959,178	1,161,026	1,253,188
Public works and facilities	3,187,879	2,351,483	4,344,153	1,677,018
Community development		2,169,256	2,586,062	1,665,665
Operating Contributions and Grants	1,859,452	3,009,326	2,435,938	2,801,619
Capital Contributions and Grants	1,034,937	1,303,315	2,515,181	1,089,792
Total Governmental Activities Program Revenues	8,932,745	11,729,665	15,232,479	10,497,372
Business-Type Activities				
Charges for Services				
Water	7,356,855	10,395,107	14,975,662	12,530,784
Wastewater	7,787,553	10,731,002	11,589,788	10,986,322
Operating Contributions and Grants			4,550,414	
Capital Contributions and Grants				
Total Business-Type Activities Program Revenues	15,144,408	21,126,109	31,115,864	23,517,106
Total Primary Government Program Revenues	\$ 24,077,153	\$ 32,855,774	\$ 46,348,343	\$ 34,014,478

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

Fiscal Year				
2007	2008	2009	2010	2011
\$ 5,196,149	\$ 5,363,212	\$ 5,176,267	\$ 4,779,423	\$ 4,320,708
20,685,388	23,282,357	24,688,420	23,727,230	23,298,449
3,825,886	4,113,957	4,054,318	3,619,636	2,039,732
9,832,488	10,417,186	11,203,066	12,561,736	13,746,466
5,228,659	3,900,994	3,612,257	4,876,451	3,466,209
3,979,112	5,337,470	5,644,530	5,832,196	3,186,505
48,747,682	52,415,176	54,378,858	55,396,672	50,058,069
8,618,468	9,706,835	9,938,304	9,758,320	9,819,001
9,585,377	9,749,245	9,797,636	9,746,836	9,865,739
18,203,845	19,456,080	19,735,940	19,505,156	19,684,740
\$ 66,951,527	\$ 71,871,256	\$ 74,114,798	\$ 74,901,828	\$ 69,742,809
\$ 736,964	\$ 993,453	\$ 27,482	\$ 24,097	\$ 18,203
1,850,442	1,891,045	2,710,690	2,355,913	2,502,798
1,391,504	1,142,165	1,446,139	1,237,924	1,223,333
7,636,006	587,212	475,349	497,209	396,971
1,100,788	1,723,654	1,304,404	940,205	920,703
4,279,532	3,800,202	3,488,022	3,814,256	3,354,619
1,598,196	18,809,192	6,728,478	9,550,250	8,344,346
18,593,432	28,946,923	16,180,564	18,419,854	16,760,973
10,334,839	9,237,474	8,629,300	8,653,769	8,824,154
9,515,078	9,695,363	9,054,820	9,353,229	9,523,380
166,030		51,196	3,810,219	499,259
166,030	773,751	448,415	523,868	
20,181,977	19,706,588	18,183,731	22,341,085	18,846,793
\$ 38,775,409	\$ 48,653,511	\$ 34,364,295	\$ 40,760,939	\$ 35,607,766

CITY OF YUBA CITY
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(Accrual Basis of Accounting)

	Fiscal Year			
	2003	2004	2005	2006
Net (Expense)/Revenue				
Governmental Activities	\$ (15,643,136)	\$ (15,970,782)	\$ (17,626,541)	\$ (26,482,591)
Business-Type Activities	3,554,229	9,726,961	18,569,671	7,851,626
Total Primary Government Net Expense	(12,088,907)	(6,243,821)	943,130	(18,630,965)
General Revenues and Other Changes in Net Assets				
Governmental Activities				
Taxes				
Secured and unsecured property taxes	5,422,073	6,858,486	12,038,440	15,379,341
Sales and use taxes	8,409,524	8,555,594	7,572,037	9,133,964
Transient lodging taxes				
Franchise taxes	915,657	1,031,819	1,111,651	1,264,092
Other and public service taxes	728,842	827,673	988,635	952,458
Grants and Contributions - Unrestricted	2,831,220	2,282,332	1,414,503	395,439
Interest and Investment Earnings	2,033,927	1,942,486	2,689,592	4,260,089
Miscellaneous	661,832	1,069,668	467,851	409,790
Sale of capital assets	2,083		3,466,483	
Transfers	1,849,314	2,294,924	2,285,892	2,229,069
Total Governmental Activities	22,854,472	24,862,982	32,035,084	34,024,242
Business-Type Activities				
Interest and Investment Earnings	948,518	470,276	734,271	1,718,768
Sale of capital assets				
Transfers	(1,849,314)	(2,294,924)	(2,285,892)	(2,229,069)
Total Business-Type Activities	(900,796)	(1,824,648)	(1,551,621)	(510,301)
Total Primary Government	21,953,676	23,038,334	30,483,463	33,513,941
Change in Net Assets				
Governmental Activities	7,211,336	8,892,200	14,408,543	7,541,651
Business-Type Activities	2,653,433	7,902,313	17,018,050	7,341,325
Total Primary Government	\$ 9,864,769	\$ 16,794,513	\$ 31,426,593	\$ 14,882,976

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002/03.

