



CITY OF YORBA LINDA, CALIFORNIA
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Yorba Linda, 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 Yorba Linda, California (the City), as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Yorba Linda'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* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Yorba Linda as of June 30, 2009, and the respective changes in financial position and cash flows where applicable thereof, and the respective budgetary comparison for the General Fund, Aid to Cities, and Street Lighting and Maintenance District for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2009, on our consideration of the City of Yorba Linda's internal control over financial reporting and our tests of its compliance with certain 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.

The City has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.



To the Honorable Mayor and Members of the City Council
City of Yorba Linda, California

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund statements and budgetary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the 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.

Lance, Solt & Loughard, LLP

September 30, 2009

CITY OF YORBA LINDA

STATEMENT OF NET ASSETS
JUNE 30, 2009

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and investments	\$ 100,270,807	\$ 3,860	\$ 100,274,667
Receivables:			
Accounts	336,848	338,806	675,654
Taxes	584,969	-	584,969
Notes and loans	18,865,062	-	18,865,062
Accrued interest	508,412	480	508,892
Internal balances	4,830,585	(4,830,585)	-
Prepaid costs	82,044	6,700	88,744
Due from other governments	2,623,710	-	2,623,710
Inventories	-	120,180	120,180
Deferred charges	486,845	543,283	1,030,128
Land held for resale	22,251,146	-	22,251,146
Restricted assets:			
Cash and investments	15,000	-	15,000
Cash with fiscal agent	22,063	1,205,722	1,227,785
Capital assets not being depreciated	206,584,330	12,726,948	219,311,278
Capital assets, net of depreciation	145,905,345	16,335,745	162,241,090
Total Assets	503,367,166	26,451,139	529,818,305
Liabilities:			
Accounts payable	4,134,255	497,243	4,631,498
Accrued liabilities	377,846	52,148	429,994
Accrued interest	704,462	194,427	898,889
Deferred revenue	-	-	-
Unearned revenue	548,758	432,108	980,866
Deposits payable	8,064	10,000	18,064
Due to other governments	708,365	-	708,365
Noncurrent liabilities:			
Due within one year	3,777,961	735,201	4,513,162
Due in more than one year	75,938,777	17,350,079	93,288,856
Total Liabilities	86,198,488	19,271,206	105,469,694
Net Assets:			
Invested in capital assets, net of related debt	291,709,652	10,977,413	302,687,065
Restricted for:			
Community development projects	77,062,703	-	77,062,703
Public safety	19,832	-	19,832
Public works	6,397,929	-	6,397,929
Capital projects	7,917,839	-	7,917,839
Debt service	3,873,002	-	3,873,002
Unrestricted	30,187,721	(3,797,480)	26,390,241
Total Net Assets	\$ 417,168,678	\$ 7,179,933	\$ 424,348,611

CITY OF YORBA LINDA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2009

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues Operating Contributions and Grants</u>	<u>Capital Contributions and Grants</u>
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	\$ 12,485,716	\$ 1,574,047	\$ 65,164	\$ -
Public safety	14,393,426	397,348	76,065	-
Community development	3,429,833	2,269,132	279,937	-
Parks and recreation	6,368,915	1,631,375	61,301	-
Public works	14,287,223	1,034,216	1,982,302	602,162
Interest on long-term debt	5,166,006	-	-	-
Total Governmental Activities	<u>56,131,119</u>	<u>6,906,118</u>	<u>2,464,769</u>	<u>602,162</u>
Business-Type Activities:				
Golf	6,523,458	5,512,494	-	-
Disposal	4,775,274	4,332,327	-	-
Total Business-Type Activities	<u>11,298,732</u>	<u>9,844,821</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 67,429,851</u>	<u>\$ 16,750,939</u>	<u>\$ 2,464,769</u>	<u>\$ 602,162</u>

General Revenues:

Taxes:

Property taxes, levied for general purpose

Sales taxes

Franchise taxes

Business licenses taxes

Other taxes

Motor vehicle in lieu - unrestricted

Use of money and property

Other

Insurance recoveries

**Total General Revenues, Contributions,
Special Items and Transfers**

Change in Net Assets

Net Assets at Beginning of Year

Restatement of Net Assets

Net Assets at End of Year

Net (Expenses) Revenues and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (10,846,505)	\$ -	\$ (10,846,505)
(13,920,013)	-	(13,920,013)
(880,764)	-	(880,764)
(4,676,239)	-	(4,676,239)
(10,668,543)	-	(10,668,543)
(5,166,006)	-	(5,166,006)
(46,158,070)	-	(46,158,070)
-	(1,010,964)	(1,010,964)
-	(442,947)	(442,947)
-	(1,453,911)	(1,453,911)
(46,158,070)	(1,453,911)	(47,611,981)
29,904,853	-	29,904,853
5,326,872	-	5,326,872
1,832,141	-	1,832,141
388,536	-	388,536
7,077,565	-	7,077,565
232,201	-	232,201
3,640,550	4,664	3,645,214
95,216	32,921	128,137
1,744,438	-	1,744,438
50,242,372	37,585	50,279,957
4,084,302	(1,416,326)	2,667,976
413,076,876	8,596,259	421,673,135
7,500	-	7,500
\$ 417,168,678	\$ 7,179,933	\$ 424,348,611

CITY OF YORBA LINDA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	Special Revenue Fund			Capital Projects Funds
	General	Aid to Cities	Street Lighting & Maintenance District	Capital Improvements
Assets:				
Pooled cash and investments	\$ 37,922,275	\$ -	\$ 1,830,249	\$ -
Receivables:				
Accounts	324,264	-	11,279	-
Taxes	277,738	-	95,546	-
Notes and loans	-	-	-	-
Accrued interest	362,886	-	3,868	-
Prepaid costs	81,051	-	-	-
Due from other governments	1,068,025	1,151,549	-	-
Due from other funds	5,968,215	-	-	953,198
Advances to other funds	6,015,560	-	-	-
Land held for resale	-	-	-	-
Restricted assets:				
Cash and investments	7,500	-	-	-
Cash and investments with fiscal agents	-	-	-	-
Total Assets	\$ 52,027,514	\$ 1,151,549	\$ 1,940,942	\$ 953,198
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 1,797,874	\$ -	\$ 641,358	\$ 953,198
Accrued liabilities	294,793	-	11,735	-
Deferred revenues	935,339	1,102,184	-	-
Unearned revenues	488,758	-	60,000	-
Deposits payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	152,859	1,102,184	-	-
Advances from other funds	-	-	-	-
Total Liabilities	3,669,623	2,204,368	713,093	953,198
Fund Balances:				
Reserved:				
Reserved for encumbrances	492,605	-	16,803	2,035,827
Reserved for prepaid costs	81,051	-	-	-
Reserved for land held for resale	-	-	-	-
Reserved for notes and loans	5,142,151	-	-	-
Reserved for advances to other funds	6,015,560	-	-	-
Reserved for restricted cash	7,500	-	-	-
Unreserved:				
Unreserved, reported in nonmajor:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Designated for self-insurance	2,280,418	-	-	-
Designated for capital improvement projects	-	-	-	-
Undesignated	34,338,606	(1,052,819)	1,211,046	(2,035,827)
Total Fund Balances	48,357,891	(1,052,819)	1,227,849	-
Total Liabilities and Fund Balances	\$ 52,027,514	\$ 1,151,549	\$ 1,940,942	\$ 953,198

