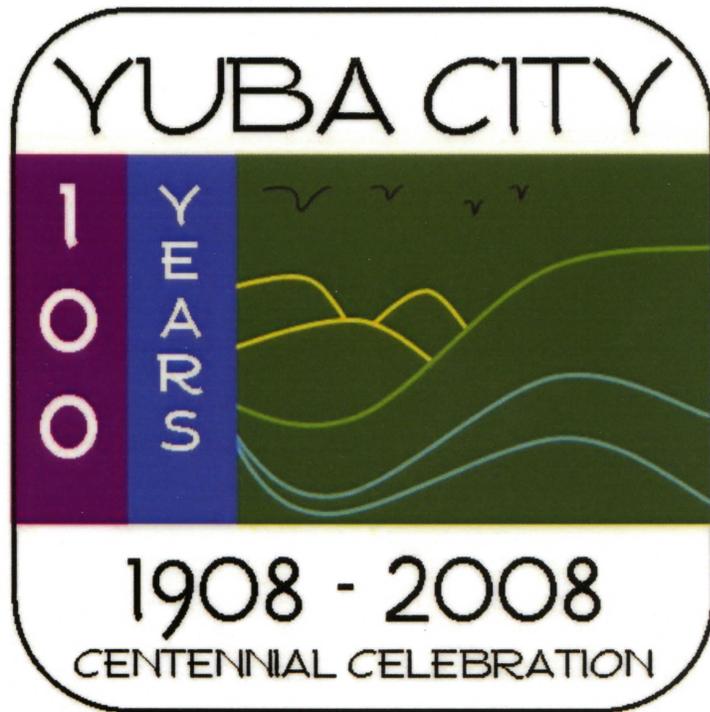


City of Yuba City
California

**Comprehensive Annual
Financial Report**

**For the Fiscal Year Ended
June 30, 2008**



**CITY OF YUBA CITY
CALIFORNIA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the Fiscal Year Ended
June 30, 2008**

**CITY OF YUBA CITY
Finance Department**

Steven C. Kroeger
Assistant City Manager

Robin Bertagna, CPA
Finance Director

CITY OF YUBA CITY
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INTRODUCTORY SECTION

CITY OF YUBA CITY



FINANCE DEPARTMENT

1201 Civic Center Blvd. • Yuba City California 95993 • Phone (530) 822-4618 • Fax (530) 822-4694
December 23, 2008

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, 2008. 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 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.

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

The City's population is currently estimated to be 63,338 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 mid-2010.

Consumers have responded to all of the negative economic and financial news by reducing spending patterns.

The State's projected budget deficit of \$40 billion (over the next 18 months) will likely impact local government budgets as well. Even though Proposition 1A passed by the voters in 2004 largely protects local revenues, there is still the possibility that the Governor or the Legislature will find ways to raid local coffers. The FY 2008-09 State budget that was adopted in October included the takeaway of \$350 million in local Redevelopment Agency funds. Yuba City's share was approximately \$277,000. The State is now considering increasing that amount to \$400 million in future years and making the takeaway permanent. 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.

Long-Term Financial Planning

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 an Economic Stabilization Reserve Fund that would utilize \$560,000 of reserve funds to balance out revenues and expenditures until the economy turned around. By September, City staff recognized that the economy was continuing to deteriorate, with City staff projecting declines in City revenues that would require the use of reserves at an unacceptable level. A Mid Year Budget Review was conducted in October, with both a reduction in revenues and expenditures being taken to City Council in November for consideration. In December, City Council approved the reduction of FY 2008-09 general fund revenues of \$1.5 million and the reduction of expenditures of \$1.0 million. These reductions were formally approved by the City Council and incorporated into the City's Adopted Budget for FY 2008-09.

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 indicated that corrective action was necessary. Finance has termed the budget reductions approved by City Council in December as "Round 1", and has advised that we will be discussing "Round 2" during the spring time.

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 either. 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.

Budget Process

The City prepares a budget for each fiscal year on or before June 30. For fiscal years 2007-09 the City adopted its first biennial budget. 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.

Fiscal year 2008-09 is the second year of the City's previous biennial budget. With local revenue sources of property taxes and sales tax expected to decline further, the City plans to prepare a one year budget for FY 2009-10 as compared to another biennial budget. This will allow the City to expeditiously respond to further changes in the economy.

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 2007-08, 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 \$4,144,328 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 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. City staff is monitoring the Cal PERS investments losses for the current fiscal year to date to determine their potential impact on future year retirement contribution rates. If investment losses do not improve for CalPERS prior to June 30, 2009, CalPERS is currently estimating that employer contributions rates will increase between 2% and 5% beginning with fiscal year 2011-12.

With regard to other post employment benefits, the City provides retiree health benefits to employees within the executive service who meet certain criteria. As such the City will not have a large unfunded exposure per the reporting requirements of GASB 45.

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 Police Department expansion, Fire Station 4, water and wastewater facility upgrades, and significant expenditures on road reconstruction and rehabilitation.

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, 2007. This was the eighth 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.

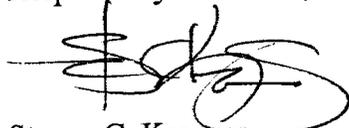
In order to be awarded a Certificate of Achievement, a government unit must publish an easily read and efficiently organized comprehensive annual financial report. This report must satisfy both USGAAP and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. 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, it could not have been accomplished without the professional expertise and commitment of Derek Rampone of the auditing firm of Moss, Levy & Hartzheim.

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

Respectfully submitted,



Steven C. Kroeger
Assistant City Manager



Robin Bertagna, CPA
Finance Director

CITY COUNCIL

Rory Ramirez, Mayor

Leslie McBride, Vice Mayor

Kash Gill, 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

Robin Bertagna, Finance Director

Marc Boomgaarden, Fire Chief

Aaron Busch, Community Development Director

Richard Doscher, Police Chief

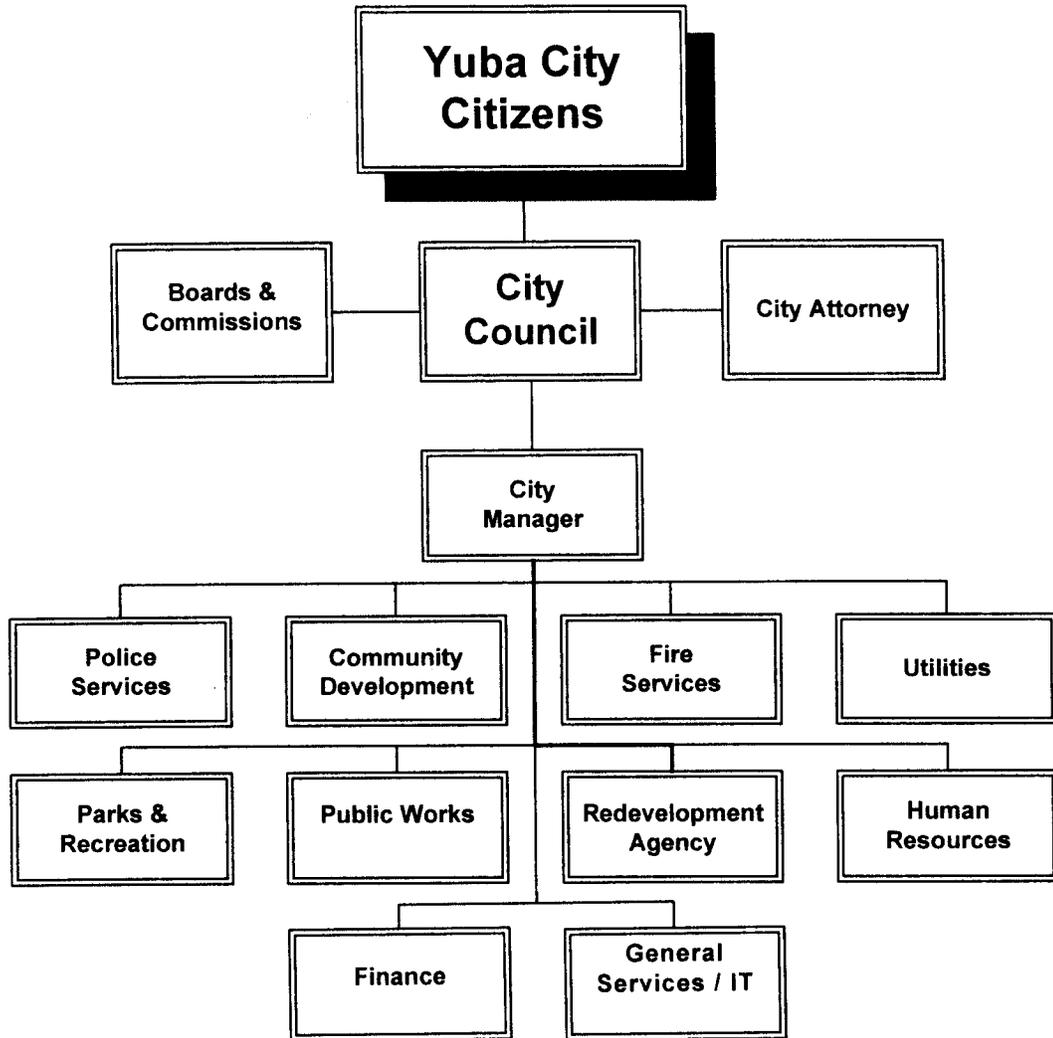
Bill Lewis, Utilities Director

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, 2007

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

FINANCIAL SECTION



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
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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, 2008, 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 Controller 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, 2008, 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, 2007, the City adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues* and GASB Statement No. 50, *Pension Disclosures – An Amendment of GASB Statements No. 25 and No. 27*.

The accompanying Required Supplementary Information, Management's Discussion and Analysis and budgetary comparison schedules for the general fund and major special revenue funds 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 23, 2008, 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, 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 23, 2008

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, 2008. 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 \$633.1 million. Of this amount, \$51.2 million may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net assets increased by \$25.9 million.
- As of the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$56.3 million, a decrease of \$9.1 million from the prior fiscal year.
- The General Fund reported excess revenues (and other financing sources) over expenditures (and other financing uses) of \$2.0 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 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 reconciliation at the bottom of the fund financial statements.

The City's major governmental funds include the General Fund, Streets and Roads Fund, Redevelopment Agency Fund, Redevelopment Agency Debt Service Fund, General Capital Improvement Projects Fund and Impact Fee Capital Improvement Projects Fund. All other funds are combined in a single, aggregated presentation. Individual data for each of these non-major governmental funds is provided in the form of combining statements beginning on page 76 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, Streets and Roads Fund, and Redevelopment Agency; 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, 2008, totaled \$633.1 million, an increase of \$25.9 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
	2008	2007	2008	2007	2008	2007	
Assets:							
Current and Other Assets	\$ 110.4	\$ 115.7	\$ 31.8	\$ 33.5	\$ 142.3	\$149.2	-4.7%
Capital Assets	439.2	411.5	195.5	190.1	634.7	601.6	5.5%
Total Assets	549.6	527.2	227.4	223.6	777.0	750.9	3.5%
Liabilities:							
Current and Other Liabilities	28.2	31.2	3.1	3.4	31.4	34.6	-9.4%
Long-term Liabilities	63.6	60.0	48.9	49.0	112.5	109.1	3.2%
Total Liabilities	91.8	91.3	52.1	52.4	143.9	143.7	0.1%
Net Assets:							
Invested in Capital Assets, net of related debt	403.3	398.8	145.6	141.5	548.9	540.3	1.6%
Restricted	32.3	26.2	0.8	0.8	33.1	27.0	22.7%
Unrestricted	22.2	11.0	29.0	29.0	51.2	39.9	28.1%
Total Net Assets	\$ 457.8	\$ 436.0	\$ 175.3	\$ 171.2	\$ 633.1	\$607.2	4.3%

At June 30, 2008, 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, increased from the prior fiscal year by \$8.6 million. The net increase is comprised of an increase of \$4.5 million in governmental net assets and a \$4.1 million increase in business type net assets. Governmental net assets increased by \$37.4 million due to the City's investment in new assets and decreased by \$9.0 million due to depreciation, \$7.1 million due to cash with fiscal agent monies being used to fund capital asset acquisitions, and \$5.4 million due to the change in the long-term debt associated with capital assets. This leaves a net increase of approximately \$15.9 million, which reconciles to the restated amount of net assets invested in capital assets, net of related debt, when calculated using the same formula as the current year amount. The largest investments in governmental type assets were the completion of the Gauche Aquatics Park at a cost of \$17.0 million and various subdivision improvements contributed by developers at a cost of \$14.2 million. Business type net assets increased by \$11.0 million due to the investment in new assets and decreased by \$5.7 million due to depreciation. Increases in business type assets include the completion of various water projects at a cost of \$6.8 million, wastewater projects of \$3.6 million, and subdivision improvements contributed by developers costing \$4.1 million.

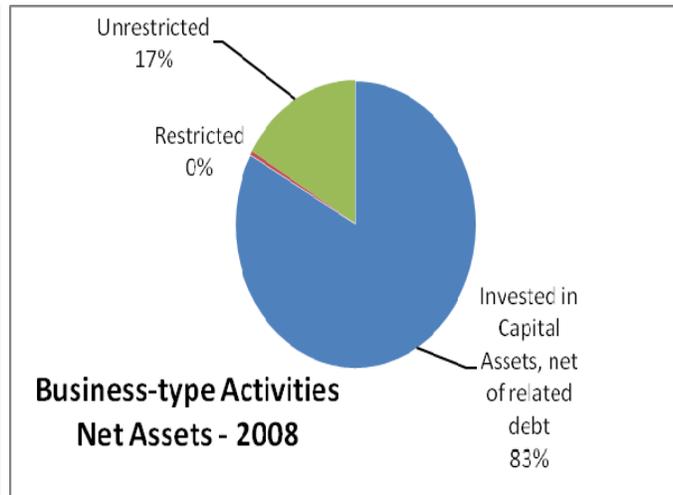
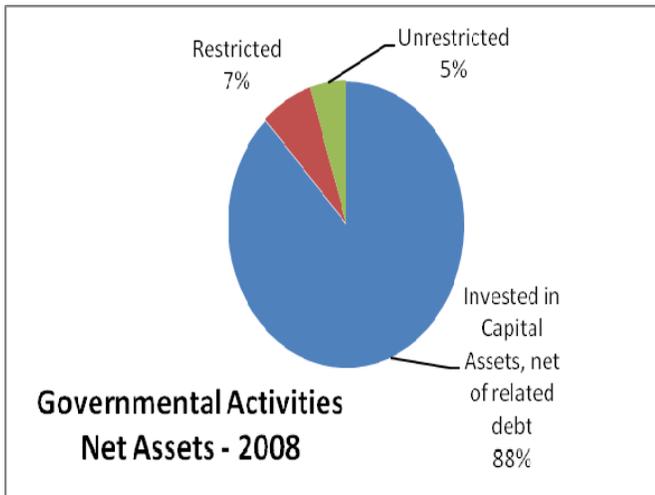
Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since capital assets are not generally liquidated for such purposes.

Restricted net assets of \$33.0 million (5 percent) represent resources subject to external restrictions as to how they may be used. The increase in restricted net assets of \$6.0 million occurred within governmental activities and is primarily attributable to the positive net change in fund balances of the Impact Fees CIP fund and the Low and Moderate Set Aside fund, both of which are restricted.

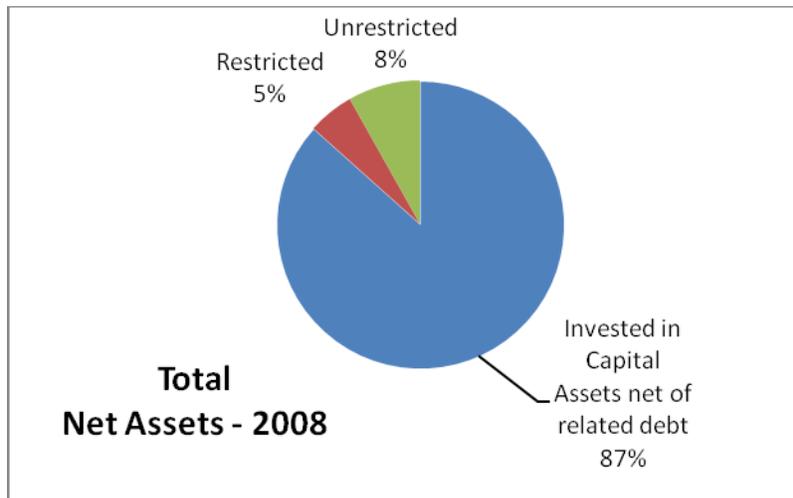
Unrestricted Net Assets of \$51.2 million (8 percent) represent amounts that may be used to meet the City's ongoing obligations to its residents, businesses, customers and creditors have increased \$11.3 million from the prior fiscal year. The increase should be \$3.5 million if prior year net asset balances are calculated using the same formula as the current year amounts. This increase is approximately the same as the change in net assets on the statement of activities, not including the contributed capital donations, and the prior period adjustments. Unrestricted net assets remained unchanged in business-type activities.

The decrease in Current and Other Assets of \$5.3 million is related to the expenditure of prior year Redevelopment Agency tax allocation bonds for the Plumas Street Improvement Project and the expenditure of prior year proceeds from certificates of participation for the construction of the Gauche Aquatics Park. This decrease was partially offset by the proceeds from a Lease financing of \$5.9 million used for the construction of Fire Station 4 but mostly unspent as of June 30, 2008.

The decrease in Current and Other Liabilities for governmental activities of \$3.0 million is primarily attributable to a decrease in deferred revenues. Long-term Liabilities for governmental activities increased \$3.6 million due to the aforementioned Lease financing of \$5.9 million for construction of Fire Station which was offset partially by regular principal payments on the City's other outstanding debt obligations.



City of Yuba City
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008



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
	2008	2007	2008	2007	2008	2007	
Revenues:							
Program Revenues:							
Charges for services	\$ 6.3	\$ 12.7	\$ 18.9	\$ 19.8	\$ 25.2	\$ 32.6	-22.5%
Operating Grants and Contributions	3.8	4.3	-	-	3.8	4.3	-11.2%
Capital Grants and Contributions	18.9	1.6	0.8	0.2	19.7	1.8	1015.1%
General Revenues:							
Property Taxes	18.2	18.0	-	-	18.2	18.0	1.3%
Sales and Other Taxes	11.0	10.4	-	-	11.0	10.4	6.6%
Investment Income	6.7	5.5	1.8	1.6	8.4	7.1	19.0%
Other	0.6	0.7	-	-	0.6	0.7	-16.7%
Total Revenues	65.5	53.2	21.5	21.6	87.0	74.8	16.4%
Expenses:							
General Government	5.4	5.2	-	-	5.4	5.2	3.2%
Public Safety	23.3	20.7	-	-	23.3	20.7	12.6%
Parks and Recreation	4.1	3.8	-	-	4.1	3.8	7.5%
Public Works and Facilities	10.4	8.7	-	-	10.4	8.7	19.8%
Community Development	3.9	6.4	-	-	3.9	6.4	-38.7%
Interest on Long-term Debt	5.3	4.0	-	-	5.3	4.0	34.1%
Water	-	-	9.7	8.6	9.7	8.6	12.6%
Wastewater	-	-	9.7	9.6	9.7	9.6	1.7%
Total Expenses	52.4	48.7	19.5	18.2	71.9	67.0	7.3%
Transfers	1.7	3.6	(1.7)	(3.6)	-	-	n/a
Change in Net Assets	14.8	8.1	0.3	(0.3)	15.1	7.8	93.3%
Net Assets - Beginning	436.0	73.1	171.2	87.3	607.1	160.4	278.6%
Prior Period Adjustment	7.0	354.9	3.8	84.2	10.8	439.1	N/A
Net Assets - Beginning, Restated	443.0	427.9	175.0	171.5	618.0	599.3	3.1%
Net Assets - Ending	<u>\$457.8</u>	<u>\$ 436.0</u>	<u>\$ 175.3</u>	<u>\$ 171.2</u>	<u>\$ 633.1</u>	<u>\$ 607.2</u>	<u>4.3%</u>

Governmental Activities

The City's governmental activities increased the City's net assets by \$21.8 million, accounting for 84 percent of the total growth in net assets of the City. Revenues increased by 23 percent (\$12.3 million), while total expenditures increased by 7.6 percent (\$3.7 million). Revenue Highlights include the following:

- Charges for services decreased by \$6.4 million primarily due to a decrease in impact fee revenues. Impact fee revenues are deferred until such time as they are spent on capital projects.
- Capital Grants and Contributions had an increase of \$17.9 million from receipt of increased 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.
- Investment Income, which is a combination of interest earnings and change in the fair value of investments, increased due to rising interest rates and cash balances.

Total expenses for governmental activities were \$52.4 million, which is a \$3.7 million (7.6 percent) increase from the prior fiscal year. This includes a \$1.2 million increase in depreciation expense (see page 49, Note 3, for depreciation expense totals by governmental function). Additionally, there was an increase of \$3.3 million in employee related costs for negotiated increases in salaries and benefits.