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

Fiscal Year				
2007	2008	2009	2010	2011
\$ (30,154,250)	\$ (23,468,253)	\$ (38,198,294)	\$ (36,976,818)	\$ (33,297,096)
1,978,132	250,508	(1,552,209)	2,835,929	(837,947)
(28,176,118)	(23,217,745)	(39,750,503)	(34,140,889)	(34,135,043)
17,976,967	18,211,784	17,946,109	17,216,421	16,616,162
7,700,082	7,593,904	6,759,997	7,009,127	7,261,010
	744,133	648,209	530,582	651,970
1,377,674	1,374,274	1,431,844	1,357,607	1,351,524
903,836	1,008,694	960,949	864,948	926,680
369,722	313,876	238,821	209,236	295,509
5,531,403	6,666,935	5,006,289	4,193,845	928,351
728,673	506,607	7,062	244,794	516,964
	100,535	25,815		
3,639,983	1,733,485	2,727,978	3,035,849	2,891,445
38,228,340	38,254,227	35,753,073	34,662,409	31,439,615
1,560,862	1,774,540	1,309,171	429,220	308,866
	(912)			
(3,639,983)	(1,733,485)	(2,727,978)	(3,035,849)	(2,891,445)
(2,079,121)	40,143	(1,418,807)	(2,606,629)	(2,582,579)
36,149,219	38,294,370	34,334,266	32,055,780	28,857,036
8,074,090	14,785,974	(2,445,221)	(2,314,409)	(1,857,481)
(267,019)	290,651	(2,971,016)	229,300	(3,420,526)
\$ 7,807,071	\$ 15,076,625	\$ (5,416,237)	\$ (2,085,109)	\$ (5,278,007)

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

	Fiscal Year				
	2002	2003	2004	2005	2006
General Fund					
Reserved	\$ 13,924,397	\$ 15,238,937	\$ 16,726,502	\$ 18,325,351	\$ 20,508,445
Unreserved	2,885,370	2,802,419	3,268,359	3,486,687	3,833,519
Total General Fund	\$16,809,767	\$18,041,356	\$19,994,861	\$21,812,038	\$24,341,964
All Other Governmental Funds					
Reserved	\$ 2,379,225	\$ 3,141,676	\$ 7,493,464	\$ 6,457,399	\$ 7,779,152
Unreserved, Reported In:					
Special Revenue Funds	4,523,185	3,250,205	(70,525)	5,351,375	6,174,368
Debt Service Funds	41,914	(14,936,066)	(16,467,034)	(18,139,942)	(19,953,937)
Capital Projects Funds	6,057,742	8,031,101	6,367,180	24,426,922	20,992,418
Total All Other Governmental Funds	13,002,066	(513,084)	(2,676,915)	18,095,754	14,992,001
Total Governmental Funds	\$29,811,833	\$17,528,272	\$17,317,946	\$39,907,792	\$39,333,965

General Fund
 Nonspendable
 Committed
 Unassigned

Total General Fund

All Other Governmental Funds
 Nonspendable
 Restricted
 Committed
 Assigned
 Unassigned

Total All Other Governmental Funds

Total Governmental Funds

* GASB 54 implemented in fiscal year 10/11

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

Fiscal Year				
2007	2008	2009	2010	2011*
\$ 22,364,092	\$ 24,558,967	\$ 26,888,182	\$ 29,609,352	
4,033,423	3,881,024	5,465,445	4,958,082	
<u>\$26,397,515</u>	<u>\$28,439,991</u>	<u>\$32,353,627</u>	<u>\$34,567,434</u>	
\$ 28,249,617	\$ 29,430,138	\$ 13,583,533	\$ 13,439,946	
23,093,007	13,359,772	5,783,782	4,902,184	
(20,904,593)	(24,144,263)	(26,558,689)	(29,214,558)	
8,536,048	9,231,060	17,534,282	13,109,881	
<u>38,974,079</u>	<u>27,876,707</u>	<u>10,342,908</u>	<u>2,237,453</u>	
<u>\$65,371,594</u>	<u>\$56,316,698</u>	<u>\$42,696,535</u>	<u>\$36,804,887</u>	

\$ 18,577,928
4,675,251
3,629,782

\$ 26,882,961

\$ 272
14,430,465
13,968,017
161,996
(18,873,149)

