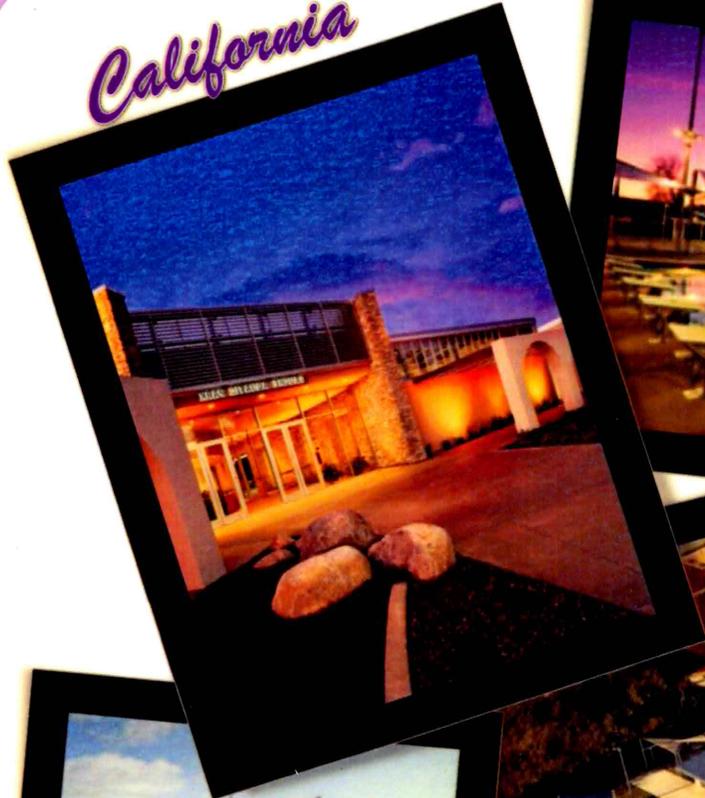


California



City of Yuba City

Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2009

**CITY OF YUBA CITY
CALIFORNIA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the Fiscal Year Ended
June 30, 2009**

**CITY OF YUBA CITY
Finance Department**

Robin Bertagna, CPA
Finance Director

CITY OF YUBA CITY

On the Cover:

Gauche Aquatic Park

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Marc Mattox

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CITY OF YUBA CITY



FINANCE DEPARTMENT

1201 Civic Center Blvd. • Yuba City California 95993 • Phone (530) 822-4618 • Fax (530) 822-4694

December 8, 2009

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, 2009. 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. The internal control system is designed to provide reasonable, but not absolute, assurance that this objective is met. We believe the data, as presented, is accurate in all material aspects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and component units of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial affairs have been included.

State statutes require an annual audit of the City's financial records by independent certified public accountants. The firm of Moss, Levy & Hartzheim, 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. Generally accepted auditing standards and the standards set forth in the General Accounting Office's Governmental 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 Government Accounting Standards Board (GASB), and include the report of the City's independent public accountants. 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

Accounting/Budget
(530) 822-5196

Accounts Receivable
(530) 822-4711

Accounts Payable
(530) 822-4617

Payroll
(530) 822-4616

Business License
(530) 822-4619

Water/Sewer Bills
(530) 822-4618

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.

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 63,647 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 who 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 services, 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, 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 has entered into a recession that is expected to continue through 2010. Consumers have responded to all of the negative economic and financial news by reducing spending patterns.

The State's projected budget deficit of \$21 billion will likely impact local government budgets as well. Even though Proposition 1A passed by the voters in 2004 largely protects local revenues, the Governor and the Legislature continue 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 is approximately \$1.3 million for FY 2009-10. The California Redevelopment Association (CRA) already successfully challenged the State's take of redevelopment funds during FY 2008-09 and won the battle to retain redevelopment tax increment levels at the local level. It is hoped that CRA will again be successful in stopping the raid of local tax revenues. City staff continues to monitor State budget bulletin releases for impacts to Yuba City.

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.

The City prepared its first two-year budget for FY 2007-09. Due to the recent economic volatility, the City has 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 small portion of on-going expenditures from one-time reserve sources during the present economic downturn.

During the budget development process for the FY 2008-09 City budget, City staff predicted that the economic downturn would be for a shorter duration. As such, Yuba City adopted a budget for FY 2008-09 that included the implementation of a \$2.3 million Economic Stabilization Reserve (ESR) Fund of which \$560,000 would be used during FY 2008-09 to balance out revenues and expenditures until the economy turned around. At mid-year, as the economy continued to deteriorate, both locally and nationally, the City revised its revenue projections downward by \$1.5 million. We also reduced budgeted appropriations by \$1.0 million in order to adjust spending patterns to a level that would preserve available resources. As of the end of FY 2008-09, an actual amount of \$592,000 of the ESR Fund was used to fund general fund operations (compared to the original amount budgeted to be used of \$560,000). This point is noteworthy as the City adjusted both its revenue and expenditure projections to accommodate the dynamic economic environment and still end the year utilizing a conservative amount of reserves for operations.

As the City's primary general fund revenue sources of property and sales tax continued to decline, the FY 2009-10 budget also presented a significant challenge. Vacancies created through attrition were not authorized for rehire unless it was a necessary position for public safety. All materials, supplies and services budgets were reduced to a "bare bones" level. All travel and training was eliminated and put into a citywide general fund pooled training account except for mandatory training for safety and to meet certification requirements. The general fund budget was rolled back from a high of \$38.5 million in FY 2008-09 to \$37.1 million for FY 2009-10.

The adopted FY 2009-10 budget is based on a structural deficit of \$2.5 million which is funded by \$0.6 million from the Economic Stabilization Reserve Fund with the balance being funded with prior year reserve funds from the City's internal service funds. The City Council took action to maintain services to the community while using reserve funds to sustain us during the protracted downturn. The FY 2009-10 budget includes reduced estimates for both property and sales tax revenues sources, the combined total of which represents 56% of general fund revenues. Sales tax revenues have continued to deteriorate even further. It is projected that the City's deficit has now grown to approximately \$3.0 million which is partially offset by \$1.0 million in vacant position savings, leaving the net remaining structural deficit estimated at \$2.0 million. The City has met with employee bargaining units who have generously agreed to maintain existing concessions and defer agreed upon raises, but have not agreed to any additional concessions. As such, in order to achieve a budget that is closer to being structurally in balance, the City intends to move forward with a combination of solutions. Choices include:

- 1) Reduce staffing levels through layoffs and attrition;
- 2) Continue to subsidize budget deficits with one time and reserve funds;
- 3) Review opportunities for efficiencies through service consolidation in the form of restructuring and reorganizing City departments; or
- 4) A combination of alternatives 1, 2 and 3.

During the remaining six months of FY 2009-10, the Executive Team, City staff and the City Council will be meeting and reviewing the above alternatives. It is likely that a combination of all the items listed will be utilized to reduce the City's budget deficit to a sustainable level.

Finance staff has a long-term financial planning model that is used to project the impact of revenue and expenditure changes on the City's financial condition within the general fund. This model clearly indicates that corrective action continues to be necessary. The City cannot afford to continue providing the same level of City services and staffing levels with the current economic realities we are facing.

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.

Cash Management & Investments

The City invests temporarily idle funds in accordance with the Government Code and the Investment Policy approved by the City Council. The City pools all cash funds not held by fiscal agents in order to maximize investment opportunities and increase flexibility. Investments are conservatively managed with the three primary objectives of safety of principal, liquidity to meet disbursement requirements, and investment yield (pursued in that order).

During fiscal year 2008-09, investments consisted primarily of U.S. Government Agency securities, commercial paper, the Local Agency Investment Fund (LAIF), which is managed by the State Treasurer, and the California Asset Management Program (CAMP), a joint powers authority and common law trust created to meet local government investments needs. The amount of interest earned on investments controlled by the City was \$2,911,839 for all funds during the year. Additional information regarding cash and investments is provided in Note 2 to the Financial Statements.

Risk Management, Pension Benefits & Other Postemployment Benefits

The City is a member of the Northern California Cities Self-Insurance Fund (NCCSIF) pool for general liability insurance and workers' compensation and is self-insured for claims up to \$50,000 and \$100,000, respectively. Claims above these levels are covered by the insurance pool and excess insurance coverage. The City takes an active role attempting to reduce its liabilities through employee education programs.

The City's annual pension cost is expected to remain level for the next couple of years. The investment losses CalPERS experienced during FY 2008-09 will have a significant negative impact on future year's rates. CalPERS actuaries have developed a methodology whereby these losses are spread over a 30 year period with the increases in cost being phased in over a three year period. This means the City's rate would go up significantly in each of three fiscal years beginning with FY 11-12. The increase is compounded and is expected to be somewhere between 8.4% and 11.8% for the Safety Plan and between 5.0% and 7.0% for the Miscellaneous Plan. Ultimately, the increase to the City's cost is expected to be between \$1.4 million and \$2.0 million annually.

For the fiscal year ended June 30, 2009, the City implemented the requirements of GASB Statement No. 45 as it relates to our Other Post Employment Benefits (OPEB) liability. With regard to other post employment benefits, the City provides retiree health benefits to employees within the executive service who meet certain criteria. In addition, the City has an implied subsidy for retirees that participate in the City's health plan. Historically, the City has had a blended health insurance rate wherein retirees who have not reached the age for Medicare eligibility pay the same rate as other City employees. The City has begun a three-year phase-in to pass the actual cost of the benefit on to retirees. At the end of the three-year period, there will be no more implied subsidy cost and retirees will be paying their full cost of benefits as determined by the City's health insurance company. The City has contributed an amount sufficient to pay the current year premiums of \$136,010 and the implied subsidy transfer, but did not include any additional prefunding of benefits. The increase in the City's new OPEB obligation for FY 2008-09 was \$213,990.

More information on these matters is available in Notes 7 and 8 to the Financial Statements.

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, and public safety staffing. Additionally, notable capital improvement projects include the expansion of the groundwater system and converting customers to City surface water, purchase of homes for Low/Moderate income qualifying individuals and families, enhancement of the City's gateways and expenditure of economic stimulus programs.

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, 2008. This was the ninth year that the City received the award. The Certificate of Achievement is a prestigious 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, a government unit 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 that our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to the GFOA for consideration of another Certificate.

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 was appreciated.

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

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Robin Bertagna".

Robin Bertagna, CPA
Finance Director

CITY OF YUBA CITY
CITY OFFICIALS
For the Fiscal Year Ended June 30, 2009

CITY COUNCIL

Leslie McBride, Mayor

Kash Gill, Vice Mayor

John M. Dukes, Council Member

Tej Maan, Council Member

John Miller, 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

Devin Barber, General Services/IT Director

Robin Bertagna, Finance Director

Marc Boomgaarden, Fire Chief

Aaron Busch, Community Development Director

Robert Landon, Police Chief

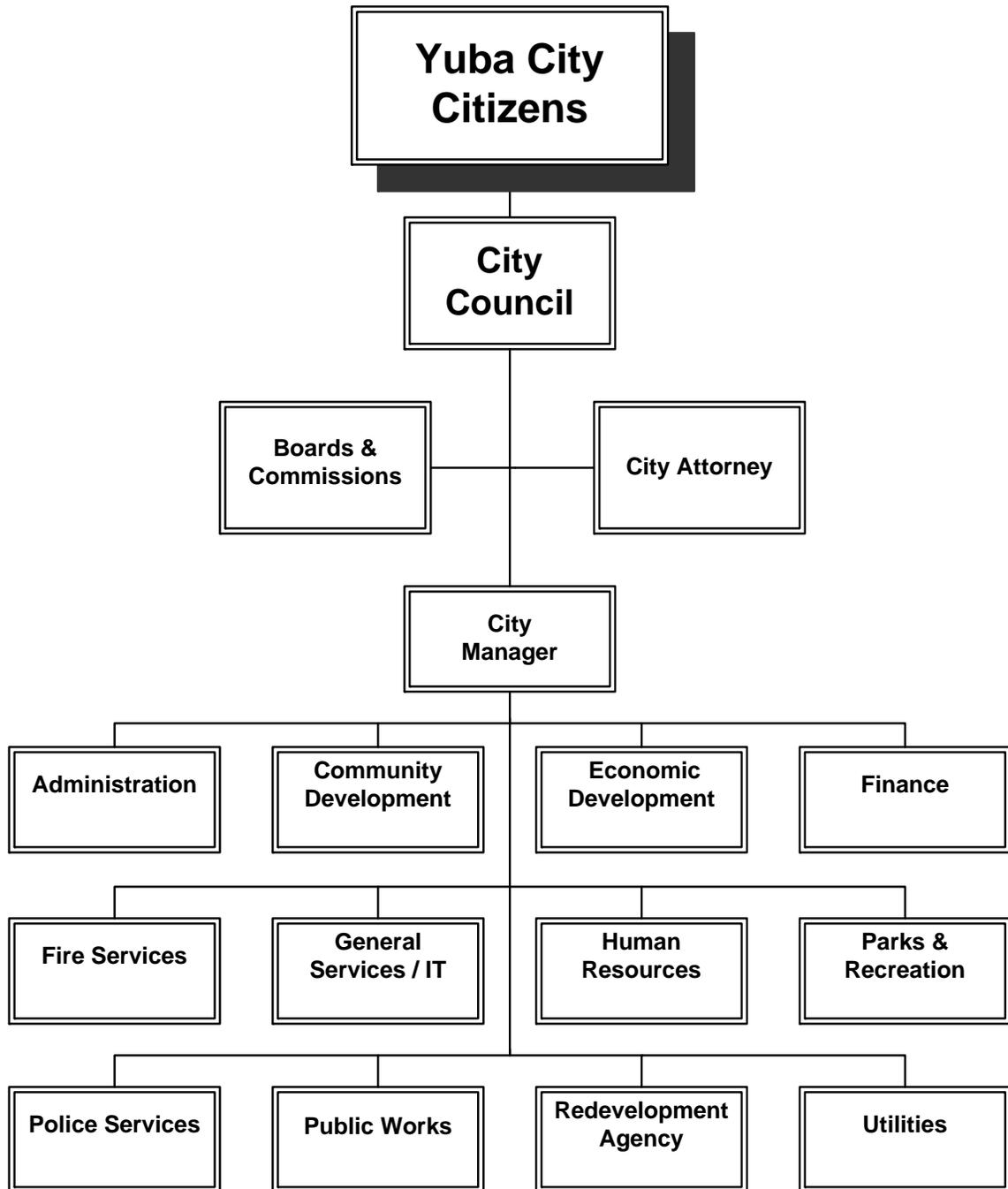
Bill Lewis, Utilities Director

Brad McIntire, Parks and Recreation Director

George Musallam, Public Works Director

Susan Pearson, Human Resources Director

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, 2008

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.



President

Executive Director



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA

9107 WILSHIRE BLVD., SUITE 400
BEVERLY HILLS, CA 90210
TEL: 310.273.2745
FAX: 310.273.1689
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, 2009, 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, 2009, 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 basic financial statements effective July 1, 2008, the City adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, and GASB Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements of Auditing Standards*.

The accompanying Required Supplementary Information, Management's Discussion and Analysis and budgetary comparison schedules for the general fund and major special revenue fund are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and we express no opinion on it.

In accordance with the *Government Auditing Standards*, we have also issued a report dated December 8, 2009, on our consideration of the City of Yuba City's internal control over financial reporting and 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.

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 Fund Statements, and Agency Fund Statements have been subjected to the auditing procedures applied in our audit of the basic financial statements, and in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken 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
Beverly Hills, CA
December 8, 2009

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, 2009. 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 \$627.3 million. Of this amount, \$49.2 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets decreased by \$5.8 million.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$42.7 million, a decrease of \$13.6 million from the prior fiscal year.
- The General Fund reported excess revenues (and other financing sources) over expenditures (and other financing uses) of \$3.9 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, a reconciliation between the two is provided on page 21 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 separate reconciliation page.

The City's major governmental funds include the General Fund, Redevelopment Agency Special Revenue Fund, Redevelopment Agency Debt Service Fund, General Capital Improvement Projects Fund and Impact Fees 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 80 of this report.

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

Fiduciary Funds – the City is the trustee, or fiduciary, for certain funds held on behalf of external parties. The City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets. 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 and Redevelopment Agency Special Revenue Fund; funding progress for the miscellaneous employees' defined benefit pension plan; funding progress for other postemployment benefits; 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, 2009, totaled \$627.3 million, a decrease of \$5.8 million from the prior 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
	2009	2008	2009	2008	2009	2008	
Assets:							
Current and Other Assets	\$ 92.4	\$110.4	\$ 28.4	\$ 31.8	\$120.7	\$142.3	-15.1%
Capital Assets	448.5	439.2	192.3	195.5	640.8	634.7	1.0%
Total Assets	540.8	549.6	220.7	227.4	761.5	777.0	-2.0%
Liabilities:							
Current and Other Liabilities	23.7	28.2	2.7	3.1	26.4	31.4	-15.9%
Long-term Liabilities	62.1	63.6	45.7	48.9	107.8	112.5	-4.2%
Total Liabilities	85.8	91.8	48.4	52.1	134.2	143.9	-6.8%
Net Assets:							
Invested in Capital Assets, net of related debt	403.4	403.3	144.5	145.6	547.9	548.9	-0.2%
Restricted	29.8	32.3	0.4	0.8	30.2	33.0	-8.4%
Unrestricted	21.8	22.2	27.4	29.0	49.2	51.2	-3.8%
Total Net Assets	\$455.0	\$457.8	\$172.3	\$175.3	\$627.3	\$633.1	-0.9%

At June 30, 2009, a significant portion of net assets (87 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 \$1.0 million. The net decrease is comprised of an increase of \$0.1 million in governmental net assets and a \$1.1 million decrease in business type net assets. Governmental net assets increased by \$19.2 million due to the City's investment in new capital assets, \$.2 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 refunding differences, and decreased by \$9.9 million due to depreciation and \$9.0 million due to cash with fiscal agent monies being used to fund capital asset acquisitions. This leaves a net increase of approximately \$.1 million, which reconciles to the amount of net assets invested in capital assets, net of related debt. The largest investments in governmental type assets were the completion the Plumas Street Improvement Project of \$14.3 million, \$4.7 million in other street rehabilitation projects, and the purchase of Civic Center Field of \$1.6 million. Business-type net assets increased by \$5.4 million due to the investment in new assets, \$1.0 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, bond discounts, and refunding differences, and decreased by \$6.3 million due to depreciation, and \$2.3 million due to a prior period adjustment. This leaves a net decrease of \$1.1million, which reconciles to the amount of net assets invested in capital assets, net of related debt. Increases in business-type assets include the completion of various water projects at a current fiscal year cost of \$3.1 million and wastewater projects of \$1.7 million.

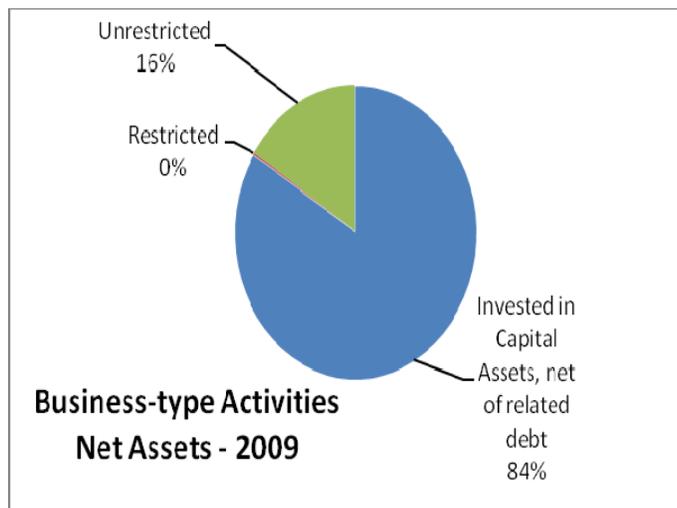
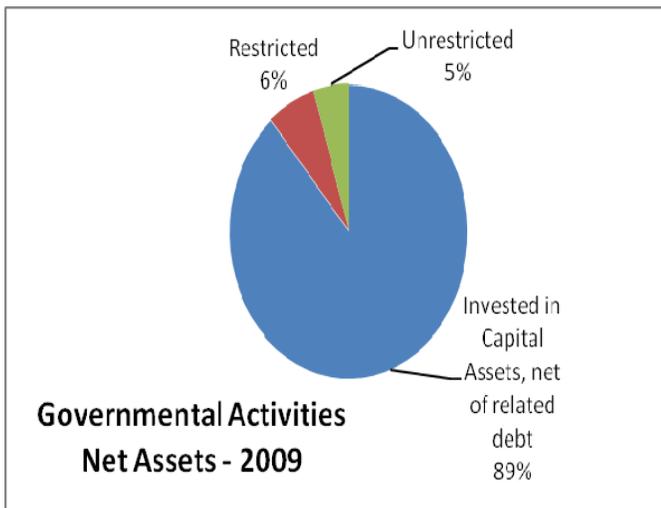
Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since capital assets are not generally liquidated for such purposes.

Restricted net assets of \$30.2 million (5 percent) represent resources subject to external restrictions as to how they may be used. Of the \$2.8 million decrease in restricted net assets, \$2.5 million occurred within governmental activities and is primarily attributable to the expenditures for current year activities within the Low and Moderate Set Aside fund and Impact Fees CIP funds.

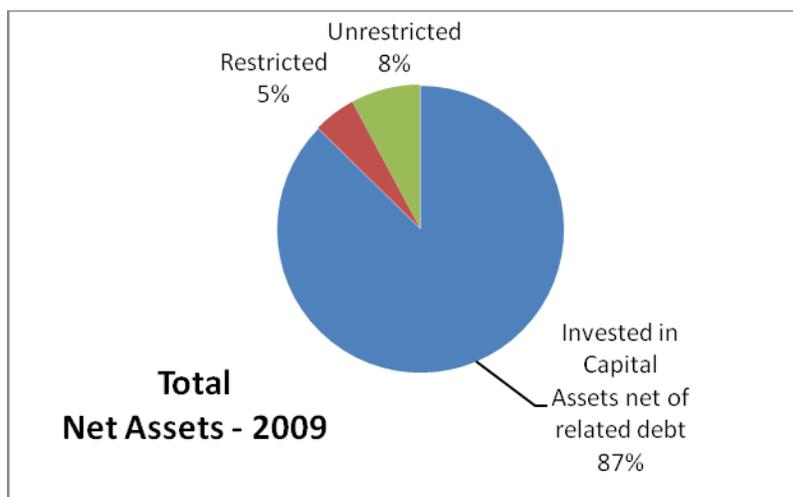
Unrestricted Net Assets of \$49.2 million (8 percent) represent amounts that may be used to meet the City's ongoing obligations to its residents, businesses, customers and creditors, and has decreased \$2.0 million from the prior fiscal year.

The decrease in Current and Other Assets of \$21.6 million is related to the expenditure of prior year Redevelopment Agency tax allocation bonds for the Plumas Street Improvement Project, the expenditure of prior year lease proceeds for the construction of the new Fire Station 4, use of prior year reserve funds for the Police Department Expansion Project, and use of prior year connection fee revenues and reserve funds for water and wastewater infrastructure projects including renovation of the offices and lab at the Water Treatment Plant.