(Detail may not add due to rounding)

Net Cost of Governmental Activities
(Amounts in Millions)

	Total Cost of Services		Net Cost of Services	
	2008	2007	2008	2007
General Government	\$ 5.4	\$ 5.2	\$ (4.3)	\$ (5.0)
Public Safety	23.3	20.7	(20.4)	(18.3)
Parks and Recreation	4.1	3.8	(2.3)	(2.4)
Public Works and Facilities	10.4	8.7	9.2	2.2
Community Development	3.9	6.4	(0.3)	(2.6)
Interest on Long-term Debt	5.3	4.0	(5.3)	(4.0)
Total Net Cost	\$ 52.4	\$ 48.7	\$ (23.5)	\$ (30.2)

As shown in the Statement of Activities, the amount that taxpayers ultimately financed for governmental activities was \$23.5 million because some of the cost was paid by those who directly benefited from the programs (\$7.0 million), or by other governments and organizations that subsidized certain programs with operating grants and contributions (\$3.8 million), and capital grants and contributions (\$18.2 million). Overall, these governmental program revenues totaled \$29.0 million. The City paid for the remaining "public benefit" portion of the governmental activities with \$28.9 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 increased the City's net assets by \$0.3 million. Total revenues decreased by less than one percent (\$0.1 million), while total expenditures increased by 7 percent (\$1.3 million).

The net revenue decrease includes the combination of an increase in service fees (\$0.4 million), a reduction in connection fees (\$1.4 million), and an increase in capital grants and contributions (\$0.6 million). The service fee increase was attributable to both customer growth and regular annual rate adjustments. Connection fees are collected from new development and dedicated to current and future system expansion (i.e., capital costs, not operating); the City saw a decline in these revenues during FY 07-08 due to declining development activities. Capital grants and contributions increased due to a FEMA grant for a pond repair project at the Wastewater Treatment Plant.

Operating costs within the water enterprise experienced an increase in expenses of 7.1 percent (\$1.3 million) which was a combination of increased employee costs (\$0.5 million) decreased maintenance and operations costs (\$0.4 million), increased tools and equipment cost (\$0.6 million) and increased depreciation (\$0.7 million).

D. FUND FINANCIAL STATEMENT ANALYSIS

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances that are available for spending. 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, 2008, the total fund balance of the General Fund was \$28.4 million (of which 85 percent is attributable to a long-term receivable from the City's Redevelopment Agency). The unreserved fund balance of \$3.9 million is equal to 10.6 percent of total General Fund expenditures. Total fund balance increased by \$2.0 million over the previous fiscal year. Notably, the current year net increase of \$2.0 million takes into account year-end General Fund transfers of \$0.6 million (\$0.4 million to the General Capital Improvement Projects Fund and \$0.2 million to the Technology Internal Service Fund).

The "Streets and Roads" operating fund and "Streets and Roads CIP Projects" fund (which is combined within the "Other Governmental Funds") are presented separately but share the same resources. The operating fund has a year-end fund balance of \$2.5 million. Revenues received by the operating fund are programmed within the CIP fund annually – transfers reflect the movement of money between the funds. Together the funds have a positive fund balance of \$4.7 million, which is a decrease of \$1.1 million from the previous year, representing funds being expended on infrastructure investment.

The Redevelopment Agency fund shows a decrease in fund balance of \$11.4 million, which is attributable to transfers made to the Redevelopment Agency CIP fund to finance the Plumas Street Renovation Project.

The Redevelopment Agency Debt Service fund shows a decrease in fund balance of \$2.2 million from the prior year and a cumulative fund balance deficit of \$24.1 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 \$2.3 million, which is the net result of receiving \$3.0 million in proceeds from entering into a lease obligation for the construction of Fire Station 4, plus operating transfers in from other funding sources, less expenditures in the form of capital outlay for projects.

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 \$18.9 million, an increase of \$0.1 million from the previous year, represents the balance available for spending on projects included in the City's Impact Fee Ordinance.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the Government-Wide Financial Statements, but in more detail. Factors concerning these funds have already been addressed in the discussion of Government-Wide Financial Analysis of business type activities.

E. GENERAL FUND BUDGETARY HIGHLIGHTS

The Approved Budget is adopted by the City Council prior to the July 1 start of the fiscal year (the "Original Budget"). The City Council usually makes expenditure and revenue estimate changes during the course of the fiscal year as new information becomes available (resulting in the "Final Budget").

The net increase in budgeted expenditures from the original budget to the final budget is \$1.7 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 \$0.6 million, which are not included in the budget until funds are physically received by the City; 3) appropriations of \$0.3 million for unanticipated fire department strike team costs which were reimbursed by the State; 4) appropriations of \$0.3 million for employee related costs (negotiated wage adjustments); and, 5) other minor miscellaneous adjustments of \$0.1 million to departmental budgets. Actual expenditures were \$0.5 million less than the original budget and \$2.2 million less than the final budget.

The net increase in budgeted revenues from the original budget to the final budget was \$0.8 million. This included budget adjustments made to account for the receipt of grant funds (\$0.5 million) and budget adjustments for fire strike team reimbursements (\$0.3 million). Actual revenues were \$0.6 million less than the original budget and \$1.5 million less than the final budget. Overall, general fund revenues were down compared the previous fiscal year by \$1.4 million. This net decrease in actual revenues is primarily attributable to: 1) an increase in property taxes of \$0.5 million over the prior year; 2) a decrease in sales tax of \$0.2 million compared to the prior year; 3) an increase in charges for services of \$0.4 million largely due to an increase in recreation program revenues; and 4) a decrease in investment income of \$2.2 million due to the interest on the Redevelopment Agency loan from the General Fund being reclassified as an advance.

At year end, the City Council directed that remaining available General Fund revenues be used for equipment replacement reserves for vehicles (\$0.1 million). Additionally, in accordance with the City's budget policies, year-end fund balance above the required reserve of 10 percent was transferred to the general fund capital improvement project account (\$0.4 million). 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, 2008, net capital assets of the governmental activities totaled \$439.2 million and the net capital assets of business-type activities totaled \$195.5 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	\$ 126,184
Buildings and Improvements	34,279
Equipment, Vehicles, Machinery	15,961
Construction in Progress	19,374
Infrastructure	<u>314,928</u>
Total Governmental Capital Assets	510,727
Less: Depreciation	<u>(71,568)</u>
Total Net Government Activities:	<u><u>\$ 439,159</u></u>
 Business-Type Activities	
Land	\$ 1,675
Buildings and Improvements	96,464
Equipment, Vehicles, Machinery	19,774
Construction in Progress	6,337
Infrastructure	<u>118,442</u>
Total Business-Type Capital Assets	242,692
Less: Depreciation	<u>(47,150)</u>
Total Net Business-Type Activities:	<u><u>\$ 195,543</u></u>

This year's major capital asset additions were:

- Completion of the Gauche Aquatics Facility.
- Developer contributions of \$14.2 million in general government subdivision infrastructure improvements.
- The City completed \$6.8 million in water system projects.
- The City completed \$3.6 million in wastewater system projects.
- Developer contributions of \$4.1 million in water and wastewater subdivision infrastructure improvements.

Long-Term Debt – as of June 30, 2008, 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 and did not experience any change in credit ratings during the current fiscal year (detail may not add due to rounding).

City of Yuba City
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008

Summary of Long Term Indebtedness
(Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
RDA Tax Allocation and Revenue Bonds	\$ 35,072	\$ 35,293	\$ -	\$ -	\$ 35,072	\$ 35,293
Loans Payable	1,819	1,480			1,819	1,480
Capital Lease Payable	6,570	731	2,280	-	8,850	731
Certificates of Participation	11,766	11,983			11,766	11,983
Pension Obligation Bonds	7,090	7,502			7,090	7,502
Water Certificates of Participation	-	-	28,210	28,760	28,210	28,760
Wastewater Certificates of Participation	-	-	20,682	21,151	20,682	21,151
Total Indebtedness	<u>\$ 62,318</u>	<u>\$ 56,988</u>	<u>\$ 51,171</u>	<u>\$ 49,911</u>	<u>\$ 113,489</u>	<u>\$ 106,899</u>

During the fiscal year 2008, the City's bonded indebtedness increased by \$8.2 million, as a result of entering into a lease agreement of \$5.9 million for the construction of Fire Station No. 4, entering into a lease agreement of \$2.3 million for the Solar panels constructed at the City's Wastewater Treatment Plant and receipt of a \$0.4 million loan payable from the CIEDB to pay for part of the improvements of Sunsweet Boulevard, Geweke Crossing Retail Center.

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

After many years of significant economic growth, Yuba City is experiencing a slowdown similar to that being experienced both statewide and nationally. Mirroring the national economy, the housing market in Yuba City has also slowed. This slowdown, and a similar nationwide drop-off in new car sales, can be translated into the City's receipt of both property and sales taxes. Similar to other California cities, in FY 08 Yuba City's retail sales experienced a decline.

General fund property tax (i.e., inclusive of vehicle license "in lieu" funds from the State, which have become a permanent part of the City's property tax base) increased by \$0.6 million. The net increase represents a 5.1 percent increase from the previous year. Sales taxes decreased by \$0.1 million or 1.2 percent. These two funding sources represent 61 percent of the general fund budget and, therefore, directly relate to the City's ability to fund existing and new services.

The City's unemployment rate has increased since the 2006/07 fiscal year; current data pegs the annualized unemployment rate around 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 7.0 – 8.0 percent, is nonetheless predictable and appropriately considered by City management when planning for operational costs and available resources.

Past threats of State take-aways of local funds were expected to cease with the passage of Proposition 1A in November, 2004. However, with the State budget deficit now estimated at \$18 billion, the State is seeking a variety of methods to close their budget gap, potentially including those that will have a negative impact on local government resources.

In planning for the fiscal year 2009 ("2008/09") budget, the above factors were taken into account. Most importantly, the local housing market played a key role in defining the City's economic outlook. Construction permits for new single family residences have dropped to roughly 50 for calendar year 2008. For comparison purposes, there were approximately 200 for calendar year 2007 and 300 for calendar year 2008, after a steady rate of about 900 per year for the previous three years. The City anticipated the reduction and budgeted for a reduction in building permit revenues accordingly; however, monitoring of revenues related to new home construction is continuous.

At the time the FY 08-09 budget was adopted by City Council in June, 2008, it was felt that the slowdown in the economy would turn around in the near-term. The Adopted Budget included the implementation of an Economic Stabilization Reserve which essentially planned the use of \$0.6 million in reserves to fill the gap until revenues increased back up to more historical levels.

With the economy officially in a recession, both property taxes and sales taxes are expected to be less than originally budgeted for FY 08-09. It became clear that the City would need to take corrective action immediately in order to sustain the priority of strong fiscal management during the longer term recession. City Council formally adopted decreases to the City's FY 08-09 budget during December, 2008. Property tax revenues were decreased by \$0.2 million based upon lowered expectations due to declining home prices; sales tax revenues were decreased by \$1.1 million based upon declining retail sales; and general fund departmental expenditure budgets were reduced by \$1.0 million. Unlike the State of California, City Council and the City Departments took a proactive approach and reduced the general fund budgeted expenditures before economic news worsened and City reserves began to be depleted. The City's public safety departments reduced their budgets by 2.5% and all other general fund departments implemented a 7.5% reduction.

Amounts available for appropriation in the General Fund budget are \$36.4 million (as recently amended downward), a decrease of 2.2 percent under the 2007/08 budget of \$37.2 million. City staff termed the recent budget reductions as Round 1 as we are fully expecting to undertake Round 2 during the springtime. After implementation of Round 1 budget reductions, the City is still facing a \$1.3 million structural deficit in its general fund. This deficit grows to \$2.3 million in FY 09-10 with negotiated salary contract increase. Meetings with bargaining units to discuss concessions including both the use of furloughs for non-shift employees and the voluntary give back of negotiated contract increases in an effort to avoid impending layoffs are on-going.

The FY 08-09 budget added a net increase of 6.5 employees. Of these positions, four are in public safety and two are in public works. The increase in public safety was necessary to bring staffing levels up to three personnel on duty at each of the City's fire stations. Round 1 of the budget reductions described above, included the elimination of 2.5 employees, one in Human Resources, one in General Services and the ½ position in Recreation. With a reduction in available City resources, a continued priority has been placed on the delivery of public safety services.

Even with the planned use of a portion of its Economic Stabilization Reserve, the City continues to maintain City Council's goal of having a 10 percent budget reserve. The City has positioned its operations so that this reserve can be properly maintained into the future. Taking into consideration the impacts of the recession, the foreclosure crisis, government bailouts of the banking and auto industries, and the impact that declines in the stock market will ultimately have on PERS retirement costs, the City will to closely monitor its revenue projections in comparison with its expenditure commitments; adjusting service levels accordingly in order to maintain a balanced operating budget.

With regard to the City's water and wastewater enterprises, the City Council's adoption of regular annual rate increases has allowed for funds to be available for both operational costs and planned capital improvements. In light of recently updated water and wastewater master plans, connection fees were reviewed as part of the comprehensive development impact fee study and the resulting updated fee schedule will be presented for City Council consideration in early 2009.

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.

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**Government Wide
Financial Statements**

CITY OF YUBA CITY
STATEMENT OF NET ASSETS

June 30, 2008

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 62,362,566	\$ 25,449,135	\$ 87,811,701
Cash and investments with fiscal agents	15,736,869	2,880,027	18,616,896
Restricted cash and investments with fiscal agents	7,587,184	850,535	8,437,719
Interest receivable	848,354	2,901	851,255
Accounts receivable	2,259,297	2,211,614	4,470,911
Taxes and assessments receivable	5,045,460	110,000	5,155,460
Internal balances	(166,000)	166,000	
Prepaid expenses	868,970	171,701	1,040,671
Inventory	302,508		302,508
Notes receivable	8,066,951		8,066,951
Net pension assets	7,498,612		7,498,612
Capital assets:			
Nondepreciable:			
Land	126,183,991	1,674,698	127,858,689
Construction in progress	19,374,324	6,336,831	25,711,155
Depreciable:			
Buildings	28,416,566	23,085,212	51,501,778
Improvements	5,862,648	73,379,163	79,241,811
Machinery and equipment	15,961,310	19,774,105	35,735,415
Infrastructure	314,928,199	118,442,208	433,370,407
Accumulated depreciation	(71,568,221)	(47,149,552)	(118,717,773)
Total assets	<u>549,569,588</u>	<u>227,384,578</u>	<u>776,954,166</u>
LIABILITIES			
Accounts payable	2,849,777	1,048,891	3,898,668
Accrued liabilities	911,722	157,011	1,068,733
Accrued interest payable	792,781	184,155	976,936
Deposits payable	2,197,798	56,579	2,254,377
Unearned revenue	19,394,994	261,568	19,656,562
Compensated absences, due within one year	270,243	363,948	634,191
Noncurrent liabilities, due within one year	1,811,502	1,076,061	2,887,563
Noncurrent liabilities:			
Compensated absences, due in more than one year	3,080,015	54,090	3,134,105
Other, due in more than one year	60,506,187	48,886,714	109,392,901
Total liabilities	<u>91,815,019</u>	<u>52,089,017</u>	<u>143,904,036</u>
NET ASSETS			
Invested in capital assets, net of related debt	403,278,221	145,579,890	548,858,111
Restricted for:			
Low and moderate income housing	8,790,047		8,790,047
Capital projects	23,459,276		23,459,276
Future claims		314,250	314,250
Future water purchases		448,717	448,717
Unrestricted	<u>22,227,025</u>	<u>28,952,704</u>	<u>51,179,729</u>
Total net assets	<u>\$ 457,754,569</u>	<u>\$ 175,295,561</u>	<u>\$ 633,050,130</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, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Contributions and Grants	Capital Contributions and Grants
Governmental activities:				
General government	\$ 5,363,212	\$ 993,453	\$ 49,736	\$ -
Public safety	23,282,357	1,891,045	842,608	106,134
Public works and facilities	10,417,186	587,212	2,098,128	16,970,378
Community development	3,900,994	1,723,654	809,730	1,052,360
Parks and recreation	4,113,957	1,142,165		680,320
Interest on long term debt	5,337,470			
Total governmental activities	52,415,176	6,337,529	3,800,202	18,809,192
Business-type activities:				
Water	9,706,835	9,237,474		
Wastewater	9,749,245	9,695,363		773,751
Total business-type activities	19,456,080	18,932,837		773,751
Total government	\$ 71,871,256	\$ 25,270,366	\$ 3,800,202	\$ 19,582,943

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 (loss) on sale of capital assets

Transfers

Total general revenues and transfers

Change in net assets

Net Assets, July 1, 2007

Prior period adjustments

Net Assets, July 1, 2007, restated

Net assets, June 30, 2008

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

Net (Expense) Revenue and Change in Net Assets

<u>Net Governmental Activities</u>	<u>Net Business-type Activities</u>	<u>Total</u>
\$ (4,320,023)	\$ -	\$ (4,320,023)
(20,442,570)		(20,442,570)
9,238,532		9,238,532
(315,250)		(315,250)
(2,291,472)		(2,291,472)
(5,337,470)		(5,337,470)
<u>(23,468,253)</u>		<u>(23,468,253)</u>
	(469,361)	(469,361)
	719,869	719,869
	<u>250,508</u>	<u>250,508</u>
<u>(23,468,253)</u>	<u>250,508</u>	<u>(23,217,745)</u>
18,211,784		18,211,784
7,593,904		7,593,904
744,133		744,133
1,374,274		1,374,274
1,008,694		1,008,694
313,876		313,876
6,666,935	1,774,540	8,441,475
506,607		506,607
100,535	(912)	99,623
1,733,485	(1,733,485)	
<u>38,254,227</u>	<u>40,143</u>	<u>38,294,370</u>
<u>14,785,974</u>	<u>290,651</u>	<u>15,076,625</u>
435,954,088	171,194,814	607,148,902
<u>7,014,507</u>	<u>3,810,096</u>	<u>10,824,603</u>
<u>442,968,595</u>	<u>175,004,910</u>	<u>617,973,505</u>
<u>\$ 457,754,569</u>	<u>\$ 175,295,561</u>	<u>\$ 633,050,130</u>

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**Fund Financial
Statements**

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CITY OF YUBA CITY
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2008

	General Fund	Streets and Roads Special Revenue Fund	Redevelopment Agency Special Revenue Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments	\$ 2,680,716	\$ 848,956	\$ 293,049
Cash and investments with fiscal agent			
Restricted cash and investments with fiscal agent			7,587,184
Interest receivable	773,126		11,359
Accounts receivable	1,196,748		29,878
Taxes and assessments receivable	3,121,979	1,646,287	165,781
Prepaid expenditures	17,302		
Due from other funds	228,072		1,576,618
Notes receivable			42,200
Advances to other funds	24,144,263		
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 32,162,206</u>	<u>\$ 2,495,243</u>	<u>\$ 9,706,069</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 506,473	\$ -	\$ 23,304
Accrued liabilities	897,624		1,478
Deposits payable	1,282,335		71,516
Deferred revenue	1,035,783		42,200
Due to other funds			
Advances from other funds			
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>3,722,215</u>	<u> </u>	<u>138,498</u>
 Fund Balances:			
Reserved:			
Low/moderate housing			
Debt service			103,500
Encumbrances	397,402		19,133
Construction			
Prepaid expenditures	17,302		
Advances receivable	24,144,263		
Unreserved, designated:			
Capital improvement projects			
Unreserved, undesignated			
General	3,881,024		
Special revenue funds		2,495,243	9,444,938
Debt service funds			
	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>28,439,991</u>	<u>2,495,243</u>	<u>9,567,571</u>
Total liabilities and fund balances	<u>\$ 32,162,206</u>	<u>\$ 2,495,243</u>	<u>\$ 9,706,069</u>

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

RDA Debt Service Fund	General CIP Capital Projects Fund	Impact Fees CIP Capital Projects Fund	Other Governmental Funds	Total
\$ -	\$ 15,195,334 5,370,789	\$ 23,255,708	\$ 8,857,296 10,366,080	\$ 51,131,059 15,736,869 7,587,184
	6,849		57,020	848,354
		422,788	218,760	1,868,174
			111,413	5,045,460
				17,302
				1,804,690
			8,024,751	8,066,951
				24,144,263
<u>\$ -</u>	<u>\$ 20,572,972</u>	<u>\$ 23,678,496</u>	<u>\$ 27,635,320</u>	<u>\$ 116,250,306</u>
\$ -	\$ 578,048	\$ 194,820	\$ 1,487,738	\$ 2,790,383
				899,102
		24,400	819,547	2,197,798
		18,911,907	8,141,482	28,131,372
			1,770,690	1,770,690
<u>24,144,263</u>				<u>24,144,263</u>
<u>24,144,263</u>	<u>578,048</u>	<u>19,131,127</u>	<u>12,219,457</u>	<u>59,933,608</u>
			6,154,863	6,154,863
			873,134	976,634
	6,155,389	1,034,266	3,344,644	10,950,834
	11,745,209			11,745,209
				17,302
				24,144,263
	2,094,326	3,513,103	3,623,631	9,231,060
				3,881,024
			1,419,591	13,359,772
<u>(24,144,263)</u>				<u>(24,144,263)</u>
<u>(24,144,263)</u>	<u>19,994,924</u>	<u>4,547,369</u>	<u>15,415,863</u>	<u>56,316,698</u>
<u>\$ -</u>	<u>\$ 20,572,972</u>	<u>\$ 23,678,496</u>	<u>\$ 27,635,320</u>	<u>\$ 116,250,306</u>

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CITY OF YUBA CITY
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
June 30, 2008

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 56,316,698

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 at historical cost	\$ 499,095,732	
Accumulated depreciation	<u>(64,661,221)</u>	
Net		434,434,511

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. (792,781)

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.