\$ 9,687,601

\$ 36,570,562

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

	Fiscal Year				
	2002	2003	2004	2005	2006
Revenues					
Taxes and Assessments	\$ 15,826,615	\$ 17,510,350	\$ 19,190,073	\$ 20,988,616	\$ 28,383,087
Licenses, Permits and Fees	1,375,894	1,759,227	2,682,272	3,599,183	1,921,772
Fines and Forfeitures	313,902	400,176	462,268	502,645	455,367
Use of Money and Property	1,964,663	1,912,404	1,860,369	2,673,731	3,946,664
Intergovernmental Revenues	5,481,368	4,868,529	5,741,581	7,244,922	3,320,112
Charges for Services	1,542,343	2,587,414	3,299,899	4,928,119	2,760,809
Other Revenue	1,747,854	663,413	995,979	1,525,897	409,790
Total Revenues	28,252,639	29,701,513	34,232,441	41,463,113	41,197,601
Expenditures					
Current					
General Government	3,667,037	4,550,798	4,807,359	4,156,553	4,620,359
Public Safety	9,826,998	10,612,894	12,597,055	14,969,069	16,828,712
Parks and Recreation	2,145,350	2,377,992	2,875,780	2,794,846	3,148,167
Public works and facilities	2,185,593	2,569,003	2,428,857	2,723,586	3,875,836
Community Development	2,106,061	1,604,026	1,659,113	3,925,128	3,908,345
Pension expenditures					
Debt Service					
Principal Retirement	1,154,043	592,821	720,191	1,334,439	333,908
Interest and Fiscal Charges	1,201,042	1,892,443	2,024,618	2,584,336	3,010,277
Bond Issue Cost					
Capital Outlay	5,016,659	4,472,735	10,238,565	4,066,608	7,319,763
Total Expenditures	27,302,783	28,672,712	37,351,538	36,554,565	43,045,367
Excess of Revenues Over (Under) Expenditures	949,856	1,028,801	(3,119,097)	4,908,548	(1,847,766)
Other Financing Sources (Uses)					
Transfers In	12,190,787	10,492,198	13,136,785	21,239,271	11,514,364
Transfers Out	(11,460,162)	(10,322,906)	(11,283,861)	(19,755,741)	(9,553,285)
Issuance of debt	1,238,982	147,163	1,055,847		
Sales of Property				3,466,483	
Refunding Bond Proceeds				20,690,000	
Payments to Refunding Agents				(8,073,210)	
Loan Proceeds					
Certificates of Participation Issued					
Tax Allocation Bond Issued					
Premium on Tax Allocation Bond					
Total Other Financing Sources (Uses)	1,969,607	316,455	2,908,771	17,566,803	1,961,079
Net Change In Fund Balances	\$2,919,463	\$1,345,256	(\$210,326)	\$22,475,351	\$113,313
Debt Service as a percentage of non-capital expenditures¹	11.8%	11.4%	11.3%	13.7%	10.3%

¹For 2008, 2009, 2010, and 2011 the debt service as a percentage of noncapital expenditures was calculated by excluding the capital outlay expenditure amount from the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

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

Fiscal Year				
2007	2008	2009	2010	2011
\$ 30,457,191	\$ 30,845,525	\$ 30,417,648	\$ 28,563,525	\$ 31,388,057
1,181,053	1,353,822	764,696	761,033	724,090
639,271	815,815	677,402	490,881	483,956
5,181,876	6,106,793	4,552,206	3,801,345	658,589
3,817,490	5,329,618	3,433,937	8,043,366	4,173,926
9,295,190	5,294,303	6,803,599	5,620,730	6,633,906
868,266	529,093	590,307	1,207,407	809,902
51,440,337	50,274,969	47,239,795	48,488,287	44,872,426
5,014,327	5,152,199	4,858,367	4,354,742	3,403,128
20,023,229	22,847,118	23,674,889	23,163,001	22,857,469
3,659,681	3,955,688	3,878,488	3,628,957	1,989,822
3,793,741	3,382,147	3,173,448	3,681,891	5,265,598
5,236,196	3,673,956	3,806,050	5,578,721	4,218,060
7,498,612				
384,874	1,059,894	1,811,502	1,931,391	2,037,244
3,669,126	5,011,466	5,582,117	5,746,734	3,107,770
1,270,865				
16,128,372	22,118,800	16,803,075	9,330,347	7,858,187
66,679,023	67,201,268	63,587,936	57,415,784	50,737,278
(15,238,686)	(16,926,299)	(16,348,141)	(8,927,497)	(5,864,852)
24,040,452	49,398,274	22,406,863	24,505,212	24,888,036
(20,707,525)	(47,850,239)	(19,678,885)	(21,469,363)	(19,257,509)
	6,323,368			
7,685,000				
1,522,332				
12,500,000				
16,000,000				
236,056				
41,276,315	7,871,403	2,727,978	3,035,849	5,630,527
\$26,037,629	(\$9,054,896)	(\$13,620,163)	(\$5,891,648)	(\$234,325)
14.1%	15.6%	15.8%	18.9%	13.6%

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

Fiscal Year	Real Property	Personal Property	Less: Tax-Exempt Real Property	Total Taxable Assessed Value ¹	Total Direct Tax Rate
2002	\$ 1,769,719,864	\$ 246,286,225	\$ 49,980,177	\$ 1,966,025,912	1.00000%
2003	1,929,176,080	263,553,493	51,538,396	2,141,191,177	1.03840%
2004	2,196,686,176	346,089,378	93,317,063	2,449,458,491	1.03500%
2005	2,519,998,779	382,843,841	113,871,122	2,788,971,498	1.08250%
2006	3,291,827,504	344,080,281	134,077,257	3,501,830,528	1.06380%
2007	3,976,368,405	393,419,411	135,691,517	4,234,096,299	1.06840%
2008	4,362,825,195	398,556,414	148,818,949	4,612,562,660	1.07670%
2009	4,620,231,165	383,764,855	268,912,438	4,735,083,582	1.07503%
2010	4,476,330,929	395,589,268	289,743,659	4,582,176,538	1.11124%
2011	4,415,273,244	344,409,082	314,536,993	4,445,145,333	1.12947%