CITY OF YORBA LINDA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	<u>Capital Projects Funds</u>	<u>Debt Service Fund</u>		
	<u>Yorba Linda Redevelopment Agency</u>	<u>Yorba Linda Redevelopment Agency</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Pooled cash and investments	\$ 26,437,281	\$ 10,494,386	\$ 23,586,616	\$ 100,270,807
Receivables:				
Accounts	-	-	1,305	336,848
Taxes	-	131,862	79,823	584,969
Notes and loans	18,865,062	-	-	18,865,062
Accrued interest	58,086	30,512	53,060	508,412
Prepaid costs	-	-	993	82,044
Due from other governments	-	-	404,136	2,623,710
Due from other funds	-	-	-	6,921,413
Advances to other funds	-	-	-	6,015,560
Land held for resale	22,251,146	-	-	22,251,146
Restricted assets:				
Cash and investments	7,500	-	-	15,000
Cash and investments with fiscal agents	-	22,063	-	22,063
Total Assets	<u>\$ 67,619,075</u>	<u>\$ 10,678,823</u>	<u>\$ 24,125,933</u>	<u>\$ 158,497,034</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ 592,683	\$ 81,896	\$ 67,246	\$ 4,134,255
Accrued liabilities	-	-	71,318	377,846
Deferred revenues	-	-	11,289	2,048,812
Unearned revenues	-	-	-	548,758
Deposits payable	8,064	-	-	8,064
Due to other governments	-	708,365	-	708,365
Due to other funds	70,241	-	765,544	2,090,828
Advances from other funds	-	6,015,560	-	6,015,560
Total Liabilities	<u>670,988</u>	<u>6,805,821</u>	<u>915,397</u>	<u>15,932,488</u>
Fund Balances:				
Reserved:				
Reserved for encumbrances	499,125	-	103,034	3,147,394
Reserved for prepaid costs	-	-	993	82,044
Reserved for land held for resale	22,251,146	-	-	22,251,146
Reserved for notes and loans	18,865,062	-	-	24,007,213
Reserved for advances to other funds	-	-	-	6,015,560
Reserved for restricted cash	7,500	-	-	15,000
Unreserved:				
Unreserved, reported in nonmajor:				
Special revenue funds	-	-	15,188,670	15,188,670
Capital projects funds	-	-	7,917,839	7,917,839
Designated for self-insurance	-	-	-	2,280,418
Designated for capital improvement projects	14,286,020	-	-	14,286,020
Undesignated	11,039,234	3,873,002	-	47,373,242
Total Fund Balances	<u>66,948,087</u>	<u>3,873,002</u>	<u>23,210,536</u>	<u>142,564,546</u>
Total Liabilities and Fund Balances	<u>\$ 67,619,075</u>	<u>\$ 10,678,823</u>	<u>\$ 24,125,933</u>	<u>\$ 158,497,034</u>

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CITY OF YORBA LINDA

**GOVERNMENTAL FUNDS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2009**

Fund balances of governmental funds. \$ 142,564,546

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

Capital assets net of depreciation have not been included as financial resources in governmental fund activity. 352,489,675

Bond issuance cost is an expenditure in the governmental funds, but it is a deferred charge in the statement of net assets. 486,845

Long-term debt, claims and judgment, compensated absences, and OPEB obligation that have not been included in the governmental fund activity:

Long-term liabilities (notes, leases, bonds and contracts/agreements)	(76,206,114)
Claims and judgments	(1,137,170)
Compensated Absences	(1,041,795)
OPEB Obligation	(1,331,659)

Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds. (704,462)

Revenues reported as deferred revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity. 2,048,812

Net assets of governmental activities \$ 417,168,678

CITY OF YORBA LINDA

**STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009**

	<u>Special Revenue Fund</u>			<u>Capital Projects Funds</u>
	<u>General</u>	<u>Aid to Cities</u>	<u>Street Lighting & Maintenance District</u>	<u>Capital Improvements</u>
Revenues:				
Taxes	\$ 21,728,463	\$ -	\$ 6,538,223	\$ -
Licenses and permits	1,416,711	-	-	-
Intergovernmental	668,077	480,014	-	-
Charges for services	3,825,661	-	-	-
Use of money and property	1,990,132	-	30,339	-
Fines and forfeitures	40,075	-	-	-
Contributions	-	-	-	-
Developer participation	-	100,000	77,921	-
Miscellaneous	187,897	-	-	-
Total Revenues	29,857,016	580,014	6,646,483	-
Expenditures:				
Current:				
General government	5,696,887	-	-	-
Public safety	14,383,177	-	-	-
Community development	2,960,184	-	-	-
Parks and recreation	5,431,828	-	-	-
Public works	3,321,017	-	7,428,233	-
Capital outlay	195,838	-	-	7,019,766
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Pass-through agreement payments	-	-	-	-
Total Expenditures	31,988,931	-	7,428,233	7,019,766
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,131,915)	580,014	(781,750)	(7,019,766)
Other Financing Sources (Uses):				
Transfers in	506,287	-	681,025	7,019,766
Transfers out	(2,466,990)	(375,011)	-	-
Notes and loans issued	-	-	-	-
Insurance recoveries	1,744,438	-	-	-
Total Other Financing Sources (Uses)	(216,265)	(375,011)	681,025	7,019,766
Net Change in Fund Balances	(2,348,180)	205,003	(100,725)	-
Fund Balances, Beginning of Year, as previously reported	50,706,071	(1,257,822)	1,328,574	-
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as restated	50,706,071	(1,257,822)	1,328,574	-
Fund Balances, End of Year	\$ 48,357,891	\$ (1,052,819)	\$ 1,227,849	\$ -