Accounts receivable	319,253
Deferred revenue	8,743,681

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. 7,498,612

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:

Tax allocation bonds, net of refunding difference (\$628,671), bond issue costs (\$532,921), and bond premium \$228,902	\$ (35,072,310)	
Certificates of participation, net of issue costs (\$499,242)	(11,765,758)	
Loans payable	(1,819,241)	
Pension obligation bonds, net of bond issue costs (\$164,573)	(7,090,427)	
Capital leases payable	(6,569,953)	
Compensated absences	<u>(3,329,110)</u>	
Net		(65,646,799)

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 fund must be added to the statement of net assets. 16,881,394

TOTAL NET ASSETS, GOVERNMENTAL ACTIVITIES \$ 457,754,569

CITY OF YUBA CITY
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2008

	General Fund	Streets and Roads Special Revenue Fund	Redevelopment Agency Special Revenue Fund
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Taxes and assessments	\$ 25,371,130	\$ 1,278,732	\$ 2,651,479
Use of money and property	2,248,441	250,532	337,879
Intergovernmental revenues	1,024,773	2,592,373	
Charges for services	2,625,794		
Licenses, permits, and fees	1,142,718		
Fines and forfeitures	97,314		
Program income			
Other revenues	<u>128,267</u>		<u>496,312</u>
 Total revenues	 <u>32,638,437</u>	 <u>4,121,637</u>	 <u>3,485,670</u>
Expenditures:			
Current:			
General government	5,148,446		
Public safety	22,638,421		
Parks and recreation	3,663,342		
Public works and facilities	3,039,864		
Community development	1,841,608		1,216,076
Capital outlay	253,486		
Debt service:			
Principal	101,040		
Interest and other charges	<u>27,109</u>		
 Total expenditures	 <u>36,713,316</u>		 <u>1,216,076</u>
 Excess of revenues over (under) expenditures	 <u>(4,074,879)</u>	 <u>4,121,637</u>	 <u>2,269,594</u>
Other Financing Sources (Uses):			
Proceeds from issuance of long-term debt			
Transfers in	6,689,085	1,465,772	5,344,724
Transfers out	<u>(571,730)</u>	<u>(3,523,110)</u>	<u>(18,973,112)</u>
 Total other financing sources (uses)	 <u>6,117,355</u>	 <u>(2,057,338)</u>	 <u>(13,628,388)</u>
 Net changes in fund balances	 2,042,476	 2,064,299	 (11,358,794)
Fund balances - July 1, 2007	<u>26,397,515</u>	<u>430,944</u>	<u>20,926,365</u>
Fund balances - June 30, 2008	<u>\$ 28,439,991</u>	<u>\$ 2,495,243</u>	<u>\$ 9,567,571</u>

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

RDA Debt Service Fund	General CIP Capital Projects Fund	Impact Fees CIP Capital Projects Fund	Other Governmental Funds	Totals
\$ -	\$ -	\$ -	\$ 1,544,184	\$ 30,845,525
	904,161	1,275,564	1,090,216	6,106,793
	754,195		958,277	5,329,618
		991,684	1,021,224	4,638,702
			211,104	1,353,822
			718,501	815,815
			55,495	55,495
			504,620	1,129,199
	<u>1,658,356</u>	<u>2,267,248</u>	<u>6,103,621</u>	<u>50,274,969</u>
			3,753	5,152,199
			208,697	22,847,118
			292,346	3,955,688
			342,283	3,382,147
			616,272	3,673,956
	8,552,854	1,235,382	12,077,078	22,118,800
			958,854	1,059,894
2,194,933	24,177	24,177	2,741,070	5,011,466
<u>2,194,933</u>	<u>8,577,031</u>	<u>1,259,559</u>	<u>17,240,353</u>	<u>67,201,268</u>
<u>(2,194,933)</u>	<u>(6,918,675)</u>	<u>1,007,689</u>	<u>(11,136,732)</u>	<u>(16,926,299)</u>
	2,970,000	2,970,000	383,368	6,323,368
	10,646,928	4,431,817	20,819,948	49,398,274
	<u>(9,031,826)</u>	<u>(3,862,137)</u>	<u>(11,888,324)</u>	<u>(47,850,239)</u>
	<u>4,585,102</u>	<u>3,539,680</u>	<u>9,314,992</u>	<u>7,871,403</u>
(2,194,933)	(2,333,573)	4,547,369	(1,821,740)	(9,054,896)
<u>(21,949,330)</u>	<u>22,328,497</u>		<u>17,237,603</u>	<u>65,371,594</u>
<u>\$ (24,144,263)</u>	<u>\$ 19,994,924</u>	<u>\$ 4,547,369</u>	<u>\$ 15,415,863</u>	<u>\$ 56,316,698</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, 2008

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 \$ (9,054,896)

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	22,118,648
Depreciation expense not reported in governmental funds	(7,913,430)
Contributed capital not reported in governmental funds	14,167,414

Gain or loss on disposition of capital assets is not reported in the governmental funds.
This is the loss on disposition of capital assets that occurred during the current period (13,778)

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.

Proceeds from issuance of long-term debt	(6,323,368)
Repayment of debt principal is added back to fund balances	1,059,894
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	(260,110)
Compensated absences	(297,273)

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. 555,751

Certain expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This amount represents the amount by which prior year accounts payable exceeded current year. 74,022

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. 738,994

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 14,785,974

CITY OF YUBA CITY
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
June 30, 2008

	Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Wastewater	Totals	
ASSETS				
Current Assets:				
Cash and investments	\$ 12,940,128	\$ 12,509,007	\$ 25,449,135	\$ 11,231,507
Cash and investments with fiscal agents	1,840,707	1,039,320	2,880,027	
Restricted cash and investments		850,535	850,535	
Accounts receivable - net	1,273,856	937,758	2,211,614	71,870
Taxes and assessments receivable		110,000	110,000	
Interest receivable	2,901		2,901	
Due from other funds	146,000	20,000	166,000	49,934
Inventory				302,508
Prepaid expenses	97,004	74,697	171,701	851,668
Total Current Assets	16,300,596	15,541,317	31,841,913	12,507,487
Noncurrent Assets:				
Deferred charges, net of accumulated amortization	631,796	576,712	1,208,508	
Capital Assets:				
Nondepreciable				
Land	974,698	700,000	1,674,698	
Construction in progress	6,296,231	40,600	6,336,831	
Total Nondepreciable Capital Assets	7,270,929	740,600	8,011,529	
Depreciable				
Buildings	6,958,100	16,127,112	23,085,212	270,285
Improvements	40,144,245	33,234,918	73,379,163	
Infrastructure	78,694,722	39,747,486	118,442,208	
Machinery and equipment	5,462,456	14,311,649	19,774,105	11,361,021
Total Depreciable Capital Assets	131,259,523	103,421,165	234,680,688	11,631,306
Less accumulated depreciation	(23,045,247)	(24,104,305)	(47,149,552)	(6,907,000)
Net depreciable capital assets	108,214,276	79,316,860	187,531,136	4,724,306
Net capital assets	115,485,205	80,057,460	195,542,665	4,724,306
Total Noncurrent Assets	116,117,001	80,634,172	196,751,173	4,724,306
Total Assets	\$ 132,417,597	\$ 96,175,489	\$ 228,593,086	\$ 17,231,793

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, 2008

	Business-type Activities Enterprise Funds			Governmental Activities - Internal Service Funds
	Water	Wastewater	Totals	
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 722,660	\$ 326,231	\$ 1,048,891	\$ 59,394
Accrued interest payable	104,646	79,509	184,155	
Accrued wages	72,066	84,945	157,011	12,620
Deferred revenue	112,055	149,513	261,568	7,303
Deposits payable	40,979	15,600	56,579	
Due to other funds				249,934
Compensated absences	151,571	212,377	363,948	
Certificates of participation	575,000	501,061	1,076,061	
Total Current Liabilities	1,778,977	1,369,236	3,148,213	329,251
Noncurrent Liabilities:				
Compensated absences	36,596	17,494	54,090	21,148
Capital lease		2,279,648	2,279,648	
Certificates of participation	27,635,000	20,180,574	47,815,574	
Total Noncurrent Liabilities	27,671,596	22,477,716	50,149,312	21,148
Total Liabilities	29,450,573	23,846,952	53,297,525	350,399
NET ASSETS				
Investment in capital assets, net of related debt	87,907,001	57,672,889	145,579,890	4,724,306
Restricted for:				
Future claims		314,250	314,250	2,272,238
Future water purchases	448,717		448,717	
Unrestricted	14,611,306	14,341,398	28,952,704	9,884,850
Total Net Assets	\$ 102,967,024	\$ 72,328,537	\$ 175,295,561	\$ 16,881,394

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, 2008

	Business-type Activities			Governmental Activities - Internal Service Funds
	Enterprise Funds			
	Water	Wastewater	Totals	
Operating Revenues:				
Sales and charges for services	\$ 8,172,287	\$ 8,185,881	\$ 16,358,168	\$ 6,843,463
Connection fees	1,008,840	1,456,565	2,465,405	
Other revenues	56,347	52,917	109,264	56,346
Total Operating Revenues	<u>9,237,474</u>	<u>9,695,363</u>	<u>18,932,837</u>	<u>6,899,809</u>
Operating Expenses:				
Salaries and benefits	2,629,094	3,120,018	5,749,112	438,667
Professional services	219,057	386,040	605,097	67,783
Supplies	21,148	53,347	74,495	13,156
Benefits, claims, and insurance	35,684	40,248	75,932	4,807,888
Maintenance and operation	646,543	669,618	1,316,161	436,580
Tools and equipment	460,343	844,582	1,304,925	132,977
Rents and leases	3,020	4,810	7,830	26,670
Power and utilities	1,022,240	849,369	1,871,609	3,705
Training	38,076	78,010	116,086	
Water purchases	382,472		382,472	
Amortization	24,066	32,100	56,166	
Depreciation	2,957,810	2,694,791	5,652,601	1,118,691
Total Operating Expenses	<u>8,439,553</u>	<u>8,772,933</u>	<u>17,212,486</u>	<u>7,046,117</u>
Operating Income (Loss)	<u>797,921</u>	<u>922,430</u>	<u>1,720,351</u>	<u>(146,308)</u>
Non-Operating Revenues (Expenses):				
Interest income	942,472	832,068	1,774,540	557,544
Interest expense	(1,267,282)	(976,312)	(2,243,594)	
Gain (loss) on sale of capital assets		(912)	(912)	114,313
Intergovernmental revenues		773,751	773,751	
Total Non-Operating Revenue(Expenses):	<u>(324,810)</u>	<u>628,595</u>	<u>303,785</u>	<u>671,857</u>
Income (Loss) Before Transfers	473,111	1,551,025	2,024,136	525,549
Transfers:				
Transfers in	2,924,000	245,000	3,169,000	185,450
Transfers out	(3,453,016)	(1,449,469)	(4,902,485)	
Total change in net assets before capital contributions	(55,905)	346,556	290,651	710,999
Capital contributions				27,995
Change in Net Assets	<u>(55,905)</u>	<u>346,556</u>	<u>290,651</u>	<u>738,994</u>
Net Assets, July 1, 2007	100,826,501	70,311,671	171,138,172	16,142,400
Prior period adjustments	2,196,428	1,670,310	3,866,738	
Net Assets, July 1, 2007, restated	<u>103,022,929</u>	<u>71,981,981</u>	<u>175,004,910</u>	<u>16,142,400</u>
Net Assets, June 30, 2008	<u>\$ 102,967,024</u>	<u>\$ 72,328,537</u>	<u>\$ 175,295,561</u>	<u>\$ 16,881,394</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, 2008

	Business-type Activities			Governmental
	Enterprise Funds			Activities -
	Water	Wastewater	Totals	Internal Service Funds
Cash Flows from Operating Activities:				
Receipts from customers	\$ 8,737,363	\$ 9,201,061	\$ 17,938,424	\$ 6,873,049
Payments to suppliers and users	(3,327,692)	(3,387,449)	(6,715,141)	(5,442,509)
Payments to employees	(2,565,753)	(3,130,592)	(5,696,345)	(435,854)
Net Cash Provided (Used) by Operating Activities	2,843,918	2,683,020	5,526,938	994,686
Cash Flow from Non-Capital Financing Activities:				
Intergovernmental revenues		773,751	773,751	
Transfers in	2,924,000	245,000	3,169,000	185,450
Transfers out	(3,453,016)	(1,449,469)	(4,902,485)	
Net Cash Provided (Used) by Non-Capital Financing Activities	(529,016)	(430,718)	(959,734)	185,450
Cash Flows from Capital and Related Financing Activities:				
Acquisition of capital assets	(2,619,471)	(4,739,105)	(7,358,576)	(1,114,287)
Proceeds from sale of capital assets				114,313
Proceeds from issuance of debt		2,279,648	2,279,648	
Capital contributions				27,995
Principal paid on debt	(550,000)	(469,135)	(1,019,135)	
Interest paid on debt	(1,269,345)	(988,116)	(2,257,461)	
Net Cash Provided (Used) by Capital and Related Financing Activities	(4,438,816)	(3,916,708)	(8,355,524)	(971,979)
Cash Flows from Investing Activities:				
Interest received	951,779	832,068	1,783,847	557,544
Net Cash Provided by Investing Activities	951,779	832,068	1,783,847	557,544
Net Increase (Decrease) in Cash and Cash Equivalents	(1,172,135)	(832,338)	(2,004,473)	765,701
Cash and Cash Equivalents, July 1, 2007	15,952,970	15,231,200	31,184,170	10,465,806
Cash and Cash Equivalents, June 30, 2008	<u>\$ 14,780,835</u>	<u>\$ 14,398,862</u>	<u>\$ 29,179,697</u>	<u>\$ 11,231,507</u>
Reconciliation of Cash and Cash Equivalents to Statement of Net Assets				
Cash and investments	\$ 12,940,128	\$ 12,509,007	\$ 25,449,135	\$ 11,231,507
Cash and investments with fiscal agents	1,840,707	1,039,320	2,880,027	
Restricted cash and investments		850,535	850,535	
Total Cash and Investments	<u>\$ 14,780,835</u>	<u>\$ 14,398,862</u>	<u>\$ 29,179,697</u>	<u>\$ 11,231,507</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, 2008

	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)	\$ 797,921	\$ 922,430	\$ 1,720,351	\$ (146,308)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Amortization	24,066	32,100	56,166	
Depreciation	2,957,810	2,694,791	5,652,601	1,118,691
(Increase) Decrease in Operating Assets:				
Accounts receivable	(241,806)	(25,656)	(267,462)	(29,358)
Inventory				658
Due from other funds	182,233		182,233	(49,934)
Prepaid expenses	(97,004)	(74,697)	(171,701)	102,566
Increase (Decrease) in Operating Liabilities:				
Accounts payable	(448,717)	(386,728)	(835,445)	(10,362)
Accrued wages	20,868	16,873	37,741	4,146
Compensated absences	42,473	(27,447)	15,026	(1,333)
Due to other funds	(135,621)		(135,621)	3,322
Deferred revenue	(36,764)	(70,286)	(107,050)	2,598
Deposits payable	(221,541)	(398,360)	(619,901)	
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,843,918</u>	<u>\$ 2,683,020</u>	<u>\$ 5,526,938</u>	<u>\$ 994,686</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, 2008

	Agency
ASSETS	
Cash and investments	\$ 6,233,282
Cash and investments with fiscal agent	961,562
Interest receivable	4,809
Accounts receivable	132,815
Total Assets	7,332,468
LIABILITIES	
Liabilities:	
Accounts payable	29,098
Deposits payable	7,253,370
Deferred revenue	50,000
Total Liabilities	7,332,468
NET ASSETS	
Unrestricted	
Total Net Assets	\$ -

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

**Notes to the
Financial Statements**

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2008

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, 2008

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 blending 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, 2008

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, 2008

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 the 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 Streets and Roads Fund is a special revenue fund used to account for monies to be used on transportation, road, and street programs.
- 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, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The following are the 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 wherein 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, 2008

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, 2008, 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, 2008

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 either 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, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Inventory and Prepaid Costs

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 costs.

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, 2008

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 Lives</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, 2008

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, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Assets/Fund Balances (Continued)

At June 30, 2008, 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	\$ 8,790,047	\$ -
Capital projects	23,459,276	
Future claims		314,250
Future water purchases		448,717
Total Restricted	\$ 32,249,323	\$ 762,967

Included in total restricted net assets at June 30, 2008 are net assets restricted by enabling legislation of \$23,459,276.

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, 2008, 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	\$ -	\$ -	\$ -	\$ -	\$ 6,154,863
Encumbrances	397,402	19,133	6,155,389	1,034,266	3,344,644
Debt service		103,500			873,134
Construction			11,745,209		
Prepaid expenditures	17,302				
Advances receivable	24,144,263				
Total Reserved	\$ 24,558,967	\$ 122,633	\$ 17,900,598	\$ 1,034,266	\$ 10,372,641
Designated for:					
Capital improvement projects	\$ -	\$ -	\$ 2,094,326	\$ 3,513,103	\$ 3,623,631
Total Designated	\$ -	\$ -	\$ 2,094,326	\$ 3,513,103	\$ 3,623,631

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, 2008

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.

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, 2008

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 implemented the requirements of GASB Statements No. 48 and No. 50 during the fiscal year ended June 30, 2008.

GASB Statement No. 48

This statement is effective for periods beginning after December 15, 2006 and establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. It also contains provisions that apply to certain situations in which a government does not receive resources but, nevertheless, pledges or commits future cash flows generated by collecting specific future revenues. In addition, this statement establishes accounting and financial reporting standards that apply to all intra-entity transfers of assets and future revenues.

Implementation of GASB Statement No. 48 did not have an impact on the City's basic financial statements for the fiscal year ended June 30, 2008.

GASB Statement No. 50

For the fiscal year ended June 30, 2008, the City implemented GASB Statement No. 50, "Pension Disclosures – an Amendment of GASB Statements No. 25 and No. 27". The statement is effective for periods beginning after June 15, 2007. This statement establishes and modifies requirements related to financial reporting by pension plans and by employers that provide defined benefit and defined contribution pensions.

Q. Rebatable Arbitrage

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

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. GANN Spending Limitation

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

NOTE 2 - CASH AND INVESTMENTS

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

Statement of Net Assets:	
Cash and investments	\$ 87,811,701
Cash and investments with fiscal agents	18,616,896
Restricted cash and investments with fiscal agents	8,437,719
Statement of Fiduciary Net Assets:	
Cash and investments	6,233,282
Cash and investments with fiscal agents	<u>961,562</u>
Total	<u><u>\$ 122,061,160</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, 2008 consist of the following:

Cash on hand	\$ 3,050
Deposits with financial institutions	2,155,433
Investments	<u>119,902,677</u>
Total	<u><u>\$ 122,061,160</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, 2008

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	\$40 million
U.S. Treasury Obligations	5 years	None	None
U.S. Government Agency Issues	5 years	20%	None
State of California and Local Agency Obligations	5 years	None	15%
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	\$40 million
U.S. Treasury Obligations	5 years	None	None
U.S. Government Agency Issues	5 years	20%	None
State of California and Local Agency Obligations	5 years	None	15%
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, 2008

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)	\$ 23,985,614	\$ 23,985,614	\$ -	\$ -	\$ -	\$ -	\$ -	N/A
California Asset Management Program (CAMP)	6,847,125	6,847,125						N/A
Money market funds	9,626,430	9,626,430						N/A
Commercial paper	645,626	645,626						0.25
U.S. treasury obligations	4,084,810	2,538,520	1,546,290					0.98
U.S. government agency issues	39,237,293	9,909,073	7,580,888	12,441,652	5,214,410	4,091,270		2.20
Corporate bonds	8,413,636	992,400	4,484,395	1,408,926	1,527,915			1.81
Held by bond trustees:								
Money market funds	5,867,195	5,867,195						N/A
State investment pool (LAIF)	6,921,515	6,921,515						N/A
U.S. government agency issues	4,438,042	4,438,042						0.25
Investment Contract:								
MBIA Inc.	1,007,355						1,007,355	23.90
CA arbitrage management	8,828,036	8,828,036						N/A
	<u>\$ 119,902,677</u>	<u>\$ 80,599,576</u>	<u>\$ 13,611,573</u>	<u>\$ 13,850,578</u>	<u>\$ 6,742,325</u>	<u>\$ 4,091,270</u>	<u>\$ 1,007,355</u>	<u>2.26</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, 2008

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)	\$ 23,985,614	N/A	\$ -	\$ -	\$ -	\$ -	\$23,985,614
California Asset Management Program (CAMP)	6,847,125	N/A					6,847,125
Money market funds	9,626,430	N/A		9,626,430			
Commercial paper	645,626	N/A		645,626			
U.S. treasury obligations	4,084,810	N/A	4,084,810				
U.S. government agency issues	39,237,293	N/A		39,237,293			
Corporate bonds	8,413,636	N/A		1,781,020	3,669,106	1,970,940	992,570
Held by bond trustees:							
Money market funds	5,867,195	N/A		5,867,195			
State investment pool (LAIF)	6,921,515	N/A					6,921,515
U.S. government agency issues	4,438,042	N/A		4,438,042			
Investment contract:							
MBIA Inc.	1,007,355	N/A				1,007,355	
CA arbitrage management	8,828,036	N/A					8,828,036
Total	\$ 119,902,677		\$ 4,084,810	\$ 61,595,606	\$ 3,669,106	\$ 2,978,295	\$47,574,860

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, 2008, \$483 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, 2008

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 0.999950219 was used to calculate the fair value of the investments in LAIF.