The decrease in Current and Other Liabilities for governmental activities of \$4.5 million is primarily attributable to a decrease in accounts payable of \$1.8 million, a decrease in deposits payable of \$0.9 million, and a decrease of \$2.1 million in deferred revenues. Long-term Liabilities decreased by \$4.7 million due to regular principal payments on the City's outstanding debt obligations and removal of the Solar Panel Lease capitalized in the previous fiscal year and removed in the current fiscal year as a prior period adjustment.



City of Yuba City
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009



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
	2009	2008	2009	2008	2009	2008	
Revenues:							
Program Revenues:							
Charges for services	\$ 6.0	\$ 6.3	\$ 17.7	\$ 18.9	\$ 23.6	\$ 25.3	-6.4%
Operating Grants and Contributions	3.5	3.8	0.1	-	3.5	3.8	-6.9%
Capital Grants and Contributions	6.7	18.8	0.4	0.8	7.2	19.6	-63.4%
General Revenues:							
Property Taxes	17.9	18.2	-	-	17.9	18.2	-1.5%
Sales and Other Taxes	10.0	11.0	-	-	10.0	11.0	-9.0%
Investment Income	5.0	6.7	1.3	1.8	6.3	8.4	-25.2%
Other	0.0	0.6	-	-	0.0	0.6	-94.6%
Total Revenues	49.2	65.5	19.5	21.5	68.7	86.9	-21.0%
Expenses:							
General Government	5.2	5.4	-	-	5.2	5.4	-3.5%
Public Safety	24.7	23.3	-	-	24.7	23.3	6.0%
Parks and Recreation	4.1	4.1	-	-	4.1	4.1	-1.4%
Public Works and Facilities	11.2	10.4	-	-	11.2	10.4	7.5%
Community Development	3.6	3.9	-	-	3.6	3.9	-7.4%
Interest on Long-term Debt	5.6	5.3	-	-	5.6	5.3	5.8%
Water	-	-	9.9	9.7	9.9	9.7	2.4%
Wastewater	-	-	9.8	9.7	9.8	9.7	0.5%
Total Expenses	54.4	52.4	19.7	19.5	74.1	71.9	3.1%
Transfers	2.7	1.7	(2.7)	(1.7)	-	-	n/a
Change in Net Assets	(2.4)	14.8	(3.0)	0.3	(5.4)	15.1	-135.9%
Net Assets - Beginning	457.8	436.0	175.3	171.2	633.1	607.1	4.3%
Prior Period Adjustments	(0.3)	7.0	-	3.8	(0.3)	10.8	N/A
Net Assets - Beginning, Restated	457.5	443.0	175.3	175.0	632.8	618.0	2.4%
Net Assets - Ending	\$455.0	\$457.8	\$172.3	\$ 175.3	\$627.3	\$ 633.1	-0.9%

Governmental Activities

The City's governmental activities decreased the City's net assets by \$2.8 million, accounting for 48 percent of the total decline in net assets of the City. Revenues decreased by 25 percent (\$16.3 million), while total expenditures increased by 3.8 percent (\$2.0 million). Revenue Highlights include the following:

- Capital Grants and Contributions decreased by \$12.1 million due to developer contributions for offsite improvements in new development projects for subdivisions which were completed during the 07/08 fiscal year, and a contribution from an agency fund for improvements constructed on Sunsweet Boulevard.
- Sales and other taxes declined by \$1.0 million due to declines in sales tax revenues.
- Investment Income, which is a combination of interest earnings and change in the fair value of investments, decreased by \$1.7 million due to declining interest rates and cash balances.

Total expenses for governmental activities were \$54.4 million, which is a \$2.0 million increase from the prior fiscal year. This includes a \$0.9 million increase in depreciation expense (see page 50, Note 3, for depreciation expense totals by governmental function). Additionally, there was an increase of \$1.2 million in employee related costs for negotiated increases in salaries and benefits.

Net Cost of Governmental Activities
(Amounts in Millions)

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
General Government	\$ 5.2	\$ 5.4	\$ (5.1)	\$ (4.3)
Public Safety	24.7	23.3	(20.8)	(20.4)
Parks and Recreation	4.1	4.1	(2.6)	(2.3)
Public Works and Facilities	11.2	10.4	(3.3)	9.2
Community Development	3.6	3.9	(0.8)	(0.3)
Interest on Long-term Debt	5.6	5.3	(5.6)	(5.3)
Total Net Cost	\$ 54.4	\$ 52.4	\$ (38.2)	\$ (23.5)

As shown in the Statement of Activities, the amount that taxpayers ultimately financed for governmental activities was \$38.2 million because some of the cost was paid by those who directly benefited from the programs (\$6.0 million), or by other governments and organizations that subsidized certain programs with operating grants and contributions (\$3.5 million), and capital grants and contributions (\$6.7 million). Overall, these governmental program revenues totaled \$16.2 million. The City paid for the remaining "public benefit" portion of the governmental activities with \$27.7 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 \$3.0 million. Total revenues decreased by 9.3 percent (\$2.0 million), while total expenditures 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 connection fees (\$1.5 million), a decline in capital contributions and grants (\$0.3 million) and a decrease in investment earnings (\$0.5 million). The service fee increase was attributable to an increase in the number of wastewater customers due to completed construction for both residential and commercial units. Connection fees are collected from new development and dedicated to current and future system expansion (i.e., capital costs, not operating); the City saw further declines in these

revenues during FY 08-09 due to reduced development activities. Capital grants and contributions decreased due to a FEMA grant for a pond repair project at the Wastewater Treatment Plant in the previous fiscal year.

Operating costs within the water enterprise experienced an increase in expenses of 3.0 percent (\$0.3 million) which was a combination of increased employee costs (\$0.2 million) and decreased depreciation (\$0.5 million). Operating costs within the wastewater fund were flat compared to the previous year.

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. Unreserved fund balance is a measure of the City's net resources available for spending or designation 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 unreserved and total fund balance to total funding requirements. As of June 30, 2009, the total fund balance of the General Fund was \$32.4 million (of which 82 percent is attributable to a long-term receivable from the City's Redevelopment Agency). The unreserved fund balance of \$3.8 million is equal to 10.2 percent of total General Fund expenditures. Total fund balance increased by \$3.9 million over the previous fiscal year. Notably, this includes a one-time transfer in of \$2.3 million to set up the City's Economic Stabilization Reserve (ESR) fund. The ESR is intended to provide funding to cover revenue shortfalls during the current economic downturn.

Although there is a net positive change in fund balance within the General Fund of \$3.9 million, it is noteworthy that this includes the \$2.3 million transfer to set aside funding for the ESR fund (designation of fund balance) described above. Additionally, it includes the \$2.4 million of interest earnings on the Long-Term Advance to the City's Redevelopment Agency which is not a spendable resource, it is added to the long-term receivable due back to the General Fund. As such, the net change in fund balance from all operating activities for the year is a negative \$0.8 million.

The Redevelopment Agency fund shows a decrease in fund balance of 6.1 million, which is attributable to transfers made to the Redevelopment Agency CIP fund to finance the Plumas Street Renovation Project and other redevelopment projects.

The Redevelopment Agency Debt Service fund shows a decrease in fund balance of \$2.4 million from the prior fiscal year and a cumulative fund balance deficit of \$26.6 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 General Capital Improvement Projects fund shows a decrease in fund balance of \$8.5 million. The activity which significantly impacted this fund during the fiscal year included receiving \$.5 million in investment earnings, spending \$6.2 million to finance projects, and transferring \$2.3 million to the City's General Fund to set up the Economic Stabilization Reserve fund. The largest project expenditures included \$3.9 million for construction of the new Fire Station No. 4 and \$1.8 million for the Police Department Expansion project.

The Impact Fee CIP fund balance is not the best indicator of the fund's financial position since revenues are not realized until spent. As such, the unearned revenue of \$16.6 million, and a decrease of \$2.3 million from the previous fiscal 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 General Fund budgetary comparison schedule for the fiscal year ended June 30, 2009, 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"). During the mid-year budget review, it was clear that revenues had deteriorated to a point that corrective action was necessary. Revenue budgets were reduced by \$1.5 million and expenditures were reduced by \$1.0 million.

The net increase in budgeted expenditures from the original budget to the final budget is \$0.8 million, which was attributable to: 1) Carryover expenditures from the previous fiscal year for existing contractual obligations that totaled \$0.4 million; 2) appropriations for grant activities in the amount of \$0.7 million, which are not included in the budget until funds are physically received by the City; 3) appropriations of \$0.5 million for unanticipated fire department strike team costs which were reimbursed by the State; 4) appropriations of \$0.4 million for employee related costs (negotiated wage adjustments); and, 5) the total reductions to all general fund departmental budgets which occurred as part of the mid-year budget review totaling \$1.0 million. The mid-year budget reductions included sales and benefits as well as departmental line item reductions in materials, supplies and services. The reductions were across the board in all departments with a lesser impact on the City's priority services in public safety and infrastructure maintenance. Actual expenditures were \$1.7 million less than the original budget and \$2.6 million less than the final budget.

The net decrease in budgeted revenues from the original budget to the final budget was \$1.0 million. This included increasing revenue budgets to account for the receipt of grant funds (\$0.5 million) and reducing revenues as part of the mid-year budget review by \$1.5 million. The mid-year budget review reduced revenue expectations in the following categories: Property taxes \$0.2 million, sales taxes \$1.1 million, and investment earnings \$0.2 million. Actual revenues were \$1.6 million less than the original budget and \$0.6 million less than the final budget. Overall, general fund revenues were down compared the previous fiscal year by \$1.3 million. This net decrease in actual revenues is primarily attributable to: 1) a decrease in property taxes of \$0.4 million compared to prior year; 2) a decrease in sales tax of \$0.9 million compared to the prior year; 3) a decrease in licenses, permits and fees of \$0.4 million; 4) and an increase in charges for services of \$0.6 million, half of which was attributable to an increase in recreation program revenues.

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 (\$0.3 million). 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, 2009, net capital assets of the governmental activities totaled \$448.5 million and the net capital assets of business-type activities totaled \$192.3 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)

Government Activities:	
Land	\$ 128,533
Buildings and Improvements	36,017
Equipment, Vehicles, Machinery	17,010
Construction in Progress	12,314
Infrastructure	<u>335,594</u>
Total Governmental Capital Assets	529,468
Less: Accumulated Depreciation	<u>(81,010)</u>
Total Net Government Activities:	<u><u>\$ 448,458</u></u>
Business-Type Activities	
Land	\$ 1,675
Buildings and Improvements	95,729
Equipment, Vehicles, Machinery	24,099
Construction in Progress	2,848
Infrastructure	<u>121,024</u>
Total Business-Type Capital Assets	245,375
Less: Accumulated Depreciation	<u>(53,052)</u>
Total Net Business-Type Activities:	<u><u>\$ 192,323</u></u>

This year's major capital asset additions were:

- Plumas Street Improvement Project \$14.3 million
- Street Rehabilitation Projects \$4.7 million
- Civic Center Field Purchase of \$1.6 million
- Construction of the Shanghai Park Water Feature \$0.5 million
- The City completed \$7.6 million in water system projects.
- The City completed \$0.7 million in wastewater system projects.

Long-Term Debt – as of June 30, 2009, 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 both Fitch Ratings and Standard & Poor's during the current fiscal year. Standard & Poor's upgraded the City's rating from an "A-" to an "A+" for both the Water and Wastewater debt issuances. Fitch Ratings affirmed the City's existing rating of "A+" on our Water debt and Gauche Park Aquatics Complex COPs and upgraded to an "A+" from the previous rating of "A" for our Wastewater debt.

Summary of Long Term Indebtedness (not including deferred amounts)
(Amounts in Thousands)

	Governmental		Business-Type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
RDA Tax Allocation and Revenue Bonds	\$ 35,615	\$ 36,005	\$ -	\$ -	\$ 35,615	\$ 36,005
Loans Payable	1,774	1,819			1,774	1,819
Capital Lease Payable	5,969	6,570		2,280	5,969	8,850
Certificates of Participation	12,020	12,265			12,020	12,265
Pension Obligation Bonds	6,725	7,255			6,725	7,255
Water Certificates of Participation	-	-	27,635	28,210	27,635	28,210
Wastewater Certificates of Participation	-	-	20,181	20,682	20,181	20,682
Total Indebtedness	<u>\$ 62,103</u>	<u>\$ 63,914</u>	<u>\$ 47,816</u>	<u>\$ 51,171</u>	<u>\$ 109,919</u>	<u>\$115,085</u>

During the fiscal year 2009, the City did not issue any new bonded indebtedness. In fact, the City recorded a prior period adjustment in its business type activities to remove the previously recorded lease agreement of \$2.3 million for solar panels constructed at the City's Wastewater Treatment Plant. It was determined that this lease does not meet the criteria to be reported as a capital lease.

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 16, 2009, the Council adopted the FY 2009-10 Operating Budget with total appropriations of \$82 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 and a tightened credit market. 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 2009-10 adopted general fund budget utilizing \$2.5 million in one-time money. This structural deficit is not sustainable, and will be addressed during FY 2009-10 through a combination of reductions, concessions and layoffs as necessary.

As stated, the FY 2009-10 adopted budget has a \$2.5 million structural deficit that was funded with a combination of one-time reserve funds. Approximately \$600,000 of the deficit is funded from the Economic Stabilization Reserve that was set up as part of the FY 2008-09 adopted budget and the remainder was funded with prior year reserves from the City's various internal service funds. The City is further addressing this deficit by leaving positions vacant unless they are critical to the City's priority focus of public safety and infrastructure maintenance. City staff has been meeting with bargaining unit representatives to determine if employees are willing to agree to any additional concessions in order to avoid layoffs. Discussions with all bargaining groups except one have concluded, and further concessions were not agreed to. City employees were willing to keep their currently agreed to

concessions and to continue to defer raises, but not to provide any additional concessions beyond what was already agreed to. It is therefore the City's intent to implement layoffs effective July 1, 2010. The City has developed a draft layoff list which will be further refined based upon City priorities. Additionally, the City will analyze opportunities for restructuring, contracting out for services and/or possible service level reductions in order to achieve a budget that will be structurally in balance as we move into FY 2010-11.

The FY 2009-10 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 3.8% so the City is right on track with projections. The three largest components of the change in values are as follows:

- o Residential decreased by 6.85% due to Proposition 8 reductions (\$232 million in assessed valuations)
- o Commercial increased by 6.03% (\$49.5 million in assessed valuations)
- o Industrial increased by 3.39% (\$7.1 million in assessed valuations).

The foreclosed housing market continues to drive prices down. As of December, 2009, the City had approximately 289 properties in default, 293 properties scheduled for trustee sale, and 294 homes that are bank owned.

In light of the recession, sales tax revenues have declined in nearly every major category as consumer confidence has decreased. Revenue projections included in the FY 2009-10 budget include a projected 4% decline for sales tax revenues.

The State budget is another source of economic uncertainty. The State resolved its budget problem with one-time solutions, transfers and loans 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 State declared a fiscal emergency under the terms outlined in Proposition 1A approved by the voters in 2004. This allowed the State to borrow 8% of property taxes from cities, counties and special districts throughout California. The City participated in a securitization process through California Communities whereby we sold our receivable of \$1,148,688 and will obtain payment from the bond proceeds in January and May instead of waiting until 2013 to receive repayment of these funds from the State.

The City's unemployment rate has increased since the 2007/08 fiscal year; current data approximates the annualized unemployment rate around 16.2 percent (an increase from the prior year amount of 11.8 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. The FY 2009-10 budget reduced the full time equivalent employee count by 16.5 positions. These positions have been across all departments, citywide and include the following departments: one in finance, two in general services, one in human resources, one in planning, four in building inspection, one in crime analysis and intelligence, one in communications, two in public works, two in recreation, two in parks maintenance, and one in aquatics. Two new positions were added in the utilities department.

Even with the planned use of a portion of its Economic Stabilization Reserve, the City continues to maintain the 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, and the impact that declines in the stock market will ultimately have on PERS retirement costs, the City will

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 current project underway to convert approximately 4,000 customers from the former Hillcrest groundwater system to the City's surface water system. This has an estimated cost of \$30 million which is being funded with a \$26 million Safe Drinking State Revolving Fund loan 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 non existent.

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, 2009

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 56,985,191	\$ 22,524,276	\$ 79,509,467
Cash and investments with fiscal agents	12,322,426	2,938,585	15,261,011
Restricted cash and investments with fiscal agents	2,314,093	850,535	3,164,628
Interest receivable	606,747	1,408	608,155
Accounts receivable	1,081,427	1,653,947	2,735,374
Taxes and assessments receivable	2,861,848	110,000	2,971,848
Internal balances	(166,000)	166,000	
Prepaid expenses	864,807	108,024	972,831
Inventory	294,647		294,647
Deposits receivable	24,800		24,800
Notes receivable	8,674,112		8,674,112
Net pension assets	6,501,334		6,501,334
Capital assets:			
Nondepreciable:			
Land	128,532,658	1,674,698	130,207,356
Construction in progress	12,314,469	2,848,260	15,162,729
Depreciable:			
Buildings	29,559,513	23,909,057	53,468,570
Improvements	6,457,269	71,820,017	78,277,286
Machinery and equipment	17,010,373	24,099,179	41,109,552
Infrastructure	335,593,728	121,024,268	456,617,996
Accumulated depreciation	(81,009,754)	(53,052,449)	(134,062,203)
Total assets	<u>540,823,688</u>	<u>220,675,805</u>	<u>761,499,493</u>
LIABILITIES			
Accounts payable	1,465,660	593,032	2,058,692
Accrued liabilities	911,745	159,530	1,071,275
Accrued interest payable	770,661	180,147	950,808
Deposits payable	1,328,897	40,979	1,369,876
Unearned revenue	17,242,128	270,426	17,512,554
Compensated absences, due within one year	34,318	331,894	366,212
Noncurrent liabilities, due within one year	1,931,391	1,119,024	3,050,415
Noncurrent liabilities:			
Other post-employment benefits obligation	213,990		213,990
Compensated absences, due in more than one year	3,272,567	112,017	3,384,584
Other, due in more than one year	58,640,690	45,544,211	104,184,901
Total liabilities	<u>85,812,047</u>	<u>48,351,260</u>	<u>134,163,307</u>
NET ASSETS			
Invested in capital assets, net of related debt	403,377,779	144,507,456	547,885,235
Restricted for:			
Low and moderate income housing	8,381,622		8,381,622
Capital projects	21,404,490		21,404,490
Future water purchases		448,717	448,717
Unrestricted	<u>21,847,750</u>	<u>27,368,372</u>	<u>49,216,122</u>
Total net assets	<u>\$ 455,011,641</u>	<u>\$ 172,324,545</u>	<u>\$ 627,336,186</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, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental activities:				
General government	\$ 5,176,267	\$ 27,482	\$ 54,537	\$ -
Public safety	24,688,420	2,710,690	1,146,733	4,875
Public works and facilities	11,203,066	475,349	1,019,406	6,437,791
Community development	3,612,257	1,304,404	1,267,346	285,812
Parks and recreation	4,054,318	1,446,139		
Interest on long term debt	5,644,530			
Total governmental activities	54,378,858	5,964,064	3,488,022	6,728,478
Business-type activities:				
Water	9,938,304	8,629,300	25,598	264,411
Wastewater	9,797,636	9,054,820	25,598	184,004
Total business-type activities	19,735,940	17,684,120	51,196	448,415
Total government	\$ 74,114,798	\$ 23,648,184	\$ 3,539,218	\$ 7,176,893

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
- Gain on sale of capital assets

Transfers

Total general revenues and transfers

Change in net assets

Net Assets, July 1, 2008

Prior period adjustments

Net Assets, July 1, 2008, restated

Net assets, June 30, 2009

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

<u>Net (Expense) Revenue and Change in Net Assets</u>		
<u>Net Governmental Activities</u>	<u>Net Business-type Activities</u>	<u>Total</u>
\$ (5,094,248)	\$ -	\$ (5,094,248)
(20,826,122)		(20,826,122)
(3,270,520)		(3,270,520)
(754,695)		(754,695)
(2,608,179)		(2,608,179)
<u>(5,644,530)</u>		<u>(5,644,530)</u>
<u>(38,198,294)</u>		<u>(38,198,294)</u>
	(1,018,995)	(1,018,995)
	<u>(533,214)</u>	<u>(533,214)</u>
	(1,552,209)	(1,552,209)
<u>(38,198,294)</u>	<u>(1,552,209)</u>	<u>(39,750,503)</u>
17,946,109		17,946,109
6,759,997		6,759,997
648,209		648,209
1,431,844		1,431,844
960,949		960,949
238,821		238,821
5,006,289	1,309,171	6,315,460
7,062		7,062
25,815		25,815
<u>2,727,978</u>	<u>(2,727,978)</u>	
<u>35,753,073</u>	<u>(1,418,807)</u>	<u>34,334,266</u>
<u>(2,445,221)</u>	<u>(2,971,016)</u>	<u>(5,416,237)</u>
457,754,569	175,295,561	633,050,130
<u>(297,707)</u>		<u>(297,707)</u>
<u>457,456,862</u>	<u>175,295,561</u>	<u>632,752,423</u>
<u>\$ 455,011,641</u>	<u>\$ 172,324,545</u>	<u>\$ 627,336,186</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, 2009

	General Fund	Redevelopment Agency Special Revenue Fund	RDA Debt Service Fund
ASSETS			
Cash and investments	\$ 4,608,110	\$ -	\$ -
Cash and investments with fiscal agent			
Restricted cash and investments with fiscal agent		2,314,093	
Interest receivable	593,309		
Accounts receivable	624,338	40,336	
Taxes and assessments receivable	2,443,507	143,389	
Prepaid expenditures	29,586	263	
Due from other funds	258,226	1,094,553	
Deposits receivable			
Notes receivable		42,200	
Advances to other funds	26,558,689		
	<u>\$ 35,115,765</u>	<u>\$ 3,634,834</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 302,971	\$ 13,601	\$ -
Accrued liabilities	895,528	2,583	
Deposits payable	523,512	66,516	
Deferred revenue	1,040,127	42,200	
Due to other funds			
Advances from other funds			26,558,689
	<u>2,762,138</u>	<u>124,900</u>	<u>26,558,689</u>
Fund Balances:			
Reserved:			
Low/moderate housing			
Debt service		103,500	
Encumbrances	299,907	25,160	
Construction			
Prepaid expenditures	29,586	263	
Advances receivable	26,558,689		
Unreserved, designated:			
Capital improvement projects			
Economic stabilization	1,707,763		
Unreserved, undesignated			
General	3,757,682		
Special revenue funds		3,381,011	
Debt service funds			(26,558,689)
	<u>32,353,627</u>	<u>3,509,934</u>	<u>(26,558,689)</u>
Total fund balances	<u>\$ 35,115,765</u>	<u>\$ 3,634,834</u>	<u>\$ -</u>
Total liabilities and fund balances	<u>\$ 35,115,765</u>	<u>\$ 3,634,834</u>	<u>\$ -</u>