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

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

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

Source: Sutter County Tax Collector/Treasurer

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

Fiscal Year	County Direct Rate ²	Yuba City Unified Bond	Field Bond	Total Rate
2002	1.00000	-	-	1.00000
2003	1.00000	0.03840	-	1.03840
2004	1.00000	0.03500	-	1.03500
2005	1.00000	0.08250	-	1.08250
2006	1.00000	0.06380	-	1.06380
2007	1.00000	0.06840	-	1.06840
2008	1.00000	0.07670	-	1.07670
2009	1.00000	0.07503	-	1.07503
2010	1.00000	0.11124	-	1.11124
2011	1.00000	0.12947	-	1.12947

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

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

Source: Sutter County Auditor-Controller

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

Taxpayer	Fiscal Year 2011			Fiscal Year 2002		
	Taxable Assessed Value ¹	Percent Of Total Assessed Valuation	Rank	Taxable Assessed Value ¹	Percent Of Total Assessed Valuation	Rank
Sunsweet Growers Inc.	\$ 70,877,138	1.84%	1	\$ 60,318,978	2.92%	1
Wal Mart Stores Inc./Sam's West	40,024,706	1.04%	2	20,116,524	0.97%	6
Miravista LLC	38,403,410	1.00%	3	-	-	
Feather River Energy Center LLC	31,704,700	0.82%	4	-	-	
Yuba City Co Generation Limited	30,966,427	0.80%	5	49,661,472	2.40%	2
Rideout Memorial Hospital	24,602,066	0.64%	6	-	-	
Comcast of Northern California	22,042,589	0.57%	7	-	-	
Butte House Bel Air Investors	19,427,613	0.50%	8	17,793,033	0.86%	7
Kats Family 87 Trust	18,346,229	0.48%	9	-	-	
Bridge Street QC LLC	17,992,861	0.47%	10	-	-	
Greenleaf Unit Two Associates				36,766,541	1.78%	3
Mediaone of Northern California				32,296,498	1.56%	4
Yuba Plaza Associates Limited				22,587,202	1.09%	5
California Fruit Packing Company LLC				12,818,715	0.62%	8
Western Properties Trust				10,474,887	0.51%	9
Sumitomo Bank Leasing Finance				9,844,379	0.48%	10
	<u>\$ 314,387,739</u>	<u>8.16%</u>		<u>\$ 272,678,229</u>	<u>13.20%</u>	

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

Source: Sutter County Auditor-Controller

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

Fiscal Year	Taxes Levied for the Fiscal Year			Collections within the Fiscal Year of the Levy	
	City	RDA	Total ¹	Amount	Percent of Levy
2002	\$ 3,100,979	\$ 1,351,856	\$ 4,452,835	\$ 4,452,835	100.00%
2003	3,289,782	1,639,739	4,929,521	4,929,521	100.00%
2004	3,654,765	2,738,215	6,392,980	6,392,980	100.00%
2005	4,117,593	2,480,294	6,597,887	6,597,887	100.00%
2006	5,108,389	3,031,149	8,139,538	8,139,538	100.00%
2007	6,529,780	3,533,990	10,063,770	10,063,770	100.00%
2008	7,148,318	3,338,218	10,486,536	10,486,536	100.00%
2009	7,091,491	3,712,359	10,803,850	10,803,850	100.00%
2010	6,812,588	3,512,956	10,325,544	10,325,544	100.00%
2011	6,398,070	3,476,567	9,874,637	9,874,637	100.00%

¹ Schedule excludes unitary tax.

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

Source: Sutter County Tax Collector/Treasurer

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

Governmental Activities						
Fiscal Year	Tax Allocation Revenue Bonds	Loans Payable	Certificates of Participation	Pension Obligation Bonds	Capital Lease Payable	Total
2002	\$ 8,350,000	\$ 125,031	\$ 1,305,000	\$ -	\$ -	\$ 9,780,031
2003	8,185,000	107,210	895,000	-	147,163	9,334,373
2004	8,010,000	88,896	460,000	-	1,111,132	9,670,028
2005	20,690,000	-	-	-	972,169	21,662,169
2006	20,500,000	-	-	-	828,262	21,328,262
2007	36,255,000	1,479,727	12,500,000	7,685,000	730,993	58,650,720
2008	36,005,000	1,819,241	12,265,000	7,255,000	6,569,953	63,914,194
2009	35,615,000	1,774,102	12,020,000	6,725,000	5,968,590	62,102,692
2010	35,200,000	1,727,641	11,765,000	6,135,000	5,343,660	60,171,301
2011	34,775,000	1,679,818	11,500,000	5,485,000	4,694,239	58,134,057