NOTE 3 - CAPITAL ASSETS

At June 30, 2008, the City's capital assets consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Nondepreciable Assets:			
Land	\$ 126,183,991	\$ 1,674,698	\$ 127,858,689
Construction in progress	<u>19,374,324</u>	<u>6,336,831</u>	<u>25,711,155</u>
Total nondepreciable assets	<u>145,558,315</u>	<u>8,011,529</u>	<u>153,569,844</u>
Depreciable Assets:			
Buildings	28,416,566	23,085,212	51,501,778
Improvements	5,862,648	73,379,163	79,241,811
Machinery and equipment	15,961,310	19,774,105	35,735,415
Infrastructure	<u>314,928,199</u>	<u>118,442,208</u>	<u>433,370,407</u>
Total depreciable assets	365,168,723	234,680,688	599,849,411
Less accumulated depreciation	<u>(71,568,221)</u>	<u>(47,149,552)</u>	<u>(118,717,773)</u>
Total depreciable assets, net	<u>293,600,502</u>	<u>187,531,136</u>	<u>481,131,638</u>
Total capital assets, net	<u><u>\$ 439,158,817</u></u>	<u><u>\$ 195,542,665</u></u>	<u><u>\$ 634,701,482</u></u>

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2008

NOTE 3 - CAPITAL ASSETS (Continued)

The following is a summary of capital asset activity for governmental activities for the fiscal year ended June 30, 2008:

	Balance July 1, 2007	Additions	Deletions	Transfers	Prior Period Adjustments	Balance June 30, 2008
Governmental Activities						
Nondepreciable capital assets:						
Land	\$ 120,925,658	\$ 5,258,333	\$ -	\$ -	\$ -	\$ 126,183,991
Construction in progress	22,137,324	21,865,312		(23,914,303)	(714,009)	19,374,324
Total nondepreciable capital assets	<u>143,062,982</u>	<u>27,123,645</u>		<u>(23,914,303)</u>	<u>(714,009)</u>	<u>145,558,315</u>
Depreciable capital assets:						
Buildings	11,378,126		(76,195)	17,114,635		28,416,566
Improvements	5,801,329		(26,759)	88,078		5,862,648
Machinery and equipment	14,406,390	1,367,621	(326,234)	44,693	468,840	15,961,310
Infrastructure	299,814,278	8,909,081		6,666,897	(462,057)	314,928,199
Total depreciable capital assets	<u>331,400,123</u>	<u>10,276,702</u>	<u>(429,188)</u>	<u>23,914,303</u>	<u>6,783</u>	<u>365,168,723</u>
Accumulated depreciation:						
Buildings	(4,377,141)	(773,431)	76,195			(5,074,377)
Improvements	(2,097,237)	(280,867)	18,731			(2,359,373)
Machinery and equipment	(7,814,661)	(1,438,297)	320,484			(8,932,474)
Infrastructure	(48,662,472)	(6,539,525)				(55,201,997)
Total accumulated depreciation	<u>(62,951,511)</u>	<u>(9,032,120)</u>	<u>415,410</u>			<u>(71,568,221)</u>
Net depreciable capital assets	<u>268,448,612</u>	<u>1,244,582</u>	<u>(13,778)</u>	<u>23,914,303</u>	<u>6,783</u>	<u>293,600,502</u>
Net capital assets	<u>\$ 411,511,594</u>	<u>\$ 28,368,227</u>	<u>\$ (13,778)</u>	<u>\$ -</u>	<u>\$ (707,226)</u>	<u>\$ 439,158,817</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	\$ 317,703
Public safety	1,074,829
Public works	7,288,349
Parks and recreation	330,315
Community development	<u>20,924</u>

Subtotal Governmental Funds \$ 9,032,120

Depreciation on capital assets held by the City's internal service funds of \$1,118,691 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, 2008

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, 2008:

	Balance July 1, 2007	Additions	Deletions	Transfers	Prior Period Adjustments	Balance June 30, 2008
Business-type Activities						
Water						
Nondepreciable capital assets:						
Land	\$ 974,698	\$ -	\$ -	\$ -	\$ -	\$ 974,698
Construction in progress	10,612,503	2,541,734		(6,775,922)	(82,084)	6,296,231
Total nondepreciable capital assets	11,587,201	2,541,734		(6,775,922)	(82,084)	7,270,929
Depreciable capital assets:						
Buildings	6,958,100					6,958,100
Improvements	34,156,579			5,987,666		40,144,245
Machinery and equipment	5,384,719	77,737				5,462,456
Infrastructure	75,627,954			788,256	2,278,512	78,694,722
Total depreciable capital assets	122,127,352	77,737		6,775,922	2,278,512	131,259,523
Less accumulated depreciation	(20,087,437)	(2,957,810)				(23,045,247)
Net depreciable capital assets	102,039,915	(2,880,073)		6,775,922	2,278,512	108,214,276
Net capital assets	<u>\$ 113,627,116</u>	<u>\$ (338,339)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,196,428</u>	<u>\$ 115,485,205</u>
Wastewater						
Nondepreciable capital assets:						
Land	\$ 700,000	\$ -	\$ -	\$ -	\$ -	\$ 700,000
Construction in progress	1,586,312	2,323,735		(3,620,519)	(248,928)	40,600
Total nondepreciable capital assets	2,286,312	2,323,735		(3,620,519)	(248,928)	740,600
Depreciable capital assets:						
Buildings	16,127,112					16,127,112
Improvements	28,840,683	2,279,649		2,114,586		33,234,918
Machinery and equipment	14,196,044	135,721	(121,300)	101,184		14,311,649
Infrastructure	36,560,625			1,404,749	1,782,112	39,747,486
Total depreciable capital assets	95,724,464	2,415,370	(121,300)	3,620,519	1,782,112	103,421,165
Less accumulated depreciation	(21,529,902)	(2,694,791)	120,388			(24,104,305)
Net depreciable capital assets	74,194,562	(279,421)	(912)	3,620,519	1,782,112	79,316,860
Net capital assets	<u>\$ 76,480,874</u>	<u>\$ 2,044,314</u>	<u>\$ (912)</u>	<u>\$ -</u>	<u>\$ 1,533,184</u>	<u>\$ 80,057,460</u>

Depreciation Allocation

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

Business-Type Activities:

Water	\$ 2,957,810
Wastewater	<u>2,694,791</u>

Total Depreciation Expense-Business-type Activities \$ 5,652,601

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2008

NOTE 4 – DEFERRED REVENUE

At June 30, 2008, components of deferred revenue reported were as follows:

General fund:	
Sales tax revenue accrued but not available	\$ 669,427
Business license and miscellaneous revenue received but not earned	331,089
Senior fund raising revenue received but not earned	35,267
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	18,911,907
Low and Moderate Set Aside Special Revenue Fund:	
Notes receivable (balance may be forgiven)	2,631,372
HOME Grant Special Revenue Fund:	
Notes receivable (balance may be forgiven)	4,144,904
CDBG Program Income Special Revenue Fund:	
Notes receivable (balance may be forgiven)	1,248,475
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	10,683
Siller Ranch MP Special Revenue Fund:	
Fees collected but not earned	76,048
Water Fund:	
Water revenues collected but not earned	112,055
Wastewater Fund:	
Wastewater revenues collected but not earned	149,513
Employee Benefits Fund:	
Employee benefit contributions received but not earned	7,303
Flood Control Agency Fund:	
Contributions collected but not earned	50,000

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2008

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, 2008:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008	Due within one year
Governmental Activities					
Tax Allocation Revenue Bonds	\$ 36,255,000	\$ -	\$ (250,000)	\$ 36,005,000	\$ 390,000
Less Deferred Amounts:					
Refunding Difference	(648,951)		20,280	(628,671)	
Costs of Issuance	(549,575)		16,654	(532,921)	
Plus: Bond Premium	236,056		(7,154)	228,902	
Bonds, net	<u>35,292,530</u>		<u>(220,220)</u>	<u>35,072,310</u>	<u>390,000</u>
Certificates of Participation	12,500,000		(235,000)	12,265,000	245,000
Less Deferred Amounts:					
Costs of Issuance	(517,072)		17,830	(499,242)	
Certificates of Participation, net	<u>11,982,928</u>		<u>(217,170)</u>	<u>11,765,758</u>	<u>245,000</u>
Pension Obligation Bonds	7,685,000		(430,000)	7,255,000	530,000
Less Deferred Amounts:					
Costs of Issuance	(182,857)		18,284	(164,573)	
Pension Obligation Bonds, net	<u>7,502,143</u>		<u>(411,716)</u>	<u>7,090,427</u>	<u>530,000</u>
Capital Lease Payable	730,993	5,940,000	(101,040)	6,569,953	601,363
Compensated Absences	3,054,318	1,584,836	(1,288,896)	3,350,258	270,243
Loans Payable	<u>1,479,727</u>	<u>383,368</u>	<u>(43,854)</u>	<u>1,819,241</u>	<u>45,139</u>
Total - Governmental Activities	<u>\$ 60,042,639</u>	<u>\$ 7,908,204</u>	<u>\$ (2,282,896)</u>	<u>\$ 65,667,947</u>	<u>\$ 2,081,745</u>
Business-type Activities					
Certificates of Participation	\$ 49,910,769	\$ -	\$ (1,019,135)	\$ 48,891,634	\$ 1,076,061
Less Deferred Amounts:					
Refunding Difference	(402,966)		22,491	(380,475)	
Bond Discount	(539,693)		20,756	(518,937)	
Costs of Issuance	(322,015)		12,919	(309,096)	
Bonds, net	<u>48,646,095</u>		<u>(962,969)</u>	<u>47,683,126</u>	<u>1,076,061</u>
Capital Lease Payable		2,279,648		2,279,648	
Compensated Absences	<u>403,013</u>	<u>372,261</u>	<u>(357,235)</u>	<u>418,039</u>	<u>363,948</u>
Total Business-type Activities	<u>\$ 49,049,108</u>	<u>\$ 2,651,909</u>	<u>\$ (1,320,204)</u>	<u>\$ 50,380,813</u>	<u>\$ 1,440,009</u>

Compensated absences for the 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, 2008 was \$15,675,000.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2008

NOTE 5 - LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

The scheduled annual minimum debt service requirements at June 30, 2008 were as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2009	\$ 200,000	\$ 893,100	\$ 1,093,100
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
2014-2018	1,345,000	4,107,603	5,452,603
2019-2023	1,735,000	3,697,604	5,432,604
2024-2028	2,305,000	3,120,278	5,425,278
2029-2033	3,080,000	2,321,100	5,401,100
2034-2038	4,115,000	1,248,750	5,363,750
2039-2040	2,010,000	122,400	2,132,400
Totals	<u>\$ 15,675,000</u>	<u>\$ 19,000,542</u>	<u>\$ 34,675,542</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, 2008 was \$4,330,000.

The scheduled annual minimum debt service requirements at June 30, 2008 were as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2009	\$ 55,000	\$ 246,579	\$ 301,579
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
2014-2018	375,000	1,132,296	1,507,296
2019-2023	475,000	1,019,374	1,494,374
2024-2028	635,000	860,438	1,495,438
2029-2033	850,000	640,500	1,490,500
2034-2038	1,135,000	344,850	1,479,850
2039-2040	555,000	33,750	588,750
Totals	<u>\$ 4,330,000</u>	<u>\$ 5,240,770</u>	<u>\$ 9,570,770</u>

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2008

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, 2008 was \$16,000,000.

The scheduled annual minimum debt service requirements at June 30, 2008 were as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2009	\$ 135,000	\$ 826,880	\$ 961,880
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
2014-2018	1,445,000	3,780,225	5,225,225
2019-2023	1,855,000	3,381,871	5,236,871
2024-2028	2,375,000	2,849,563	5,224,563
2029-2033	3,060,000	2,138,688	5,198,688
2034-2038	4,290,000	1,182,509	5,472,509
2039-2040	2,140,000	115,516	2,255,516
Totals	<u>\$ 16,000,000</u>	<u>\$ 17,507,166</u>	<u>\$ 33,507,166</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, 2008 was \$12,265,000.

The scheduled annual minimum debt service requirements at June 30, 2008 were as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2009	\$ 245,000	\$ 521,164	\$ 766,164
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
2014-2018	1,585,000	2,251,671	3,836,671
2019-2023	1,925,000	1,908,269	3,833,269
2024-2028	2,375,000	1,458,395	3,833,395
2029-2033	2,955,000	882,530	3,837,530
2034-2036	2,105,000	192,375	2,297,375
Totals	<u>\$ 12,265,000</u>	<u>\$ 9,208,666</u>	<u>\$ 21,473,666</u>

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2008

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, 2008 was \$7,255,000.

The scheduled annual minimum debt service requirements at June 30, 2008 were as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2009	\$ 530,000	\$ 377,849	\$ 907,849
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
2014-2017	3,980,000	552,503	4,532,503
Totals	\$ 7,255,000	\$ 2,141,888	\$ 9,396,888

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, 2008 were as follows:

Fiscal Year Ended June 30,	Total
2009	\$ 128,149
2010	128,149
2011	128,149
2012	128,149
2013	128,149
2014-2018	64,075
Total requirements	704,820
Less: interest	(74,867)
Present value of remaining payments	\$ 629,953

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, 2008 were as follows:

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2008

NOTE 5 - LONG-TERM DEBT (Continued)

Governmental Activities (Continued)

Fiscal Year Ended June 30,	Total
2009	\$ 722,691
2010	722,691
2011	722,691
2012	722,691
2013	722,691
2014-2018	3,613,455
Total requirements	7,226,910
Less: interest	(1,286,910)
Present value of remaining payments	<u>\$ 5,940,000</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, 2008 was \$1,819,241.

The scheduled annual minimum debt service requirements at June 30, 2008 were as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2009	\$ 45,139	\$ 52,642	\$ 97,781
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
2014-2018	276,487	211,675	488,162
2019-2023	319,437	168,096	487,533
2024-2028	369,058	117,747	486,805
2029-2033	426,388	59,578	485,966
2034-2035	188,558	5,565	194,123
Totals	<u>\$ 1,819,241</u>	<u>\$ 812,055</u>	<u>\$ 2,631,296</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, 2008 was \$4,190,000.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2008

NOTE 5 - LONG-TERM DEBT (Continued)

Business-type Activities (Continued)

The scheduled annual minimum debt service requirements at June 30, 2008 were as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2009	\$ 140,000	\$ 204,874	\$ 344,874
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
2014-2018	1,030,000	758,999	1,788,999
2019-2023	1,355,000	473,375	1,828,375
2024-2026	1,010,000	105,319	1,115,319
Totals	<u>\$ 4,190,000</u>	<u>\$ 2,297,888</u>	<u>\$ 6,487,888</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, 2008 was \$10,625,000.

The scheduled annual minimum debt service requirements at June 30, 2008 were as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2009	\$ 90,000	\$ 515,528	\$ 605,528
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
2014-2018	555,000	2,436,862	2,991,862
2019-2023	645,000	2,302,000	2,947,000
2024-2028	3,650,000	2,003,438	5,653,438
2029-2032	5,300,000	678,750	5,978,750
Totals	<u>\$ 10,625,000</u>	<u>\$ 9,962,750</u>	<u>\$ 20,587,750</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, 2008 was \$24,020,000.

The scheduled annual minimum debt service requirements at June 30, 2008 were as follows:

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2008

NOTE 5 - LONG-TERM DEBT (Continued)

Business-type Activities (Continued)

Fiscal Year Ended June 30,	Principal	Interest	Total
2009	\$ 435,000	\$ 1,039,021	\$ 1,474,021
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
2014-2018	2,780,000	4,520,031	7,300,031
2019-2023	3,330,000	3,925,131	7,255,131
2024-2028	4,850,000	3,127,406	7,977,406
2029-2033	7,310,000	1,782,225	9,092,225
2034-2035	3,405,000	231,525	3,636,525
Totals	<u>\$ 24,020,000</u>	<u>\$ 18,577,668</u>	<u>\$ 42,597,668</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, 2008 was \$10,056,634.

The scheduled annual minimum debt service requirements at June 30, 2008 were as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2009	\$ 411,061	\$ 439,475	\$ 850,536
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
2014-2018	2,777,793	1,474,885	4,252,678
2019-2023	3,440,157	812,521	4,252,678
2024-2025	1,595,724	105,345	1,701,069
Totals	<u>\$ 10,056,634</u>	<u>\$ 4,402,470</u>	<u>\$ 14,459,104</u>

Capital Lease

The City has entered into a lease agreement with Solar Star YC, LLC to install and maintain a solar power system. 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, 2008 were as follows:

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2008

NOTE 5 - LONG-TERM DEBT (Continued)

Business-type Activities (Continued)

Fiscal Year Ended June 30,	Total
2009	\$ 144,164
2010	150,615
2011	157,355
2012	164,397
2013	171,754
2014-2018	973,364
2019-2023	992,405
2024-2028	992,405
Total requirements	3,746,459
Less: interest	(1,466,811)
Present value of remaining payments	\$ 2,279,648

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, 2008, \$9,670,000 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, 2008, the principal amount of special assessment debt outstanding for which the City is not obligated was \$8,528,831.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2008

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, 2008, 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	\$24,144,263

B. Due To/From Other Funds

Operating 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, 2008 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Major Governmental Funds: General Fund	Nonmajor Governmental Funds: HOME Grant Special Revenue Fund CDBG Grant Special Revenue Fund Internal Service Fund: Store Fund	\$ 120,160 73,912 34,000
Redevelopment Agency Special Revenue Fund	Nonmajor Governmental Fund: Redevelopment Agency CIP Project Capital Projects Fund	1,576,618
Internal Service Fund: Vehicle Replacement Fund	Internal Service Funds: Store Fund	49,934
Major Enterprise Funds: Water Wastewater	Store Fund Store Fund	146,000 20,000
Agency Fund: City Trust Fund	Agency Fund: Cal-Met Program Fund	228,158

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2008

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, 2008 were as follows:

	Transfers <u>In</u>	Transfers <u>Out</u>
Major Governmental Funds:		
General Fund	\$ 6,689,085	\$ 571,730
Streets and Roads Special Revenue Fund	1,465,772	3,523,110
Redevelopment Agency Special Revenue Fund	5,344,724	18,973,112
General Capital Improvements Projects		
Capital Projects Fund	10,646,928	9,031,826
Impact Fees CIP Projects Capital		
Projects Fund	4,431,817	3,862,137
Major Proprietary Funds:		
Water Fund	2,924,000	3,453,016
Wastewater Fund	245,000	1,449,469
Nonmajor Governmental Funds:		
Special Revenue Funds:		
Traffic Safety Fund		300,000
Low and Moderate Set Aside Fund		303,421
Law Enforcement Services Fund		75,000
Landscape Districts Fund		277,544
CDBG Grant Fund		29,000
Miscellaneous Lighting Districts Fund		478,054
Debt Service Funds:		
City Gauche Park COP Fund	461,340	
CIEDB Loan Fund	48,674	
Yuba City RDA 2004 Series A Fund	1,094,720	
Yuba City RDA Low/Mod Series B Fund	303,421	
Yuba City 2007 Series Fund	560,422	
Capital Projects Funds:		
Streets and Roads CIP Projects Fund	1,493,278	2,489,512
Yuba City RDA CIP Project Fund	16,858,093	7,935,793
Internal Services Funds:		
Vehicle Replacement Fund	44,000	
Technology Replacement Fund	141,450	
	<u>\$ 52,752,724</u>	<u>\$ 52,752,724</u>

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2008

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 2007-08 was 18.927% for miscellaneous employees and 20.75% 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. The City's contributions to CalPERS for the miscellaneous plan for the fiscal years ending June 30, 2008, 2007, and 2006, were \$2,182,488, \$1,913,756, and \$1,669,304, respectively, and equal 100% of the required contributions for each fiscal year. The City's contributions to CalPERS for the safety plan for the fiscal years ending June 30, 2008, 2007, and 2006, were \$1,996,372, \$2,720,652, and \$2,262,960, respectively, and equal 100% of the required contributions for each fiscal year.

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

PARS

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

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

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2008

NOTE 7 - EMPLOYEE RETIREMENT PLANS (CONTINUED)

457 Plan (Continued)

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.