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

General CIP Capital Projects Fund	Impact Fees CIP Capital Projects Fund	Other Governmental Funds	Total
\$ 10,377,821	\$ 21,747,332	\$ 8,243,917	\$ 44,977,180
1,205,692		11,116,734	12,322,426
			2,314,093
66		13,372	606,747
	15,437	351,840	1,031,951
		274,952	2,861,848
			29,849
		202,655	1,555,434
		24,800	24,800
		8,631,912	8,674,112
			26,558,689
<u>\$ 11,583,579</u>	<u>\$ 21,762,769</u>	<u>\$ 28,860,182</u>	<u>\$ 100,957,129</u>
\$ 76,387	\$ 353,979	\$ 663,513	\$ 1,410,451
	4,300	734,569	898,111
	16,600,352	8,860,333	1,328,897
		1,521,434	26,543,012
			1,521,434
			26,558,689
<u>76,387</u>	<u>16,958,631</u>	<u>11,779,849</u>	<u>58,260,594</u>
		5,659,409	5,659,409
		923,752	1,027,252
435,456	1,459,858	820,788	3,041,169
4,155,347			4,155,347
			29,849
			26,558,689
6,916,389	3,344,280	7,273,613	17,534,282
			1,707,763
			3,757,682
		2,402,771	5,783,782
			(26,558,689)
<u>11,507,192</u>	<u>4,804,138</u>	<u>17,080,333</u>	<u>42,696,535</u>
<u>\$ 11,583,579</u>	<u>\$ 21,762,769</u>	<u>\$ 28,860,182</u>	<u>\$ 100,957,129</u>

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CITY OF YUBA CITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
June 30, 2009

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 42,696,535

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	\$ 517,913,687	
Accumulated depreciation	<u>(73,436,037)</u>	
Net		444,477,650

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. (770,661)

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

Deferred revenue 9,308,437

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. 6,501,334

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	\$ (213,990)	
Tax allocation bonds, net of refunding difference (\$608,391), bond issue costs (\$516,267), and bond premium \$221,748	(34,712,090)	
Certificates of participation, net of issue costs (\$481,412)	(11,538,588)	
Loans payable	(1,774,102)	
Pension obligation bonds, net of bond issue costs (\$146,289)	(6,578,711)	
Capital leases payable	(5,968,590)	
Compensated absences	<u>(3,287,239)</u>	
Net		(64,073,310)

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. 16,871,656

TOTAL NET ASSETS, GOVERNMENTAL ACTIVITIES \$ 455,011,641

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, 2009

	General Fund	Redevelopment Agency Special Revenue Fund	RDA Debt Service Fund
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>
Revenues:			
Taxes and assessments	\$ 23,972,168	\$ 2,945,777	\$ -
Use of money and property	2,489,316	120,157	
Intergovernmental revenues	1,006,842		
Charges for services	3,209,757		
Licenses, permits, and fees	707,527		
Fines and forfeitures	68,556		
Program income			
Other revenues	<u>135,700</u>	<u>237,332</u>	
Total revenues	<u>31,589,866</u>	<u>3,303,266</u>	
Expenditures:			
Current:			
General government	4,854,779		
Public safety	23,558,451		
Parks and recreation	3,625,631		
Public works and facilities	2,802,541		
Community development	1,695,288	969,754	
Capital outlay	192,363	114,667	
Debt service:			
Principal	104,957		
Interest and other charges	<u>23,192</u>		<u>2,414,426</u>
Total expenditures	<u>36,857,202</u>	<u>1,084,421</u>	<u>2,414,426</u>
Excess of revenues over (under) expenditures	<u>(5,267,336)</u>	<u>2,218,845</u>	<u>(2,414,426)</u>
Other Financing Sources (Uses):			
Transfers in	9,468,939		
Transfers out	<u>(287,967)</u>	<u>(8,276,482)</u>	
Total other financing sources (uses)	<u>9,180,972</u>	<u>(8,276,482)</u>	
Net changes in fund balances	3,913,636	(6,057,637)	(2,414,426)
Fund balances - July 1, 2008	<u>28,439,991</u>	<u>9,567,571</u>	<u>(24,144,263)</u>
Fund balances - June 30, 2009	<u>\$ 32,353,627</u>	<u>\$ 3,509,934</u>	<u>\$ (26,558,689)</u>

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

General CIP Capital Projects Fund	Impact Fees CIP Capital Projects Fund	Other Governmental Funds	Totals
\$ -	\$ -	\$ 3,499,703	\$ 30,417,648
452,883	973,209	516,641	4,552,206
30,473		2,396,622	3,433,937
	2,658,336	935,506	6,803,599
		57,169	764,696
		608,846	677,402
		70,235	70,235
75,647		71,393	520,072
<u>559,003</u>	<u>3,631,545</u>	<u>8,156,115</u>	<u>47,239,795</u>
		3,588	4,858,367
		116,438	23,674,889
		252,857	3,878,488
		370,907	3,173,448
		1,141,008	3,806,050
6,174,824	2,845,264	7,475,957	16,803,075
		1,706,545	1,811,502
		3,144,499	5,582,117
<u>6,174,824</u>	<u>2,845,264</u>	<u>14,211,799</u>	<u>63,587,936</u>
<u>(5,615,821)</u>	<u>786,281</u>	<u>(6,055,684)</u>	<u>(16,348,141)</u>
365,515	485,029	12,087,380	22,406,863
<u>(3,237,426)</u>	<u>(1,014,541)</u>	<u>(6,862,469)</u>	<u>(19,678,885)</u>
<u>(2,871,911)</u>	<u>(529,512)</u>	<u>5,224,911</u>	<u>2,727,978</u>
(8,487,732)	256,769	(830,773)	(13,620,163)
<u>19,994,924</u>	<u>4,547,369</u>	<u>17,911,106</u>	<u>56,316,698</u>
<u>\$ 11,507,192</u>	<u>\$ 4,804,138</u>	<u>\$ 17,080,333</u>	<u>\$ 42,696,535</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, 2009

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 \$ (13,620,163)

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	16,766,988
Depreciation expense not reported in governmental funds	(8,791,481)
Contributed capital not reported in governmental funds	1,918,108

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 (1,407)

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	1,811,502
Amortization expense of costs of issuance not reported in governmental funds	(52,768)
Amortization of premium and deferred loss on refunding	(13,126)

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 year changes:

Interest payable	22,120
Compensated absences	41,871

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. 226,863

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 (530,000)

Other postemployment benefits payable was added to the Statement of Net Assets in the current period, due to implementation of GASB Statement No. 45. This is the amount of the change in the payable in the current period. (213,990)

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. (9,738)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ (2,445,221)

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, 2009

	Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Wastewater	Totals	
ASSETS				
Current Assets:				
Cash and investments	\$ 10,473,081	\$ 12,051,195	\$ 22,524,276	\$ 12,008,011
Cash and investments with fiscal agents	1,886,031	1,052,554	2,938,585	
Restricted cash and investments		850,535	850,535	
Accounts receivable - net	814,041	839,906	1,653,947	49,476
Taxes and assessments receivable		110,000	110,000	
Interest receivable	1,408		1,408	
Due from other funds	146,000	20,000	166,000	45,808
Inventory				294,647
Prepaid expenses	108,024		108,024	834,958
Total Current Assets	13,428,585	14,924,190	28,352,775	13,232,900
Noncurrent Assets:				
Deferred charges, net of accumulated amortization	607,729	544,610	1,152,339	
Capital Assets:				
Nondepreciable				
Land	974,698	700,000	1,674,698	
Construction in progress	1,834,903	1,013,357	2,848,260	
Total Nondepreciable Capital Assets	2,809,601	1,713,357	4,522,958	
Depreciable				
Buildings	7,781,945	16,127,112	23,909,057	306,372
Improvements	40,642,547	31,177,470	71,820,017	
Infrastructure	81,092,778	39,931,490	121,024,268	
Machinery and equipment	9,730,310	14,368,869	24,099,179	11,247,951
Total Depreciable Capital Assets	139,247,580	101,604,941	240,852,521	11,554,323
Less Accumulated Depreciation	(26,514,896)	(26,537,553)	(53,052,449)	(7,573,717)
Net Depreciable Capital Assets	112,732,684	75,067,388	187,800,072	3,980,606
Net Capital Assets	115,542,285	76,780,745	192,323,030	3,980,606
Total Noncurrent Assets	116,150,014	77,325,355	193,475,369	3,980,606
Total Assets	\$ 129,578,599	\$ 92,249,545	\$ 221,828,144	\$ 17,213,506

(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, 2009

	Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Wastewater	Totals	
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 508,121	\$ 84,911	\$ 593,032	\$ 55,209
Accrued interest payable	102,489	77,658	180,147	
Accrued wages	72,632	86,898	159,530	13,634
Deferred revenue	121,476	148,950	270,426	7,553
Deposits payable	40,979		40,979	
Due to other funds				245,808
Compensated absences	155,108	176,786	331,894	
Certificates of participation	600,000	519,024	1,119,024	
Total Current Liabilities	1,600,805	1,094,227	2,695,032	322,204
Noncurrent Liabilities:				
Compensated absences	45,524	66,493	112,017	19,646
Certificates of participation	27,035,000	19,661,550	46,696,550	
Total Noncurrent Liabilities	27,080,524	19,728,043	46,808,567	19,646
Total Liabilities	28,681,329	20,822,270	49,503,599	341,850
NET ASSETS				
Investment in capital assets, net of related debt	87,907,285	56,600,171	144,507,456	3,980,606
Restricted for:				
Future claims				2,492,477
Future water purchases	448,717		448,717	
Unrestricted	12,541,268	14,827,104	27,368,372	10,398,573
Total Net Assets	\$ 100,897,270	\$ 71,427,275	\$ 172,324,545	\$ 16,871,656

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, 2009

	Business-type Activities			Governmental Activities - Internal Service Funds
	Enterprise Funds			
	Water	Wastewater	Totals	
Operating Revenues:				
Sales and charges for services	\$ 8,088,625	\$ 8,528,743	\$ 16,617,368	\$ 5,966,132
Connection fees	475,857	492,306	968,163	
Other revenues	64,818	33,771	98,589	71,223
Total Operating Revenues	<u>8,629,300</u>	<u>9,054,820</u>	<u>17,684,120</u>	<u>6,037,355</u>
Operating Expenses:				
Salaries and benefits	2,463,254	3,072,204	5,535,458	459,824
Professional services	237,866	325,286	563,152	35,241
Supplies	19,848	27,010	46,858	11,554
Benefits, claims, and insurance	27,757	31,934	59,691	4,251,281
Maintenance and operation	539,770	749,273	1,289,043	438,515
Tools and equipment	435,084	693,223	1,128,307	185,175
Rents and leases	994	4,487	5,481	
Power and utilities	1,017,235	985,266	2,002,501	33,287
Training	30,908	48,701	79,609	1,806
Water purchases	430,136		430,136	
Amortization	24,066	32,100	56,166	
Depreciation	3,469,648	2,834,256	6,303,904	1,110,058
Total Operating Expenses	<u>8,696,566</u>	<u>8,803,740</u>	<u>17,500,306</u>	<u>6,526,741</u>
Operating Income (Loss)	<u>(67,266)</u>	<u>251,080</u>	<u>183,814</u>	<u>(489,386)</u>
Non-Operating Revenues (Expenses):				
Interest income	606,856	702,315	1,309,171	453,833
Interest expense	(1,241,738)	(953,151)	(2,194,889)	
Gain (loss) on sale of capital assets		(40,745)	(40,745)	25,815
Intergovernmental revenues	25,598	25,598	51,196	
Total Non-Operating Revenue (Expenses)	<u>(609,284)</u>	<u>(265,983)</u>	<u>(875,267)</u>	<u>479,648</u>
Income (Loss) Before Transfers and Capital Contributions	<u>(676,550)</u>	<u>(14,903)</u>	<u>(691,453)</u>	<u>(9,738)</u>
Transfers:				
Transfers in		245,000	245,000	
Transfers out	(1,657,615)	(1,315,363)	(2,972,978)	
Total change in net assets before capital contributions	<u>(2,334,165)</u>	<u>(1,085,266)</u>	<u>(3,419,431)</u>	<u>(9,738)</u>
Capital contributions	<u>264,411</u>	<u>184,004</u>	<u>448,415</u>	
Change in Net Assets	<u>(2,069,754)</u>	<u>(901,262)</u>	<u>(2,971,016)</u>	<u>(9,738)</u>
Net Assets, July 1, 2008	<u>102,967,024</u>	<u>72,328,537</u>	<u>175,295,561</u>	<u>16,881,394</u>
Net Assets, June 30, 2009	<u>\$ 100,897,270</u>	<u>\$ 71,427,275</u>	<u>\$ 172,324,545</u>	<u>\$ 16,871,656</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, 2009

	Business-type Activities			Governmental Activities - Internal Service Funds
	Enterprise Funds			
	Water	Wastewater	Totals	
Cash Flows from Operating Activities:				
Receipts from customers	\$ 9,098,536	\$ 9,136,509	\$ 18,235,045	\$ 6,059,999
Payments to suppliers and users	(2,965,155)	(3,031,802)	(5,996,957)	(4,936,473)
Payments to employees	(2,450,223)	(3,056,843)	(5,507,066)	(460,312)
Net Cash Provided (Used) by Operating Activities	<u>3,683,158</u>	<u>3,047,864</u>	<u>6,731,022</u>	<u>663,214</u>
Cash Flows from Non-Capital Financing Activities:				
Intergovernmental revenues	25,598	25,598	51,196	
Transfers in		245,000	245,000	
Transfers out	(1,657,615)	(1,315,363)	(2,972,978)	
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(1,632,017)</u>	<u>(1,044,765)</u>	<u>(2,676,782)</u>	
Cash Flows from Capital and Related Financing Activities:				
Acquisition of capital assets	(3,526,729)	(1,893,534)	(5,420,263)	(372,378)
Proceeds from sale of capital assets		15,600	15,600	31,835
Capital contributions	264,411	184,004	448,415	
Principal paid on debt	(575,000)	(501,060)	(1,076,060)	
Interest paid on debt	(1,243,895)	(955,002)	(2,198,897)	
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(5,081,213)</u>	<u>(3,149,992)</u>	<u>(8,231,205)</u>	<u>(340,543)</u>
Cash Flows from Investing Activities:				
Interest received	608,349	702,315	1,310,664	453,833
Net Cash Provided by Investing Activities	<u>608,349</u>	<u>702,315</u>	<u>1,310,664</u>	<u>453,833</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,421,723)	(444,578)	(2,866,301)	776,504
Cash and Cash Equivalents, July 1, 2008	<u>14,780,835</u>	<u>14,398,862</u>	<u>29,179,697</u>	<u>11,231,507</u>
Cash and Cash Equivalents, June 30, 2009	<u>\$ 12,359,112</u>	<u>\$ 13,954,284</u>	<u>\$ 26,313,396</u>	<u>\$ 12,008,011</u>
Reconciliation of Cash and Cash Equivalents to Statement of Net Assets				
Cash and investments	\$ 10,473,081	\$ 12,051,195	\$ 22,524,276	\$ 12,008,011
Cash and investments with fiscal agents	1,886,031	1,052,554	2,938,585	
Restricted cash and investments		850,535	850,535	
Total Cash and Investments	<u>\$ 12,359,112</u>	<u>\$ 13,954,284</u>	<u>\$ 26,313,396</u>	<u>\$ 12,008,011</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, 2009

	Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Wastewater	Totals	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (67,266)	\$ 251,080	\$ 183,814	\$ (489,386)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Amortization	24,066	32,100	56,166	
Depreciation	3,469,648	2,834,256	6,303,904	1,110,058
(Increase) Decrease in Operating Assets:				
Accounts receivable	459,815	97,852	557,667	22,394
Inventory				7,861
Due from other funds				4,126
Prepaid expenses	(11,020)	74,697	63,677	16,710
Increase (Decrease) in Operating Liabilities:				
Accounts payable	(214,537)	(241,319)	(455,856)	(4,185)
Accrued wages	566	1,953	2,519	1,014
Compensated absences	12,465	13,408	25,873	(1,502)
Due to other funds				(4,126)
Deferred revenue	9,421	(563)	8,858	250
Deposits payable		(15,600)	(15,600)	
Net Cash Provided (Used) by Operating Activities	<u>\$ 3,683,158</u>	<u>\$ 3,047,864</u>	<u>\$ 6,731,022</u>	<u>\$ 663,214</u>

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

CITY OF YUBA CITY
FIDUCIARY FUNDS
STATEMENT OF NET ASSETS
June 30, 2009

	<u>Agency</u>
ASSETS	
Cash and investments	\$ 5,844,788
Cash and investments with fiscal agent	1,002,668
Due from agency fund	104,118
Interest receivable	2,341
Accounts receivable	<u>237,461</u>
Total Assets	<u>7,191,376</u>
LIABILITIES	
Liabilities:	
Due to agency fund	104,118
Accounts payable	414,165
Deferred revenue	586,775
Deposits payable	<u>6,086,318</u>
Total Liabilities	<u>7,191,376</u>
NET ASSETS	
Unrestricted	<u> </u>
Total Net Assets	<u><u>\$ -</u></u>

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

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2009

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, as amended by GASB Statement No. 39.

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 are 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, 2009

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, 2009

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 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. The City applies all applicable FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements.

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, 2009

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 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, 2009

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 Net Assets. 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, 2009

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, 2009, 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, 2009

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, 2009

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, 2009

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:

<u>Depreciable Asset</u>	<u>Estimated Life</u>
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, 2009

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 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, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Assets/Fund Balances (Continued)

At June 30, 2009, 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	\$ 8,381,622	\$ -
Capital projects	21,404,490	
Future water purchases		448,717
Total Restricted	\$ 29,786,112	\$ 448,717

Included in total restricted net assets at June 30, 2009 are net assets restricted by enabling legislation of \$19,846,518.

In the governmental fund financial statements, reserves and designations segregate portions of fund balance. Reservations of fund balance are for amounts that are not available or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance are established by action of management and represent tentative plans that are subject to change. The City's reserves and designations at June 30, 2009, are comprised of the following:

	General	Redevelopment Agency	General Capital Improvements Projects	Impact Fees CIP Capital Projects Fund	Other Governmental Funds
Reserved for:					
Low and moderate income housing	\$ -	\$ -	\$ -	\$ -	\$ 5,659,409
Encumbrances	299,907	25,160	435,456	1,459,858	820,788
Debt service		103,500			923,752
Construction			4,155,347		
Prepaid expenditures	29,586	263			
Advances receivable	26,558,689				
Total Reserved	\$ 26,888,182	\$ 128,923	\$ 4,590,803	\$ 1,459,858	\$ 7,403,949
Designated for:					
Capital improvement projects	\$ -	\$ -	\$ 6,916,389	\$ 3,344,280	\$ 7,273,613
Economic stabilization	1,707,763				
Total Designated	\$ 1,707,763	\$ -	\$ 6,916,389	\$ 3,344,280	\$ 7,273,613

Reserves are described as follows:

- Reserved for low and moderate income housing – to reflect the portion of fund balance relating to State required low-to-moderate income housing set aside.
- Reserved for Encumbrances – to reflect the outstanding contractual obligations for which goods and services have not been received.
- Reserved for Debt Service - to reflect the funds held for future payment on debt principal and interest.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Assets/Fund Balances (Continued)

- Reserved for construction - to reflect the funds the City has set aside to fund future capital improvements.
- Reserved for prepaid expenditures - to reflect an amount equal to the prepaid expenditures
- Reserved for advances receivable - to reflect an amount equal to the long-term receivable advances to other funds.

Designations are described as follows:

- Designated for capital improvement projects - to reflect the funds the City has set aside to fund future capital improvements.
- Designated for economic stabilization – to reflect the funds the City has set aside to cover revenue shortfalls during the current economic downturn.

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, 2009

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 GASB Statements No. 45, No. 49, No. 52, No. 55, and No. 56 during the fiscal year ended June 30, 2009.

GASB Statement No. 45 – Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions

This Statement is effective for periods beginning July 1, 2008. This Statement establishes standards for accounting and financial reporting for state and local government employees that offer “Other Postemployment Benefits” (OPEB) and requires accrual basis measurement and recognition of OPEB expenses and liabilities that will result in recognition of expenses over periods that approximate employees’ years of service. See note 8 for more details of the City’s Plan and the effect on the financial statements.

GASB Statement No. 49 – Accounting and Financial Reporting for Pollution Remediation Obligations

This Statement is effective for periods beginning after December 15, 2007. The Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The scope of the document excludes pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and post-closure care and nuclear power plant decommissioning.

GASB Statement No. 52 – Land and Other Real Estate Held as Investments by Endowments

This Statement is effective for periods beginning after June 15, 2008. The Statement establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. New Accounting Pronouncements (Continued)

GASB Statement No. 55 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*

This Statement is effective as of April 2, 2009. The objective of this Statement is to incorporate the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's authoritative literature. The "GAAP hierarchy" consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles.

GASB Statement No. 56 – *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements of Auditing Standards*

This Statement is effective as of April 16, 2009. The objective of this Statement is to incorporate into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards. This Statement addresses three issues not included in the authoritative literature that establishes accounting principles – related party transactions, going concern considerations, and subsequent events. The presentation of principles used in the preparation of financial statements is more appropriately included in accounting and financial reporting standards rather than in the auditing literature.

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.

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.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2009

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	\$ 79,509,467
Cash and investments with fiscal agents	15,261,011
Restricted cash and investments with fiscal agents	3,164,628
Statement of Fiduciary Net Assets:	
Cash and investments	5,844,788
Cash and investments with fiscal agents	<u>1,002,668</u>
Total	<u><u>\$ 104,782,562</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, 2009 consist of the following:

Cash on hand	\$ 3,050
Deposits with financial institutions	579,114
Investments	<u>104,200,398</u>
Total	<u><u>\$ 104,782,562</u></u>

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.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2009

NOTE 2 - CASH AND INVESTMENTS (Continued)

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	5 years	20%	None
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
Corporate Bonds	5 years	30%	10%

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	5 years	None	None
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

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2009

NOTE 2 - CASH AND INVESTMENTS (Continued)

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.