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

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

n/a: not available

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

Business-Type Activities

Revenue Bonds Payable	Certificates of Participation	Capital Lease Payable	Total	Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
\$ -	\$ 16,390,000	\$ -	\$ 16,390,000	\$ 26,170,031	2.41%	\$ 554
-	27,015,000	-	27,015,000	36,349,373	3.19%	752
-	26,560,000	-	26,560,000	36,230,028	2.70%	658
-	26,080,000	-	26,080,000	47,742,169	3.24%	818
-	50,410,000	-	50,410,000	71,738,262	4.63%	1,186
-	49,910,769	-	49,910,769	108,561,489	6.60%	1,749
-	48,891,634	2,279,648	51,171,282	115,085,476	6.88%	1,817
-	47,815,574	-	47,815,574	109,918,266	7.67%	1,727
-	46,696,550	-	46,696,550	106,867,851	n/a	1,635
-	41,783,778	-	41,783,778	99,917,835	7.77%	1,524

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

Fiscal Year	General Bonded Debt Outstanding				Percentage of Personal Income ¹	Percentage of Total Taxable Assessed Value ²	Per Capita ¹
	Certificates of Participation	Pension Obligation Bonds	Capital Lease Payable	Total			
2002	\$ 1,305,000	\$ -	\$ -	\$ 1,305,000	0.12%	0.07%	\$ 28
2003	895,000	-	-	895,000	0.08%	0.04%	19
2004	460,000	-	1,055,847	1,515,847	0.11%	0.06%	28
2005	-	-	972,169	972,169	0.07%	0.03%	17
2006	-	-	828,262	828,262	0.05%	0.02%	14
2007	12,500,000	7,685,000	730,993	20,915,993	1.27%	0.49%	337
2008	12,265,000	7,255,000	6,569,953	26,089,953	1.56%	0.57%	412
2009	12,020,000	6,725,000	5,968,590	24,713,590	1.72%	0.52%	388
2010	11,765,000	6,135,000	5,343,660	23,243,660	n/a	0.51%	356
2011	11,500,000	5,485,000	4,694,239	21,679,239	1.69%	0.44%	331

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

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

n/a - not available

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

CITY OF YUBA CITY
DIRECT AND OVERLAPPING DEBT GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2011

	Percent Applicable ¹	Debt June 30, 2011
OVERLAPPING TAX AND ASSESSMENT DEBT:		
Yuba Joint Community College District	16.521%	\$ 15,226,799
Sutter Union High School District	0.308%	36,599
Yuba City Unified School District School Facilities Improvement District No. 99-1	69.614%	15,602,478
Yuba City Unified School District School Facilities Improvement District No. 2004-1	70.093%	16,326,230
City of Yuba City Community Facilities District No. 2004-1	100.000%	2,965,000
City of Yuba City 1915 Act Bonds	100.000%	4,608,478
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		54,765,584
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Sutter County Certificates of Participation	52.934%	910,465
Sutter County Board of Education Certificates of Participation	52.934%	2,702,281
Yuba Joint Community College District Certificates of Participation	16.521%	2,484,758
Yuba City Unified School District Certificates of Participation	77.145%	26,742,314
City of Yuba City Certificates of Participation	100.000%	11,500,000
City of Yuba City Pension Obligations	100.000%	5,485,000
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		49,824,818
COMBINED TOTAL DEBT		\$ 104,590,402²
TOTAL DIRECT DEBT		\$ 16,985,000
TOTAL OVERLAPPING DEBT		\$ 87,605,402

¹ Percentage of overlapping agency's assessed valuation located within boundaries of the City of Yuba City

² Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

RATIOS TO 2010-11 ASSESSED VALUATION:

Total Overlapping Tax and Assessment Debt	1.23%
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RATIOS TO ADJUSTED ASSESSED VALUATION:

Combined Direct Debt (\$16,985,000)	0.42%
Combined Total Debt	2.59%

Source: California Municipal Statistics

CITY OF YUBA CITY
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

	Fiscal year			
	2002	2003	2004	2005
Total assessed value of all real and personal property	\$ 1,966,025,912	\$ 2,141,191,177	\$ 2,449,458,491	\$ 2,788,971,498
Debt limit percentage	15.00%	15.00%	15.00%	15.00%
Total debt limit	294,906,887	321,178,677	367,418,774	418,345,725
Amount application to debt limit	1,305,000	895,000	1,515,847	972,169
Legal debt margin	<u>\$ 293,598,887</u>	<u>\$ 320,283,677</u>	<u>\$ 365,902,927</u>	<u>\$ 417,373,556</u>
Total net debt applicable to the limit as a percentage of debt limit	0.44%	0.28%	0.41%	0.23%

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

Fiscal year					
2006	2007	2008	2009	2010	2011
\$ 3,501,830,528	\$ 4,234,096,299	\$ 4,612,562,660	\$ 4,735,083,582	\$ 4,582,176,538	\$ 4,445,145,333
15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
525,374,579	635,114,445	691,884,399	710,262,537	687,326,481	666,771,800
828,262	20,915,993	26,089,953	24,713,590	23,243,660	21,679,239
<u>\$ 524,446,317</u>	<u>\$ 614,198,452</u>	<u>\$ 665,794,446</u>	<u>\$ 685,548,947</u>	<u>\$ 664,082,821</u>	<u>\$ 645,092,561</u>
0.16%	3.29%	3.77%	3.48%	3.38%	3.25%