CITY OF YORBA LINDA

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>		
	<u>Yorba Linda Redevelopment Agency</u>	<u>Yorba Linda Redevelopment Agency</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Taxes	\$ 4,349,578	\$ 17,425,218	\$ 4,189,437	\$ 54,230,919
Licenses and permits	-	-	-	1,416,711
Intergovernmental	-	-	2,839,601	3,987,692
Charges for services	242,300	-	42,244	4,110,205
Use of money and property	691,008	257,473	671,598	3,640,550
Fines and forfeitures	-	-	395,455	435,530
Contributions	-	-	115	115
Developer participation	-	-	598,229	776,150
Miscellaneous	16,872	-	23,655	228,424
Total Revenues	5,299,758	17,682,691	8,760,334	68,826,296
Expenditures:				
Current:				
General government	1,188,341	196,248	3,174,228	10,255,704
Public safety	-	-	-	14,383,177
Community development	-	-	154,756	3,114,940
Parks and recreation	-	-	41,145	5,472,973
Public works	-	-	-	10,749,250
Capital outlay	12,074	-	20,076	7,247,754
Debt service:				
Principal retirement	-	2,425,000	-	2,425,000
Interest and fiscal charges	-	5,183,038	-	5,183,038
Pass-through agreement payments	-	9,352,395	-	9,352,395
Total Expenditures	1,200,415	17,156,681	3,390,205	68,184,231
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,099,343	526,010	5,370,129	642,065
Other Financing Sources (Uses):				
Transfers in	-	-	-	8,207,078
Transfers out	(341,561)	-	(5,023,516)	(8,207,078)
Notes and loans issued	-	2,904,953	-	2,904,953
Insurance recoveries	-	-	-	1,744,438
Total Other Financing Sources (Uses)	(341,561)	2,904,953	(5,023,516)	4,649,391
Net Change in Fund Balances	3,757,782	3,430,963	346,613	5,291,456
Fund Balances, Beginning of Year, as previously reported	63,190,305	442,039	22,856,423	137,265,590
Restatements	-	-	7,500	7,500
Fund Balances, Beginning of Year, as restated	63,190,305	442,039	22,863,923	137,273,090
Fund Balances, End of Year	\$ 66,948,087	\$ 3,873,002	\$ 23,210,536	\$142,564,546

CITY OF YORBA LINDA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2009**

Net change in fund balances - total governmental funds \$ 5,291,456

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. 1,865,822

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. (763,632)

The current year expense for post-employment benefits is recognized in the government-wide statements only. (1,331,659)

Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period. 36,712

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (11,479)

Revenues reported as deferred revenue in the governmental funds and recognized in the Statement of Activities. These are included in the intergovernmental revenues in the governmental fund activity. (1,002,918)

Change in net assets of governmental activities \$ 4,084,302

CITY OF YORBA LINDA

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2009**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 50,706,071	\$ 50,706,071	\$ 50,706,071	\$ -
Resources (Inflows):				
Taxes	22,929,800	22,929,800	21,728,463	(1,201,337)
Licenses and permits	1,672,500	1,672,500	1,416,711	(255,789)
Intergovernmental	575,200	1,329,081	668,077	(661,004)
Charges for services	3,299,450	3,399,486	3,825,661	426,175
Use of money and property	2,479,700	2,479,700	1,990,132	(489,568)
Fines and forfeitures	60,000	60,000	40,075	(19,925)
Miscellaneous	126,000	126,000	187,897	61,897
Transfers in	512,500	520,851	506,287	(14,564)
Insurance recoveries	-	-	1,744,438	1,744,438
Amounts Available for Appropriation	82,361,221	83,223,489	82,813,812	(409,677)
Charges to Appropriation (Outflow):				
General government	4,659,175	5,190,000	5,696,887	(506,887)
Public safety	10,961,650	10,961,650	14,383,177	(3,421,527)
Community development	3,667,850	4,320,960	2,960,184	1,360,776
Parks and recreation	5,491,450	5,885,111	5,431,828	453,283
Public works	3,852,725	4,169,149	3,321,017	848,132
Capital outlay	197,500	574,689	195,838	378,851
Transfers out	1,508,475	4,821,851	2,466,990	2,354,861
Total Charges to Appropriations	30,338,825	35,923,410	34,455,921	1,467,489
Budgetary Fund Balance, June 30	\$ 52,022,396	\$ 47,300,079	\$ 48,357,891	\$ 1,057,812