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 (LAIF)	\$ 17,076,758	\$ 17,076,758	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
California Asset Management Program (CAMP)	3,054,238	3,054,238						N/A
Money market funds	10,543,959	10,543,959						N/A
Special assessment district obligations	396,583	53,261			21,086		322,236	13.74
Local agency obligations	912,084						912,084	23.17
U.S. treasury obligations	3,868,994	1,528,205		2,340,789				1.59
U.S. government agency issues	40,945,685	9,675,296	16,501,748	10,115,083	3,116,160	1,537,398		1.81
Corporate bonds	8,824,328	4,526,363	2,232,965	2,065,000				1.12
Held by bond trustees:								
Money market funds	4,319,853	4,319,853						N/A
State investment pool (LAIF)	3,660,056	3,660,056						N/A
U.S. government agency issues	3,280,968	2,266,541	1,014,427					0.75
Investment Contract:								
CA arbitrage management	7,316,892	7,316,892						N/A
	<u>\$ 104,200,398</u>	<u>\$ 64,021,422</u>	<u>\$ 19,749,140</u>	<u>\$ 14,520,872</u>	<u>\$ 3,137,246</u>	<u>\$ 1,537,398</u>	<u>\$ 1,234,320</u>	<u>2.05</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.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2009

NOTE 2 - CASH AND INVESTMENTS (Continued)

Disclosures Relating to Credit Risk (Continued)

Investment Type	Amount	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End			
				AAA	AA	A	Not Rated
State investment pool (LAIF)	\$ 17,076,758	N/A	\$ -	\$ -	\$ -	\$ -	\$ 17,076,758
California Asset Management Program (CAMP)	3,054,238	N/A					3,054,238
Money market funds	10,543,959	N/A		10,543,959			
Special assessment district obligation	396,583	N/A					396,583
Local agency obligations	912,084	N/A					912,084
U.S. treasury obligations	3,868,994	N/A	3,868,994				
U.S. government agency issues	40,945,685	N/A		40,945,685			
Corporate bonds	8,824,328	N/A		1,968,685	3,590,970	2,263,183	1,001,490
Held by bond trustees:							
Money market funds	4,319,853	N/A		4,319,606			247
State investment pool (LAIF)	3,660,056	N/A					3,660,056
U.S. government agency issues	3,280,968	N/A		3,280,968			
Investment contract:							
CA arbitrage management	7,316,892	N/A					7,316,892
Total	\$ 104,200,398		\$ 3,868,994	\$ 61,058,903	\$ 3,590,970	\$ 2,263,183	\$ 33,418,348

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 three investments that represent more than 5% of total City investments (U.S. government agency issues, corporate bonds, and the CA arbitrage management investment contract).

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, 2009, \$994,756 of the City's deposits with financial institutions in excess of federal depository insurance limits was held in collateralized accounts.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2009

NOTE 2 - CASH AND INVESTMENTS (Continued)

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 1.001364207 was used to calculate the fair value of the investments in LAIF.

NOTE 3 - CAPITAL ASSETS

At June 30, 2009, the City's capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Nondepreciable Assets:			
Land	\$ 128,532,658	\$ 1,674,698	\$ 130,207,356
Construction in progress	12,314,469	2,848,260	15,162,729
Total nondepreciable assets	140,847,127	4,522,958	145,370,085
Depreciable Assets:			
Buildings	29,559,513	23,909,057	53,468,570
Improvements	6,457,269	71,820,017	78,277,286
Machinery and equipment	17,010,373	24,099,179	41,109,552
Infrastructure	335,593,728	121,024,268	456,617,996
Total depreciable assets	388,620,883	240,852,521	629,473,404
Less accumulated depreciation	(81,009,754)	(53,052,449)	(134,062,203)
Total depreciable assets, net	307,611,129	187,800,072	495,411,201
Total capital assets, net	\$ 448,458,256	\$ 192,323,030	\$ 640,781,286

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2009

NOTE 3 - CAPITAL ASSETS (Continued)

The following is a summary of capital asset activity for governmental activities for the fiscal year ended June 30, 2009:

	Balance July 1, 2008	Additions	Deletions	Transfers	Prior Period Adjustments	Balance June 30, 2009
Governmental Activities						
Nondepreciable capital assets:						
Land	\$ 126,183,991	\$ 712,732	\$ -	\$ 1,602,335	\$ 33,600	\$ 128,532,658
Construction in progress	19,374,324	16,289,085		(23,348,940)		12,314,469
Total nondepreciable capital assets	<u>145,558,315</u>	<u>17,001,817</u>		<u>(21,746,605)</u>	<u>33,600</u>	<u>140,847,127</u>
Depreciable capital assets:						
Buildings	28,416,566	763,564		262,051	117,332	29,559,513
Improvements	5,862,648			594,621		6,457,269
Machinery and equipment	15,961,310	528,653	(467,433)	987,843		17,010,373
Infrastructure	314,928,199	763,439		19,902,090		335,593,728
Total depreciable capital assets	<u>365,168,723</u>	<u>2,055,656</u>	<u>(467,433)</u>	<u>21,746,605</u>	<u>117,332</u>	<u>388,620,883</u>
Accumulated depreciation:						
Buildings	(5,074,377)	(1,143,130)				(6,217,507)
Improvements	(2,359,373)	(270,427)				(2,629,800)
Machinery and equipment	(8,932,474)	(1,496,275)	460,006			(9,968,743)
Infrastructure	(55,201,997)	(6,991,707)				(62,193,704)
Total accumulated depreciation	<u>(71,568,221)</u>	<u>(9,901,539)</u>	<u>460,006</u>			<u>(81,009,754)</u>
Net depreciable capital assets	<u>293,600,502</u>	<u>(7,845,883)</u>	<u>(7,427)</u>	<u>21,746,605</u>	<u>117,332</u>	<u>307,611,129</u>
Net capital assets	<u>\$ 439,158,817</u>	<u>\$ 9,155,934</u>	<u>\$ (7,427)</u>	<u>\$ -</u>	<u>\$ 150,932</u>	<u>\$ 448,458,256</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:

Governmental Activities:

General government	\$ 339,577
Public safety	1,141,423
Public works	8,053,896
Parks and recreation	348,594
Community development	<u>18,049</u>
Subtotal Governmental Funds	<u>\$ 9,901,539</u>

Depreciation on capital assets held by the City's internal service funds of \$1,110,058 are charged to the various functions based on their usage of the assets and is included above.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2009

NOTE 3 - CAPITAL ASSETS (Continued)

The following is a summary of capital asset activity for business-type activities for the fiscal year ended June 30, 2009:

	Balance July 1, 2008	Additions	Deletions	Transfers	Prior Period Adjustments	Balance June 30, 2009
Business-type Activities						
Water						
Nondepreciable capital assets:						
Land	\$ 974,698	\$ -	\$ -	\$ -	\$ -	\$ 974,698
Construction in progress	6,296,231	3,122,242		(7,583,570)		1,834,903
Total nondepreciable capital assets	7,270,929	3,122,242		(7,583,570)		2,809,601
Depreciable capital assets:						
Buildings	6,958,100			823,845		7,781,945
Improvements	40,144,245			498,302		40,642,547
Machinery and equipment	5,462,456	140,076		4,127,778		9,730,310
Infrastructure	78,694,722	264,411		2,133,645		81,092,778
Total depreciable capital assets	131,259,523	404,487		7,583,570		139,247,580
Less accumulated depreciation	(23,045,248)	(3,469,648)				(26,514,896)
Net depreciable capital assets	108,214,275	(3,065,161)		7,583,570		112,732,684
Net capital assets	\$ 115,485,204	\$ 57,081	\$ -	\$ -	\$ -	\$ 115,542,285
Wastewater						
Nondepreciable capital assets:						
Land	\$ 700,000	\$ -	\$ -	\$ -	\$ -	\$ 700,000
Construction in progress	40,600	1,652,905		(664,548)	(15,600)	1,013,357
Total nondepreciable capital assets	740,600	1,652,905		(664,548)	(15,600)	1,713,357
Depreciable capital assets:						
Buildings	16,127,112					16,127,112
Improvements	33,234,918			222,200	(2,279,648)	31,177,470
Machinery and equipment	14,311,649	56,625	(441,753)	442,348		14,368,869
Infrastructure	39,747,486	184,004				39,931,490
Total depreciable capital assets	103,421,165	240,629	(441,753)	664,548	(2,279,648)	101,604,941
Less accumulated depreciation	(24,104,305)	(2,834,256)	401,008			(26,537,553)
Net depreciable capital assets	79,316,860	(2,593,627)	(40,745)	664,548	(2,279,648)	75,067,388
Net capital assets	\$ 80,057,460	\$ (940,722)	\$ (40,745)	\$ -	\$ (2,295,248)	\$ 76,780,745

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	\$ 3,469,648
Wastewater	<u>2,834,256</u>

Total Depreciation Expense-Business-type Activities \$ 6,303,904

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2009

NOTE 4 – DEFERRED REVENUE

At June 30, 2009, components of deferred revenue reported were as follows:

General fund:	
Sales tax revenue accrued but not available	\$ 581,393
Business license and miscellaneous revenue received but not earned	320,149
Senior fund raising revenue received but not earned	45,806
Contributions collected for an undergrounding district, but not yet earned	47,400
Accounts receivable accrued but not available	45,379
Redevelopment Agency Special Revenue Fund:	
Notes receivable (balance may be forgiven)	42,200
Impact Fees CIP Capital Projects Fund:	
Impact fees collected but not earned	16,600,352
Low and Moderate Set Aside Special Revenue Fund:	
Notes receivable (balance may be forgiven)	2,679,330
HOME Grant Special Revenue Fund:	
Notes receivable (balance may be forgiven)	4,738,495
Streets and Roads Special Revenue Fund:	
Impact fees collected but not earned	10,365
CDBG Program Income Special Revenue Fund:	
Notes receivable (balance may be forgiven)	1,214,087
Harter Specific Plan Special Revenue Fund:	
Impact fees collected but not earned	30,000
Specific Plan Special Revenue Fund:	
Specific plan fees collected but not earned	128,975
Siller Ranch MP Special Revenue Fund:	
Fees collected but not earned	59,081
Water Fund:	
Water revenues collected but not earned	121,476
Wastewater Fund:	
Wastewater revenues collected but not earned	148,950
Employee Benefits Fund:	
Employee benefit contributions received but not earned	7,553
Flood Control Agency Fund:	
Contributions collected but not earned	586,775

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2009

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, 2009:

	Balance July 1, 2008	Additions	Deletions	Prior Period Adjustments	Balance June 30, 2009	Due within one year
Governmental Activities						
Tax Allocation Revenue Bonds	\$ 36,005,000	\$ -	\$ (390,000)	\$ -	\$ 35,615,000	\$ 415,000
Less Deferred Amounts:						
Refunding Difference	(628,671)		20,280		(608,391)	
Costs of Issuance	(532,921)		16,654		(516,267)	
Plus: Bond Premium	228,902		(7,154)		221,748	
Bonds, net	<u>35,072,310</u>		<u>(360,220)</u>		<u>34,712,090</u>	<u>415,000</u>
Certificates of Participation	12,265,000		(245,000)		12,020,000	255,000
Less Deferred Amounts:						
Costs of Issuance	(499,242)		17,830		(481,412)	
Certificates of Participation, net	<u>11,765,758</u>		<u>(227,170)</u>		<u>11,538,588</u>	<u>255,000</u>
Pension Obligation Bonds	7,255,000		(530,000)		6,725,000	590,000
Less Deferred Amounts:						
Costs of Issuance	(164,573)		18,284		(146,289)	
Pension Obligation Bonds, net	<u>7,090,427</u>		<u>(511,716)</u>		<u>6,578,711</u>	<u>590,000</u>
Other post-employment benefits		350,000	(136,010)		213,990	
Street Light Lease Payable	629,953		(104,957)		524,996	109,026
Fire Station #4 Lease Payable	5,940,000		(496,406)		5,443,594	515,904
Compensated Absences	3,350,258	320,575	(363,948)		3,306,885	34,318
Loans Payable	<u>1,819,241</u>		<u>(45,139)</u>		<u>1,774,102</u>	<u>46,461</u>
Total - Governmental Activities	<u>\$ 65,667,947</u>	<u>\$ 670,575</u>	<u>\$ (2,245,566)</u>	<u>\$ -</u>	<u>\$ 64,092,956</u>	<u>\$ 1,965,709</u>
Business-type Activities						
Certificates of Participation	\$ 48,891,634	\$ -	\$ (1,076,060)	\$ -	\$ 47,815,574	\$ 1,119,024
Less Deferred Amounts:						
Refunding Difference	(380,474)		22,491		(357,983)	
Bond Discount	(518,936)		20,756		(498,180)	
Costs of Issuance	(309,095)		12,919		(296,176)	
Bonds, net	<u>47,683,129</u>		<u>(1,019,894)</u>		<u>46,663,235</u>	<u>1,119,024</u>
Capital Lease Payable	2,279,648			(2,279,648)		
Compensated Absences	<u>418,039</u>	<u>389,820</u>	<u>(363,948)</u>		<u>443,911</u>	<u>331,894</u>
Total Business-type Activities	<u>\$ 50,380,816</u>	<u>\$ 389,820</u>	<u>\$ (1,383,842)</u>	<u>\$ (2,279,648)</u>	<u>\$ 47,107,146</u>	<u>\$ 1,450,918</u>

Compensated absences for governmental activities are generally liquidated by the fund where the accrued liability occurred, which is usually the General fund.

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, 2009 was \$15,475,000.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2009

NOTE 5 - LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

The scheduled annual minimum debt service requirements at June 30, 2009 were as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2010	\$ 210,000	\$ 885,663	\$ 1,095,663
2011	215,000	877,425	1,092,425
2012	225,000	868,344	1,093,344
2013	235,000	858,275	1,093,275
2014	245,000	847,230	1,092,230
2015-2019	1,410,000	4,037,994	5,447,994
2020-2024	1,835,000	3,596,363	5,431,363
2025-2029	2,440,000	2,979,847	5,419,847
2030-2034	3,265,000	2,130,750	5,395,750
2035-2039	4,360,000	994,500	5,354,500
2040	1,035,000	31,050	1,066,050
Totals	<u>\$ 15,475,000</u>	<u>\$ 18,107,441</u>	<u>\$ 33,582,441</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, 2009 was \$4,275,000.

The scheduled annual minimum debt service requirements at June 30, 2009 were as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2010	\$ 60,000	\$ 244,491	\$ 304,491
2011	60,000	242,166	302,166
2012	65,000	239,585	304,585
2013	65,000	236,741	301,741
2014	70,000	233,634	303,634
2015-2019	390,000	1,112,972	1,502,972
2020-2024	505,000	991,583	1,496,583
2025-2029	670,000	821,820	1,491,820
2030-2034	900,000	588,000	1,488,000
2035-2039	1,205,000	274,650	1,479,650
2040	285,000	8,550	293,550
Totals	<u>\$ 4,275,000</u>	<u>\$ 4,994,192</u>	<u>\$ 9,269,192</u>

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2009

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, 2009 was \$15,865,000.

The scheduled annual minimum debt service requirements at June 30, 2009 were as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2010	\$ 145,000	\$ 819,880	\$ 964,880
2011	150,000	812,505	962,505
2012	155,000	804,880	959,880
2013	250,000	794,649	1,044,649
2014	260,000	782,424	1,042,424
2015-2019	1,525,000	3,708,829	5,233,829
2020-2024	1,945,000	3,288,603	5,233,603
2025-2029	2,500,000	2,723,100	5,223,100
2030-2034	3,220,000	1,971,322	5,191,322
2035-2039	4,620,000	944,881	5,564,881
2040	1,095,000	29,213	1,124,213
Totals	<u>\$ 15,865,000</u>	<u>\$ 16,680,286</u>	<u>\$ 32,545,286</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, 2009 was \$12,020,000.

The scheduled annual minimum debt service requirements at June 30, 2009 were as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2010	\$ 255,000	\$ 512,589	\$ 767,589
2011	265,000	503,536	768,536
2012	270,000	493,996	763,996
2013	285,000	484,141	769,141
2014	295,000	473,596	768,596
2015-2019	1,645,000	2,190,256	3,835,256
2020-2024	2,005,000	1,827,613	3,832,613
2025-2029	2,480,000	1,353,722	3,833,722
2030-2034	3,085,000	750,403	3,835,403
2035-2036	1,435,000	97,650	1,532,650
Totals	<u>\$ 12,020,000</u>	<u>\$ 8,687,502</u>	<u>\$ 20,707,502</u>

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2009

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, 2009 was \$6,725,000.

The scheduled annual minimum debt service requirements at June 30, 2009 were as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2010	\$ 590,000	\$ 351,031	\$ 941,031
2011	650,000	321,118	971,118
2012	715,000	288,033	1,003,033
2013	790,000	251,354	1,041,354
2014	865,000	210,590	1,075,590
2015-2017	3,115,000	341,913	3,456,913
Totals	\$ 6,725,000	\$ 1,764,039	\$ 8,489,039

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, 2009 were as follows:

Fiscal Year Ended June 30,	Total
2010	\$ 128,149
2011	128,149
2012	128,149
2013	128,149
2014	64,075
Total requirements	576,671
Less: interest	(51,675)
Present value of remaining payments	\$ 524,996

The City has entered into a lease agreement to provide funds for the construction of Fire Station #4. This building 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, 2009 were as follows:

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2009

NOTE 5 - LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Fiscal Year Ended June 30,	Total
2010	\$ 722,691
2011	722,691
2012	722,691
2013	722,691
2014	722,691
2015-2018	2,890,764
Total requirements	6,504,219
Less: interest	(1,060,625)
Present value of remaining payments	<u>\$ 5,443,594</u>

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, 2009 was \$1,774,102.

The scheduled annual minimum debt service requirements at June 30, 2009 were as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2010	\$ 46,461	\$ 51,301	\$ 97,762
2011	47,823	49,919	97,742
2012	49,224	48,498	97,722
2013	50,666	47,034	97,700
2014	52,151	45,528	97,679
2015-2019	284,588	203,455	488,043
2020-2024	328,796	158,599	487,395
2025-2029	379,872	106,776	486,648
2030-2034	438,881	46,902	485,783
2035	95,640	1,401	97,041
Totals	<u>\$ 1,774,102</u>	<u>\$ 759,413</u>	<u>\$ 2,533,515</u>

Business-type Activities

Certificates of Participation – Water Revenue - 2001

On June 5, 2001, the City issued \$5,000,000 of Certificates of Participation bearing interest between 4.25% and 5.125% and payable semi-annually on December 1 and June 1, maturing on June 30, 2026. These Certificates were used for the acquisition of Hillcrest water and financing of capital projects. The outstanding principal balance of the 2001 Water Certificates of Participation at June 30, 2009 was \$4,050,000.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2009

NOTE 5 - LONG-TERM DEBT (Continued)

Business-type Activities (Continued)

The scheduled annual minimum debt service requirements at June 30, 2009 were as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2010	\$ 150,000	\$ 198,924	\$ 348,924
2011	160,000	192,549	352,549
2012	170,000	185,749	355,749
2013	175,000	178,099	353,099
2014	185,000	170,224	355,224
2015-2019	1,090,000	709,355	1,799,355
2020-2024	1,430,000	404,557	1,834,557
2025-2026	690,000	53,557	743,557
Totals	<u>\$ 4,050,000</u>	<u>\$ 2,093,014</u>	<u>\$ 6,143,014</u>

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, 2009 was \$10,535,000.

The scheduled annual minimum debt service requirements at June 30, 2009 were as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2010	\$ 90,000	\$ 512,152	\$ 602,152
2011	95,000	508,553	603,553
2012	95,000	504,752	599,752
2013	105,000	500,715	605,715
2014	105,000	499,568	604,568
2015-2019	570,000	2,412,575	2,982,575
2020-2024	670,000	2,271,020	2,941,020
2025-2029	4,735,000	1,827,137	6,562,137
2030-2032	4,070,000	413,750	4,483,750
Totals	<u>\$ 10,535,000</u>	<u>\$ 9,450,222</u>	<u>\$ 19,985,222</u>

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, 2009 was \$23,585,000.

The scheduled annual minimum debt service requirements at June 30, 2009 were as follows:

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2009

NOTE 5 - LONG-TERM DEBT (Continued)

Business-type Activities (Continued)

Fiscal Year Ended June 30,	Principal	Interest	Total
2010	\$ 450,000	\$ 1,018,359	\$ 1,468,359
2011	470,000	997,546	1,467,546
2012	485,000	976,396	1,461,396
2013	505,000	960,028	1,465,028
2014	520,000	942,984	1,462,984
2015-2019	2,875,000	4,415,543	7,290,543
2020-2024	3,465,000	3,784,129	7,249,129
2025-2029	5,435,000	2,912,087	8,347,087
2030-2034	7,640,000	1,453,275	9,093,275
2035	1,740,000	78,300	1,818,300
Totals	<u>\$ 23,585,000</u>	<u>\$ 17,538,647</u>	<u>\$ 41,123,647</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, 2009 was \$9,645,574.

The scheduled annual minimum debt service requirements at June 30, 2009 were as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2010	\$ 429,024	\$ 421,512	\$ 850,536
2011	447,772	402,763	850,535
2012	467,340	383,196	850,536
2013	487,763	362,773	850,536
2014	509,078	341,458	850,536
2015-2019	2,899,182	1,353,495	4,252,677
2020-2024	3,590,491	662,186	4,252,677
2025	814,924	35,612	850,536
Totals	<u>\$ 9,645,574</u>	<u>\$ 3,962,995</u>	<u>\$ 13,608,569</u>

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2009

NOTE 5 - LONG-TERM DEBT (Continued)

Business-type Activities (Continued)

Advance Refunding

On May 23, 2007, the City issued \$10,440,769 of certificates of participation with an interest rate of 4.370% to advance refund prior certificates of participation with interest rates ranging from 5.125% to 5.750% and a par value of \$10,335,000. The prior certificates of participation mature annually on June 1 between 2007 and 2025 and are callable on June 1, 2010. The net proceeds from issuance of the certificates of participation were used to purchase U.S. government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the prior certificates of participation are called on June 1, 2010.

As a result of the advance refunding, the City reduced its total debt service requirements by \$587,033, which resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$235,950. The advance refunding met the certificates of participation requirements of an in-substance defeasance and the prior certificates of participation were removed from the City's government-wide financial statements. At June 30, 2009, \$9,315,000 of the defeased certificates of participation were outstanding.

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, 2009, the principal amount of special assessment debt outstanding for which the City is not obligated was \$8,203,584.