NOTE 8 – POST EMPLOYMENT BENEFITS

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. The cost to the City for these benefits was \$29,510 for the fiscal year ended June 30, 2008.

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.

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.

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2008

NOTE 9 – RISK MANAGEMENT (Continued)

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, 2008, 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 \$644,277 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.

The NCCSIF’s June 30, 2008 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, 2008:

	Workers' Compensation	General Liability
Total assets	\$ 33,856,491	\$ 15,187,392
Total liabilities	23,001,278	7,538,795
Net assets	\$ 10,855,213	\$ 7,648,597
Operating revenue	\$ 8,107,808	\$ 6,372,069
Operating expenses	11,454,690	9,413,885
Operating income (loss)	(3,346,882)	(3,041,816)
Investment income	2,390,502	1,360,193
Net income (loss)	(956,380)	(1,681,623)
Beginning retained earnings	11,811,593	9,330,220
Ending retained earnings	\$ 10,855,213	\$ 7,648,597

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

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2008

NOTE 10 - COMMITMENTS AND CONTINGENCIES

A. Construction

The City has signed agreements to construct various capital improvement projects subsequent to June 30, 2008. The balance owed on these commitments at June 30, 2008 was \$11,745,209. 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.

NOTE 11 - PRIOR PERIOD ADJUSTMENTS

A prior period adjustment of \$7,014,507 was made on the Statement of Activities for Governmental Activities for an understatement of internal service funds' net assets \$56,642, an overstatement of capital assets (\$707,226), an understatement of notes receivable \$1,334,648, an overstatement of deferred revenue \$6,407,886, and an understatement of interest payable (\$77,443).

A prior period adjustment of \$3,810,096 was made on the Statement of Activities for Business-type Activities for an understatement of capital assets \$3,729,612, an overstatement of accounts payable \$137,126, and an overstatement of internal service funds' net assets (\$56,642).

A prior period adjustment of \$2,196,428 was made in the Water Fund for an understatement of capital assets.

A prior period adjustment of \$1,670,310 was made in the Wastewater Fund for an understatement of capital assets \$1,533,184, and an overstatement of accounts payable \$137,126.

NOTE 12 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Balances/Net Assets

As of June 30, 2008 the following funds had a deficit fund balance:

Major Funds:	
RDA Debt Service Fund	\$ 24,144,263
Nonmajor Special Revenue Funds:	
CDBG Grant Fund	91,798
Siller Ranch MP Fund	28

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

CITY OF YUBA CITY
Notes to Basic Financial Statements
June 30, 2008

NOTE 12 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Deficit Fund Balances/Net Assets (Continued)

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

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

Excess of Expenditures Over Appropriations

Excess of expenditures over appropriations in individual funds for the fiscal year ended June 30, 2008 are as follows:

<u>Fund</u>	<u>Excess Expenditures</u>
Nonmajor Special Revenue Funds:	
CDBG Program Income Fund	\$ 7,348
Miscellaneous Lighting Districts Fund	22,249

Required
Supplementary Information

CITY OF YUBA CITY
Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2008

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 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, 2008

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Revenues:				
Taxes and assessments	\$ 25,842,750	\$ 25,842,750	\$ 25,371,130	\$ (471,620)
Intergovernmental revenues	629,036	1,162,992	1,024,773	(138,219)
Licenses, permits, and fees	1,655,800	1,655,800	1,142,718	(513,082)
Fines and forfeitures	140,000	140,000	97,314	(42,686)
Use of money and property	457,986	457,986	53,508	(404,478)
Charges for services	2,266,643	2,553,662	2,625,794	72,132
Other revenues	85,000	85,000	128,267	43,267
	<u>31,077,215</u>	<u>31,898,190</u>	<u>30,443,504</u>	<u>(1,454,686)</u>
Expenditures:				
Current:				
General government:				
City council	161,757	161,757	103,096	58,661
City manager	379,543	379,543	368,209	11,334
City attorney	220,000	220,000	194,864	25,136
Finance	1,780,994	1,816,971	1,764,849	52,122
City treasurer	10,516	10,516	8,986	1,530
Information technology	642,536	670,097	610,836	59,261
General services	1,240,997	1,252,129	1,147,719	104,410
City clerk	52,777	52,777	47,723	5,054
Human resources	862,645	884,333	787,702	96,631
Non departmental	139,800	151,764	96,368	55,396
Contingency	100,000	37,500	18,094	19,406
	<u>5,591,565</u>	<u>5,637,387</u>	<u>5,148,446</u>	<u>488,941</u>
Public safety:				
Animal control	375,000	383,050	412,137	(29,087)
Police-traffic	967,008	1,063,713	1,056,579	7,134
Police-administration	1,260,829	1,275,937	1,157,429	118,508
Police-investigation	1,610,224	1,622,433	1,559,777	62,656
Police-field operations	7,365,845	7,397,148	7,539,981	(142,833)
Police-community outreach	81,479	81,479	83,263	(1,784)
Police-technology research	167,250	167,825	154,943	12,882
Police-information and analysis	182,388	182,388	150,650	31,738
Police-communications	1,047,060	1,054,082	937,320	116,762
Law Enforcement-grants		44,997	42,778	2,219
Fire-administration	912,665	951,468	883,694	67,774
Fire-operations	8,042,454	8,665,062	8,542,276	122,786
Fire-grants		297,995	117,594	180,401
	<u>22,012,202</u>	<u>23,187,577</u>	<u>22,638,421</u>	<u>549,156</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, 2008

	<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	\$ 391,694	\$ 391,705	\$ 369,531	\$ 22,174
Supervision	542,817	542,817	439,619	103,198
Parks	1,868,312	1,878,997	1,655,698	223,299
Programs	649,160	652,733	645,820	6,913
Swimming pool	548,839	563,626	392,973	170,653
Senior center	166,278	166,315	159,701	6,614
Total parks and recreation	<u>4,167,100</u>	<u>4,196,193</u>	<u>3,663,342</u>	<u>532,851</u>
Public works and facilities:				
Streets	1,490,930	1,510,529	1,311,792	198,737
Electrical maintenance	801,456	811,132	712,190	98,942
Engineering	1,014,041	1,096,514	1,015,882	80,632
Total public works and facilities	<u>3,306,427</u>	<u>3,418,175</u>	<u>3,039,864</u>	<u>378,311</u>
Community development:				
Administration	327,903	327,903	288,789	39,114
Planning	661,057	662,756	584,027	78,729
Building	854,454	909,024	828,534	80,490
Economic development	209,500	209,500	140,258	69,242
Total community development	<u>2,052,914</u>	<u>2,109,183</u>	<u>1,841,608</u>	<u>267,575</u>
Debt Service:				
Principal	101,040	101,040	101,040	
Interest and other charges	27,109	27,109	27,109	
Total debt service	<u>128,149</u>	<u>128,149</u>	<u>128,149</u>	
Capital Outlay:				
Parks and recreation		406	406	
Public safety		270,043	253,080	16,963
Total capital outlay		<u>270,449</u>	<u>253,486</u>	<u>16,963</u>
Total expenditures	<u>37,258,357</u>	<u>38,947,113</u>	<u>36,713,316</u>	<u>2,233,797</u>
Excess of revenues over (under) expenditures	<u>(6,181,142)</u>	<u>(7,048,923)</u>	<u>(6,269,812)</u>	<u>779,111</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, 2008

	<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	\$ 6,241,658	\$ 6,912,179	\$ 6,689,085	\$ (223,094)
Transfers out		(571,730)	(571,730)	
Total other financing sources (uses)	<u>6,241,658</u>	<u>6,340,449</u>	<u>6,117,355</u>	<u>(223,094)</u>
Net changes in fund balance	60,516	(708,474)	(152,457)	556,017
Fund balance - July 1, 2007	<u>24,402,122</u>	<u>24,402,122</u>	<u>26,397,515</u>	<u>1,995,393</u>
Fund balance - June 30, 2008	<u>\$ 24,462,638</u>	<u>\$ 23,693,648</u>	<u>\$ 26,245,058</u>	<u>\$ 2,551,410</u>

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

Net Change in Fund Balances - Budgetary Basis \$ (152,457)

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 2,194,933

**Net Change in Fund Balances - Statement of Revenues, Expenditures,
and Changes in Fund Balances** \$ 2,042,476

Reconciliation of Fund Balances - Budgetary to GAAP Basis:

Fund Balances - June 30, 2008 - Budgetary Basis \$ 26,245,058

Accrued interest revenue on advances to Redevelopment Agency 2,194,933

Fund Balances - June 30, 2008 - GAAP Basis \$ 28,439,991

See notes to required supplementary information.

CITY OF YUBA CITY
STREETS AND ROADS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Taxes and assessments	\$ 1,742,603	\$ 1,742,603	\$ 1,278,732	\$ (463,871)
Intergovernmental revenues	1,894,261	2,892,824	2,592,373	(300,451)
Use of money and property	250,000	250,000	250,532	532
	<u>3,886,864</u>	<u>4,885,427</u>	<u>4,121,637</u>	<u>(763,790)</u>
Total revenues				
Excess of revenues over (under) expenditures	<u>3,886,864</u>	<u>4,885,427</u>	<u>4,121,637</u>	<u>(763,790)</u>
Other Financing Sources (Uses):				
Transfers in		1,465,772	1,465,772	
Transfers out	(3,522,670)	(5,015,949)	(3,523,110)	1,492,839
	<u>(3,522,670)</u>	<u>(3,550,177)</u>	<u>(2,057,338)</u>	<u>1,492,839</u>
Total other financing sources (uses)				
Net changes in fund balance	364,194	1,335,250	2,064,299	729,049
Fund balance - July 1, 2007	<u>430,944</u>	<u>430,944</u>	<u>430,944</u>	
Fund balance - June 30, 2008	<u>\$ 795,138</u>	<u>\$ 1,766,194</u>	<u>\$ 2,495,243</u>	<u>\$ 729,049</u>

See notes to required supplementary information.

CITY OF YUBA CITY
REDEVELOPMENT AGENCY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Final Budget
				Positive
				(Negative)
Revenues:				
Taxes and assessments	\$ 2,317,065	\$ 2,317,065	\$ 2,651,479	\$ 334,414
Use of money and property	488,462	488,462	337,879	(150,583)
Other revenues	329,964	329,964	496,312	166,348
	<u>3,135,491</u>	<u>3,135,491</u>	<u>3,485,670</u>	<u>350,179</u>
Expenditures:				
Current:				
Community development	689,562	1,175,446	1,216,076	(40,630)
Capital outlay		85,000		85,000
	<u>689,562</u>	<u>1,260,446</u>	<u>1,216,076</u>	<u>44,370</u>
Excess of revenues over (under) expenditures	<u>2,445,929</u>	<u>1,875,045</u>	<u>2,269,594</u>	<u>394,549</u>
Other Financing Sources (Uses):				
Transfers in	4,940,710	5,390,723	5,344,724	(45,999)
Transfers out	(17,532,666)	(19,604,257)	(18,973,112)	631,145
	<u>(12,591,956)</u>	<u>(14,213,534)</u>	<u>(13,628,388)</u>	<u>585,146</u>
Net changes in fund balance	(10,146,027)	(12,338,489)	(11,358,794)	979,695
Fund balance - July 1, 2007	<u>20,926,365</u>	<u>20,926,365</u>	<u>20,926,365</u>	
Fund balance - June 30, 2008	<u>\$ 10,780,338</u>	<u>\$ 8,587,876</u>	<u>\$ 9,567,571</u>	<u>\$ 979,695</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.

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.

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, 2008

Special Revenue Funds

	Traffic Safety Fund	Low & Moderate Set Aside Fund	Law Enforcement Services Fund	Landscape Districts Fund
Assets				
Cash and investments	\$ 236,550	\$ 3,158,104	\$ 287,291	\$ 1,038,741
Cash and investments with fiscal agent		2,929,223		
Interest receivable		20,015		
Accounts receivable	32,966			
Taxes and assessments receivable		52,686		11,009
Notes receivable		2,631,372		
Total assets	\$ 269,516	\$ 8,791,400	\$ 287,291	\$ 1,049,750
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 47,563	\$ 1,353	\$ -	\$ 47,526
Deposits payable	878			
Deferred revenue		2,631,372		
Due to other funds				
Total liabilities	48,441	2,632,725		47,526
Fund Balances:				
Reserved:				
Low and moderate income housing		6,154,863		
Debt service				
Encumbrances		3,812		11,277
Unreserved:				
Designated for capital improvement projects				
Undesignated	221,075		287,291	990,947
Total fund balances	221,075	6,158,675	287,291	1,002,224
Total liabilities and fund balances	\$ 269,516	\$ 8,791,400	\$ 287,291	\$ 1,049,750

Special Revenue Funds

HOME Grant Fund	CDBG Grant Fund	CDBG Program Income Fund	Miscellaneous Lighting Districts Fund
\$ -	\$ -	\$ 305,351	\$ 206,535
150,000	1,013		47,718
4,144,904		1,248,475	
<u>\$ 4,294,904</u>	<u>\$ 1,013</u>	<u>\$ 1,553,826</u>	<u>\$ 254,253</u>
\$ 53	\$ 18,899	\$ -	\$ 7,577
4,144,904		1,248,475	
120,160	73,912		
<u>4,265,117</u>	<u>92,811</u>	<u>1,248,475</u>	<u>7,577</u>
29,787	(91,798)	305,351	246,676
29,787	(91,798)	305,351	246,676
<u>\$ 4,294,904</u>	<u>\$ 1,013</u>	<u>\$ 1,553,826</u>	<u>\$ 254,253</u>

(Continued)

CITY OF YUBA CITY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (Continued)
June 30, 2008

	Special Revenue Funds			
	Fire Mitigation Fees Fund	Harter Specific Plan Fund	Specific Plan Fund	Siller Ranch MP Fund
Assets				
Cash and investments	\$ 54,145	\$ 798,649	\$ 146,115	\$ 73,945
Cash and investments with fiscal agent				
Interest receivable				
Accounts receivable	5,813	8,768	3,002	17,198
Taxes and assessments receivable				
Notes receivable				
Total assets	\$ 59,958	\$ 807,417	\$ 149,117	\$ 91,143
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 2,086	\$ -	\$ 15,123
Deposits payable		702,984	115,685	
Deferred revenue		30,000	10,683	76,048
Due to other funds				
Total liabilities		735,070	126,368	91,171
Fund Balances:				
Reserved:				
Low and moderate income housing				
Debt service				
Encumbrances		6,850	352,796	365,118
Unreserved:				
Designated for capital improvement projects				
Undesignated	59,958	65,497	(330,047)	(365,146)
Total fund balances	59,958	72,347	22,749	(28)
Total liabilities and fund balances	\$ 59,958	\$ 807,417	\$ 149,117	\$ 91,143

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
\$ - 775,569	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
<u>\$ 775,569</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
-	-	-	-	-
-	-	-	-	-
775,569				
<u>775,569</u>				
<u>\$ 775,569</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, 2008

	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>		<u>Totals</u>
	<u>Pension Obligation Bonds Fund</u>	<u>Streets and Roads CIP Projects Fund</u>	<u>Yuba City RDA CIP Project Fund</u>	
Assets				
Cash and investments	\$ 75,000	\$ 2,476,870	\$ -	\$ 8,857,296
Cash and investments with fiscal agent	22,565		6,638,723	10,366,080
Interest receivable			37,005	57,020
Accounts receivable				218,760
Taxes and assessments receivable				111,413
Notes receivable				8,024,751
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 97,565</u>	<u>\$ 2,476,870</u>	<u>\$ 6,675,728</u>	<u>\$ 27,635,320</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 231,170	\$ 1,116,388	\$ 1,487,738
Deposits payable				819,547
Deferred revenue				8,141,482
Due to other funds			1,576,618	1,770,690
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities		<u>231,170</u>	<u>2,693,006</u>	<u>12,219,457</u>
Fund Balances:				
Reserved:				
Low and moderate income housing				6,154,863
Debt service	97,565			873,134
Encumbrances		14,217	2,590,574	3,344,644
Unreserved:				
Designated for capital improvement projects		2,231,483	1,392,148	3,623,631
Undesignated				1,419,591
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>97,565</u>	<u>2,245,700</u>	<u>3,982,722</u>	<u>15,415,863</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 97,565</u>	<u>\$ 2,476,870</u>	<u>\$ 6,675,728</u>	<u>\$ 27,635,320</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, 2008

	Special Revenue Funds			
	Traffic Safety Fund	Low & Moderate Set Aside Fund	Law Enforcement Services Fund	Landscape Districts Fund
Revenues:				
Taxes and assessments	\$ -	\$ 686,739	\$ -	\$ 494,863
Use of money and property	11,605	295,122	9,961	47,017
Intergovernmental revenues				
Charges for services				
Licenses, permits, and fees				
Fines and forfeitures	513,493		205,008	
Program income				
Other revenues		11,048		
Total revenues	525,098	992,909	214,969	541,880
Expenditures:				
Current:				
General government				
Public safety	208,697			
Parks and recreation				288,476
Public works and facilities				
Community development		174,242		
Capital outlay				
Debt Service:				
Principal				
Interest and other charges				
Total expenditures	208,697	174,242		288,476
Excess of revenues over (under) expenditures	316,401	818,667	214,969	253,404
Other Financing Sources (Uses):				
Proceeds from issuance of long-term debt				
Transfers in				
Transfers out	(300,000)	(303,421)	(75,000)	(277,544)
Total other financing sources (uses)	(300,000)	(303,421)	(75,000)	(277,544)
Net changes in fund balances	16,401	515,246	139,969	(24,140)
Fund balances - July 1, 2007	204,674	5,643,429	147,322	1,026,364
Fund balances - June 30, 2008	<u>\$ 221,075</u>	<u>\$ 6,158,675</u>	<u>\$ 287,291</u>	<u>\$ 1,002,224</u>

Special Revenue Funds

HOME Grant Fund	CDBG Grant Fund	CDBG Program Income Fund	Miscellaneous Lighting Districts Fund
\$ -	\$ -	\$ -	\$ 362,582
182,188	776,089	6,078	18,243
		55,495	
<u>182,188</u>	<u>776,089</u>	<u>61,573</u>	<u>380,825</u>
153,191	176,493	106,757	115,314
	396,759		
<u>153,191</u>	<u>573,252</u>	<u>106,757</u>	<u>115,314</u>
<u>28,997</u>	<u>202,837</u>	<u>(45,184)</u>	<u>265,511</u>
	(29,000)		(478,054)
	(29,000)		(478,054)
28,997	173,837	(45,184)	(212,543)
790	(265,635)	350,535	459,219
<u>\$ 29,787</u>	<u>\$ (91,798)</u>	<u>\$ 305,351</u>	<u>\$ 246,676</u>

(Continued)

CITY OF YUBA CITY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (Continued)
For the Fiscal Year Ended June 30, 2008

	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	2,364	36,462	2,479	
Intergovernmental revenues				
Charges for services		39,466		
Licenses, permits, and fees	10,308		200,796	
Fines and forfeitures				
Program income				
Other revenues				
Total revenues	<u>12,672</u>	<u>75,928</u>	<u>203,275</u>	
Expenditures:				
Current:				
General government				
Public safety				
Parks and recreation				
Public works and facilities		23,666	203,275	28
Community development				
Capital outlay				
Debt Service:				
Principal				
Interest and other charges				
Total expenditures		<u>23,666</u>	<u>203,275</u>	<u>28</u>
Excess of revenues over (under) expenditures	<u>12,672</u>	<u>52,262</u>		<u>(28)</u>
Other Financing Sources (Uses):				
Proceeds from issuance of long-term debt				
Transfers in				
Transfers out				
Total other financing sources (uses)				
Net changes in fund balances	12,672	52,262		(28)
Fund balances - July 1, 2007	<u>47,286</u>	<u>20,085</u>	<u>22,749</u>	
Fund balances - June 30, 2008	<u>\$ 59,958</u>	<u>\$ 72,347</u>	<u>\$ 22,749</u>	<u>\$ (28)</u>

Debt Service Funds

City 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
\$ -	\$ -	\$ -	\$ -	\$ -
37,751	11,156			
	43,559			
37,751	54,715			
3,870				
	5,589			
235,000	43,854	195,000	55,000	
529,389	53,946	899,720	248,421	560,422
768,259	103,389	1,094,720	303,421	560,422
(730,508)	(48,674)	(1,094,720)	(303,421)	(560,422)
461,340	48,674	1,094,720	303,421	560,422
461,340	48,674	1,094,720	303,421	560,422
(269,168)				
1,044,737				
\$ 775,569	\$ -	\$ -	\$ -	\$ -

(Continued)

CITY OF YUBA CITY
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (Continued)
For the Fiscal Year Ended June 30, 2008