CITY OF YORBA LINDA

**BUDGETARY COMPARISON STATEMENT
AID TO CITIES
YEAR ENDED JUNE 30, 2009**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ (1,257,822)	\$ (1,257,822)	\$ (1,257,822)	\$ -
Resources (Inflows):				
Intergovernmental	427,000	427,000	480,014	53,014
Developer participation	-	-	100,000	100,000
Amounts Available for Appropriation	(830,822)	(830,822)	(677,808)	153,014
Charges to Appropriation (Outflow):				
Transfers out	427,000	1,199,521	375,011	824,510
Total Charges to Appropriations	427,000	1,199,521	375,011	824,510
Budgetary Fund Balance, June 30	\$ (1,257,822)	\$ (2,030,343)	\$ (1,052,819)	\$ 977,524

CITY OF YORBA LINDA

**BUDGETARY COMPARISON SCHEDULE
STREET LIGHTING & MAINTENANCE DISTRICT
YEAR ENDED JUNE 30, 2009**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 1,328,574	\$ 1,328,574	\$ 1,328,574	\$ -
Resources (Inflows):				
Taxes	5,902,350	5,902,350	6,538,223	635,873
Use of money and property	57,000	57,000	30,339	(26,661)
Developer participation	25,000	25,000	77,921	52,921
Miscellaneous	-	86,016	-	(86,016)
Transfers in	803,475	993,555	681,025	(312,530)
Amounts Available for Appropriation	8,116,399	8,392,495	8,656,082	263,587
Charges to Appropriation (Outflow):				
Public works	6,829,550	7,222,325	7,428,233	(205,908)
Capital outlay	500	500	-	500
Total Charges to Appropriations	6,830,050	7,222,825	7,428,233	(205,408)
Budgetary Fund Balance, June 30	\$ 1,286,349	\$ 1,169,670	\$ 1,227,849	\$ 58,179

CITY OF YORBA LINDA

STATEMENT OF NET ASSETS
 PROPRIETARY FUNDS
 JUNE 30, 2009

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Golf</u>	<u>Disposal</u>	<u>Totals</u>
Assets:			
Current:			
Cash and investments	\$ -	\$ 3,860	\$ 3,860
Receivables:			
Accounts	338,010	796	338,806
Accrued interest	-	480	480
Prepaid costs	6,700	-	6,700
Inventories	120,180	-	120,180
Restricted:			
Cash with fiscal agent	1,205,722	-	1,205,722
Total Current Assets	1,670,612	5,136	1,675,748
Noncurrent:			
Deferred Charges	543,283	-	543,283
Capital assets - net of accumulated depreciation	29,031,559	31,134	29,062,693
Total Noncurrent Assets	29,574,842	31,134	29,605,976
Total Assets	\$ 31,245,454	\$ 36,270	\$ 31,281,724
Liabilities and Net Assets:			
Liabilities:			
Current:			
Accounts payable	\$ 131,834	\$ 365,409	\$ 497,243
Accrued liabilities	52,148	-	52,148
Accrued interest	193,999	428	194,427
Unearned revenues	425,070	7,038	432,108
Deposits payable	10,000	-	10,000
Due to other funds	4,830,585	-	4,830,585
Bonds, notes, and capital leases	678,331	56,870	735,201
Total Current Liabilities	6,321,967	429,745	6,751,712
Noncurrent:			
Bonds, notes, and capital leases	17,350,079	-	17,350,079
Total Noncurrent Liabilities	17,350,079	-	17,350,079
Total Liabilities	23,672,046	429,745	24,101,791
Net Assets:			
Invested in capital assets, net of related debt	11,003,149	(25,736)	10,977,413
Unrestricted	(3,429,741)	(367,739)	(3,797,480)
Total Net Assets	7,573,408	(393,475)	7,179,933
Total Liabilities and Net Assets	\$ 31,245,454	\$ 36,270	\$ 31,281,724