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CITY OF YUBA CITY
PLEDGED REVENUE COVERAGE
GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

Tax Allocation Revenue Bonds

<u>Fiscal Year</u>	<u>Property Tax Increment</u>	<u>Principal</u>	<u>Interest</u>	<u>Coverage</u>
2002	\$ 1,351,856	\$ 155,000	\$ 474,886	2.15
2003	1,672,991	165,000	467,361	2.65
2004	2,783,597	175,000	500,827	4.12
2005	2,526,031	-	818,351	3.09
2006	3,078,442	190,000	1,160,656	2.28
2007	3,584,401	287,605	1,232,577	2.36
2008	3,338,218	250,000	1,708,563	1.70
2009	3,712,359	390,000	1,966,559	1.58
2010	3,512,956	415,000	1,950,034	1.49
2011	3,476,567	425,000	1,932,096	1.47

Loans Payable

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2002	\$ 17,341	\$ 3,797
2003	17,821	3,317
2004	18,314	2,824
2005	88,896	326
2006	-	-
2007	-	410,276
2008	43,854	53,946
2009	45,139	52,642
2010	46,461	51,301
2011	47,823	49,919

Note: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements. Operating expenses do not include interest, depreciation or amortization.

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

CITY OF YUBA CITY
PLEDGED REVENUE COVERAGE
PROPRIETARY FUNDS
LAST TEN FISCAL YEARS

Water Revenue Bonds

Fiscal Year	Operating Revenue	Adjusted Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2002	\$ -	\$ -	\$ -	\$ -	\$ -	-
2003	-	-	-	-	-	-
2004	-	-	-	-	-	-
2005	-	-	-	-	-	-
2006	-	-	-	-	-	-
2007	-	-	-	-	-	-
2008	-	-	-	-	-	-
2009	-	-	-	-	-	-
2010	-	-	-	-	-	-
2011	-	-	-	-	-	-

Sewer Revenue Bonds

Fiscal Year	Operating Revenue	Adjusted Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2002	\$ -	\$ -	\$ -	\$ -	\$ -	-
2003	-	-	-	-	-	-
2004	-	-	-	-	-	-
2005	-	-	-	-	-	-
2006	-	-	-	-	-	-
2007	-	-	-	-	-	-
2008	-	-	-	-	-	-
2009	-	-	-	-	-	-
2010	-	-	-	-	-	-
2011	-	-	-	-	-	-

Note: Does not include 2000 Wastewater Certificates of Participation debt defeased of \$9,670,000.

Note: Details regarding the City's outstanding debt can be found in the notes to the basic financial statements. Operating expenses do not include interest, depreciation or amortization.

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

Water Certificates of Participation

Operating Revenue	Adjusted Operating Expenses	Use of Stabilization Reserve	Other Allowed Sources (Uses)	Net Available Revenue	Principal	Interest	Coverage
\$ 7,032,705	\$ (3,522,451)	\$ -	\$ (540,080)	\$ 2,970,174	\$ 100,000	\$ 234,479	8.88
7,356,855	(3,548,144)		(561,198)	3,247,513	105,000	254,636	9.03
10,395,107	(2,974,440)		(791,400)	6,629,267	110,000	230,137	16.55
14,975,662	(3,936,113)		(1,061,863)	9,977,686	115,000	225,441	29.22
12,530,784	(4,449,497)		(370,244)	7,711,043	910,000	1,008,170	4.02
10,334,839	(4,911,422)		(392,296)	5,031,121	525,000	1,291,689	2.77
9,237,474	(5,457,677)		(324,810)	3,454,987	550,000	1,267,282	1.90
8,629,300	(5,202,852)		(634,882)	2,791,566	575,000	1,241,738	1.54
8,653,769	(4,816,519)	290,290	(1,949,504)	2,178,036	600,000	1,215,030	1.20
8,824,154	(4,770,068)		(1,709,289)	2,344,797	630,000	1,190,095	1.29

Wastewater Certificates of Participation

Operating Revenue	Adjusted Operating Expenses	Use of Stabilization Reserve	Other Allowed Sources (Uses)	Net Available Revenue	Principal	Interest	Coverage
\$ 7,256,904	\$ (3,640,448)	\$ -	\$ 240,602	\$ 3,857,058	\$ 260,000	\$ 647,543	4.25
7,787,553	(4,678,874)		115,609	3,224,288	270,000	1,163,017	2.25
10,731,002	(4,197,468)		(561,746)	5,971,788	345,000	1,147,947	4.00
11,589,788	(4,639,677)		(448,566)	6,501,545	365,000	1,129,608	4.35
10,986,322	(5,600,344)		(511,629)	4,874,349	385,000	1,110,199	3.26
9,515,078	(5,846,877)		(254,145)	3,414,056	405,000	1,081,644	2.30
9,695,363	(6,046,042)		628,595	4,277,916	469,135	976,312	2.96
9,070,420	(5,937,384)		(265,983)	2,867,053	501,061	953,151	1.97
9,353,229	(5,823,559)		(673,042)	2,856,628	519,025	931,520	1.97
9,523,380	(5,732,765)		(873,291)	2,917,324	542,772	911,317	2.01