	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>		<u>Totals</u>
	<u>Pension Obligation Bonds Fund</u>	<u>Streets and Roads CIP Projects Fund</u>	<u>Yuba City RDA CIP Project Fund</u>	
Revenues:				
Taxes and assessments	\$ -	\$ -	\$ -	\$ 1,544,184
Use of money and property	22,566		589,412	1,090,216
Intergovernmental revenues				958,277
Charges for services	957,924	23,834		1,021,224
Licenses, permits, and fees				211,104
Fines and forfeitures				718,501
Program income				55,495
Other revenues			450,013	504,620
Total revenues	<u>980,490</u>	<u>23,834</u>	<u>1,039,425</u>	<u>6,103,621</u>
Expenditures:				
Current:				
General government	3,753			3,753
Public safety				208,697
Parks and recreation				292,346
Public works and facilities				342,283
Community development				616,272
Capital outlay		2,153,198	9,527,121	12,077,078
Debt Service:				
Principal	430,000			958,854
Interest and other charges	449,172			2,741,070
Total expenditures	<u>882,925</u>	<u>2,153,198</u>	<u>9,527,121</u>	<u>17,240,353</u>
Excess of revenues over (under) expenditures	<u>97,565</u>	<u>(2,129,364)</u>	<u>(8,487,696)</u>	<u>(11,136,732)</u>
Other Financing Sources (Uses):				
Proceeds from issuance of long-term debt			383,368	383,368
Transfers in		1,493,278	16,858,093	20,819,948
Transfers out		(2,489,512)	(7,935,793)	(11,888,324)
Total other financing sources (uses)		<u>(996,234)</u>	<u>9,305,668</u>	<u>9,314,992</u>
Net changes in fund balances	97,565	(3,125,598)	817,972	(1,821,740)
Fund balances - July 1, 2007		<u>5,371,298</u>	<u>3,164,750</u>	<u>17,237,603</u>
Fund balances - June 30, 2008	<u>\$ 97,565</u>	<u>\$ 2,245,700</u>	<u>\$ 3,982,722</u>	<u>\$ 15,415,863</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, 2008

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and forfeitures	\$ 457,500	\$ 513,493	\$ 55,993
Use of money and property	15,000	11,605	(3,395)
Total revenues	<u>472,500</u>	<u>525,098</u>	<u>52,598</u>
Expenditures:			
Current:			
Public safety	210,000	208,697	1,303
Total expenditures	<u>210,000</u>	<u>208,697</u>	<u>1,303</u>
Excess of revenues over (under) expenditures	<u>262,500</u>	<u>316,401</u>	<u>53,901</u>
Other Financing Sources (Uses):			
Transfers out	<u>(300,000)</u>	<u>(300,000)</u>	
Total other financing sources (uses)	<u>(300,000)</u>	<u>(300,000)</u>	
Net changes in fund balance	(37,500)	16,401	53,901
Fund balance - beginning of fiscal year	<u>204,674</u>	<u>204,674</u>	
Fund balance - end of fiscal year	<u><u>\$ 167,174</u></u>	<u><u>\$ 221,075</u></u>	<u><u>\$ 53,901</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, 2008

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes and assessments	\$ 604,485	\$ 686,739	\$ 82,254
Use of money and property	50,000	295,122	245,122
Other revenues	8,515	11,048	2,533
Total revenues	663,000	992,909	329,909
Expenditures:			
Current:			
Community development	221,575	174,242	47,333
Total expenditures	221,575	174,242	47,333
Excess of revenues over (under) expenditures	441,425	818,667	377,242
Other Financing Sources (Uses):			
Transfers out	(303,421)	(303,421)	
Total other financing sources (uses)	(303,421)	(303,421)	
Net changes in fund balance	138,004	515,246	377,242
Fund balance - beginning of fiscal year	5,643,429	5,643,429	
Fund balance - end of fiscal year	\$ 5,781,433	\$ 6,158,675	\$ 377,242

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, 2008

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines and forfeitures	\$ 87,500	\$ 205,008	\$ 117,508
Use of money and property	7,500	9,961	2,461
Total revenues	<u>95,000</u>	<u>214,969</u>	<u>119,969</u>
Other Financing Sources (Uses):			
Transfers out	<u>(75,000)</u>	<u>(75,000)</u>	
Total other financing sources (uses)	<u>(75,000)</u>	<u>(75,000)</u>	
Net changes in fund balance	20,000	139,969	119,969
Fund balance - beginning of fiscal year	<u>147,322</u>	<u>147,322</u>	
Fund balance - end of fiscal year	<u><u>\$ 167,322</u></u>	<u><u>\$ 287,291</u></u>	<u><u>\$ 119,969</u></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, 2008

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes and assessments	\$ 507,989	\$ 494,863	\$ (13,126)
Use of money and property	27,469	47,017	19,548
Total revenues	<u>535,458</u>	<u>541,880</u>	<u>6,422</u>
Expenditures:			
Current:			
Parks and recreation	305,341	288,476	16,865
Total expenditures	<u>305,341</u>	<u>288,476</u>	<u>16,865</u>
Excess of revenues over (under) expenditures	<u>230,117</u>	<u>253,404</u>	<u>23,287</u>
Other Financing Sources (Uses):			
Transfers out	<u>(288,533)</u>	<u>(277,544)</u>	<u>10,989</u>
Total other financing sources (uses)	<u>(288,533)</u>	<u>(277,544)</u>	<u>10,989</u>
Net change in fund balance	(58,416)	(24,140)	34,276
Fund balance - beginning of fiscal year	<u>1,026,364</u>	<u>1,026,364</u>	
Fund balance - end of fiscal year	<u><u>\$ 967,948</u></u>	<u><u>\$ 1,002,224</u></u>	<u><u>\$ 34,276</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, 2008

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental revenues	\$ 620,000	\$ 182,188	\$ (437,812)
Use of money and property	5,000		(5,000)
Total revenues	<u>625,000</u>	<u>182,188</u>	<u>(442,812)</u>
Expenditures:			
Current:			
Community development	<u>656,277</u>	<u>153,191</u>	<u>503,086</u>
Total expenditures	<u>656,277</u>	<u>153,191</u>	<u>503,086</u>
Net change in fund balance	(31,277)	28,997	60,274
Fund balance - beginning of fiscal year	<u>790</u>	<u>790</u>	
Fund balance - end of fiscal year	<u><u>\$ (30,487)</u></u>	<u><u>\$ 29,787</u></u>	<u><u>\$ 60,274</u></u>

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, 2008

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental revenues	\$ 585,060	\$ 776,089	\$ 191,029
Total revenues	585,060	776,089	191,029
Expenditures:			
Current:			
Community development	786,163	176,493	609,670
Capital outlay	396,759	396,759	
Total expenditures	1,182,922	573,252	609,670
Excess of revenues over (under) expenditures	(597,862)	202,837	800,699
Other Financing Sources (Uses):			
Transfers out		(29,000)	(29,000)
Total other financing sources (uses)		(29,000)	(29,000)
Net change in fund balance	(597,862)	173,837	771,699
Fund balance - beginning of fiscal year	(265,635)	(265,635)	
Fund balance - end of fiscal year	\$ (863,497)	\$ (91,798)	\$ 771,699

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, 2008

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ 5,000	\$ 6,078	\$ 1,078
Program income	40,000	55,495	15,495
Total revenues	45,000	61,573	16,573
Expenditures:			
Current:			
Community development	99,409	106,757	(7,348)
Total expenditures	99,409	106,757	(7,348)
Net change in fund balance	(54,409)	(45,184)	9,225
Fund balance - beginning of fiscal year	350,535	350,535	
Fund balance - end of fiscal year	\$ 296,126	\$ 305,351	\$ 9,225

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, 2008

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Taxes and assessments	\$ 395,884	\$ 362,582	\$ (33,302)
Use of money and property	8,585	18,243	9,658
Total revenues	404,469	380,825	(23,644)
Expenditures:			
Current:			
Public works and facilities	93,065	115,314	(22,249)
Total expenditures	93,065	115,314	(22,249)
Excess of revenues over (under) expenditures	311,404	265,511	(45,893)
Other Financing Sources (Uses):			
Transfers out	(508,990)	(478,054)	30,936
Total other financing sources (uses)	(508,990)	(478,054)	30,936
Net change in fund balance	(197,586)	(212,543)	(14,957)
Fund balance - beginning of fiscal year	459,219	459,219	
Fund balance - end of fiscal year	\$ 261,633	\$ 246,676	\$ (14,957)

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, 2008

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ 650	\$ 2,364	\$ 1,714
Licenses, permits, and fees	13,500	10,308	(3,192)
Total revenues	14,150	12,672	(1,478)
Net change in fund balance	14,150	12,672	(1,478)
Fund balance - beginning of fiscal year	47,286	47,286	
Fund balance - end of fiscal year	\$ 61,436	\$ 59,958	\$ (1,478)

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, 2008

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ -	\$ 36,462	\$ 36,462
Charges for services		39,466	39,466
Total revenues		75,928	75,928
Expenditures:			
Current:			
Public works and facilities		23,666	(23,666)
Total expenditures		23,666	(23,666)
Net change in fund balance		52,262	52,262
Fund balance - beginning of fiscal year	20,085	20,085	
Fund balance - end of fiscal year	\$ 20,085	\$ 72,347	\$ 52,262

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, 2008

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Use of money and property	\$ -	\$ 2,479	\$ 2,479
Licenses, permits, and fees		200,796	200,796
Total revenues		203,275	203,275
Expenditures:			
Current:			
Public works and facilities	554,534	203,275	351,259
Total expenditures	554,534	203,275	351,259
Net change in fund balance	(554,534)		554,534
Fund balance - beginning of fiscal year	22,749	22,749	
Fund balance - end of fiscal year	\$ (531,785)	\$ 22,749	\$ 554,534

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, 2008

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

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 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, 2008

	Store Fund	Vehicle Replacement Fund	Vehicle Maintenance Fund	Technology Replacement Fund
ASSETS				
Current Assets:				
Cash and investments	\$ -	\$ 7,417,754	\$ 256,080	\$ 2,180,580
Accounts receivable	393		10,482	4,100
Inventory	287,690		14,818	
Due from other funds		49,934		
Prepaid expenses				
Total current assets	<u>288,083</u>	<u>7,467,688</u>	<u>281,380</u>	<u>2,184,680</u>
Capital Assets:				
Depreciable				
Buildings			270,285	
Machinery and equipment		9,613,466	103,699	1,643,856
Total depreciable capital assets		9,613,466	373,984	1,643,856
Less accumulated depreciation		<u>(5,235,761)</u>	<u>(221,701)</u>	<u>(1,449,538)</u>
Net depreciable capital assets		<u>4,377,705</u>	<u>152,283</u>	<u>194,318</u>
Net capital assets		<u>4,377,705</u>	<u>152,283</u>	<u>194,318</u>
Total noncurrent assets		<u>4,377,705</u>	<u>152,283</u>	<u>194,318</u>
Total assets	<u>288,083</u>	<u>11,845,393</u>	<u>433,663</u>	<u>2,378,998</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	6,648	23,473	8,427	14,731
Accrued wages			12,620	
Deferred revenue				
Due to other funds	249,934			
Total current liabilities	<u>256,582</u>	<u>23,473</u>	<u>21,047</u>	<u>14,731</u>
Noncurrent Liabilities:				
Compensated absences			21,148	
Total liabilities	<u>256,582</u>	<u>23,473</u>	<u>42,195</u>	<u>14,731</u>
NET ASSETS				
Investment in capital assets, net of related debt		4,377,705	152,283	194,318
Restricted for future claims				
Unrestricted	31,501	7,444,215	239,185	2,169,949
Total net assets	<u>\$ 31,501</u>	<u>\$ 11,821,920</u>	<u>\$ 391,468</u>	<u>\$ 2,364,267</u>

Employee Benefits Fund	Vision/ Dental Fund	Disability Program Fund	Workers' Compensation Fund	General Liability Program Fund	Totals
\$ 73,808	\$ 59,010	\$ 161,018	\$ 613,910	\$ 469,347	\$ 11,231,507
56,895					71,870
					302,508
					49,934
207,391			456,164	188,113	851,668
338,094	59,010	161,018	1,070,074	657,460	12,507,487
					270,285
					11,361,021
					11,631,306
					(6,907,000)
					4,724,306
					4,724,306
					4,724,306
338,094	59,010	161,018	1,070,074	657,460	17,231,793
4,411		392		1,312	59,394
					12,620
7,303					7,303
					249,934
11,714		392		1,312	329,251
					21,148
11,714		392		1,312	350,399
					4,724,306
326,380	59,010	160,626	1,070,074	656,148	2,272,238
					9,884,850
<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>

CITY OF YUBA CITY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET ASSETS
For the Fiscal Year Ended June 30, 2008

	Store Fund	Vehicle Replacement Fund	Vehicle Maintenance Fund	Technology Replacement Fund
Revenues:				
Charges for services	\$ 3,591	\$ 987,347	\$ 872,277	\$ 532,546
Other revenues			16,366	39,980
Total revenues	3,591	987,347	888,643	572,526
Expenses:				
Salaries and benefits			438,667	
Professional services			290	20,119
Supplies		12,757	399	
Benefits, claims, and insurance			5,170	
Maintenance and operation			290,043	146,537
Tools and equipment			7,419	125,558
Power and utilities			8,222	18,448
Training			3,705	
Depreciation		1,017,909	10,739	90,043
Total expenses		1,030,666	764,654	400,705
Operating Income (Loss)	3,591	(43,319)	123,989	171,821
Non-Operating Revenues (Expenses):				
Gain (loss) on sale of capital assets		114,313		
Interest income		400,333	9,557	93,284
Total non-operating Revenues (Expenses)		514,646	9,557	93,284
Income (Loss) before transfers	3,591	471,327	133,546	265,105
Transfers:				
Transfers in		44,000		141,450
Transfers out				
Total change in net assets before capital contributions	3,591	515,327	133,546	406,555
Capital contributions		27,995		
Change in net assets	3,591	543,322	133,546	406,555
Net Assets, July 1, 2007	27,910	11,278,598	257,922	1,957,712
Net Assets, June 30, 2008	\$ 31,501	\$ 11,821,920	\$ 391,468	\$ 2,364,267

Employee Benefits Fund	Vision/ Dental Fund	Disability Program Fund	Workers' Compensation Fund	General Liability Program Fund	Totals
\$ 2,737,626	\$ 472,082	\$ 15,737	\$ 581,843	\$ 640,414	\$ 6,843,463
					56,346
<u>2,737,626</u>	<u>472,082</u>	<u>15,737</u>	<u>581,843</u>	<u>640,414</u>	<u>6,899,809</u>
					438,667
22,336	21,251			3,787	67,783
					13,156
2,857,408	491,957	12,846	826,954	613,553	4,807,888
					436,580
					132,977
					26,670
					3,705
					1,118,691
<u>2,879,744</u>	<u>513,208</u>	<u>12,846</u>	<u>826,954</u>	<u>617,340</u>	<u>7,046,117</u>
<u>(142,118)</u>	<u>(41,126)</u>	<u>2,891</u>	<u>(245,111)</u>	<u>23,074</u>	<u>(146,308)</u>
					114,313
10,049	3,010	7,552	25,278	8,481	557,544
10,049	3,010	7,552	25,278	8,481	671,857
(132,069)	(38,116)	10,443	(219,833)	31,555	525,549
					185,450
<u>(132,069)</u>	<u>(38,116)</u>	<u>10,443</u>	<u>(219,833)</u>	<u>31,555</u>	<u>710,999</u>
					27,995
<u>(132,069)</u>	<u>(38,116)</u>	<u>10,443</u>	<u>(219,833)</u>	<u>31,555</u>	<u>738,994</u>
458,449	97,126	150,183	1,289,907	624,593	16,142,400
<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>

CITY OF YUBA CITY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2008

	Store Fund	Vehicle Replacement Fund	Vehicle Maintenance Fund	Technology Replacement Fund
Cash Flows from Operating Activities:				
Receipts from customers	\$ 3,198	\$ 987,347	\$ 878,999	\$ 568,426
Payment to suppliers and users	(3,198)	(41,902)	(324,533)	(320,923)
Payment to employees			(435,854)	
Net Cash Provided (Used) by Operating Activities		945,445	118,612	247,503
Cash flows from Non-Capital Financing Activities:				
Transfers in		44,000		141,450
Net Cash Provided by Non-Capital Financing Activities		44,000		141,450
Cash flows from Capital and related Financing Activities:				
Proceeds from sale of capital assets		114,313		
Contributed capital		27,995		
Acquisition of capital assets		(998,131)		(116,156)
Net Cash Provided (Used) by Capital and related Financing Activities		(855,823)		(116,156)
Cash flows from Investing Activities:				
Interest received		400,333	9,557	93,284
Net Cash Provided (Used) by Investing Activities		400,333	9,557	93,284
Net Increase (Decrease) in Cash and Cash Equivalents		533,955	128,169	366,081
Cash and Cash Equivalents, July 1, 2007		6,883,799	127,911	1,814,499
Cash and Cash Equivalents, June 30, 2008	\$ -	\$ 7,417,754	\$ 256,080	\$ 2,180,580
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ 3,591	\$ (43,319)	\$ 123,989	\$ 171,821
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation		1,017,909	10,739	90,043
(Increase) Decrease in Operating Assets:				
Accounts receivable	(393)		(9,644)	(4,100)
Inventory	6,696		(6,038)	
Prepaid expenses				
Due from other funds		(49,934)		
Increase (Decrease) in Operating Liabilities:				
Accounts payable	(13,216)	20,789	(3,247)	(10,261)
Accrued wages			4,146	
Deferred revenue				
Due to other funds	3,322			
Compensated absences			(1,333)	
Net Cash Provided (Used) by Operating Activities	\$ -	\$ 945,445	\$ 118,612	\$ 247,503

Employee Benefits Fund	Vision/ Dental Fund	Disability Program Fund	Workers' Compensation Fund	General Liability Program Fund	Totals
\$ 2,725,003 (3,019,163)	\$ 472,082 (523,243)	\$ 15,737 (12,454)	\$ 581,843 (564,254)	\$ 640,414 (632,839)	\$ 6,873,049 (5,442,509) (435,854)
(294,160)	(51,161)	3,283	17,589	7,575	994,686
					185,450
					185,450
					114,313 27,995 (1,114,287)
					(971,979)
10,049	3,010	7,552	25,278	8,481	557,544
10,049	3,010	7,552	25,278	8,481	557,544
(284,111)	(48,151)	10,835	42,867	16,056	765,701
357,919	107,161	150,183	571,043	453,291	10,465,806
<u>\$ 73,808</u>	<u>\$ 59,010</u>	<u>\$ 161,018</u>	<u>\$ 613,910</u>	<u>\$ 469,347</u>	<u>\$ 11,231,507</u>
\$ (142,118)	\$ (41,126)	\$ 2,891	\$ (245,111)	\$ 23,074	\$ (146,308)
					1,118,691
(15,221)					(29,358) 658
(143,323)			262,700	(16,811)	102,566 (49,934)
3,904	(10,035)	392		1,312	(10,362) 4,146
2,598					2,598 3,322 (1,333)
<u>\$ (294,160)</u>	<u>\$ (51,161)</u>	<u>\$ 3,283</u>	<u>\$ 17,589</u>	<u>\$ 7,575</u>	<u>\$ 994,686</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 – This fund is 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, 2008

	City Trust Fund	Garden Highway Assessment District	North Yuba Drainage Assessment District	West Hillcrest Assessment District
Assets:				
Cash and investments	\$ 318,093	\$ 4,402	\$ 122,768	\$ 138,569
Cash and investments with fiscal agent				
Interest receivable				
Accounts receivable	9,882			
Due from agency fund	228,158			
	<u>556,133</u>	<u>4,402</u>	<u>122,768</u>	<u>138,569</u>
Total assets				
Liabilities:				
Accounts payable				10
Deposits payable	556,133	4,402	122,768	138,559
Deferred revenue				
Due to agency fund				
	<u>556,133</u>	<u>4,402</u>	<u>122,768</u>	<u>138,569</u>
Total liabilities				
Net Assets:				
Unrestricted				
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
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
\$ 13,657	\$ 12,803	\$ 3,199	\$ 4,246	\$ 86,468	\$ 50,406
				152,305	135,602
		228		693	631
				2,565	1,048
<u>13,657</u>	<u>12,803</u>	<u>3,427</u>	<u>4,246</u>	<u>242,031</u>	<u>187,687</u>
13,657	12,803	3,427	4,246	21	179
				242,010	187,508
<u>13,657</u>	<u>12,803</u>	<u>3,427</u>	<u>4,246</u>	<u>242,031</u>	<u>187,687</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, 2008

	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	\$ 39,030	\$ 73,178	\$ 38,151	\$ 11,788
Cash and investments with fiscal agent		393,857		
Interest receivable		1,787		
Accounts receivable	399	5,127		
Due from agency fund				
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	39,429	473,949	38,151	11,788
	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities:				
Accounts payable	67	500		
Deposits payable	39,362	473,449	38,151	11,788
Deferred revenue				
Due to agency fund				
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	39,429	473,949	38,151	11,788
	<hr/>	<hr/>	<hr/>	<hr/>
Net Assets:				
Unrestricted	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Sunsweet Boulevard CFD	Net-5 Operations	Cal-Met Program	Flood Control Agency	SBFCA Capital Fund	Totals
\$ 197,125	\$ 157,271	\$ -	\$ 462,128	\$ 4,500,000	\$ 6,233,282
279,798					961,562
1,698					4,809
35,834	21,590	56,142			132,815
					228,158
<u>514,455</u>	<u>178,861</u>	<u>56,142</u>	<u>462,128</u>	<u>4,500,000</u>	<u>7,560,626</u>
35	3,263	2,635	22,388		29,098
514,420	175,598	(174,651)	389,740	4,500,000	7,253,370
			50,000		50,000
		228,158			228,158
<u>514,455</u>	<u>178,861</u>	<u>56,142</u>	<u>462,128</u>	<u>4,500,000</u>	<u>7,560,626</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, 2008