NOTE 6 - INTERFUND TRANSACTIONS

A. Long-Term Advances

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

At June 30, 2009, 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	\$26,558,689

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2009

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, 2009 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Governmental Funds:	Nonmajor Governmental Fund:	
General Fund	CDBG Grant Special Revenue Fund	\$ 224,226
	Internal Service Fund:	
	Store Fund	34,000
	Nonmajor Governmental Fund:	
Redevelopment Agency Special Revenue Fund	Redevelopment Agency CIP Project Capital Projects Fund	1,094,553
Nonmajor Governmental Fund:		
Low and Moderate Set-Aside Special Revenue Fund	Redevelopment Agency CIP Project Capital Projects Fund	202,655
Internal Service Fund:	Internal Service Funds:	
Vehicle Replacement Fund	Store Fund	45,808
Major Enterprise Funds:		
Water Fund	Store Fund	146,000
Wastewater Fund	Store Fund	20,000
Agency Fund:	Agency Fund:	
City Trust Fund	Cal-Met Program Fund	104,118

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2009

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, 2009 were as follows:

	Transfers <u>In</u>	Transfers <u>Out</u>
Major Governmental Funds:		
General Fund	\$ 9,468,939	\$ 287,967
Redevelopment Agency Special Revenue Fund		8,276,482
General Capital Improvements Projects		
Capital Projects Fund	365,515	3,237,426
Impact Fees CIP Projects Capital Projects Fund	485,029	1,014,541
Major Proprietary Funds:		
Water Fund		1,657,615
Wastewater Fund	245,000	1,315,363
Nonmajor Governmental Funds:		
Special Revenue Funds:		
Traffic Safety Fund		500,000
Low and Moderate Set Aside Fund		329,914
Law Enforcement Services Fund		206,000
Landscape Districts Fund		156,743
CDBG Grant Fund		75,435
Miscellaneous Lighting Districts Fund		107,245
Streets and Roads Fund		4,746,592
Specific Plan Fund	104,000	
Debt Service Funds:		
Gauche Park COP Fund	733,357	
CIEDB Loan Fund	54,482	
Yuba City RDA 2004 Series A Fund	1,093,100	
Yuba City RDA Low/Mod Series B Fund	301,579	
Yuba City 2007 Series Fund	961,880	
Fire Station #4 Lease Fund	722,691	
Capital Projects Funds:		
Streets and Roads CIP Projects Fund	2,686,809	625,179
Yuba City RDA CIP Project Fund	5,429,482	115,361
	<u>\$ 22,651,863</u>	<u>\$ 22,651,863</u>

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2009

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 2008-09 was 19.305% for miscellaneous employees and 21.291% for safety employees. 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 2008-09, the City's contributions to CalPERS for the miscellaneous plan of \$2,261,377, and \$2,213,104 for the safety plan were equal to 100% of the required contributions. The required contributions were determined as part of the June 30, 2006 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, 2008 was 16 years for safety and 23 years for miscellaneous.

Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the miscellaneous plan and safety plan were 82.3% and 85.8% funded, respectively. The actuarial accrued liability for benefits was \$70,538,951 and the actuarial value of assets was \$58,066,143 for the miscellaneous plan, resulting in an unfunded actuarial accrued liability of \$12,472,808. The covered payroll was \$11,581,567, which results in a ratio of the unfunded actuarial accrued liability to the covered payroll of 107.7%. 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, 2009

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			
6/30/2007	\$ 1,913,756	100%	\$ -
6/30/2008	2,182,488	100%	-
6/30/2009	2,261,377	100%	-
Safety			
6/30/2007	\$ 2,720,652	100%	\$ -
6/30/2008	1,996,372	100%	-
6/30/2009	2,213,104	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, 2009, the net pension asset was \$6,501,334.

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, 2009

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 the “Employee Only” medical premium paid by the City until such time as the employee is eligible to receive Medicare.

Funding Policy

The City’s adopted policy is to contribute an amount sufficient to pay the current fiscal year’s premium. For fiscal year 2008-09, the City contributed \$136,010, which consisted of current premiums and an implied subsidy transfer, 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. 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	\$ 350,000
Annual OPEB cost (expense)	350,000
Contributions made	(136,010)
Increase in net OPEB obligation	213,990
Net OPEB obligation - beginning of fiscal year	-
Net OPEB obligation - end of fiscal year	\$ 213,990

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2009 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)
6/30/2007	\$ -	0%	\$ -
6/30/2008	-	0%	-
6/30/2009	136,010	38.9%	213,990

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2009

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (Continued)

Funded Status and Funding Progress

As of January 1, 2009, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$2,849,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,849,000. The covered payroll (annual payroll of active employees covered by the plan) was \$18,986,000, and the ratio of the UAAL to the covered payroll was 15 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, 2009 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 3 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, 2009 was thirty 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, 2009

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, 2009, 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 \$620,618 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, 2009

NOTE 9 – RISK MANAGEMENT (Continued)

The NCCSIF's June 30, 2009 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, 2009:

	<u>Workers'</u> <u>Compensation</u>	<u>General</u> <u>Liability</u>
Total assets	\$ 36,224,992	\$ 14,625,292
Total liabilities	<u>24,261,939</u>	<u>8,314,813</u>
Net assets	<u>\$ 11,963,053</u>	<u>\$ 6,310,479</u>
Operating revenue	\$ 8,418,002	\$ 5,514,434
Operating expenses	<u>9,429,058</u>	<u>7,825,607</u>
Operating income (loss)	<u>(1,011,056)</u>	<u>(2,311,173)</u>
Investment income	<u>2,118,896</u>	<u>973,055</u>
Net income (loss)	<u>1,107,840</u>	<u>(1,338,118)</u>
Beginning retained earnings	<u>10,855,213</u>	<u>7,648,597</u>
Ending retained earnings	<u>\$ 11,963,053</u>	<u>\$ 6,310,479</u>

Complete audited financial statements can be obtained from the Claims Administrator, 48 Hanover Lane, Suite 3, Chico, California, 95973.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

A. Construction

The City has signed agreements to construct various capital improvement projects subsequent to June 30, 2009. The balance owed on these commitments at June 30, 2009 was \$4,473,210. 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.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2009

NOTE 11 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Balances/Net Assets

As of June 30, 2009 the following funds had a deficit fund balance:

Major Fund:

RDA Debt Service Fund	\$ 26,558,689
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Nonmajor Special Revenue Fund:

Siller Ranch MP Fund	6,600
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The RDA Debt Service Fund deficit fund balance is expected to be eliminated in future years through tax increment revenue.

The Siller Ranch MP Fund deficit fund balance is expected to be eliminated in future years through developer contributions.

NOTE 12 - PRIOR PERIOD ADJUSTMENTS

A prior period adjustment of (\$297,707) was made on the Statement of Activities for Governmental Activities for an overstatement of net pension asset (\$448,639) and an understatement of capital assets \$150,932.

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CITY OF YUBA CITY
Required Supplementary Information
June 30, 2009

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)
6/30/2006	\$ 58,177,850	\$ 48,104,254	\$ 10,073,596	82.7%	\$ 9,659,620	104.3%
6/30/2007	64,606,817	53,283,357	11,323,460	82.5%	11,355,034	99.7%
6/30/2008	70,538,951	58,066,143	12,472,808	82.3%	11,581,567	107.7%

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)
1/1/2009	\$ 2,849,000	\$ -	\$ 2,849,000	0.0%	\$ 18,986,000	15.0%

CITY OF YUBA CITY
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2009

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 General Fund budget is adopted on the budgetary basis, which is not consistent with accounting principles generally accepted in the United States of America. 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, 2009

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes and assessments	\$ 26,196,835	\$ 24,885,835	\$ 23,972,168	\$ (913,667)
Intergovernmental revenues	760,676	1,233,555	1,006,842	(226,713)
Licenses, permits, and fees	965,262	965,262	707,527	(257,735)
Fines and forfeitures	110,250	110,250	68,556	(41,694)
Use of money and property	275,704	75,704	74,890	(814)
Charges for services	2,377,583	2,377,583	3,209,757	832,174
Other revenues	85,850	85,850	135,700	49,850
	<u>30,772,160</u>	<u>29,734,039</u>	<u>29,175,440</u>	<u>(558,599)</u>
Expenditures:				
Current:				
General government:				
City council	163,957	151,557	113,420	38,137
City manager	421,201	406,263	398,536	7,727
City attorney	220,000	203,500	207,005	(3,505)
Finance	1,893,131	1,789,493	1,715,216	74,277
City treasurer	10,512	10,512	7,406	3,106
Information technology	689,687	664,594	613,415	51,179
General services	1,208,096	1,229,688	1,105,134	124,554
City clerk	76,487	74,037	42,266	31,771
Human resources	791,563	819,256	581,738	237,518
Non departmental	140,800	101,800	88,737	13,063
Contingency	100,000	112,284	(18,094)	130,378
	<u>5,715,434</u>	<u>5,562,984</u>	<u>4,854,779</u>	<u>708,205</u>
Public safety:				
Animal control	375,000	375,000	437,682	(62,682)
Police-traffic	991,974	1,052,999	1,029,755	23,244
Police-administration	1,292,952	1,239,080	1,373,411	(134,331)
Police-investigation	1,702,886	2,107,525	1,912,677	194,848
Police-field operations	7,707,345	7,441,573	7,482,453	(40,880)
Police-community outreach	80,997	84,207	78,363	5,844
Police-technology research	171,276	176,338	168,179	8,159
Police-information and analysis	183,317	186,025	125,853	60,172
Police-communications	1,248,344	1,198,158	1,102,962	95,196
Law Enforcement-grants		186,227	45,394	140,833
Fire-administration	949,362	994,192	951,407	42,785
Fire-operations	8,538,530	8,919,410	8,747,116	172,294
Fire-grants		129,064	103,199	25,865
	<u>23,241,983</u>	<u>24,089,798</u>	<u>23,558,451</u>	<u>531,347</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures: (Continued)				
Current:				
Parks and recreation:				
Administration	\$ 366,536	\$ 366,536	\$ 338,439	\$ 28,097
Supervision	432,040	433,244	397,226	36,018
Parks	1,705,493	1,685,779	1,549,170	136,609
Programs	994,743	663,270	660,715	2,555
Swimming pool	319,346	605,222	500,486	104,736
Senior center	191,798	204,465	179,595	24,870
Total parks and recreation	<u>4,009,956</u>	<u>3,958,516</u>	<u>3,625,631</u>	<u>332,885</u>
Public works and facilities:				
Streets	1,262,479	1,276,428	1,150,702	125,726
Electrical maintenance	945,768	821,615	534,237	287,378
Engineering	1,227,789	1,252,017	1,117,602	134,415
Total public works and facilities	<u>3,436,036</u>	<u>3,350,060</u>	<u>2,802,541</u>	<u>547,519</u>
Community development:				
Administration	326,596	336,787	304,176	32,611
Planning	688,360	626,726	544,291	82,435
Building	790,582	794,186	719,150	75,036
Economic development	265,955	212,634	127,671	84,963
Total community development	<u>2,071,493</u>	<u>1,970,333</u>	<u>1,695,288</u>	<u>275,045</u>
Debt Service:				
Principal	104,957	104,957	104,957	
Interest and other charges	23,192	23,192	23,192	
Total debt service	<u>128,149</u>	<u>128,149</u>	<u>128,149</u>	
Capital Outlay:				
Public safety		369,582	192,363	177,219
Total capital outlay		<u>369,582</u>	<u>192,363</u>	<u>177,219</u>
Total expenditures	<u>38,603,051</u>	<u>39,429,422</u>	<u>36,857,202</u>	<u>2,572,220</u>
Excess of revenues over (under) expenditures	<u>(7,830,891)</u>	<u>(9,695,383)</u>	<u>(7,681,762)</u>	<u>2,013,621</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Sources (Uses):				
Transfers in	\$ 9,446,299	\$ 9,696,299	\$ 9,468,939	\$ (227,360)
Transfers out		(649,313)	(287,967)	361,346
Total other financing sources (uses)	<u>9,446,299</u>	<u>9,046,986</u>	<u>9,180,972</u>	<u>133,986</u>
Net changes in fund balance	1,615,408	(648,397)	1,499,210	2,147,607
Fund balance - July 1, 2008	<u>28,439,991</u>	<u>28,439,991</u>	<u>28,439,991</u>	
Fund balance - June 30, 2009	<u>\$ 30,055,399</u>	<u>\$ 27,791,594</u>	<u>\$ 29,939,201</u>	<u>\$ 2,147,607</u>

Reconciliation of Net Changes in Fund Balances - Budgetary to GAAP Basis:

Net Change in Fund Balances - Budgetary Basis \$ 1,499,210

The amount reported in the Governmental Funds Statement of Revenues,
Expenditures, and Changes in Fund Balances was different because:

Accrued interest revenue on advances to Redevelopment Agency 2,414,426

**Net Change in Fund Balances - Statement of Revenues, Expenditures,
and Changes in Fund Balances** \$ 3,913,636

Reconciliation of Fund Balances - Budgetary to GAAP Basis:

Fund Balances - June 30, 2009 - Budgetary Basis \$ 29,939,201

Accrued interest revenue on advances to Redevelopment Agency 2,414,426

Fund Balances - June 30, 2009 - GAAP Basis \$ 32,353,627

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, 2009

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget
				Positive
				(Negative)
Revenues:				
Taxes and assessments	\$ 2,765,842	\$ 2,765,842	\$ 2,945,777	\$ 179,935
Use of money and property	494,400	494,400	120,157	(374,243)
Other revenues	207,806	207,806	237,332	29,526
	<u>3,468,048</u>	<u>3,468,048</u>	<u>3,303,266</u>	<u>(164,782)</u>
Expenditures:				
Current:				
Community development	882,161	985,373	969,754	15,619
Capital outlay		123,000	114,667	8,333
	<u>882,161</u>	<u>1,108,373</u>	<u>1,084,421</u>	<u>23,952</u>
Excess of revenues over (under) expenditures	<u>2,585,887</u>	<u>2,359,675</u>	<u>2,218,845</u>	<u>(140,830)</u>
Other Financing Sources (Uses):				
Transfers out	<u>(8,382,182)</u>	<u>(8,397,169)</u>	<u>(8,276,482)</u>	<u>120,687</u>
Total other financing sources (uses)	<u>(8,382,182)</u>	<u>(8,397,169)</u>	<u>(8,276,482)</u>	<u>120,687</u>
Net changes in fund balance	(5,796,295)	(6,037,494)	(6,057,637)	(20,143)
Fund balance - July 1, 2008	<u>9,567,571</u>	<u>9,567,571</u>	<u>9,567,571</u>	
Fund balance - June 30, 2009	<u>\$ 3,771,276</u>	<u>\$ 3,530,077</u>	<u>\$ 3,509,934</u>	<u>\$ (20,143)</u>

See notes to required supplementary information.

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.

Streets and Roads Fund – This fund is used to account for monies to be used on transportation, road, and street programs.

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.

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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, 2009

Special Revenue Funds

	Traffic Safety Fund	Low & Moderate Set Aside Fund	Law Enforcement Services Fund	Landscape Districts Fund
Assets				
Cash and investments	\$ 44,516	\$ 2,427,090	\$ 239,112	\$ 1,194,856
Cash and investments with fiscal agent		2,997,260		
Interest receivable		10,013		
Accounts receivable	26,565			
Taxes and assessments receivable		46,443		8,785
Due from other funds		202,655		
Deposits receivable		24,800		
Notes receivable		2,679,330		
	<u>71,081</u>	<u>8,387,591</u>	<u>239,112</u>	<u>1,203,641</u>
Total assets	<u>\$ 71,081</u>	<u>\$ 8,387,591</u>	<u>\$ 239,112</u>	<u>\$ 1,203,641</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 176	\$ 5,969	\$ -	\$ 14,438
Deposits payable	1,163			
Deferred revenue		2,679,330		
Due to other funds				
	<u>1,339</u>	<u>2,685,299</u>	<u>-</u>	<u>14,438</u>
Total liabilities	<u>1,339</u>	<u>2,685,299</u>	<u>-</u>	<u>14,438</u>
Fund Balances:				
Reserved:				
Low and moderate income housing		5,659,409		
Debt service				
Encumbrances		42,883		2,313
Unreserved:				
Designated for capital improvement projects				
Undesignated	69,742		239,112	1,186,890
	<u>69,742</u>	<u>5,702,292</u>	<u>239,112</u>	<u>1,189,203</u>
Total fund balances	<u>69,742</u>	<u>5,702,292</u>	<u>239,112</u>	<u>1,189,203</u>
Total liabilities and fund balances	<u>\$ 71,081</u>	<u>\$ 8,387,591</u>	<u>\$ 239,112</u>	<u>\$ 1,203,641</u>

Special Revenue Funds

HOME Grant Fund	CDBG Grant Fund	CDBG Program Income Fund	Miscellaneous Lighting Districts Fund	Streets and Roads Fund
\$ 98,186	\$ -	\$ 186,345	\$ 293,933	\$ 512,930
	284,718		7,049	212,675
<u>4,738,495</u>		<u>1,214,087</u>		
<u>\$ 4,836,681</u>	<u>\$ 284,718</u>	<u>\$ 1,400,432</u>	<u>\$ 300,982</u>	<u>\$ 725,605</u>
\$ -	\$ 59,641	\$ -	\$ 13,737	\$ -
4,738,495		1,214,087		10,365
	<u>224,226</u>			
<u>4,738,495</u>	<u>283,867</u>	<u>1,214,087</u>	<u>13,737</u>	<u>10,365</u>
894	60,956	14,812	718	
<u>97,292</u>	<u>(60,105)</u>	<u>171,533</u>	<u>286,527</u>	<u>715,240</u>
<u>98,186</u>	<u>851</u>	<u>186,345</u>	<u>287,245</u>	<u>715,240</u>
<u>\$ 4,836,681</u>	<u>\$ 284,718</u>	<u>\$ 1,400,432</u>	<u>\$ 300,982</u>	<u>\$ 725,605</u>

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CITY OF YUBA CITY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (Continued)
June 30, 2009

	Special Revenue Funds			
	Fire Mitigation Fees Fund	Harter Specific Plan Fund	Specific Plan Fund	Siller Ranch MP Fund
Assets				
Cash and investments	\$ 77,736	\$ 832,558	\$ 146,681	\$ 59,909
Cash and investments with fiscal agent				
Interest receivable				
Accounts receivable	5,092		35,465	
Taxes and assessments receivable				
Due from other funds				
Deposits receivable				
Notes receivable				
Total assets	\$ 82,828	\$ 832,558	\$ 182,146	\$ 59,909
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 7,428
Deposits payable		702,984	30,422	
Deferred revenue		30,000	128,975	59,081
Due to other funds				
Total liabilities		732,984	159,397	66,509
Fund Balances:				
Reserved:				
Low and moderate income housing				
Debt service				
Encumbrances			213,539	288,472
Unreserved:				
Designated for capital improvement projects				
Undesignated	82,828	99,574	(190,790)	(295,072)
Total fund balances	82,828	99,574	22,749	(6,600)
Total liabilities and fund balances	\$ 82,828	\$ 832,558	\$ 182,146	\$ 59,909

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
\$ - 797,236	\$ -	\$ -	\$ -	\$ -
<u>\$ 797,236</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -
797,236				
<u>797,236</u>				
<u>\$ 797,236</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, 2009

	<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	\$ 121,699	\$ -	\$ 2,008,366	\$ -	\$ 8,243,917
Cash and investments with fiscal agent	4,817			7,317,421	11,116,734
Interest receivable				3,359	13,372
Accounts receivable					351,840
Taxes and assessments receivable					274,952
Due from other funds					202,655
Deposits receivable					24,800
Notes receivable					8,631,912
	<u>\$ 126,516</u>	<u>\$ -</u>	<u>\$ 2,008,366</u>	<u>\$ 7,320,780</u>	<u>\$ 28,860,182</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 557,591	\$ 4,533	\$ 663,513
Deposits payable					734,569
Deferred revenue					8,860,333
Due to other funds				1,297,208	1,521,434
			<u>557,591</u>	<u>1,301,741</u>	<u>11,779,849</u>
Fund Balances:					
Reserved:					
Low and moderate income housing					5,659,409
Debt service	126,516				923,752
Encumbrances			150,569	45,632	820,788
Unreserved:					
Designated for capital improvement projects			1,300,206	5,973,407	7,273,613
Undesignated					2,402,771
	<u>126,516</u>		<u>1,450,775</u>	<u>6,019,039</u>	<u>17,080,333</u>
Total liabilities and fund balances	<u>\$ 126,516</u>	<u>\$ -</u>	<u>\$ 2,008,366</u>	<u>\$ 7,320,780</u>	<u>\$ 28,860,182</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, 2009

	Special Revenue Funds			
	Traffic Safety Fund	Low & Moderate Set Aside Fund	Law Enforcement Services Fund	Landscape Districts Fund
Revenues:				
Taxes and assessments	\$ -	\$ 766,582	\$ -	\$ 555,169
Use of money and property	5,166	142,946	8,914	38,515
Intergovernmental revenues				
Charges for services				
Licenses, permits, and fees				
Fines and forfeitures	459,939		148,907	
Program income				
Other revenues		10,015		
Total revenues	465,105	919,543	157,821	593,684
Expenditures:				
Current:				
General government				
Public safety	116,438			
Parks and recreation				249,962
Public works and facilities				
Community development		37,739		
Capital outlay		1,008,273		
Debt Service:				
Principal				
Interest and other charges				
Total expenditures	116,438	1,046,012		249,962
Excess of revenues over (under) expenditures	348,667	(126,469)	157,821	343,722
Other Financing Sources (Uses):				
Transfers in				
Transfers out	(500,000)	(329,914)	(206,000)	(156,743)
Total other financing sources (uses)	(500,000)	(329,914)	(206,000)	(156,743)
Net changes in fund balances	(151,333)	(456,383)	(48,179)	186,979
Fund balances - July 1, 2008	221,075	6,158,675	287,291	1,002,224
Fund balances - June 30, 2009	\$ 69,742	\$ 5,702,292	\$ 239,112	\$ 1,189,203

Special Revenue Funds

HOME Grant Fund	CDBG Grant Fund	CDBG Program Income Fund	Miscellaneous Lighting Districts Fund	Streets and Roads Fund
\$ - (4,477) 570,957	\$ - 780,661	\$ - (20,636)	\$ 362,800 8,303	\$ 1,815,152 132,031 1,019,406
12,960 4,100	12,161	45,114 8,521		
<u>583,540</u>	<u>792,822</u>	<u>32,999</u>	<u>371,103</u>	<u>2,966,589</u>
515,141	338,926 285,812	152,005	223,289	
<u>515,141</u>	<u>624,738</u>	<u>152,005</u>	<u>223,289</u>	
<u>68,399</u>	<u>168,084</u>	<u>(119,006)</u>	<u>147,814</u>	<u>2,966,589</u>
	(75,435)		(107,245)	(4,746,592)
	(75,435)		(107,245)	(4,746,592)
68,399	92,649	(119,006)	40,569	(1,780,003)
<u>29,787</u>	<u>(91,798)</u>	<u>305,351</u>	<u>246,676</u>	<u>2,495,243</u>
<u>\$ 98,186</u>	<u>\$ 851</u>	<u>\$ 186,345</u>	<u>\$ 287,245</u>	<u>\$ 715,240</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, 2009

	Special Revenue Funds			
	Fire Mitigation Fees Fund	Harter Specific Plan Fund	Specific Plan Fund	Siller Ranch MP Fund
Revenues:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ -
Use of money and property	2,273	27,701		
Intergovernmental revenues				
Charges for services				
Licenses, permits, and fees	20,597		36,572	
Fines and forfeitures				
Program income				
Other revenues				
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	<u>22,870</u>	<u>27,701</u>	<u>36,572</u>	
Expenditures:				
Current:				
General government				
Public safety				
Parks and recreation				
Public works and facilities		474	140,572	6,572
Community development				
Capital outlay				
Debt Service:				
Principal				
Interest and other charges				
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Total expenditures		<u>474</u>	<u>140,572</u>	<u>6,572</u>
Excess of revenues over (under) expenditures	<u>22,870</u>	<u>27,227</u>	<u>(104,000)</u>	<u>(6,572)</u>
Other Financing Sources (Uses):				
Transfers in			104,000	
Transfers out				
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)			<u>104,000</u>	
Net changes in fund balances	22,870	27,227		(6,572)
Fund balances - July 1, 2008	<u>59,958</u>	<u>72,347</u>	<u>22,749</u>	<u>(28)</u>
Fund balances - June 30, 2009	<u>\$ 82,828</u>	<u>\$ 99,574</u>	<u>\$ 22,749</u>	<u>\$ (6,600)</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
\$ - 57,369	\$ -	\$ -	\$ -	\$ -
	48,757			
57,369	48,757			
2,895				
	5,458			
245,000	45,139	200,000	55,000	135,000
521,164	52,642	893,100	246,579	826,880
769,059	103,239	1,093,100	301,579	961,880
(711,690)	(54,482)	(1,093,100)	(301,579)	(961,880)
733,357	54,482	1,093,100	301,579	961,880
733,357	54,482	1,093,100	301,579	961,880
21,667				
775,569				
\$ 797,236	\$ -	\$ -	\$ -	\$ -