CITY OF YORBA LINDA

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2009

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Golf</u>	<u>Disposal</u>	<u>Totals</u>
Operating Revenues:			
Sales and service charges	\$ 5,512,494	\$ 4,332,327	\$ 9,844,821
Miscellaneous	12,910	20,011	32,921
Total Operating Revenues	<u>5,525,404</u>	<u>4,352,338</u>	<u>9,877,742</u>
Operating Expenses:			
Administration and general	3,951,111	971	3,952,082
Refuse collection	-	4,577,810	4,577,810
Cost of sales and services	782,096	-	782,096
Depreciation expense	948,910	186,806	1,135,716
Total Operating Expenses	<u>5,682,117</u>	<u>4,765,587</u>	<u>10,447,704</u>
Operating Income (Loss)	<u>(156,713)</u>	<u>(413,249)</u>	<u>(569,962)</u>
Nonoperating Revenues (Expenses):			
Interest revenue	(7,300)	11,964	4,664
Interest expense	<u>(841,341)</u>	<u>(9,687)</u>	<u>(851,028)</u>
Total Nonoperating Revenues (Expenses)	<u>(848,641)</u>	<u>2,277</u>	<u>(846,364)</u>
Income (Loss) Before Transfers	<u>(1,005,354)</u>	<u>(410,972)</u>	<u>(1,416,326)</u>
Changes in Net Assets	<u>(1,005,354)</u>	<u>(410,972)</u>	<u>(1,416,326)</u>
Net Assets:			
Beginning of Year	<u>8,578,762</u>	<u>17,497</u>	<u>8,596,259</u>
End of Fiscal Year	<u>\$ 7,573,408</u>	<u>\$ (393,475)</u>	<u>\$ 7,179,933</u>

CITY OF YORBA LINDA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2009

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Golf</u>	<u>Disposal</u>	<u>Totals</u>
Cash Flows from Operating Activities:			
Cash received from customers and users	\$ 5,383,819	\$ 4,332,766	\$ 9,716,585
Cash paid to supplies for goods and services	(828,707)	(4,526,846)	(5,355,553)
Cash paid to employees for services	(3,942,313)	-	(3,942,313)
Net Cash Provided (Used) by Operating Activities	612,799	(194,080)	418,719
Cash Flows from Non-Capital Financing Activities:			
Repayment received from other funds	394,939	-	394,939
Net Cash Provided (Used) by Non-Capital Financing Activities	394,939	-	394,939
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(321,509)	-	(321,509)
Principal paid on capital debt	(655,009)	(109,195)	(764,204)
Interest paid on capital debt	(822,087)	(10,408)	(832,495)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,798,605)	(119,603)	(1,918,208)
Cash Flows from Investing Activities:			
Interest received	(4,967)	13,702	8,735
Net Cash Provided (Used) by Investing Activities	(4,967)	13,702	8,735
Net Increase (Decrease) in Cash and Cash Equivalents	(795,834)	(299,981)	(1,095,815)
Cash and Cash Equivalents at Beginning of Year	2,001,556	303,841	2,305,397
Cash and Cash Equivalents at End of Year	\$ 1,205,722	\$ 3,860	\$ 1,209,582
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (156,713)	\$ (413,249)	\$ (569,962)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	948,910	186,806	1,135,716
(Increase) decrease in accounts receivable	(46,258)	439	(45,819)
(Increase) decrease in prepaid expense	(4,634)	-	(4,634)
(Increase) decrease in inventories	(6,193)	-	(6,193)
Increase (decrease) in accounts payable	(35,784)	51,935	16,151
Increase (decrease) in accrued liabilities	8,798	-	8,798
Increase (decrease) in unearned revenues	(95,327)	(20,011)	(115,338)
Total Adjustments	769,512	219,169	988,681
Net Cash Provided (Used) by Operating Activities	\$ 612,799	\$ (194,080)	\$ 418,719

CITY OF YORBA LINDA

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

	<u>Agency Funds</u>
Assets:	
Pooled cash and investments	\$ 3,978,786
Total Assets	<u>\$ 3,978,786</u>
Liabilities:	
Accounts payable	\$ 218,167
Deposits payable	<u>3,760,619</u>
Total Liabilities	<u>\$ 3,978,786</u>

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CITY OF YORBA LINDA

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

I. SIGNIFICANT ACCOUNTING POLICIES

Note 1: Summary of Significant Accounting Policies

a. Description of Entity

The City of Yorba Linda (the City) was incorporated in October 1967, under the general laws of the State of California. The City operates under a Council-Manager form of government and provides the following services: public works, public safety, community development and redevelopment, parks and recreation, library and general administrative services.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Yorba Linda (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. These entities are legally separate from each other. However, the City of Yorba Linda's elected officials have a continuing full or partial accountability for fiscal matters of the other entities. The financial reporting entity consists of: 1) the City, 2) organizations for which the City is financially accountable, and 3) organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete.