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>
CITY TRUST FUND				
ASSETS				
Cash and investments	\$ 644,785	\$ 58,026	\$ (384,718)	\$ 318,093
Accounts receivable	12,343		(2,461)	9,882
Due from agency fund	9,233	218,925		228,158
	<u>666,361</u>	<u>276,951</u>	<u>(387,179)</u>	<u>556,133</u>
Total Assets	<u>\$ 666,361</u>	<u>\$ 276,951</u>	<u>\$ (387,179)</u>	<u>\$ 556,133</u>
LIABILITIES				
Deposits payable	\$ 666,361	\$ 276,951	\$ (387,179)	\$ 556,133
Total Liabilities	<u>\$ 666,361</u>	<u>\$ 276,951</u>	<u>\$ (387,179)</u>	<u>\$ 556,133</u>
GARDEN HIGHWAY ASSESSMENT DISTRICT				
ASSETS				
Cash and investments	\$ 3,361	\$ 1,041	\$ -	\$ 4,402
Accounts receivable	846		(846)	
Total Assets	<u>\$ 4,207</u>	<u>\$ 1,041</u>	<u>\$ (846)</u>	<u>\$ 4,402</u>
LIABILITIES				
Deposits payable	\$ 4,207	\$ 1,041	\$ (846)	\$ 4,402
Total Liabilities	<u>\$ 4,207</u>	<u>\$ 1,041</u>	<u>\$ (846)</u>	<u>\$ 4,402</u>
NORTH YUBA DRAINAGE ASSESSMENT DISTRICT				
ASSETS				
Cash and investments	\$ 117,053	\$ 5,715	\$ -	\$ 122,768
Total Assets	<u>\$ 117,053</u>	<u>\$ 5,715</u>	<u>\$ -</u>	<u>\$ 122,768</u>
LIABILITIES				
Deposits payable	\$ 117,053	\$ 5,715	\$ -	\$ 122,768
Total Liabilities	<u>\$ 117,053</u>	<u>\$ 5,715</u>	<u>\$ -</u>	<u>\$ 122,768</u>
WEST HILLCREST ASSESSMENT DISTRICT				
ASSETS				
Cash and investments	\$ 130,983	\$ 69,283	\$ (61,697)	\$ 138,569
Accounts receivable	914		(914)	
Total Assets	<u>\$ 131,897</u>	<u>\$ 69,283</u>	<u>\$ (62,611)</u>	<u>\$ 138,569</u>
LIABILITIES				
Accounts payable	\$ -	\$ 10	\$ -	\$ 10
Deposits payable	131,897	69,273	(62,611)	138,559
Total Liabilities	<u>\$ 131,897</u>	<u>\$ 69,283</u>	<u>\$ (62,611)</u>	<u>\$ 138,569</u>

(Continued)

CITY OF YUBA CITY
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>
RICKY DRIVE ASSESSMENT DISTRICT				
ASSETS				
Cash and investments	\$ 15,959	\$ 775	\$ (3,077)	\$ 13,657
Total Assets	<u>\$ 15,959</u>	<u>\$ 775</u>	<u>\$ (3,077)</u>	<u>\$ 13,657</u>
LIABILITIES				
Deposits payable	\$ 15,959	\$ 775	\$ (3,077)	\$ 13,657
Total Liabilities	<u>\$ 15,959</u>	<u>\$ 775</u>	<u>\$ (3,077)</u>	<u>\$ 13,657</u>
MARCIA AVENUE ASSESSMENT DISTRICT				
ASSETS				
Cash and investments	\$ 10,430	\$ 9,106	\$ (6,733)	\$ 12,803
Accounts receivable	1,868		(1,868)	
Total Assets	<u>\$ 12,298</u>	<u>\$ 9,106</u>	<u>\$ (8,601)</u>	<u>\$ 12,803</u>
LIABILITIES				
Deposits payable	\$ 12,298	\$ 9,106	\$ (8,601)	\$ 12,803
Total Liabilities	<u>\$ 12,298</u>	<u>\$ 9,106</u>	<u>\$ (8,601)</u>	<u>\$ 12,803</u>
EAST HILLCREST ASSESSMENT DISTRICT				
ASSETS				
Cash and investments	\$ 2,655	\$ 7,623	\$ (7,079)	\$ 3,199
Accounts receivable	421		(193)	228
Total Assets	<u>\$ 3,076</u>	<u>\$ 7,623</u>	<u>\$ (7,272)</u>	<u>\$ 3,427</u>
LIABILITIES				
Deposits payable	\$ 3,076	\$ 7,623	\$ (7,272)	\$ 3,427
Total Liabilities	<u>\$ 3,076</u>	<u>\$ 7,623</u>	<u>\$ (7,272)</u>	<u>\$ 3,427</u>
JAN COURT ASSESSMENT DISTRICT				
ASSETS				
Cash and investments	\$ 7,462	\$ 361	\$ (3,577)	\$ 4,246
Total Assets	<u>\$ 7,462</u>	<u>\$ 361</u>	<u>\$ (3,577)</u>	<u>\$ 4,246</u>
LIABILITIES				
Deposits payable	\$ 7,462	\$ 361	\$ (3,577)	\$ 4,246
Total Liabilities	<u>\$ 7,462</u>	<u>\$ 361</u>	<u>\$ (3,577)</u>	<u>\$ 4,246</u>

CITY OF YUBA CITY
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2008</u>
BUTTE VISTA ASSESSMENT DISTRICT 2000-1				
ASSETS				
Cash and investments	\$ 58,055	\$ 126,742	\$ (98,329)	\$ 86,468
Cash and investments with fiscal agent	171,370		(19,065)	152,305
Interest receivable	1,173	693	(1,173)	693
Accounts receivable		2,565		2,565
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 230,598</u>	<u>\$ 130,000</u>	<u>\$ (118,567)</u>	<u>\$ 242,031</u>
LIABILITIES				
Accounts payable	\$ -	\$ 21	\$ -	\$ 21
Deposits payable	230,598	129,979	(118,567)	242,010
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 230,598</u>	<u>\$ 130,000</u>	<u>\$ (118,567)</u>	<u>\$ 242,031</u>
BUTTE VISTA ASSESSMENT DISTRICT 2002-1				
ASSETS				
Cash and investments	\$ 16,684	\$ 33,722	\$ -	\$ 50,406
Cash and investments with fiscal agent	158,890		(23,288)	135,602
Interest receivable	1,068	631	(1,068)	631
Accounts receivable	4,170	1,048	(4,170)	1,048
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 180,812</u>	<u>\$ 35,401</u>	<u>\$ (28,526)</u>	<u>\$ 187,687</u>
LIABILITIES				
Accounts payable	\$ -	\$ 179	\$ -	\$ 179
Deposits payable	180,812	35,222	(28,526)	187,508
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 180,812</u>	<u>\$ 35,401</u>	<u>\$ (28,526)</u>	<u>\$ 187,687</u>
DARROUGH ASSESSMENT DISTRICT 2003				
ASSETS				
Cash and investments	\$ 37,228	\$ 16,569	\$ (14,767)	\$ 39,030
Accounts receivable	538	399	(538)	399
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 37,766</u>	<u>\$ 16,968</u>	<u>\$ (15,305)</u>	<u>\$ 39,429</u>
LIABILITIES				
Accounts payable	\$ -	\$ 67	\$ -	\$ 67
Deposits payable	37,766	16,901	(15,305)	39,362
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>\$ 37,766</u>	<u>\$ 16,968</u>	<u>\$ (15,305)</u>	<u>\$ 39,429</u>

(Continued)

CITY OF YUBA CITY
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>
TIERRA BUENA ASSESSMENT DISTRICT				
ASSETS				
Cash and investments	\$ 458,093	\$ -	\$ (384,915)	\$ 73,178
Cash and investments with fiscal agent		393,857		393,857
Interest receivable		1,787		1,787
Accounts receivable	<u>6,505</u>	<u>5,127</u>	<u>(6,505)</u>	<u>5,127</u>
Total Assets	<u>\$ 464,598</u>	<u>\$ 400,771</u>	<u>\$ (391,420)</u>	<u>\$ 473,949</u>
LIABILITIES				
Due to agency fund	\$ 9,233	\$ -	\$ (9,233)	\$ -
Accounts payable		500		500
Deposits payable	<u>455,365</u>	<u>400,271</u>	<u>(382,187)</u>	<u>473,449</u>
Total Liabilities	<u>\$ 464,598</u>	<u>\$ 400,771</u>	<u>\$ (391,420)</u>	<u>\$ 473,949</u>
VILLAGE GREEN - DEL WAYNE ASSESSMENT DISTRICT 2003-2				
ASSETS				
Cash and investments	\$ 33,935	\$ 4,216	\$ -	\$ 38,151
Total Assets	<u>\$ 33,935</u>	<u>\$ 4,216</u>	<u>\$ -</u>	<u>\$ 38,151</u>
LIABILITIES				
Deposits payable	\$ 33,935	\$ 4,216	\$ -	\$ 38,151
Total Liabilities	<u>\$ 33,935</u>	<u>\$ 4,216</u>	<u>\$ -</u>	<u>\$ 38,151</u>
STAPLE/ASHLEY/DENNIS/CORNWELL ASSESSMENT DISTRICT 2004-1				
ASSETS				
Cash and investments	\$ 9,700	\$ 14,989	\$ (12,901)	\$ 11,788
Accounts receivable	<u>1,309</u>		<u>(1,309)</u>	
Total Assets	<u>\$ 11,009</u>	<u>\$ 14,989</u>	<u>\$ (14,210)</u>	<u>\$ 11,788</u>
LIABILITIES				
Deposits payable	\$ 11,009	\$ 14,989	\$ (14,210)	\$ 11,788
Total Liabilities	<u>\$ 11,009</u>	<u>\$ 14,989</u>	<u>\$ (14,210)</u>	<u>\$ 11,788</u>
SUNSWEEP BOULEVARD CFD				
ASSETS				
Cash and investments	\$ 474,091	\$ 232,692	\$ (509,658)	\$ 197,125
Cash and investments with fiscal agent	658,550		(378,752)	279,798
Interest receivable		1,698		1,698
Accounts receivable	<u>9,536</u>	<u>35,834</u>	<u>(9,536)</u>	<u>35,834</u>
Total Assets	<u>\$ 1,142,177</u>	<u>\$ 270,224</u>	<u>\$ (897,946)</u>	<u>\$ 514,455</u>
LIABILITIES				
Accounts payable	\$ -	\$ 35	\$ -	\$ 35
Deposits payable	<u>1,142,177</u>	<u>270,189</u>	<u>(897,946)</u>	<u>514,420</u>
Total Liabilities	<u>\$ 1,142,177</u>	<u>\$ 270,224</u>	<u>\$ (897,946)</u>	<u>\$ 514,455</u>

CITY OF YUBA CITY
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>
NET-5 OPERATIONS				
ASSETS				
Cash and investments	\$ 133,400	\$ 90,936	\$ (67,065)	\$ 157,271
Accounts receivable		21,590		21,590
Total Assets	<u>\$ 133,400</u>	<u>\$ 112,526</u>	<u>\$ (67,065)</u>	<u>\$ 178,861</u>
LIABILITIES				
Accounts payable	\$ -	\$ 3,263	\$ -	\$ 3,263
Deposits payable	133,400	109,263	(67,065)	175,598
Total Liabilities	<u>\$ 133,400</u>	<u>\$ 112,526</u>	<u>\$ (67,065)</u>	<u>\$ 178,861</u>
CAL-MET PROGRAM				
ASSETS				
Cash and investments	\$ 602	\$ 174,651	\$ (175,253)	\$ -
Accounts receivable		56,142		56,142
Total Assets	<u>\$ 602</u>	<u>\$ 230,793</u>	<u>\$ (175,253)</u>	<u>\$ 56,142</u>
LIABILITIES				
Due to agency fund	\$ -	\$ 228,158	\$ -	\$ 228,158
Accounts payable		2,635		2,635
Deposits payable	602		(175,253)	(174,651)
Total Liabilities	<u>\$ 602</u>	<u>\$ 230,793</u>	<u>\$ (175,253)</u>	<u>\$ 56,142</u>
FLOOD CONTROL AGENCY				
ASSETS				
Cash and investments	\$ -	\$ 462,128	\$ -	\$ 462,128
Total Assets	<u>\$ -</u>	<u>\$ 462,128</u>	<u>\$ -</u>	<u>\$ 462,128</u>
LIABILITIES				
Accounts payable	\$ -	\$ 22,388	\$ -	\$ 22,388
Deferred revenue		50,000		50,000
Deposits payable		389,740		389,740
Total Liabilities	<u>\$ -</u>	<u>\$ 462,128</u>	<u>\$ -</u>	<u>\$ 462,128</u>
SBFCA CAPITAL FUND				
ASSETS				
Cash and investments	\$ -	\$ 4,500,000	\$ -	\$ 4,500,000
Total Assets	<u>\$ -</u>	<u>\$ 4,500,000</u>	<u>\$ -</u>	<u>\$ 4,500,000</u>
LIABILITIES				
Deposits payable	\$ -	\$ 4,500,000	\$ -	\$ 4,500,000
Total Liabilities	<u>\$ -</u>	<u>\$ 4,500,000</u>	<u>\$ -</u>	<u>\$ 4,500,000</u>

(Continued)

CITY OF YUBA CITY
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>
TOTAL AGENCY FUNDS				
ASSETS				
Cash and investments	\$ 2,154,476	\$ 5,808,575	\$ (1,729,769)	\$ 6,233,282
Cash and investments with fiscal agent	988,810	393,857	(421,105)	961,562
Due from agency fund	9,233	218,925		228,158
Interest receivable	2,241	4,809	(2,241)	4,809
Accounts receivable	38,450	122,705	(28,340)	132,815
	<u>3,193,210</u>	<u>6,548,871</u>	<u>(2,181,455)</u>	<u>7,560,626</u>
Total Assets	<u>\$ 3,193,210</u>	<u>\$ 6,548,871</u>	<u>\$ (2,181,455)</u>	<u>\$ 7,560,626</u>
LIABILITIES				
Due to agency fund	\$ 9,233	\$ 228,158	\$ (9,233)	\$ 228,158
Accounts payable		29,098		29,098
Deferred revenue		50,000		50,000
Deposits payable	3,183,977	6,241,615	(2,172,222)	7,253,370
	<u>3,183,977</u>	<u>6,241,615</u>	<u>(2,172,222)</u>	<u>7,253,370</u>
Total Liabilities	<u>\$ 3,193,210</u>	<u>\$ 6,548,871</u>	<u>\$ (2,181,455)</u>	<u>\$ 7,560,626</u>

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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, 2008 which collectively comprise the City of Yuba City's basic financial statements, and have issued our report thereon dated December 23, 2008. 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 23, 2008.

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, LLP
Beverly Hills, CA
December 23, 2008

STATISTICAL SECTION

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				
	2004	2005	2006	2007	2008
Governmental Activities					
Invested In Capital Assets, net of related debt	\$ 27,740,167	\$ 18,162,443	\$ 25,793,897	\$ 398,797,672	\$ 403,278,221
Restricted	6,007,497	4,741,946	16,552,036	26,188,402	32,249,323
Unrestricted	17,752,933	43,119,246	30,678,331	10,968,014	22,227,025
Total Governmental Activities Net Assets	\$ 51,500,597	\$ 66,023,635	\$ 73,024,264	\$ 435,954,088	\$ 457,754,569
Business-Type Activities					
Invested In Capital Assets, net of related debt	\$ 36,771,797	\$ 53,889,915	\$ 48,346,102	\$ 141,461,866	\$ 145,579,890
Restricted	614,250	762,967	762,967	762,967	762,967
Unrestricted	25,507,906	25,259,121	37,874,324	28,969,981	28,952,704
Total Business-Type Activities Net Assets	\$ 62,893,953	\$ 79,912,003	\$ 86,983,393	\$ 171,194,814	\$ 175,295,561
Primary Government					
Invested In Capital Assets, net of related debt	\$ 64,511,964	\$ 72,052,358	\$ 74,139,999	\$ 540,259,538	\$ 548,858,111
Restricted	6,621,747	5,504,913	17,315,003	26,951,369	33,012,290
Unrestricted	43,260,839	68,378,367	68,552,655	39,937,995	51,179,729
Total Primary Government Net Assets	\$ 114,394,550	\$ 145,935,638	\$ 160,007,657	\$ 607,148,902	\$ 633,050,130

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				
	2004	2005	2006	2007	2008
Expenses					
Governmental Activities					
General government	\$ 4,915,935	\$ 4,374,806	\$ 4,961,963	\$ 5,196,149	\$ 5,363,212
Public safety	13,310,227	15,739,089	17,342,884	20,685,388	23,282,357
Parks and recreation	2,983,167	2,879,858	3,287,171	3,825,886	4,113,957
Public works and facilities	2,804,148	3,261,043	4,450,059	9,832,488	10,417,186
Community development	1,661,702	3,934,728	3,930,166	5,228,659	3,900,994
Interest on long-term debt	2,025,268	2,669,496	3,007,720	3,979,112	5,337,470
Total Governmental Activities Expenses	27,700,447	32,859,020	36,979,963	48,747,682	52,415,176
Business-Type Activities					
Water	5,003,127	5,136,621	6,620,198	8,618,468	9,706,835
Wastewater	6,396,021	7,409,572	9,045,282	9,585,377	9,749,245
Total Business-Type Activities Expenses	11,399,148	12,546,193	15,665,480	18,203,845	19,456,080
Total Primary Government Net Expenses	\$ 39,099,595	\$ 45,405,213	\$ 52,645,443	\$ 66,951,527	\$ 71,871,256
Program Revenues					
Governmental Activities					
Charges for Services					
General government	\$ 520,408	\$ 715,587	\$ 710,437	\$ 736,964	\$ 993,453
Public safety	1,416,699	1,474,532	1,299,653	1,850,442	1,891,045
Parks and recreation	959,178	1,161,026	1,253,188	1,391,504	1,142,165
Public works and facilities	2,351,483	4,344,153	1,677,018	7,636,006	587,212
Community development	2,169,256	2,586,062	1,665,665	1,100,788	1,723,654
Operating Contributions and Grants	3,009,326	2,435,938	2,801,619	4,279,532	3,800,202
Capital Contributions and Grants	1,303,315	2,515,181	1,089,792	1,598,196	18,809,192
Total Governmental Activities Program Revenues	11,729,665	15,232,479	10,497,372	18,593,432	28,946,923
Business-Type Activities					
Charges for Services					
Water	10,395,107	14,975,662	12,530,784	10,334,839	9,237,474
Wastewater	10,731,002	11,589,788	10,986,322	9,515,078	9,695,363
Operating Contributions and Grants		4,550,414		166,030	773,751
Total Business-Type Activities Program Revenues	21,126,109	31,115,864	23,517,106	20,015,947	19,706,588
Total Primary Government Program Revenues	\$ 32,855,774	\$ 46,348,343	\$ 34,014,478	\$ 38,609,379	\$ 48,653,511

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				
	2004	2005	2006	2007	2008
Net (Expense)/Revenue					
Governmental Activities	\$ (15,970,782)	\$ (17,626,541)	\$ (26,482,591)	\$ (30,154,250)	\$ (23,468,253)
Business-Type Activities	9,726,961	18,569,671	7,851,626	1,812,102	250,508
Total Primary Government Net Expense	\$ (6,243,821)	\$ 943,130	\$ (18,630,965)	\$ (28,342,148)	\$ (23,217,745)
General Revenues and Other Changes in Net Assets					
Governmental Activities					
Taxes					
Secured and unsecured property taxes	\$ 6,858,486	\$ 12,038,440	\$ 15,379,341	\$ 17,976,967	\$ 18,211,784
Sales and use taxes	8,555,594	7,572,037	9,133,964	7,700,082	7,593,904
Transient lodging taxes					744,133
Franchise taxes	1,031,819	1,111,651	1,264,092	1,377,674	1,374,274
Other and public service taxes	827,673	988,635	952,458	903,836	1,008,694
Grants and Contributions - Unrestricted	2,282,332	1,414,503	395,439	369,722	313,876
Interest and Investment Earnings	1,942,486	2,689,592	4,260,089	5,531,403	6,666,935
Miscellaneous	1,069,668	467,851	409,790	728,673	506,607
Special items - sale of capital assets		3,466,483			100,535
Transfers	2,294,924	2,285,892	2,229,069	3,639,983	1,733,485
Total Governmental Activities	24,862,982	32,035,084	34,024,242	38,228,340	38,254,227
Business-Type Activities					
Interest and Investment Earnings	470,276	734,271	1,718,768	1,560,862	1,774,540
Special items - sale of capital assets					(912)
Transfers	(2,294,924)	(2,285,892)	(2,229,069)	(3,639,983)	(1,733,485)
Total Business-Type Activities	(1,824,648)	(1,551,621)	(510,301)	(2,079,121)	40,143
Total Primary Government	\$ 23,038,334	\$ 30,483,463	\$ 33,513,941	\$ 36,149,219	\$ 38,294,370
Change in Net Assets					
Governmental Activities	\$ 8,892,200	\$ 14,408,543	\$ 7,541,651	\$ 8,074,090	\$ 14,785,974
Business-Type Activities	7,902,313	17,018,050	7,341,325	(267,019)	290,651
Total Primary Government	\$ 16,794,513	\$ 31,426,593	\$ 14,882,976	\$ 7,807,071	\$ 15,076,625