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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, 2009

	<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	\$ -	\$ -	\$ -	\$ -	\$ 3,499,703
Use of money and property	4,882			113,654	516,641
Intergovernmental revenues			25,598		2,396,622
Charges for services	935,506				935,506
Licenses, permits, and fees					57,169
Fines and forfeitures					608,846
Program income					70,235
Other revenues					71,393
Total revenues	<u>940,388</u>		<u>25,598</u>	<u>113,654</u>	<u>8,156,115</u>
Expenditures:					
Current:					
General government	3,588				3,588
Public safety					116,438
Parks and recreation					252,857
Public works and facilities					370,907
Community development				91,739	1,141,008
Capital outlay			2,882,153	3,299,719	7,475,957
Debt Service:					
Principal	530,000	496,406			1,706,545
Interest and other charges	377,849	226,285			3,144,499
Total expenditures	<u>911,437</u>	<u>722,691</u>	<u>2,882,153</u>	<u>3,391,458</u>	<u>14,211,799</u>
Excess of revenues over (under) expenditures	<u>28,951</u>	<u>(722,691)</u>	<u>(2,856,555)</u>	<u>(3,277,804)</u>	<u>(6,055,684)</u>
Other Financing Sources (Uses):					
Transfers in		722,691	2,686,809	5,429,482	12,087,380
Transfers out			(625,179)	(115,361)	(6,862,469)
Total other financing sources (uses)		<u>722,691</u>	<u>2,061,630</u>	<u>5,314,121</u>	<u>5,224,911</u>
Net changes in fund balances	28,951		(794,925)	2,036,317	(830,773)
Fund balances - July 1, 2008	<u>97,565</u>		<u>2,245,700</u>	<u>3,982,722</u>	<u>17,911,106</u>
Fund balances - June 30, 2009	<u>\$ 126,516</u>	<u>\$ -</u>	<u>\$ 1,450,775</u>	<u>\$ 6,019,039</u>	<u>\$ 17,080,333</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, 2009

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and forfeitures	\$ 556,350	\$ 459,939	\$ (96,411)
Use of money and property	11,500	5,166	(6,334)
Total revenues	<u>567,850</u>	<u>465,105</u>	<u>(102,745)</u>
Expenditures:			
Current:			
Public safety	225,000	116,438	108,562
Total expenditures	<u>225,000</u>	<u>116,438</u>	<u>108,562</u>
Excess of revenues over (under) expenditures	<u>342,850</u>	<u>348,667</u>	<u>5,817</u>
Other Financing Sources (Uses):			
Transfers out	<u>(500,000)</u>	<u>(500,000)</u>	
Total other financing sources (uses)	<u>(500,000)</u>	<u>(500,000)</u>	
Net changes in fund balance	(157,150)	(151,333)	5,817
Fund balance - beginning of fiscal year	<u>221,075</u>	<u>221,075</u>	
Fund balance - end of fiscal year	<u><u>\$ 63,925</u></u>	<u><u>\$ 69,742</u></u>	<u><u>\$ 5,817</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, 2009

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes and assessments	\$ 721,377	\$ 766,582	\$ 45,205
Use of money and property	185,400	142,946	(42,454)
Other revenues	9,624	10,015	391
Total revenues	916,401	919,543	3,142
Expenditures:			
Current:			
Community development	74,030	37,739	36,291
Capital outlay	2,418,000	1,008,273	1,409,727
Total expenditures	2,492,030	1,046,012	1,446,018
Excess of revenues over (under) expenditures	(1,575,629)	(126,469)	1,449,160
Other Financing Sources (Uses):			
Transfers out	(301,579)	(329,914)	(28,335)
Total other financing sources (uses)	(301,579)	(329,914)	(28,335)
Net changes in fund balance	(1,877,208)	(456,383)	1,420,825
Fund balance - beginning of fiscal year	6,158,675	6,158,675	
Fund balance - end of fiscal year	\$ 4,281,467	\$ 5,702,292	\$ 1,420,825

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, 2009

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and forfeitures	\$ 206,000	\$ 148,907	\$ (57,093)
Use of money and property	5,000	8,914	3,914
Total revenues	<u>211,000</u>	<u>157,821</u>	<u>(53,179)</u>
Other Financing Sources (Uses):			
Transfers out	<u>(206,000)</u>	<u>(206,000)</u>	
Total other financing sources (uses)	<u>(206,000)</u>	<u>(206,000)</u>	
Net changes in fund balance	5,000	(48,179)	(53,179)
Fund balance - beginning of fiscal year	<u>287,291</u>	<u>287,291</u>	
Fund balance - end of fiscal year	<u>\$ 292,291</u>	<u>\$ 239,112</u>	<u>\$ (53,179)</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, 2009

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes and assessments	\$ 695,443	\$ 555,169	\$ (140,274)
Use of money and property	41,000	38,515	(2,485)
Total revenues	<u>736,443</u>	<u>593,684</u>	<u>(142,759)</u>
Expenditures:			
Current:			
Parks and recreation	287,384	249,962	37,422
Total expenditures	<u>287,384</u>	<u>249,962</u>	<u>37,422</u>
Excess of revenues over (under) expenditures	<u>449,059</u>	<u>343,722</u>	<u>(105,337)</u>
Other Financing Sources (Uses):			
Transfers out	(362,168)	(156,743)	205,425
Total other financing sources (uses)	<u>(362,168)</u>	<u>(156,743)</u>	<u>205,425</u>
Net change in fund balance	86,891	186,979	100,088
Fund balance - beginning of fiscal year	<u>1,002,224</u>	<u>1,002,224</u>	
Fund balance - end of fiscal year	<u><u>\$ 1,089,115</u></u>	<u><u>\$ 1,189,203</u></u>	<u><u>\$ 100,088</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, 2009

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental revenues	\$ 500,000	\$ 570,957	\$ 70,957
Use of money and property	5,000	(4,477)	(9,477)
Program income	70,000	12,960	(57,040)
Other revenues	4,100	4,100	4,100
Total revenues	575,000	583,540	8,540
Expenditures:			
Current:			
Community development	800,000	515,141	284,859
Total expenditures	800,000	515,141	284,859
Net change in fund balance	(225,000)	68,399	293,399
Fund balance - beginning of fiscal year	29,787	29,787	
Fund balance - end of fiscal year	\$ (195,213)	\$ 98,186	\$ 293,399

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, 2009

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental revenues	\$ 546,730	\$ 780,661	\$ 233,931
Program income	12,000	12,161	161
Total revenues	<u>558,730</u>	<u>792,822</u>	<u>234,092</u>
Expenditures:			
Current:			
Community development	1,094,844	338,926	755,918
Capital outlay	265,000	285,812	(20,812)
Total expenditures	<u>1,359,844</u>	<u>624,738</u>	<u>735,106</u>
Excess of revenues over (under) expenditures	<u>(801,114)</u>	<u>168,084</u>	<u>969,198</u>
Other Financing Sources (Uses):			
Transfers out		(75,435)	(75,435)
Total other financing sources (uses)		<u>(75,435)</u>	<u>(75,435)</u>
Net change in fund balance	(801,114)	92,649	893,763
Fund balance - beginning of fiscal year	<u>(91,798)</u>	<u>(91,798)</u>	
Fund balance - end of fiscal year	<u><u>\$ (892,912)</u></u>	<u><u>\$ 851</u></u>	<u><u>\$ 893,763</u></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, 2009

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ 5,000	\$ (20,636)	\$ (25,636)
Program income	50,000	45,114	(4,886)
Other revenues		8,521	8,521
Total revenues	55,000	32,999	(22,001)
Expenditures:			
Current:			
Community development	361,074	152,005	209,069
Total expenditures	361,074	152,005	209,069
Net change in fund balance	(306,074)	(119,006)	187,068
Fund balance - beginning of fiscal year	305,351	305,351	
Fund balance - end of fiscal year	\$ (723)	\$ 186,345	\$ 187,068

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, 2009

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes and assessments	\$ 466,063	\$ 362,800	\$ (103,263)
Use of money and property	19,651	8,303	(11,348)
Total revenues	<u>485,714</u>	<u>371,103</u>	<u>(114,611)</u>
Expenditures:			
Current:			
Public works and facilities	263,035	223,289	39,746
Total expenditures	<u>263,035</u>	<u>223,289</u>	<u>39,746</u>
Excess of revenues over (under) expenditures	<u>222,679</u>	<u>147,814</u>	<u>(74,865)</u>
Other Financing Sources (Uses):			
Transfers out	(192,892)	(107,245)	85,647
Total other financing sources (uses)	<u>(192,892)</u>	<u>(107,245)</u>	<u>85,647</u>
Net change in fund balance	29,787	40,569	10,782
Fund balance - beginning of fiscal year	<u>246,676</u>	<u>246,676</u>	
Fund balance - end of fiscal year	<u>\$ 276,463</u>	<u>\$ 287,245</u>	<u>\$ 10,782</u>

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, 2009

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes and assessments	\$ 2,073,904	\$ 1,815,152	\$ (258,752)
Use of money and property	275,000	132,031	(142,969)
Intergovernmental revenues	2,191,456	1,019,406	(1,172,050)
 Total revenues	 4,540,360	 2,966,589	 (1,573,771)
Other Financing Sources (Uses):			
Transfers out	(4,746,592)	(4,746,592)	
 Total other financing sources (uses)	 (4,746,592)	 (4,746,592)	
 Net change in fund balance	 (206,232)	 (1,780,003)	 (1,573,771)
Fund balance - beginning of fiscal year	 2,495,243	 2,495,243	
Fund balance - end of fiscal year	 \$ 2,289,011	 \$ 715,240	 \$ (1,573,771)

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, 2009

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ 2,000	\$ 2,273	\$ 273
Licenses, permits, and fees	9,000	20,597	11,597
Total revenues	11,000	22,870	11,870
Net change in fund balance	11,000	22,870	11,870
Fund balance - beginning of fiscal year	59,958	59,958	
Fund balance - end of fiscal year	\$ 70,958	\$ 82,828	\$ 11,870

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, 2009

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ -	\$ 27,701	\$ 27,701
Total revenues	<u>6,850</u>	<u>474</u>	<u>6,376</u>
Expenditures:			
Current:			
Public works and facilities	6,850	474	6,376
Total expenditures	<u>6,850</u>	<u>474</u>	<u>6,376</u>
Net change in fund balance	(6,850)	27,227	34,077
Fund balance - beginning of fiscal year	<u>72,347</u>	<u>72,347</u>	<u> </u>
Fund balance - end of fiscal year	<u>\$ 65,497</u>	<u>\$ 99,574</u>	<u>\$ 34,077</u>

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, 2009

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Licenses, permits, and fees	\$ -	\$ 36,572	\$ 36,572
Total revenues		36,572	36,572
Expenditures:			
Current:			
Public works and facilities	456,796	140,572	316,224
Total expenditures	456,796	140,572	316,224
Excess of revenues over (under) expenditures	(456,796)	(104,000)	352,796
Other Financing Sources (Uses):			
Transfers in	104,000	104,000	
Total other financing sources (uses)	104,000	104,000	
Net change in fund balance	(352,796)		352,796
Fund balance - beginning of fiscal year	22,749	22,749	
Fund balance - end of fiscal year	\$ (330,047)	\$ 22,749	\$ 352,796

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, 2009

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes and assessments	\$ -	\$ -	\$ -
Total revenues			
Expenditures:			
Current:			
Public works and facilities	365,118	6,572	358,546
Total expenditures	365,118	6,572	358,546
Net change in fund balance	(365,118)	(6,572)	358,546
Fund balance - beginning of fiscal year	(28)	(28)	
Fund balance - end of fiscal year	\$ (365,146)	\$ (6,600)	\$ 358,546

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 is used to account for the central stores function of the City.

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, 2009

	Store Fund	Vehicle Replacement Fund	Vehicle Maintenance Fund	Technology Replacement Fund
ASSETS				
Current Assets:				
Cash and investments	\$ -	\$ 7,563,925	\$ 383,447	\$ 2,415,189
Accounts receivable	159		312	
Inventory	288,889		5,758	
Due from other funds		45,808		
Prepaid expenses				
Total current assets	<u>289,048</u>	<u>7,609,733</u>	<u>389,517</u>	<u>2,415,189</u>
Capital Assets:				
Depreciable				
Buildings			306,372	
Machinery and equipment		9,535,539	88,821	1,623,591
Total depreciable capital assets		9,535,539	395,193	1,623,591
Less accumulated depreciation		<u>(5,985,153)</u>	<u>(217,562)</u>	<u>(1,371,002)</u>
Net depreciable capital assets		<u>3,550,386</u>	<u>177,631</u>	<u>252,589</u>
Net capital assets		<u>3,550,386</u>	<u>177,631</u>	<u>252,589</u>
Total noncurrent assets		<u>3,550,386</u>	<u>177,631</u>	<u>252,589</u>
Total assets	<u>289,048</u>	<u>11,160,119</u>	<u>567,148</u>	<u>2,667,778</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	7,791	2,491	15,493	51
Accrued wages			13,634	
Deferred revenue				
Due to other funds	<u>245,808</u>			
Total current liabilities	253,599	2,491	29,127	51
Noncurrent Liabilities:				
Compensated absences			<u>19,646</u>	
Total liabilities	<u>253,599</u>	<u>2,491</u>	<u>48,773</u>	<u>51</u>
NET ASSETS				
Investment in capital assets, net of related debt		3,550,386	177,631	252,589
Restricted for future claims				
Unrestricted	<u>35,449</u>	<u>7,607,242</u>	<u>340,744</u>	<u>2,415,138</u>
Total net assets	<u>\$ 35,449</u>	<u>\$ 11,157,628</u>	<u>\$ 518,375</u>	<u>\$ 2,667,727</u>

Employee Benefits Fund	Vision/ Dental Fund	Disability Program Fund	Workers' Compensation Program Fund	General Liability Program Fund	Totals
\$ 176,516	\$ 73,903	\$ 160,833	\$ 730,733	\$ 503,465	\$ 12,008,011
49,005					49,476
					294,647
					45,808
214,340			437,650	182,968	834,958
439,861	73,903	160,833	1,168,383	686,433	13,232,900
					306,372
					11,247,951
					11,554,323
					(7,573,717)
					3,980,606
					3,980,606
					3,980,606
439,861	73,903	160,833	1,168,383	686,433	17,213,506
10,331	18,193			859	55,209
					13,634
7,553					7,553
					245,808
17,884	18,193			859	322,204
					19,646
17,884	18,193			859	341,850
					3,980,606
421,977	55,710	160,833	1,168,383	685,574	2,492,477
					10,398,573
<u>\$ 421,977</u>	<u>\$ 55,710</u>	<u>\$ 160,833</u>	<u>\$ 1,168,383</u>	<u>\$ 685,574</u>	<u>\$ 16,871,656</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, 2009

	Store Fund	Vehicle Replacement Fund	Vehicle Maintenance Fund	Technology Replacement Fund
Revenues:				
Charges for services	\$ 3,948	\$ 28,805	\$ 916,134	\$ 583,657
Other revenues			6,962	37,129
Total revenues	3,948	28,805	923,096	620,786
Expenses:				
Salaries and benefits			459,824	
Professional services			275	
Supplies		11,163	391	
Benefits, claims, and insurance			4,508	
Maintenance and operation			307,470	131,045
Tools and equipment			12,827	172,348
Power and utilities			9,558	23,729
Training			1,806	
Depreciation		1,033,364	10,739	65,955
Total expenses		1,044,527	807,398	393,077
Operating Income (Loss)	3,948	(1,015,722)	115,698	227,709
Non-Operating Revenues (Expenses):				
Gain (loss) on sale of capital assets		28,656		(2,841)
Interest income		322,774	11,209	78,592
Total non-operating revenues (expenses)		351,430	11,209	75,751
Change in net assets	3,948	(664,292)	126,907	303,460
Net Assets, July 1, 2008	31,501	11,821,920	391,468	2,364,267
Net Assets, June 30, 2009	\$ 35,449	\$ 11,157,628	\$ 518,375	\$ 2,667,727

Employee Benefits Fund	Vision/ Dental Fund	Disability Program Fund	Workers' Compensation Program Fund	General Liability Program Fund	Totals
\$ 2,834,363	\$ 499,355	\$ 16,266	\$ 583,604	\$ 500,000	\$ 5,966,132
407	13,953		11,765	1,007	71,223
<u>2,834,770</u>	<u>513,308</u>	<u>16,266</u>	<u>595,369</u>	<u>501,007</u>	<u>6,037,355</u>
					459,824
29,102				5,864	35,241
					11,554
2,713,536	518,190	21,607	518,289	475,151	4,251,281
					438,515
					185,175
					33,287
					1,806
					1,110,058
<u>2,742,638</u>	<u>518,190</u>	<u>21,607</u>	<u>518,289</u>	<u>481,015</u>	<u>6,526,741</u>
92,132	(4,882)	(5,341)	77,080	19,992	(489,386)
					25,815
3,465	1,582	5,548	21,229	9,434	453,833
<u>3,465</u>	<u>1,582</u>	<u>5,548</u>	<u>21,229</u>	<u>9,434</u>	<u>479,648</u>
95,597	(3,300)	207	98,309	29,426	(9,738)
<u>326,380</u>	<u>59,010</u>	<u>160,626</u>	<u>1,070,074</u>	<u>656,148</u>	<u>16,881,394</u>
<u>\$ 421,977</u>	<u>\$ 55,710</u>	<u>\$ 160,833</u>	<u>\$ 1,168,383</u>	<u>\$ 685,574</u>	<u>\$ 16,871,656</u>

CITY OF YUBA CITY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2009

	Store Fund	Vehicle Replacement Fund	Vehicle Maintenance Fund	Technology Replacement Fund
Cash Flows from Operating Activities:				
Receipts from customers	\$ 4,182	\$ 28,805	\$ 933,266	\$ 624,886
Payment to suppliers and users	(4,182)	(28,019)	(320,709)	(341,802)
Payment to employees			(460,312)	
Net Cash Provided (Used) by Operating Activities		786	152,245	283,084
Cash Flows from Capital and Related Financing Activities:				
Proceeds from sale of capital assets		31,835		
Acquisition of capital assets		(209,224)	(36,087)	(127,067)
Net Cash Provided (Used) by Capital and Related Financing Activities		(177,389)	(36,087)	(127,067)
Cash Flows from Investing Activities:				
Interest received		322,774	11,209	78,592
Net Cash Provided (Used) by Investing Activities		322,774	11,209	78,592
Net Increase (Decrease) in Cash and Cash Equivalents		146,171	127,367	234,609
Cash and Cash Equivalents, July 1, 2008		7,417,754	256,080	2,180,580
Cash and Cash Equivalents, June 30, 2009	\$ -	\$ 7,563,925	\$ 383,447	\$ 2,415,189
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 3,948	\$ (1,015,722)	\$ 115,698	\$ 227,709
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation		1,033,364	10,739	65,955
(Increase) Decrease in Operating Assets:				
Accounts receivable	234		10,170	4,100
Inventory	(1,199)		9,060	
Prepaid expenses				
Due from other funds		4,126		
Increase (Decrease) in Operating Liabilities:				
Accounts payable	1,143	(20,982)	7,066	(14,680)
Accrued wages			1,014	
Deferred revenue				
Due to other funds	(4,126)			
Compensated absences			(1,502)	
Net Cash Provided (Used) by Operating Activities	\$ -	\$ 786	\$ 152,245	\$ 283,084

Employee Benefits Fund	Vision/ Dental Fund	Disability Program Fund	Workers' Compensation Program Fund	General Liability Program Fund	Totals
\$ 2,842,910 (2,743,667)	\$ 513,308 (499,997)	\$ 16,266 (21,999)	\$ 595,369 (499,775)	\$ 501,007 (476,323)	\$ 6,059,999 (4,936,473) (460,312)
99,243	13,311	(5,733)	95,594	24,684	663,214
					31,835 (372,378)
					(340,543)
3,465	1,582	5,548	21,229	9,434	453,833
3,465	1,582	5,548	21,229	9,434	453,833
102,708	14,893	(185)	116,823	34,118	776,504
73,808	59,010	161,018	613,910	469,347	11,231,507
<u>\$ 176,516</u>	<u>\$ 73,903</u>	<u>\$ 160,833</u>	<u>\$ 730,733</u>	<u>\$ 503,465</u>	<u>\$ 12,008,011</u>
\$ 92,132	\$ (4,882)	\$ (5,341)	\$ 77,080	\$ 19,992	\$ (489,386)
					1,110,058
7,890					22,394
(6,949)			18,514	5,145	7,861
					16,710
					4,126
5,920	18,193	(392)		(453)	(4,185)
					1,014
250					250
					(4,126)
					(1,502)
<u>\$ 99,243</u>	<u>\$ 13,311</u>	<u>\$ (5,733)</u>	<u>\$ 95,594</u>	<u>\$ 24,684</u>	<u>\$ 663,214</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 NET ASSETS
June 30, 2009

	City Trust	Garden Highway Assessment District	North Yuba Drainage Assessment District	West Hillcrest Assessment District
Assets:				
Cash and investments	\$ 433,584	\$ 4,554	\$ 126,999	\$ 145,048
Cash and investments with fiscal agent				
Due from agency fund	104,118			
Interest receivable				
Accounts receivable	20,643			536
Total assets	558,345	4,554	126,999	145,584
Liabilities:				
Due to agency fund				
Accounts payable	159,065			
Deferred revenue				
Deposits payable	399,280	4,554	126,999	145,584
Total liabilities	558,345	4,554	126,999	145,584
Net Assets:				
Unrestricted				
Total net assets	\$ -	\$ -	\$ -	\$ -

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
\$ 14,128	\$ 14,048	\$ 3,573	\$ 5,493	\$ 105,682 145,785	\$ 110,670 134,002
				341 224	310 3,053
<u>14,128</u>	<u>14,048</u>	<u>3,573</u>	<u>5,493</u>	<u>252,032</u>	<u>248,035</u>
				441	2,193
<u>14,128</u>	<u>14,048</u>	<u>3,573</u>	<u>5,493</u>	<u>251,591</u>	<u>245,842</u>
<u>14,128</u>	<u>14,048</u>	<u>3,573</u>	<u>5,493</u>	<u>252,032</u>	<u>248,035</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(Continued)