An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the primary government. In a blended presentation, a component unit's balances and transactions are reported in a manner similar to the balances and transactions of the City. Component units are presented on a blended basis when the component unit's governing body is substantially the same as the City's or the component unit provides services almost entirely to the City.

Blended Component Units

Yorba Linda Redevelopment Agency

The Yorba Linda Redevelopment Agency (the Agency) was established May 2, 1983, pursuant to the Community Redevelopment laws of the State of California. The Agency has established one redevelopment project area known as Project Area No. 1 (Yorba Linda Redevelopment Project Area) encompassing approximately 2,640 acres in the eastern portion of the City of Yorba Linda. The Project Area was amended on July 17, 1990, to include 344 acres in the commercial town center of the City. The total acreage in the project area is 2,984 acres. The City Council members act as the Agency directors, designate management and have full accountability for the Agency's fiscal matters. The Agency's financial data and transactions are included in the debt service and capital projects fund types.

City of Yorba Linda
Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

The general objectives of the Agency are to eliminate and mitigate existing and anticipated blight within the Project Area. These objectives are to be attained by the development or encouragement thereof of residential, commercial, industrial, open space, recreational and public facilities in the Project Area. Projects undertaken by the Agency currently include economic development, recreational improvement projects, housing projects and other miscellaneous projects.

Complete financial statements of the Yorba Linda Redevelopment Agency can be obtained from the City's website www.ci.yorba-linda.org Finance Department, or the City Clerk's office at:

Yorba Linda City Hall
4845 Casa Loma Avenue
P.O. Box 87014
Yorba Linda, CA 92885-8714
(714) 961-7100
(714) 985-9407 facsimile

Yorba Linda Public Financing Authority

The Yorba Linda Public Financing Authority (the Authority) was established on July 18, 1989, pursuant to a joint exercise of powers agreement between the City and the Agency. The purpose of the Authority is to enable the City and the Agency to finance public capital improvements. The Authority's financial data and transactions are included in the debt service fund type. Separate financial statements for the Yorba Linda Public Financing Authority have not been prepared.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities that rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

City of Yorba Linda
Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

c. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period except for sales tax, which the City considers to be available if collected within 90 days, and state gas tax, which the City considers to be available if collected within 210 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

- The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.
- The Aid to Cities Special Revenue Fund accounts for transportation tax revenues, grants and developer reimbursement for capital improvement projects within the City.
- The Street Lighting and Maintenance District accounts for the revenues and expenditures associated with the maintenance of City-owned street lights and landscaped areas within the districts. Benefiting property owners are assessed their proportionate share of the costs.
- The Capital Improvements Fund accounts for the expenditures of construction of various capital improvement projects throughout the City.
- The Yorba Linda Redevelopment Agency Capital Projects Fund accounts for financial resources segregated for the acquisition of and rehabilitation of capital facilities and affordable housing within the redevelopment project areas.
- The Yorba Linda Redevelopment Agency Debt Service Fund accounts for the accumulation of resources required for the payment of interest and principal on all Agency tax allocation bonds and other debt.

City of Yorba Linda
Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

The City reports the following major proprietary funds:

- The Golf Course Enterprise Fund accounts for all activities related to the operations of the Black Gold Golf Club.
- The Disposal Enterprise Fund accounts for the activities associated with residential and commercial refuse collection by the City.

Additionally, the City reports the following fund types:

- The Agency Funds are used to report resources held by the City in a purely custodial capacity that involves only the receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments.

Private-sector standards of accounting and financial reporting issued prior to December 1989 generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's proprietary funds function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enterprise Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

d. Assets, Liabilities and Net Assets or Equity

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For financial statement presentation purposes, cash and cash equivalents are shown as both restricted and unrestricted cash and investments in the Proprietary Funds.