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				
	1999	2000	2001	2002	2003
General Fund					
Reserved	\$ 10,438,706	\$ 11,507,141	\$ 12,690,465	\$ 13,924,397	\$ 15,238,937
Unreserved	587,685	1,769,043	2,728,339	2,885,370	2,802,419
Total General Fund	\$11,026,391	\$13,276,184	\$15,418,804	\$16,809,767	\$18,041,356
All Other Governmental Funds					
Reserved	\$ 1,501,846	\$ 1,498,894	\$ 1,736,171	\$ 2,379,225	\$ 3,141,676
Unreserved, Reported In:					
Special Revenue Funds	2,336,100	2,598,244	5,543,029	4,523,185	3,250,205
Debt Service Funds	34,507	145,995	583,494	41,914	(14,936,066)
Capital Projects Funds	2,879,064	3,376,478	3,694,772	6,057,742	8,031,101
Total All Other Governmental Funds	\$6,751,517	\$7,619,611	\$11,557,466	\$13,002,066	(\$513,084)
Total Governmental Funds	\$17,777,908	\$20,895,795	\$26,976,270	\$29,811,833	\$17,528,272

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

Fiscal Year				
2004	2005	2006	2007	2008
\$ 16,726,502	\$ 18,325,351	\$ 20,508,445	\$ 22,364,092	\$ 24,558,967
3,268,359	3,486,687	3,833,519	4,033,423	3,881,024
<u>\$19,994,861</u>	<u>\$21,812,038</u>	<u>\$24,341,964</u>	<u>\$26,397,515</u>	<u>\$28,439,991</u>
\$ 7,493,464	\$ 6,457,399	\$ 7,779,152	\$ 28,249,617	\$ 29,430,138
(70,525)	5,351,375	6,174,368	23,093,007	13,359,772
(16,467,034)	(18,139,942)	(19,953,937)	(20,904,593)	(24,144,263)
6,367,180	24,426,922	20,992,418	8,536,048	9,231,060
<u>(\$2,676,915)</u>	<u>\$18,095,754</u>	<u>\$14,992,001</u>	<u>\$38,974,079</u>	<u>\$27,876,707</u>
<u>\$17,317,946</u>	<u>\$39,907,792</u>	<u>\$39,333,965</u>	<u>\$65,371,594</u>	<u>\$56,316,698</u>

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

	Fiscal Year				
	1999	2000	2001	2002	2003
Revenues					
Taxes and Assessments	\$ 12,203,256	\$ 13,611,038	\$ 14,457,901	\$ 15,826,615	\$ 17,510,350
Licenses, Permits and Fees	223,095	372,522	535,366	1,375,894	1,759,227
Fines and Forfeitures	282,849	311,616	199,281	313,902	400,176
Use of Money and Property	1,557,625	1,487,251	2,029,603	1,964,663	1,912,404
Intergovernmental Revenues	3,918,712	4,830,082	5,407,874	5,481,368	4,868,529
Charges for Services	1,433,081	1,003,631	1,276,413	1,542,343	2,587,414
Other Revenue	474,249	468,894	2,073,617	1,747,854	663,413
Total Revenues	20,092,867	22,085,034	25,980,055	28,252,639	29,701,513
Expenditures					
Current					
General Government	4,342,955	4,330,096	3,913,212	3,667,037	4,550,798
Public Safety	7,789,627	7,981,032	7,835,786	9,826,998	10,612,894
Parks and Recreation	968,921	935,919	1,931,022	2,145,350	2,377,992
Public works and facilities	2,850,185	2,921,292	1,764,804	2,185,593	2,569,003
Community Development	1,029,004	1,234,071	1,794,020	2,106,061	1,604,026
Pension expenditures					
Debt Service					
Principal Retirement	693,325	698,592	820,048	1,154,043	592,821
Interest and Fiscal Charges	1,511,259	1,538,004	1,536,609	1,201,042	1,892,443
Bond Issue Cost					
Capital Outlay	3,966,550	1,667,116	2,289,327	5,016,659	4,472,735
Total Expenditures	23,151,826	21,306,122	21,884,828	27,302,783	28,672,712
Excess of Revenues Over (Under) Expenditures	(3,058,959)	778,912	4,095,227	949,856	1,028,801
Other Financing Sources (Uses)					
Transfers In	4,337,148	5,011,341	6,068,915	12,190,787	10,492,198
Transfers Out	(3,256,944)	(3,771,333)	(5,061,928)	(11,460,162)	(10,322,906)
Issuance of debt	978,737	1,023,952	1,126,348	1,238,982	147,163
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)	2,058,941	2,263,960	2,133,335	1,969,607	316,455
Net Change In Fund Balances	(\$1,000,018)	\$3,042,872	\$6,228,562	\$2,919,463	\$1,345,256
Debt Service as a percentage of non-capital expenditures¹	13.0%	12.9%	13.7%	11.8%	11.4%

¹For 2008, 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				
2004	2005	2006	2007	2008
\$ 19,190,073	\$ 20,988,616	\$ 28,383,087	\$ 30,457,191	\$ 30,845,525
2,682,272	3,599,183	1,921,772	1,181,053	1,353,822
462,268	502,645	455,367	639,271	815,815
1,860,369	2,673,731	3,946,664	5,181,876	6,106,793
5,741,581	7,244,922	3,320,112	3,817,490	5,329,618
3,299,899	4,928,119	2,760,809	9,295,190	5,294,303
995,979	1,525,897	409,790	868,266	529,093
34,232,441	41,463,113	41,197,601	51,440,337	50,274,969
4,807,359	4,156,553	4,620,359	5,014,327	5,152,199
12,597,055	14,969,069	16,828,712	20,023,229	22,847,118
2,875,780	2,794,846	3,148,167	3,659,681	3,955,688
2,428,857	2,723,586	3,875,836	3,793,741	3,382,147
1,659,113	3,925,128	3,908,345	5,236,196	3,673,956
			7,498,612	
720,191	1,334,439	333,908	384,874	1,059,894
2,024,618	2,584,336	3,010,277	3,669,126	5,011,466
			1,270,865	
10,238,565	4,066,608	7,319,763	16,128,372	22,118,800
37,351,538	36,554,565	43,045,367	66,679,023	67,201,268
(3,119,097)	4,908,548	(1,847,766)	(15,238,686)	(16,926,299)
13,136,785	21,239,271	11,514,364	24,040,452	49,398,274
(11,283,861)	(19,755,741)	(9,553,285)	(20,707,525)	(47,850,239)
1,055,847				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	
2,908,771	17,566,803	1,961,079	41,276,315	7,871,403
(\$210,326)	\$22,475,351	\$113,313	\$26,037,629	(\$9,054,896)
11.3%	13.7%	10.3%	14.1%	15.6%

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

Fiscal Year	Real Property	Personal Property	Less: Tax-Exempt Real Property	Total Taxable Assessed Value ¹	Total Direct Tax Rate
1999	\$ 1,322,124,404	\$ 205,602,512	\$ 36,852,824	\$ 1,490,874,092	1.00000%
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%

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
1999	1.00000	-	-	1.00000
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

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 2008			Fiscal Year 1999		
	Taxable Assessed Value ¹	Percent Of Total Assessed Valuation	Rank	Taxable Assessed Value ¹	Percent Of Total Assessed Valuation	Rank
Calpine Corporation	\$ 139,410,501	3.02%	1	-	-	
Sunsweet Growers Inc.	73,192,657	1.59%	2	41,767,246	2.80%	2
Rideout Memorial Hospital	66,014,128	1.43%	3	-	-	
Steadfast Yuba City 1 LLC	38,627,429	0.84%	4	-	-	
Yuba City Co Generation Limited	32,930,576	0.71%	5	45,700,728	3.07%	1
Comcast of Northern California	28,970,274	0.63%	6	-	-	
Brown Yuba City LLC	20,876,104	0.45%	7	-	-	
Butte House Bel Air Investors	19,023,496	0.41%	8	-	-	
Wal Mart Stores Inc./Sam's West	18,196,002	0.39%	9	18,074,996	1.21%	5
Geweke Yuba Properties Limited Partnership	13,404,619	0.29%	10	-	-	
Greenleaf Unit Two Associates				37,674,005	2.53%	3
Yuba Plaza Associates Limited				19,503,497	1.31%	4
Butte House Bel Air Investors				13,049,265	0.88%	6
Harold M. & Margaret M. Eastridge				11,036,829	0.74%	7
Farm Credit Leasing Services				10,045,136	0.67%	8
Nor Cal Cablevision, Inc.				9,352,828	0.63%	9
Walmart Inc.				9,301,715	0.62%	10
	<u>\$ 450,645,786</u>	<u>9.77%</u>		<u>\$ 215,506,245</u>	<u>14.46%</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
1999	\$ 2,325,762	\$ 1,139,185	\$ 3,464,947	\$ 3,464,947	100.00%
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%

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
1999	\$ 8,795,000	\$ 175,665	\$ 2,415,000	\$ -	\$ 309,393	\$ 11,695,058
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

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

<u>Revenue Bonds Payable</u>	<u>Certificates of Participation</u>	<u>Capital Lease Payable</u>	<u>Total</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income¹</u>	<u>Per Capita¹</u>
\$ 170,000	\$ -	\$ -	\$ 170,000	\$ 11,865,058	1.69%	339
-	12,000,000		12,000,000	23,058,067	3.00%	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

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
1999	\$ 2,415,000	\$ -	\$ -	\$ 2,415,000	0.34%	0.16%	69
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

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, 2008

	Percent Applicable ¹	Debt June 30, 2008
OVERLAPPING TAX AND ASSESSMENT DEBT:		
Yuba Joint Community College District	17.278%	\$ 16,413,465
Yuba City Unified School District School Facilities Improvement District No. 99-1	70.934%	18,785,341
Yuba City Unified School District School Facilities Improvement District No. 2004-1	70.481%	17,750,275
City of Yuba City Community Facilities District No. 2004-1	100.000%	3,140,000
City of Yuba City 1915 Act Bonds	100.000%	<u>5,388,831</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		<u>61,477,912</u>
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Sutter County Certificates of Participation	54.958%	1,115,647
Sutter County Board of Education Certificates of Participation	54.958%	2,830,337
Yuba Joint Community College District Certificates of Participation	78.527%	29,761,733
City of Yuba City Certificates of Participation	100.000%	12,265,000
City of Yuba City Pension Obligations	100.000%	<u>7,255,000</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>53,227,717</u>
COMBINED TOTAL DEBT		<u><u>\$ 114,705,629</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 2007-08 ASSESSED VALUATION:

Total Overlapping Tax and Assessment Debt	1.27%
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DIRECT AND OVERLAPPING GENERAL FUND DEBT

Combined Direct Debt (\$19,520,000)	0.44%
Combined Total Debt	2.59%

Source: California Municipal Statistics

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

	Fiscal year			
	1999	2000	2001	2002
Total assessed value of all real and personal property	\$ 1,490,874,092	\$1,520,694,218	\$1,580,493,837	\$1,966,025,912
Debt limit percentage	15.00%	15.00%	15.00%	15.00%
Total debt limit	223,631,114	228,104,133	237,074,076	294,906,887
Amount application to debt limit	2,415,000	2,065,000	1,695,000	1,305,000
Legal debt margin	<u>\$ 221,216,114</u>	<u>\$ 226,039,133</u>	<u>\$ 235,379,076</u>	<u>\$ 293,598,887</u>
Total net debt applicable to the limit as a percentage of debt limit	1.08%	0.91%	0.71%	0.44%

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

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$2,141,191,177	\$ 2,449,458,491	\$ 2,788,971,498	\$ 3,501,830,528	\$ 4,234,096,299	\$ 4,612,562,660
<u>15.00%</u>	<u>15.00%</u>	<u>15.00%</u>	<u>15.00%</u>	<u>15.00%</u>	<u>15.00%</u>
321,178,677	367,418,774	418,345,725	525,374,579	635,114,445	691,884,399
<u>895,000</u>	<u>1,515,847</u>	<u>972,169</u>	<u>828,262</u>	<u>20,915,993</u>	<u>26,089,953</u>
<u>\$ 320,283,677</u>	<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>
0.28%	0.41%	0.23%	0.16%	3.29%	3.77%

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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
1999	\$ 1,139,185	\$ 140,000	\$ 565,649	1.61
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

Loans Payable

Fiscal Year		Principal	Interest	Coverage
1999	\$ -	\$ 15,976	\$ 5,162	-
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	-

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
1999	\$ 3,627,031	\$ (2,411,572)	\$ 1,215,459	\$ 205,000	\$ 5,023	\$ 5.79
2000	-	-	-	-	-	-
2001	-	-	-	-	-	-
2002	-	-	-	-	-	-
2003	-	-	-	-	-	-
2004	-	-	-	-	-	-
2005	-	-	-	-	-	-
2006	-	-	-	-	-	-
2007	-	-	-	-	-	-
2008	-	-	-	-	-	-

Sewer Revenue Bonds

Fiscal Year	Operating Revenue	Adjusted Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
1999	\$ 4,092,665	\$ (3,897,160)	\$ 195,505	\$ 160,000	\$ 19,800	1.09
2000	5,220,319	(3,950,885)	1,269,343	170,000	10,200	7.04
2001	-	-	-	-	-	-
2002	-	-	-	-	-	-
2003	-	-	-	-	-	-
2004	-	-	-	-	-	-
2005	-	-	-	-	-	-
2006	-	-	-	-	-	-
2007	-	-	-	-	-	-
2008	-	-	-	-	-	-

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

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

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			
1999	35,034	\$ 704,078	\$ 20,097	10,957	10.1%	8.84
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

¹ Source: California Department of Finance

² Source: California Employment Development Department

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 2008			Fiscal Year 1999		
	Employees	Percent of Total Employment	Rank	Employees	Percent of Total Employment	Rank
Fremont Rideout Medical	2,253	11.49%	1	1,500	9.55%	1
Yuba City Unified	1,375	7.02%	2	840	5.35%	2
County of Sutter	1,000	5.10%	3	700	4.46%	3
Sunsweet Growers	630	3.21%	4	433	2.76%	4
Sutter North Medical	500	2.55%	5			
Wal-Mart	450	2.30%	6	275	1.75%	5
City of Yuba City	335	1.71%	7	207	1.32%	6
Landstar Ranger, Inc.	300	1.53%	8			
Trees, Inc.	290	1.48%	9			
Sam's Club	214	1.09%	10			
Danna & Danna, Inc.				200	1.27%	7
Target				150	0.96%	8
K-Mart				120	0.76%	9
Sears Roebuck & Co.				110	0.70%	10
	<u>7,347</u>	<u>37.48%</u>		<u>4,535</u>	<u>28.89%</u>	

Source: City of Yuba City Economic Development Division

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

	Fiscal Year					
	1999	2000	2001	2002	2003	2004
Governmental Activities						
General Government						
City manager	2.00	2.00	2.00	2.00	2.00	2.00
Finance	12.50	12.50	12.50	14.00	14.00	14.00
Information services	2.00	2.00	3.00	4.00	4.00	4.00
General services	10.75	11.20	10.25	9.75	9.75	9.75
Human resources	5.00	5.00	5.00	4.50	4.50	5.50
Public Safety						
Police	70.50	70.50	70.50	71.50	72.50	84.50
Fire	33.10	33.10	33.10	43.60	46.60	46.60
Parks and Recreation	28.19	34.29	26.29	27.79	29.00	29.00
Public Works and facilities						
Administration	2.00	2.00	2.00	2.00	2.00	2.00
Streets	9.30	9.30	9.30	9.30	10.30	10.30
Engineering	9.50	9.50	8.50	8.50	9.00	9.00
Electrical maintenance				4.00	4.10	4.10
Community Development						
Planning	4.00	4.00	4.00	4.00	4.00	4.00
Building inspection	5.50	5.50	5.50	4.00	7.00	8.00
Economic development	3.00	3.00	3.00	2.50	3.50	3.50
Water	18.60	18.90	19.50	20.70	21.70	23.70
Wastewater	25.10	26.80	26.20	24.00	24.90	26.90
Vehicle maintenance	4.00	3.80	4.25	4.25	4.25	5.25
Total Full-Time Equivalent Employees	245.04	253.39	244.89	260.39	273.10	292.10

Source: City of Yuba City Finance Department

Fiscal Year			
2005	2006	2007	2008
2.00	3.00	2.00	2.00
14.00	16.00	16.00	16.00
4.00	4.00	4.00	4.00
9.75	9.75	11.75	11.75
6.00	6.00	6.00	6.00
84.50	97.50	102.50	102.50
47.10	49.10	52.10	52.10
26.00	28.00	30.50	32.50
2.00	2.00	2.00	2.00
10.30	10.50	10.30	10.30
8.00	8.00	8.00	6.00
4.10	4.10	4.10	4.10
7.00	7.00	5.00	5.00
11.00	11.00	12.00	10.00
2.60	2.60	2.60	1.60
24.20	27.60	29.50	27.95
29.40	33.80	36.10	36.65
5.25	5.25	5.25	5.25
<u>297.20</u>	<u>325.20</u>	<u>339.70</u>	<u>335.70</u>

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

	Fiscal Year					
	1999	2000	2001	2002	2003	2004
Finance						
Utility customers billed	9,167	9,667	10,167	10,667	13,875	15,319
Community Development						
Single family dwelling building permits issued	88	43	135	358	589	750
Land use entitlement applications	36	38	71	84	124	118
Police						
Citations issued	9,347	7,371	4,858	4,196	7,992	9,148
Arrests made	3,670	2,936	2,719	2,773	2,908	3,134
Requests for services	33,525	33,477	36,090	337,441	38,109	47,708
Fire						
Fire responses	n/a	n/a	4,217	4,275	5,148	5,205
Area served (sq. miles)	n/a	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	n/a
Hours of recreation offered	n/a	n/a	n/a	n/a	n/a	n/a
Total participants	n/a	n/a	n/a	n/a	n/a	n/a
Park acres overseen	112.64	112.64	119.44	118.94	122.50	122.50
Public Works						
Encroachment permits	86	88	119	119	136	110
Subdivision agreements	n/a	n/a	n/a	n/a	22	21
Capital improvement projects	22	21	13	29	26	26
Street maintenance - crack seal (streets)	n/a	n/a	n/a	n/a	n/a	n/a
Street maintenance - traffic marking paint (gal.)	n/a	n/a	n/a	500	525	600
Street light repairs	n/a	n/a	n/a	n/a	n/a	n/a
Water						
Water introduced to system (million gallons)	3,439	3,439	3,785	4,771	3,923	5,481
Metered water deliveries (hundred cubic feet)	3,228,807	3,228,807	5,789,444	4,610,223	4,890,372	4,857,062
Wastewater						
Effluent (millions of gallons per day)	6.184	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
16,861	17,100	17,896	17,570
991	869	292	54
126	119	74	92
8,978	8,130	10,298	12,597
3,020	3,126	3,140	3,465
49,563	58,368	44,593	43,936
5,384	5,852	6,119	6,591
17.200	17.200	17.200	30.000
n/a	754	320	500
n/a	13,977	6,000	5,800
n/a	12,220	7,402	12,500
130.00	130.00	130.00	130
130	122	105	117
21	12	3	3
26	9	10	17
n/a	30	-	52
625	650	1,175	910
418	304	588	621
5,933	5,435	6,128	6,008
5,198,150	5,229,748	7,404,329	6,010,883
5.300	5.281	6.088	5.366

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

	1999	2000	2001	2002	2003	2004
Police						
Stations	1	1	1	1	1	1
Fire						
Stations	3	3	3	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	-	-	-	-	-	-
Park acreage	90	90	100	100	100	110
Playing fields/courts	7	7	7	7	7	7
Swimming pools	1	1	1	1	1	1
Water play features	-	-	-	-	-	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	9.25	10.25	10.25	10.25
Treatment capacity (million gallons)	16.0	20.0	20.0	24.0	24.0	27.0
Wastewater						
Sewer mains (miles)	123	125	n/a	n/a	n/a	n/a
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

2005	2006	2007	2008
1	1	1	1
5	5	5	5
n/a	285	285	237
n/a	6,000	6,000	6,071
n/a	32	32	33
1	1	2	2
110	110	110	110
7	7	7	7
1	1	1	1
1	1	1	1
n/a	233	229	232
n/a	2,324	2,317	2,324
14.00	14.00	18.00	18.00
36.3	36.3	48.3	48.5
158	158	155	176.5
7	7	10.5	10.5

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