CITY OF YUBA CITY
AGENCY FUNDS
COMBINING STATEMENT OF NET ASSETS (Continued)
June 30, 2009

	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	\$ 39,811	\$ 89,522	\$ 41,365	\$ 12,491
Cash and investments with fiscal agent		385,730		
Due from agency fund				
Interest receivable		856		
Accounts receivable	417	8,340		433
	<u>40,228</u>	<u>484,448</u>	<u>41,365</u>	<u>12,924</u>
Total assets				
Liabilities:				
Due to agency fund				
Accounts payable		764		25
Deferred revenue				
Deposits payable	40,228	483,684	41,365	12,899
	<u>40,228</u>	<u>484,448</u>	<u>41,365</u>	<u>12,924</u>
Total liabilities				
Net Assets:				
Unrestricted				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total net assets				

Sunsweet Boulevard CFD	Net-5 Operations	Cal-Met Program	Flood Control Agency	SBFCA Capital	Totals
\$ 169,776	\$ 187,678	\$ -	\$ 655,998	\$ 3,684,368	\$ 5,844,788
337,151					1,002,668
834					104,118
	80,528	123,287			2,341
					237,461
<u>507,761</u>	<u>268,206</u>	<u>123,287</u>	<u>655,998</u>	<u>3,684,368</u>	<u>7,191,376</u>
		104,118			104,118
310	5,910	10,940	22,874	211,643	414,165
			586,775		586,775
<u>507,451</u>	<u>262,296</u>	<u>8,229</u>	<u>46,349</u>	<u>3,472,725</u>	<u>6,086,318</u>
<u>507,761</u>	<u>268,206</u>	<u>123,287</u>	<u>655,998</u>	<u>3,684,368</u>	<u>7,191,376</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF YUBA CITY
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2009</u>
CITY TRUST				
ASSETS				
Cash and investments	\$ 318,093	\$ 219,609	\$ (104,118)	\$ 433,584
Accounts receivable	9,882	20,643	(9,882)	20,643
Due from agency fund	228,158		(124,040)	104,118
	<u>556,133</u>	<u>240,252</u>	<u>(238,040)</u>	<u>558,345</u>
Total Assets	<u>\$ 556,133</u>	<u>\$ 240,252</u>	<u>\$ (238,040)</u>	<u>\$ 558,345</u>
LIABILITIES				
Accounts payable	\$ -	\$ 159,065	\$ -	\$ 159,065
Deposits payable	556,133	81,187	(238,040)	399,280
	<u>556,133</u>	<u>240,252</u>	<u>(238,040)</u>	<u>558,345</u>
Total Liabilities	<u>\$ 556,133</u>	<u>\$ 240,252</u>	<u>\$ (238,040)</u>	<u>\$ 558,345</u>
GARDEN HIGHWAY ASSESSMENT DISTRICT				
ASSETS				
Cash and investments	\$ 4,402	\$ 152	\$ -	\$ 4,554
	<u>4,402</u>	<u>152</u>	<u>-</u>	<u>4,554</u>
Total Assets	<u>\$ 4,402</u>	<u>\$ 152</u>	<u>\$ -</u>	<u>\$ 4,554</u>
LIABILITIES				
Deposits payable	\$ 4,402	\$ 152	\$ -	\$ 4,554
	<u>4,402</u>	<u>152</u>	<u>-</u>	<u>4,554</u>
Total Liabilities	<u>\$ 4,402</u>	<u>\$ 152</u>	<u>\$ -</u>	<u>\$ 4,554</u>
NORTH YUBA DRAINAGE ASSESSMENT DISTRICT				
ASSETS				
Cash and investments	\$ 122,768	\$ 4,231	\$ -	\$ 126,999
	<u>122,768</u>	<u>4,231</u>	<u>-</u>	<u>126,999</u>
Total Assets	<u>\$ 122,768</u>	<u>\$ 4,231</u>	<u>\$ -</u>	<u>\$ 126,999</u>
LIABILITIES				
Deposits payable	\$ 122,768	\$ 4,231	\$ -	\$ 126,999
	<u>122,768</u>	<u>4,231</u>	<u>-</u>	<u>126,999</u>
Total Liabilities	<u>\$ 122,768</u>	<u>\$ 4,231</u>	<u>\$ -</u>	<u>\$ 126,999</u>
WEST HILLCREST ASSESSMENT DISTRICT				
ASSETS				
Cash and investments	\$ 138,569	\$ 6,489	\$ (10)	\$ 145,048
Accounts receivable		536		536
	<u>138,569</u>	<u>7,025</u>	<u>(10)</u>	<u>145,584</u>
Total Assets	<u>\$ 138,569</u>	<u>\$ 7,025</u>	<u>\$ (10)</u>	<u>\$ 145,584</u>
LIABILITIES				
Accounts payable	\$ 10	\$ -	\$ (10)	\$ -
Deposits payable	138,559	7,025		145,584
	<u>138,569</u>	<u>7,025</u>	<u>(10)</u>	<u>145,584</u>
Total Liabilities	<u>\$ 138,569</u>	<u>\$ 7,025</u>	<u>\$ (10)</u>	<u>\$ 145,584</u>

CITY OF YUBA CITY
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
RICKY DRIVE ASSESSMENT DISTRICT				
ASSETS				
Cash and investments	\$ 13,657	\$ 471	\$ -	\$ 14,128
Total Assets	<u>\$ 13,657</u>	<u>\$ 471</u>	<u>\$ -</u>	<u>\$ 14,128</u>
LIABILITIES				
Deposits payable	\$ 13,657	\$ 471	\$ -	\$ 14,128
Total Liabilities	<u>\$ 13,657</u>	<u>\$ 471</u>	<u>\$ -</u>	<u>\$ 14,128</u>
MARCIA AVENUE ASSESSMENT DISTRICT				
ASSETS				
Cash and investments	\$ 12,803	\$ 1,245	\$ -	\$ 14,048
Total Assets	<u>\$ 12,803</u>	<u>\$ 1,245</u>	<u>\$ -</u>	<u>\$ 14,048</u>
LIABILITIES				
Deposits payable	\$ 12,803	\$ 1,245	\$ -	\$ 14,048
Total Liabilities	<u>\$ 12,803</u>	<u>\$ 1,245</u>	<u>\$ -</u>	<u>\$ 14,048</u>
EAST HILLCREST ASSESSMENT DISTRICT				
ASSETS				
Cash and investments	\$ 3,199	\$ 374	\$ -	\$ 3,573
Accounts receivable	228		(228)	
Total Assets	<u>\$ 3,427</u>	<u>\$ 374</u>	<u>\$ (228)</u>	<u>\$ 3,573</u>
LIABILITIES				
Deposits payable	\$ 3,427	\$ 374	\$ (228)	\$ 3,573
Total Liabilities	<u>\$ 3,427</u>	<u>\$ 374</u>	<u>\$ (228)</u>	<u>\$ 3,573</u>
JAN COURT ASSESSMENT DISTRICT				
ASSETS				
Cash and investments	\$ 4,246	\$ 1,247	\$ -	\$ 5,493
Total Assets	<u>\$ 4,246</u>	<u>\$ 1,247</u>	<u>\$ -</u>	<u>\$ 5,493</u>
LIABILITIES				
Deposits payable	\$ 4,246	\$ 1,247	\$ -	\$ 5,493
Total Liabilities	<u>\$ 4,246</u>	<u>\$ 1,247</u>	<u>\$ -</u>	<u>\$ 5,493</u>

(Continued)

CITY OF YUBA CITY
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
BUTTE VISTA ASSESSMENT DISTRICT 2000-1				
ASSETS				
Cash and investments	\$ 86,468	\$ 19,214	\$ -	\$ 105,682
Cash and investments with fiscal agent	152,305		(6,520)	145,785
Interest receivable	693	341	(693)	341
Accounts receivable	<u>2,565</u>	<u>224</u>	<u>(2,565)</u>	<u>224</u>
Total Assets	<u>\$ 242,031</u>	<u>\$ 19,779</u>	<u>\$ (9,778)</u>	<u>\$ 252,032</u>
LIABILITIES				
Accounts payable	\$ 21	\$ 441	\$ (21)	\$ 441
Deposits payable	<u>242,010</u>	<u>19,338</u>	<u>(9,757)</u>	<u>251,591</u>
Total Liabilities	<u>\$ 242,031</u>	<u>\$ 19,779</u>	<u>\$ (9,778)</u>	<u>\$ 252,032</u>
BUTTE VISTA ASSESSMENT DISTRICT 2002-1				
ASSETS				
Cash and investments	\$ 50,406	\$ 60,264	\$ -	\$ 110,670
Cash and investments with fiscal agent	135,602		(1,600)	134,002
Interest receivable	631	310	(631)	310
Accounts receivable	<u>1,048</u>	<u>3,053</u>	<u>(1,048)</u>	<u>3,053</u>
Total Assets	<u>\$ 187,687</u>	<u>\$ 63,627</u>	<u>\$ (3,279)</u>	<u>\$ 248,035</u>
LIABILITIES				
Accounts payable	\$ 179	\$ 2,193	\$ (179)	\$ 2,193
Deposits payable	<u>187,508</u>	<u>61,434</u>	<u>(3,100)</u>	<u>245,842</u>
Total Liabilities	<u>\$ 187,687</u>	<u>\$ 63,627</u>	<u>\$ (3,279)</u>	<u>\$ 248,035</u>
DARROUGH ASSESSMENT DISTRICT 2003				
ASSETS				
Cash and investments	\$ 39,030	\$ 848	\$ (67)	\$ 39,811
Accounts receivable	<u>399</u>	<u>417</u>	<u>(399)</u>	<u>417</u>
Total Assets	<u>\$ 39,429</u>	<u>\$ 1,265</u>	<u>\$ (466)</u>	<u>\$ 40,228</u>
LIABILITIES				
Accounts payable	\$ 67	\$ -	\$ (67)	\$ -
Deposits payable	<u>39,362</u>	<u>1,265</u>	<u>(399)</u>	<u>40,228</u>
Total Liabilities	<u>\$ 39,429</u>	<u>\$ 1,265</u>	<u>\$ (466)</u>	<u>\$ 40,228</u>

CITY OF YUBA CITY
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2009</u>
TIERRA BUENA ASSESSMENT DISTRICT				
ASSETS				
Cash and investments	\$ 73,178	\$ 16,344	\$ -	\$ 89,522
Cash and investments with fiscal agent	393,857		(8,127)	385,730
Interest receivable	1,787	856	(1,787)	856
Accounts receivable	5,127	8,340	(5,127)	8,340
	<u>\$ 473,949</u>	<u>\$ 25,540</u>	<u>\$ (15,041)</u>	<u>\$ 484,448</u>
Total Assets				
LIABILITIES				
Accounts payable	\$ 500	\$ 764	\$ (500)	\$ 764
Deposits payable	473,449	24,776	(14,541)	483,684
	<u>\$ 473,949</u>	<u>\$ 25,540</u>	<u>\$ (15,041)</u>	<u>\$ 484,448</u>
Total Liabilities				
VILLAGE GREEN - DEL WAYNE ASSESSMENT DISTRICT 2003-2				
ASSETS				
Cash and investments	\$ 38,151	\$ 3,214	\$ -	\$ 41,365
	<u>\$ 38,151</u>	<u>\$ 3,214</u>	<u>\$ -</u>	<u>\$ 41,365</u>
Total Assets				
LIABILITIES				
Deposits payable	\$ 38,151	\$ 3,214	\$ -	\$ 41,365
	<u>\$ 38,151</u>	<u>\$ 3,214</u>	<u>\$ -</u>	<u>\$ 41,365</u>
Total Liabilities				
STAPLE/ASHLEY/DENNIS/CORNWELL ASSESSMENT DISTRICT 2004-1				
ASSETS				
Cash and investments	\$ 11,788	\$ 703	\$ -	\$ 12,491
Accounts receivable		433		433
	<u>\$ 11,788</u>	<u>\$ 1,136</u>	<u>\$ -</u>	<u>\$ 12,924</u>
Total Assets				
LIABILITIES				
Accounts payable	\$ -	\$ 25	\$ -	\$ 25
Deposits payable	11,788	1,111		12,899
	<u>\$ 11,788</u>	<u>\$ 1,136</u>	<u>\$ -</u>	<u>\$ 12,924</u>
Total Liabilities				
SUNSWEEP BOULEVARD CFD				
ASSETS				
Cash and investments	\$ 197,125	\$ -	\$ (27,349)	\$ 169,776
Cash and investments with fiscal agent	279,798	57,353		337,151
Interest receivable	1,698	834	(1,698)	834
Accounts receivable	35,834		(35,834)	
	<u>\$ 514,455</u>	<u>\$ 58,187</u>	<u>\$ (64,881)</u>	<u>\$ 507,761</u>
Total Assets				
LIABILITIES				
Accounts payable	\$ 35	\$ 310	\$ (35)	\$ 310
Deposits payable	514,420	57,877	(64,846)	507,451
	<u>\$ 514,455</u>	<u>\$ 58,187</u>	<u>\$ (64,881)</u>	<u>\$ 507,761</u>
Total Liabilities				

(Continued)

CITY OF YUBA CITY
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
NET-5 OPERATIONS				
ASSETS				
Cash and investments	\$ 157,271	\$ 30,407	\$ -	\$ 187,678
Accounts receivable	21,590	80,528	(21,590)	80,528
Total Assets	<u>\$ 178,861</u>	<u>\$ 110,935</u>	<u>\$ (21,590)</u>	<u>\$ 268,206</u>
LIABILITIES				
Accounts payable	\$ 3,263	\$ 5,910	\$ (3,263)	\$ 5,910
Deposits payable	175,598	105,025	(18,327)	262,296
Total Liabilities	<u>\$ 178,861</u>	<u>\$ 110,935</u>	<u>\$ (21,590)</u>	<u>\$ 268,206</u>
CAL-MET PROGRAM				
ASSETS				
Cash and investments	\$ -	\$ 124,040	\$ (124,040)	\$ -
Accounts receivable	56,142	123,287	(56,142)	123,287
Total Assets	<u>\$ 56,142</u>	<u>\$ 247,327</u>	<u>\$ (180,182)</u>	<u>\$ 123,287</u>
LIABILITIES				
Due to agency fund	\$ 228,158	\$ -	\$ (124,040)	\$ 104,118
Accounts payable	2,635	10,940	(2,635)	10,940
Deposits payable	(174,651)	236,387	(53,507)	8,229
Total Liabilities	<u>\$ 56,142</u>	<u>\$ 247,327</u>	<u>\$ (180,182)</u>	<u>\$ 123,287</u>
FLOOD CONTROL AGENCY				
ASSETS				
Cash and investments	\$ 462,128	\$ 559,649	\$ (365,779)	\$ 655,998
Total Assets	<u>\$ 462,128</u>	<u>\$ 559,649</u>	<u>\$ (365,779)</u>	<u>\$ 655,998</u>
LIABILITIES				
Accounts payable	\$ 22,388	\$ 22,874	\$ (22,388)	\$ 22,874
Deferred revenue	50,000	536,775		586,775
Deposits payable	389,740		(343,391)	46,349
Total Liabilities	<u>\$ 462,128</u>	<u>\$ 559,649</u>	<u>\$ (365,779)</u>	<u>\$ 655,998</u>
SBFCA CAPITAL				
ASSETS				
Cash and investments	\$ 4,500,000	\$ 211,643	\$ (1,027,275)	\$ 3,684,368
Total Assets	<u>\$ 4,500,000</u>	<u>\$ 211,643</u>	<u>\$ (1,027,275)</u>	<u>\$ 3,684,368</u>
LIABILITIES				
Accounts payable	\$ -	\$ 211,643	\$ -	\$ 211,643
Deposits payable	4,500,000		(1,027,275)	3,472,725
Total Liabilities	<u>\$ 4,500,000</u>	<u>\$ 211,643</u>	<u>\$ (1,027,275)</u>	<u>\$ 3,684,368</u>

CITY OF YUBA CITY
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>
TOTAL AGENCY FUNDS				
ASSETS				
Cash and investments	\$ 6,233,282	\$ 1,260,144	\$ (1,648,638)	\$ 5,844,788
Cash and investments with fiscal agent	961,562	57,353	(16,247)	1,002,668
Due from agency fund	228,158		(124,040)	104,118
Interest receivable	4,809	2,341	(4,809)	2,341
Accounts receivable	132,815	237,461	(132,815)	237,461
	<u>7,560,626</u>	<u>1,557,299</u>	<u>(1,926,549)</u>	<u>7,191,376</u>
Total Assets	<u>\$ 7,560,626</u>	<u>\$ 1,557,299</u>	<u>\$ (1,926,549)</u>	<u>\$ 7,191,376</u>
LIABILITIES				
Due to agency fund	\$ 228,158	\$ -	\$ (124,040)	\$ 104,118
Accounts payable	29,098	414,165	(29,098)	414,165
Deferred revenue	50,000	536,775		586,775
Deposits payable	7,253,370	606,359	(1,773,411)	6,086,318
	<u>7,560,626</u>	<u>1,557,299</u>	<u>(1,926,549)</u>	<u>7,191,376</u>
Total Liabilities	<u>\$ 7,560,626</u>	<u>\$ 1,557,299</u>	<u>\$ (1,926,549)</u>	<u>\$ 7,191,376</u>



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 City of Yuba City, California, as of and for the fiscal year ended June 30, 2009 which collectively comprise the City of Yuba City's basic financial statements, and have issued our report thereon dated December 8, 2009. 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Yuba City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Yuba City's financial statements that is more than inconsequential will not be prevented or detected by the City of Yuba City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Yuba City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 December 8, 2009.

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
Beverly Hills, CA
December 8, 2009

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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.

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

	Fiscal Year				
	2005	2006	2007	2008	2009
Governmental Activities					
Invested In Capital Assets, net of related debt	\$ 18,162,443	\$ 25,793,897	\$ 398,797,672	\$ 403,278,221	\$ 403,377,779
Restricted	4,741,946	16,552,036	26,188,402	32,249,323	29,786,112
Unrestricted	43,119,246	30,678,331	10,968,014	22,227,025	21,847,750
Total Governmental Activities Net Assets	\$ 66,023,635	\$ 73,024,264	\$ 435,954,088	\$ 457,754,569	\$ 455,011,641
Business-Type Activities					
Invested In Capital Assets, net of related debt	\$ 53,889,915	\$ 48,346,102	\$ 141,461,866	\$ 145,579,890	\$ 144,507,456
Restricted	762,967	762,967	762,967	762,967	448,717
Unrestricted	25,259,121	37,874,324	28,969,981	28,952,704	27,368,372
Total Business-Type Activities Net Assets	\$ 79,912,003	\$ 86,983,393	\$ 171,194,814	\$ 175,295,561	\$ 172,324,545
Primary Government					
Invested In Capital Assets, net of related debt	\$ 72,052,358	\$ 74,139,999	\$ 540,259,538	\$ 548,858,111	\$ 547,885,235
Restricted	5,504,913	17,315,003	26,951,369	33,012,290	30,234,829
Unrestricted	68,378,367	68,552,655	39,937,995	51,179,729	49,216,122
Total Primary Government Net Assets	\$ 145,935,638	\$ 160,007,657	\$ 607,148,902	\$ 633,050,130	\$ 627,336,186

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

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

	Fiscal Year				
	2005	2006	2007	2008	2009
Expenses					
Governmental Activities					
General government	\$ 4,374,806	\$ 4,961,963	\$ 5,196,149	\$ 5,363,212	\$ 5,176,267
Public safety	15,739,089	17,342,884	20,685,388	23,282,357	24,688,420
Parks and recreation	2,879,858	3,287,171	3,825,886	4,113,957	4,054,318
Public works and facilities	3,261,043	4,450,059	9,832,488	10,417,186	11,203,066
Community development	3,934,728	3,930,166	5,228,659	3,900,994	3,612,257
Interest on long-term debt	2,669,496	3,007,720	3,979,112	5,337,470	5,644,530
Total Governmental Activities Expenses	32,859,020	36,979,963	48,747,682	52,415,176	54,378,858
Business-Type Activities					
Water	5,136,621	6,620,198	8,618,468	9,706,835	9,938,304
Wastewater	7,409,572	9,045,282	9,585,377	9,749,245	9,797,636
Total Business-Type Activities Expenses	12,546,193	15,665,480	18,203,845	19,456,080	19,735,940
Total Primary Government Net Expenses	\$ 45,405,213	\$ 52,645,443	\$ 66,951,527	\$ 71,871,256	\$ 74,114,798
Program Revenues					
Governmental Activities					
Charges for Services					
General government	\$ 715,587	\$ 710,437	\$ 736,964	\$ 993,453	\$ 27,482
Public safety	1,474,532	1,299,653	1,850,442	1,891,045	2,710,690
Parks and recreation	1,161,026	1,253,188	1,391,504	1,142,165	1,446,139
Public works and facilities	4,344,153	1,677,018	7,636,006	587,212	475,349
Community development	2,586,062	1,665,665	1,100,788	1,723,654	1,304,404
Operating Contributions and Grants	2,435,938	2,801,619	4,279,532	3,800,202	3,488,022
Capital Contributions and Grants	2,515,181	1,089,792	1,598,196	18,809,192	6,728,478
Total Governmental Activities Program Revenues	15,232,479	10,497,372	18,593,432	28,946,923	16,180,564
Business-Type Activities					
Charges for Services					
Water	14,975,662	12,530,784	10,334,839	9,237,474	8,629,300
Wastewater	11,589,788	10,986,322	9,515,078	9,695,363	9,054,820
Operating Contributions and Grants	4,550,414		166,030		51,196
Capital Contributions and Grants	4,550,414		166,030	773,751	448,415
Total Business-Type Activities Program Revenues	35,666,278	23,517,106	20,181,977	19,706,588	18,183,731
Total Primary Government Program Revenues	\$ 50,898,757	\$ 34,014,478	\$ 38,775,409	\$ 48,653,511	\$ 34,364,295

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

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

	Fiscal Year				
	2005	2006	2007	2008	2009
Net (Expense)/Revenue					
Governmental Activities	\$ (17,626,541)	\$ (26,482,591)	\$ (30,154,250)	\$ (23,468,253)	\$ (38,198,294)
Business-Type Activities	23,120,085	7,851,626	1,978,132	250,508	(1,552,209)
Total Primary Government Net Expense	5,493,544	(18,630,965)	(28,176,118)	(23,217,745)	(39,750,503)
General Revenues and Other Changes in Net Assets					
Governmental Activities					
Taxes					
Secured and unsecured property taxes	12,038,440	15,379,341	17,976,967	18,211,784	17,946,109
Sales and use taxes	7,572,037	9,133,964	7,700,082	7,593,904	6,759,997
Transient lodging taxes				744,133	648,209
Franchise taxes	1,111,651	1,264,092	1,377,674	1,374,274	1,431,844
Other and public service taxes	988,635	952,458	903,836	1,008,694	960,949
Grants and Contributions - Unrestricted	1,414,503	395,439	369,722	313,876	238,821
Interest and Investment Earnings	2,689,592	4,260,089	5,531,403	6,666,935	5,006,289
Miscellaneous	467,851	409,790	728,673	506,607	7,062
Special items - sale of capital assets	3,466,483			100,535	25,815
Transfers	2,285,892	2,229,069	3,639,983	1,733,485	2,727,978
Total Governmental Activities	32,035,084	34,024,242	38,228,340	38,254,227	35,753,073
Business-Type Activities					
Interest and Investment Earnings	734,271	1,718,768	1,560,862	1,774,540	1,309,171
Special items - sale of capital assets				(912)	
Transfers	(2,285,892)	(2,229,069)	(3,639,983)	(1,733,485)	(2,727,978)
Total Business-Type Activities	(1,551,621)	(510,301)	(2,079,121)	40,143	(1,418,807)
Total Primary Government	30,483,463	33,513,941	36,149,219	38,294,370	34,334,266
Change in Net Assets					
Governmental Activities	14,408,543	7,541,651	8,074,090	14,785,974	(2,445,221)
Business-Type Activities	21,568,464	7,341,325	(100,989)	290,651	(2,971,016)
Total Primary Government	\$ 35,977,007	\$ 14,882,976	\$ 7,973,101	\$ 15,076,625	\$ (5,416,237)