CITY OF YUBA CITY
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population ¹	Personal Income ²		School Enrollment ³	Unemployment Rate ⁴	City Square Miles ⁵
		Total (in thousands)	Per Capita			
2002	47,200	\$ 1,086,733	\$ 23,024	11,337	12.1%	10.76
2003	48,350	1,140,093	23,580	11,647	12.5%	11.23
2004	55,078	1,340,709	24,342	11,921	14.0%	12.86
2005	58,368	1,475,426	25,278	12,294	7.9%	13.30
2006	60,507	1,549,100	25,602	12,237	10.6%	13.89
2007	62,083	1,643,647	26,475	13,060	10.0%	13.94
2008	63,338	1,671,553	26,391	12,758	11.8%	14.58
2009	63,647	1,433,595	22,634	12,842	12.3%	14.58
2010	65,372	n/a	n/a	12,670	21.6%	14.65
2011	65,569	1,286,479	19,620	12,746	21.9%	14.65

¹ Source: California Department of Finance

² Source: California Franchise Tax Board

³ Source: Yuba City Unified School District

⁴ Source: California Employment Development Department

⁵ Source: Yuba City Engineering Department

n/a: not available

**CITY OF YUBA CITY
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	Fiscal Year 2011			Fiscal Year 2002		
	Employees	Percent of Total Employment	Rank	Employees	Percent of Total Employment	Rank
Fremont Rideout Medical	1,750	8.58%	1	N/A	N/A	N/A
Yuba City Unified	1,321	6.48%	2	N/A	N/A	N/A
County of Sutter	950	4.66%	3	N/A	N/A	N/A
Sunsweet Growers	702	3.44%	4	N/A	N/A	N/A
Wal-Mart	525	2.57%	5	N/A	N/A	N/A
Sutter North Medical	450	2.21%	6	N/A	N/A	N/A
City of Yuba City	293	1.44%	7	N/A	N/A	N/A
Sam's Club	190	0.93%	8	N/A	N/A	N/A
Bel Air/Raley's	184	0.90%	9	N/A	N/A	N/A
Target	150	0.74%	10	N/A	N/A	N/A
	6,515	31.94%				

Source: City of Yuba City Economic Development Division

N/A - Data not available

CITY OF YUBA CITY
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES
BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Governmental Activities						
General Government						
City manager	2.00	2.00	2.00	2.00	3.00	2.00
Finance	14.00	14.00	14.00	14.00	16.00	16.00
Information services	4.00	4.00	4.00	4.00	4.00	4.00
General services	9.75	9.75	9.75	9.75	9.75	11.75
Human resources	4.50	4.50	5.50	6.00	6.00	6.00
Public Safety						
Police	71.50	72.50	84.50	84.50	97.50	102.50
Fire	43.60	46.60	46.60	47.10	49.10	52.10
Parks and Recreation	27.79	29.00	29.00	26.00	28.00	30.50
Public Works and facilities						
Administration	2.00	2.00	2.00	2.00	2.00	2.00
Streets	9.30	10.30	10.30	10.30	10.50	10.30
Engineering	8.50	9.00	9.00	8.00	8.00	8.00
Electrical maintenance	4.00	4.10	4.10	4.10	4.10	4.10
Community Development						
Planning	4.00	4.00	4.00	7.00	7.00	5.00
Building inspection	4.00	7.00	8.00	11.00	11.00	12.00
Economic development	2.50	3.50	3.50	2.60	2.60	2.60
Water	20.70	21.70	23.70	24.20	27.60	29.50
Wastewater	24.00	24.90	26.90	29.40	33.80	36.10
Vehicle maintenance	4.25	4.25	5.25	5.25	5.25	5.25
Total Full-Time Equivalent Employees	260.39	273.10	292.10	297.20	325.20	339.70

Source: City of Yuba City Finance Department

Fiscal Year			
2008	2009	2010	2011
2.00	2.00	4.00	3.75
16.00	16.60	13.52	17.52
4.00	4.00	4.00	-
11.75	11.75	9.75	5.00
6.00	5.50	4.50	3.50
102.50	103.50	101.50	91.50
52.10	55.10	55.10	55.10
32.50	31.73	26.24	20.23
2.00	3.00	3.00	3.75
10.30	10.23	9.23	9.23
6.00	8.00	10.00	10.00
4.10	4.08	1.08	0.88
5.00	4.00	3.00	3.00
10.00	10.00	6.00	5.00
1.60	1.00	1.00	1.00
27.95	28.73	29.58	24.58
36.65	37.73	38.88	35.08
5.25	5.25	5.25	4.25
<u>335.70</u>	<u>342.20</u>	<u>325.63</u>	<u>293.37</u>

**CITY OF YUBA CITY
OPERATING INDICATORS
BY FUNCTION/PROGRAM
LAST TEN YEARS**

	Calendar Year				
	2002	2003	2004	2005	2006
Finance					
Utility customers billed	10,667	13,875	15,319	16,861	17,100
Community Development					
Single family dwelling building permits issued	358	589	750	991	869
Land use entitlement applications	84	124	118	126	119
Police					
Citations issued	4,196	7,992	9,148	8,978	8,130
Arrests made	2,773	2,908	3,134	3,020	3,126
Requests for services	37,441	38,109	47,708	49,563	58,368
Fire					
Fire responses	4,275	5,148	5,205	5,384	5,852
Area served (sq. miles)	10.702	11.000	11.000	17.200	17.200
Parks and Recreation					
Classes held	n/a	n/a	n/a	n/a	754
Hours of recreation offered	n/a	n/a	n/a	n/a	13,977
Total participants	n/a	n/a	n/a	n/a	12,220
Park acres overseen	118.94	122.50	122.50	130.00	130.00
Public Works					
Encroachment permits	119	136	110	130	122
Subdivision agreements	n/a	22	21	21	12
Capital improvement projects	29	26	26	26	9
Street maintenance - crack seal (streets)	n/a	n/a	n/a	n/a	30
Street maintenance - traffic marking paint (gal.)	500	525	600	625	650
Street light repairs	n/a	n/a	n/a	418	304
Water					
Water introduced to system (million gallons)	4,771	3,923	5,481	5,933	5,435
Metered water deliveries (hundred cubic feet)	4,610,223	4,890,372	4,857,062	5,198,150	5,229,748
Wastewater					
Effluent (millions of gallons per day)	5.202	5.556	5.975	5.300	5.281

n/a - information was not required to be reported in prior years and was not retained

Source: City of Yuba City Finance Department

Calendar Year				
2007	2008	2009	2010	2011
17,896	17,570	17,628	17,806	17,997
292	54	39	37	8
74	92	42	37	26
10,298	12,597	11,769	8,485	8,831
3,140	3,465	3,452	3,336	3,180
44,593	43,936	48,053	44,856	47,880
6,119	6,591	7,169	7,101	7,302
17.200	30.000	30.000	30.000	30.000
320	500	1,182	2,762	2,484
6,000	5,800	8,190	17,530	17,217
7,402	12,500	36,749	93,103	78,787
130.00	130	133	133	133
105	117	83	98	106
3	3	-	-	-
10	17	20	20	20
-	52	93	70	76
1,175	910	925	538	401
588	621	468	398	414
6,128	6,008	6,220	6,091	4,985
7,404,329	6,010,883	5,976,940	5,450,998	5,351,142
6.088	5.366	5.150	6.500	5.800

**CITY OF YUBA CITY
CAPITAL ASSET STATISTICS
BY FUNCTION/PROGRAM
LAST TEN YEARS**

	Calendar Year					
	2002	2003	2004	2005	2006	2007
Police						
Stations	1	1	1	1	1	1
Fire						
Stations	5	5	5	5	5	5
Public Works						
Streets (centerline miles)	n/a	n/a	n/a	n/a	285	285
Street lights	n/a	n/a	n/a	n/a	6,000	6,000
Traffic signals	n/a	n/a	n/a	n/a	32	32
Parks and Recreation						
Office buildings	-	-	-	1	1	2
Park acreage	100	100	110	110	110	110
Playing fields/courts	7	7	7	7	7	7
Swimming pools	1	1	1	1	1	1
Water play features	-	-	1	1	1	1
Water						
Water mains (miles)	n/a	n/a	n/a	n/a	233	229
Fire hydrants	n/a	n/a	n/a	n/a	2,324	2,317
Storage capacity (million gallons)	10.25	10.25	10.25	14.00	14.00	18.00
Treatment capacity (million gallons)	24.0	24.0	27.0	36.3	36.3	48.3
Wastewater						
Sewer mains (miles)	n/a	n/a	n/a	158	158	155
Treatment capacity (million gallons)	7	7	7	7	7	10.5

n/a - information was not required to be reported in prior years and was not retained

Source: City of Yuba City Finance Department

Calendar Year			
2008	2009	2010	2011
1	1	1	1
5	5	5	5
237	237	237	237
6,071	6,071	6,071	6,078
33	34	34	37
2	3	3	2
110	113	113	113
7	7	7	7
1	1	1	1
1	2	2	2
232	260	260	274.7
2,324	2,593	2,593	2,684
18.00	18.00	18.00	21.00
48.5	48.5	36.0	36.0
176.5	176.5	176.5	179
10.5	10.5	10.5	10.5



MOSS, LEVY & HARTZHEIM LLP

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Yuba City, California, as of and for the fiscal year ended June 30, 2011 which collectively comprise the City of Yuba City's basic financial statements, and have issued our report thereon dated December 7, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Yuba City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Yuba City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Yuba City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

We noted certain other matters that we reported to management of the City of Yuba City in a separate letter dated November 22, 2011.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the City of Yuba City are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the organization, City Council, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, CA
December 7, 2011