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

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

	Fiscal Year				
	2000	2001	2002	2003	2004
General Fund					
Reserved	\$ 11,507,141	\$ 12,690,465	\$ 13,924,397	\$ 15,238,937	\$ 16,726,502
Unreserved	1,769,043	2,728,339	2,885,370	2,802,419	3,268,359
Total General Fund	\$13,276,184	\$15,418,804	\$16,809,767	\$18,041,356	\$19,994,861
All Other Governmental Funds					
Reserved	\$ 1,498,894	\$ 1,736,171	\$ 2,379,225	\$ 3,141,676	\$ 7,493,464
Unreserved, Reported In:					
Special Revenue Funds	2,598,244	5,543,029	4,523,185	3,250,205	(70,525)
Debt Service Funds	145,995	583,494	41,914	(14,936,066)	(16,467,034)
Capital Projects Funds	3,376,478	3,694,772	6,057,742	8,031,101	6,367,180
Total All Other Governmental Funds	7,619,611	11,557,466	13,002,066	(513,084)	(2,676,915)
Total Governmental Funds	\$20,895,795	\$26,976,270	\$29,811,833	\$17,528,272	\$17,317,946

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

Fiscal Year				
2005	2006	2007	2008	2009
\$ 18,325,351	\$ 20,508,445	\$ 22,364,092	\$ 24,558,967	\$ 26,888,182
3,486,687	3,833,519	4,033,423	3,881,024	5,465,445
\$21,812,038	\$24,341,964	\$26,397,515	\$28,439,991	\$32,353,627
\$ 6,457,399	\$ 7,779,152	\$ 28,249,617	\$ 29,430,138	\$ 13,583,533
5,351,375	6,174,368	23,093,007	13,359,772	5,783,782
(18,139,942)	(19,953,937)	(20,904,593)	(24,144,263)	(26,558,689)
24,426,922	20,992,418	8,536,048	9,231,060	17,534,282
18,095,754	14,992,001	38,974,079	27,876,707	10,342,908
\$39,907,792	\$39,333,965	\$65,371,594	\$56,316,698	\$42,696,535

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

	Fiscal Year				
	2000	2001	2002	2003	2004
Revenues					
Taxes and Assessments	\$ 13,611,038	\$ 14,457,901	\$ 15,826,615	\$ 17,510,350	\$ 19,190,073
Licenses, Permits and Fees	372,522	535,366	1,375,894	1,759,227	2,682,272
Fines and Forfeitures	311,616	199,281	313,902	400,176	462,268
Use of Money and Property	1,487,251	2,029,603	1,964,663	1,912,404	1,860,369
Intergovernmental Revenues	4,830,082	5,407,874	5,481,368	4,868,529	5,741,581
Charges for Services	1,003,631	1,276,413	1,542,343	2,587,414	3,299,899
Other Revenue	468,894	2,073,617	1,747,854	663,413	995,979
Total Revenues	22,085,034	25,980,055	28,252,639	29,701,513	34,232,441
Expenditures					
Current					
General Government	4,330,096	3,913,212	3,667,037	4,550,798	4,807,359
Public Safety	7,981,032	7,835,786	9,826,998	10,612,894	12,597,055
Parks and Recreation	935,919	1,931,022	2,145,350	2,377,992	2,875,780
Public works and facilities	2,921,292	1,764,804	2,185,593	2,569,003	2,428,857
Community Development	1,234,071	1,794,020	2,106,061	1,604,026	1,659,113
Pension expenditures					
Debt Service					
Principal Retirement	698,592	820,048	1,154,043	592,821	720,191
Interest and Fiscal Charges	1,538,004	1,536,609	1,201,042	1,892,443	2,024,618
Bond Issue Cost					
Capital Outlay	1,667,116	2,289,327	5,016,659	4,472,735	10,238,565
Total Expenditures	21,306,122	21,884,828	27,302,783	28,672,712	37,351,538
Excess of Revenues Over (Under) Expenditures	778,912	4,095,227	949,856	1,028,801	(3,119,097)
Other Financing Sources (Uses)					
Transfers In	5,011,341	6,068,915	12,190,787	10,492,198	13,136,785
Transfers Out	(3,771,333)	(5,061,928)	(11,460,162)	(10,322,906)	(11,283,861)
Issuance of debt	1,023,952	1,126,348	1,238,982	147,163	1,055,847
Sales of Property					
Refunding Bond Proceeds					
Payments to Refunding Agents					
Loan Proceeds					
Certificates of Participation Issued					
Tax Allocation Bond Issued					
Premium on Tax Allocation Bond					
Total Other Financing Sources (Uses)	2,263,960	2,133,335	1,969,607	316,455	2,908,771
Net Change In Fund Balances	\$3,042,872	\$6,228,562	\$2,919,463	\$1,345,256	(\$210,326)
Debt Service as a percentage of non-capital expenditures¹	12.9%	13.7%	11.8%	11.4%	11.3%

¹For 2008 and 2009, 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.

Fiscal Year				
2005	2006	2007	2008	2009
\$ 20,988,616	\$ 28,383,087	\$ 30,457,191	\$ 30,845,525	\$ 30,417,648
3,599,183	1,921,772	1,181,053	1,353,822	764,696
502,645	455,367	639,271	815,815	677,402
2,673,731	3,946,664	5,181,876	6,106,793	4,552,206
7,244,922	3,320,112	3,817,490	5,329,618	3,433,937
4,928,119	2,760,809	9,295,190	5,294,303	6,803,599
1,525,897	409,790	868,266	529,093	590,307
41,463,113	41,197,601	51,440,337	50,274,969	47,239,795
4,156,553	4,620,359	5,014,327	5,152,199	4,858,367
14,969,069	16,828,712	20,023,229	22,847,118	23,674,889
2,794,846	3,148,167	3,659,681	3,955,688	3,878,488
2,723,586	3,875,836	3,793,741	3,382,147	3,173,448
3,925,128	3,908,345	5,236,196	3,673,956	3,806,050
		7,498,612		
1,334,439	333,908	384,874	1,059,894	1,811,502
2,584,336	3,010,277	3,669,126	5,011,466	5,582,117
		1,270,865		
4,066,608	7,319,763	16,128,372	22,118,800	16,803,075
36,554,565	43,045,367	66,679,023	67,201,268	63,587,936
4,908,548	(1,847,766)	(15,238,686)	(16,926,299)	(16,348,141)
21,239,271	11,514,364	24,040,452	49,398,274	22,406,863
(19,755,741)	(9,553,285)	(20,707,525)	(47,850,239)	(19,678,885)
			6,323,368	
3,466,483				
20,690,000				
(8,073,210)		7,685,000		
		1,522,332		
		12,500,000		
		16,000,000		
		236,056		
17,566,803	1,961,079	41,276,315	7,871,403	2,727,978
\$22,475,351	\$113,313	\$26,037,629	(\$9,054,896)	(\$13,620,163)
13.7%	10.3%	14.1%	15.6%	15.8%

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
2000	\$ 1,349,839,953	\$ 207,752,301	\$ 36,898,036	\$ 1,520,694,218	1.00000%
2001	1,394,542,600	223,000,290	37,049,053	1,580,493,837	1.00000%
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	4,353,984,961	376,346,378	186,141,621	4,544,189,718	1.07503%

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
2000	1.00000	-	-	1.00000
2001	1.00000	-	-	1.00000
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

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 2009			Fiscal Year 2000		
	Taxable Assessed Value ¹	Percent Of Total Assessed Valuation	Rank	Taxable Assessed Value ¹	Percent Of Total Assessed Valuation	Rank
Sunsweet Growers Inc.	\$ 73,376,555	1.61%	1	51,014,818	2.93%	2
Sutter North Medical Foundation	47,899,508	1.05%	2	-	-	
Yuba City Energy Center LLC	40,868,646	0.90%	3	-	-	
Steadfast Yuba City 1 LLC	40,149,699	0.88%	4	-	-	
Miravista LLC	37,740,000	0.83%	5			
Greenleaf Unit Two Associates	37,170,321	0.82%	6	37,000,243	2.13%	4
Feather River Energy Center LLC	36,483,467	0.80%	7			
Yuba City Co Generation Limited	32,651,165	0.72%	8	56,218,709	3.23%	1
Comcast of Northern California	29,184,799	0.64%	9	-	-	
Wal Mart Stores Inc./Sam's West	16,676,651	0.37%	10	19,107,786	1.10%	8
Fremont Hospital				43,783,919	2.51%	3
City of Yuba City				29,641,385	1.70%	5
Yuba Plaza Associates Limited				21,753,362	1.25%	6
Sutter County				21,694,865	1.25%	7
Butte House Bel Air Investors				17,527,321	1.01%	9
Mediaone of Northern California				15,644,947	0.90%	10
	<u>\$ 270,924,748</u>	<u>8.63%</u>		<u>\$ 262,372,537</u>	<u>18.00%</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
2000	\$ 2,427,607	\$ 1,285,447	\$ 3,713,054	\$ 3,713,054	100.00%
2001	2,496,895	1,232,368	3,729,263	3,729,263	100.00%
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%

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
2000	\$ 8,655,000	\$ 159,245	\$ 2,065,000	\$ -	\$ 178,822	\$ 11,058,067
2001	8,505,000	142,372	1,695,000	-	-	10,342,372
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

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.

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
\$ -	\$ 12,000,000	\$ -	\$ 12,000,000	\$ 23,058,067	3%	\$ 649
-	16,750,000	-	16,750,000	27,092,372	2.76%	612
-	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

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			
2000	\$ 2,065,000	\$ -	\$ -	\$ 2,065,000	0.27%	0.14%	58
2001	1,695,000	-	-	1,695,000	0.17%	0.11%	38
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%	0.54%	388

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

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

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

CITY OF YUBA CITY
DIRECT AND OVERLAPPING DEBT GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2009

	Percent Applicable ¹	Debt June 30, 2009
OVERLAPPING TAX AND ASSESSMENT DEBT:		
<hr/>		
Yuba Joint Community College District	16.937%	\$ 15,964,194
Yuba City Unified School District School Facilities Improvement District No. 99-1	70.431%	17,778,788
Yuba City Unified School District School Facilities Improvement District No. 2004-1	70.319%	17,316,562
City of Yuba City Community Facilities District No. 2004-1	100.000%	3,085,000
City of Yuba City 1915 Act Bonds	100.000%	<u>4,129,000</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		<u>58,273,544</u>
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
<hr/>		
Sutter County Certificates of Participation	53.874%	1,042,462
Sutter County Board of Education Certificates of Participation	53.874%	2,761,043
Yuba City Unified School District Certificates of Participation	77.959%	28,751,279
City of Yuba City Certificates of Participation	100.000%	12,020,000
City of Yuba City Pension Obligations	100.000%	<u>6,725,000</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>51,299,784</u>
COMBINED TOTAL DEBT		<u><u>\$ 109,573,328</u></u> ²

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 2008-09 ASSESSED VALUATION:

<hr/> Total Overlapping Tax and Assessment Debt	1.21%
-------------------------------------------------	-------

DIRECT AND OVERLAPPING GENERAL FUND DEBT

<hr/> Combined Direct Debt (\$18,745,000)	0.43%
Combined Total Debt	2.49%

Source: California Municipal Statistics

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

	Fiscal year			
	2000	2001	2002	2003
Total assessed value of all real and personal property	\$1,520,694,218	\$1,580,493,837	\$1,966,025,912	\$2,141,191,177
Debt limit percentage	15.00%	15.00%	15.00%	15.00%
Total debt limit	228,104,133	237,074,076	294,906,887	321,178,677
Amount application to debt limit	2,065,000	1,695,000	1,305,000	895,000
Legal debt margin	<u>\$ 226,039,133</u>	<u>\$ 235,379,076</u>	<u>\$ 293,598,887</u>	<u>\$ 320,283,677</u>
Total net debt applicable to the limit as a percentage of debt limit	0.91%	0.71%	0.44%	0.28%

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

2004	2005	2006	2007	2008	2009
\$2,449,458,491	\$ 2,788,971,498	\$ 3,501,830,528	\$4,234,096,299	\$4,612,562,660	\$ 4,544,189,718
15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
367,418,774	418,345,725	525,374,579	635,114,445	691,884,399	681,628,458
1,515,847	972,169	828,262	20,915,993	26,089,953	24,713,590
<u>\$ 365,902,927</u>	<u>\$ 417,373,556</u>	<u>\$ 524,446,317</u>	<u>\$ 614,198,452</u>	<u>\$ 665,794,446</u>	<u>\$ 656,914,868</u>
0.41%	0.23%	0.16%	3.29%	3.77%	3.63%

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

Tax Allocation Revenue Bonds

Fiscal Year	Property Tax Increment	Principal	Interest	Coverage
2000	\$ 1,315,148	\$ 140,000	\$ 509,525	2.02
2001	1,232,368	150,000	481,884	1.95
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

Loans Payable

Fiscal Year	Principal	Interest	Coverage	
2000	\$ -	\$ 16,420	\$ 4,718	-
2001	-	16,873	4,264	-
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	-

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
2000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2001	-	-	-	-	-	-
2002	-	-	-	-	-	-
2003	-	-	-	-	-	-
2004	-	-	-	-	-	-
2005	-	-	-	-	-	-
2006	-	-	-	-	-	-
2007	-	-	-	-	-	-
2008	-	-	-	-	-	-
2009	-	-	-	-	-	-

Sewer Revenue Bonds

Fiscal Year	Operating Revenue	Adjusted Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2000	\$ 5,220,319	\$ (3,950,885)	\$ 1,269,343	\$ 170,000	\$ 10,200	7.04
2001	-	-	-	-	-	-
2002	-	-	-	-	-	-
2003	-	-	-	-	-	-
2004	-	-	-	-	-	-
2005	-	-	-	-	-	-
2006	-	-	-	-	-	-
2007	-	-	-	-	-	-
2008	-	-	-	-	-	-
2009	-	-	-	-	-	-

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	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)	5,629,267	110,000	230,137	16.55
14,975,662	(3,936,113)	(1,061,863)	9,947,686	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)	(609,284)	2,817,164	575,000	1,241,738	1.55

Wastewater Certificates of Participation

Operating Revenue	Adjusted Operating Expenses	Other Allowed Sources (Uses)	Net Available Revenue	Principal	Interest	Coverage
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
5,928,541	(3,317,498)	271,918	2,882,961	250,000	608,024	3.36
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

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			
2000	35,553	768,976	21,629	11,003	10.8%	9.19
2001	44,291	982,153	22,175	11,044	10.3%	10.60
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

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

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

Employer	Fiscal Year 2009			Fiscal Year 2000		
	Employees	Percent of Total Employment	Rank	Employees	Percent of Total Employment	Rank
Fremont Rideout Medical	2,100	10.71%	1	N/A	N/A	N/A
Yuba City Unified	1,288	6.57%	2	N/A	N/A	N/A
County of Sutter	950	4.85%	3	N/A	N/A	N/A
Sunsweet Growers	650	3.32%	4	N/A	N/A	N/A
Wal-Mart	500	2.55%	5	N/A	N/A	N/A
Sutter North Medical	450	2.30%	6	N/A	N/A	N/A
City of Yuba City	342	1.74%	7	N/A	N/A	N/A
Sam's Club	195	0.99%	8	N/A	N/A	N/A
Winco Foods	150	0.77%	9	N/A	N/A	N/A
Siller Brothers Aviation	150	0.77%	10	N/A	N/A	N/A
	6,775	34.57%				

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					
	2000	2001	2002	2003	2004	2005
Governmental Activities						
General Government						
City manager	2.00	2.00	2.00	2.00	2.00	2.00
Finance	12.50	12.50	14.00	14.00	14.00	14.00
Information services	2.00	3.00	4.00	4.00	4.00	4.00
General services	11.20	10.25	9.75	9.75	9.75	9.75
Human resources	5.00	5.00	4.50	4.50	5.50	6.00
Public Safety						
Police	70.50	70.50	71.50	72.50	84.50	84.50
Fire	33.10	33.10	43.60	46.60	46.60	47.10
Parks and Recreation	34.29	26.29	27.79	29.00	29.00	26.00
Public Works and facilities						
Administration	2.00	2.00	2.00	2.00	2.00	2.00
Streets	9.30	9.30	9.30	10.30	10.30	10.30
Engineering	9.50	8.50	8.50	9.00	9.00	8.00
Electrical maintenance			4.00	4.10	4.10	4.10
Community Development						
Planning	4.00	4.00	4.00	4.00	4.00	7.00
Building inspection	5.50	5.50	4.00	7.00	8.00	11.00
Economic development	3.00	3.00	2.50	3.50	3.50	2.60
Water	18.90	19.50	20.70	21.70	23.70	24.20
Wastewater	26.80	26.20	24.00	24.90	26.90	29.40
Vehicle maintenance	3.80	4.25	4.25	4.25	5.25	5.25
Total Full-Time Equivalent Employees	253.39	244.89	260.39	273.10	292.10	297.20

Source: City of Yuba City Finance Department

Fiscal Year			
2006	2007	2008	2009
3.00	2.00	2.00	2.00
16.00	16.00	16.00	16.60
4.00	4.00	4.00	4.00
9.75	11.75	11.75	11.75
6.00	6.00	6.00	5.50
97.50	102.50	102.50	103.50
49.10	52.10	52.10	55.10
28.00	30.50	32.50	31.73
2.00	2.00	2.00	3.00
10.50	10.30	10.30	10.23
8.00	8.00	6.00	8.00
4.10	4.10	4.10	4.08
7.00	5.00	5.00	4.00
11.00	12.00	10.00	10.00
2.60	2.60	1.60	1.00
27.60	29.50	27.95	28.73
33.80	36.10	36.65	37.73
5.25	5.25	5.25	5.25
<u>325.20</u>	<u>339.70</u>	<u>335.70</u>	<u>342.20</u>

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

	Fiscal Year				
	2000	2001	2002	2003	2004
Finance					
Utility customers billed	9,667	10,167	10,667	13,875	15,319
Community Development					
Single family dwelling building permits issued	43	135	358	589	750
Land use entitlement applications	38	71	84	124	118
Police					
Citations issued	7,371	4,858	4,196	7,992	9,148
Arrests made	2,936	2,719	2,773	2,908	3,134
Requests for services	33,477	36,090	37,441	38,109	47,708
Fire					
Fire responses	n/a	4,217	4,275	5,148	5,205
Area served (sq. miles)	n/a	9.200	10.702	11.000	11.000
Parks and Recreation					
Classes held	n/a	n/a	n/a	n/a	n/a
Hours of recreation offered	n/a	n/a	n/a	n/a	n/a
Total participants	n/a	n/a	n/a	n/a	n/a
Park acres overseen	112.64	119.44	118.94	122.50	122.50
Public Works					
Encroachment permits	88	119	119	136	110
Subdivision agreements	n/a	n/a	n/a	22	21
Capital improvement projects	21	13	29	26	26
Street maintenance - crack seal (streets)	n/a	n/a	n/a	n/a	n/a
Street maintenance - traffic marking paint (gal.)	n/a	n/a	500	525	600
Street light repairs	n/a	n/a	n/a	n/a	n/a
Water					
Water introduced to system (million gallons)	3,439	3,785	4,771	3,923	5,481
Metered water deliveries (hundred cubic feet)	3,228,807	5,789,444	4,610,223	4,890,372	4,857,062
Wastewater					
Effluent (millions of gallons per day)	5.693	5.552	5.202	5.556	5.975

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

Source: City of Yuba City Finance Department

Fiscal Year				
2005	2006	2007	2008	2009
16,861	17,100	17,896	17,570	17,628
991	869	292	54	39
126	119	74	92	42
8,978	8,130	10,298	12,597	11,769
3,020	3,126	3,140	3,465	3,452
49,563	58,368	44,593	43,936	48,053
5,384	5,852	6,119	6,591	7,169
17.200	17.200	17.200	30.000	30.000
n/a	754	320	500	1,182
n/a	13,977	6,000	5,800	8,190
n/a	12,220	7,402	12,500	36,749
130.00	130.00	130.00	130	133
130	122	105	117	83
21	12	3	3	-
26	9	10	17	20
n/a	30	-	52	93
625	650	1,175	910	925
418	304	588	621	468
5,933	5,435	6,128	6,008	6,220
5,198,150	5,229,748	7,404,329	6,010,883	5,976,940
5.300	5.281	6.088	5.366	5.150

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

	2000	2001	2002	2003	2004	2005
Police						
Stations	1	1	1	1	1	1
Fire						
Stations	3	3	5	5	5	5
Public Works						
Streets (centerline miles)	n/a	n/a	n/a	n/a	n/a	n/a
Street lights	n/a	n/a	n/a	n/a	n/a	n/a
Traffic signals	n/a	n/a	n/a	n/a	n/a	n/a
Parks and Recreation						
Office buildings	-	-	-	-	-	1
Park acreage	90	100	100	100	110	110
Playing fields/courts	7	7	7	7	7	7
Swimming pools	1	1	1	1	1	1
Water play features	-	-	-	-	1	1
Water						
Water mains (miles)	n/a	n/a	n/a	n/a	n/a	n/a
Fire hydrants	n/a	n/a	n/a	n/a	n/a	n/a
Storage capacity (million gallons)	9.25	9.25	10.25	10.25	10.25	14.00
Treatment capacity (million gallons)	20.0	20.0	24.0	24.0	27.0	36.3
Wastewater						
Sewer mains (miles)	125	n/a	n/a	n/a	n/a	158
Treatment capacity (million gallons)	7	7	7	7	7	7

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

Source: City of Yuba City Finance Department

2006	2007	2008	2009
1	1	1	1
5	5	5	5
285	285	237	237
6,000	6,000	6,071	6,071
32	32	33	34
1	2	2	3
110	110	110	113
7	7	7	7
1	1	1	1
1	1	1	2
233	229	232	260
2,324	2,317	2,324	2,593
14.00	18.00	18.00	18.00
36.3	48.3	48.5	48.5
158	155	176.5	176.5
7	10.5	10.5	10.5

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