City of Yorba Linda
Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

Investments for the City as well as for its component units are reported at fair value. The City's policy is generally to hold investments until maturity or until market values equal or exceed cost. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year 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 non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and 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 expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Property tax revenue is recognized on the modified accrual basis, that is, in the fiscal year for which the taxes have been levied providing they become available. Available means then due or past due, and receivable within the current period and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The County of Orange collects property taxes for the City. Tax liens attach annually as of 12:01 A.M. on the first day in January preceding the fiscal year for which the taxes are levied. Taxes are levied on both real and personal property, as it exists on that date. The tax levy covers the fiscal period July 1 to June 30. All secured personal property taxes and one-half of the taxes on real property are due November 1; the second installment is due February 1. All taxes are delinquent if unpaid on December 10 and April 10, respectively. Unsecured personal property taxes become due on the first of March each year and are delinquent if unpaid on August 31.

Functional Classifications

Expenditures of the Governmental Funds are classified by function. Functional classifications are defined as follows:

- General Government includes legislative activities that have a primary objective of providing legal and policy guidelines for the City. Also included in this classification are those activities which provide management or support services across more than one functional area, including Library Services.
- Public Safety includes those activities that involve the protection of people and property.
- Community Development includes those activities that involve the enhancing of the general quality of life.

City of Yorba Linda
Notes to Financial Statements (Continued)

Note 1: Summary of Significant Accounting Policies (Continued)

- Parks and Recreation includes those activities that involve community park maintenance and recreational activities within the community.
- Public Works includes those activities that involve the maintenance and improvement of City streets and roads.
- Debt Service includes those activities that account for the payment of long-term debt principal, interest and fiscal charges.

Inventories, Prepaid Items and Land Held for Resale

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventory costs are recorded as an expense when used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Land purchased for resale is capitalized as inventory at acquisition costs or net realizable value, if lower.

Restricted Assets

Certain proceeds of debt issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. In addition, funds have been restricted for future capital improvements by enabling legislation.

Capital Assets

Capital assets that include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$2,000 to \$100,000, dependent on asset class type (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Donated capital assets are recorded at estimated fair market value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

The Governmental Accounting Standards Board (GASB) issued Statement No. 34, which requires the inclusion of infrastructure capital assets in local governments' basic financial statements. GASB Statement No. 34 defines infrastructure assets as "...long lived capital assets that are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets..." Infrastructure assets are normally stationary in nature and are of value only to the government entity.

**City of Yorba Linda
Notes to Financial Statements (Continued)**

Note 1: Summary of Significant Accounting Policies (Continued)

They are basic physical assets that allow the government entity to function. Examples include streets, bridges and storm drains. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into concrete and asphalt pavements, concrete curb and gutters, sidewalks, medians, etc. Subsystem detail is not presented in these basic financial statements; however, the City maintains detailed information on these subsystems.

In accordance with GASB Statement No. 34, the City has elected the Modified Approach for reporting of the Pavement Subsystem infrastructure assets and as a result, no depreciation is recorded for that system under the following requirements:

- The City manages the eligible infrastructure capital assets using an asset management system with characteristics of (1) an up-to-date inventory, (2) perform condition assessments and summarize the results using a measurement scale, and (3) estimate annual amount to maintain and preserve at the established condition assessment level.
- The City documents that eligible infrastructure capital assets are being preserved approximately at or above the established disclosed assessment.

For all other capital assets, the City has elected to use the Basic Approach as defined by Statement No. 34. Accordingly, these capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and building improvements	7 - 50
Improvements other than building	7 - 50
Machinery and equipment	5 - 7
Furniture, fixtures and computers	1 - 10
Vehicles	5 - 10
Infrastructure	5 - 100

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. City employees have an option to use 100% of their unused sick pay benefits for future medical expenses upon retirement. City employees receive from 10 to 20 days vacation each year depending on the length of service. All vacation and sick pay is accrued when incurred in the government-wide proprietary and fiduciary fund financial statements.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds

**City of Yorba Linda
Notes to Financial Statements (Continued)**

Note 1: Summary of Significant Accounting Policies (Continued)

payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Note 2: Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets:

The governmental fund balance sheet includes reconciliation between fund balance – governmental funds and net assets of governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term debt and compensated absences have not been included in the governmental fund activity."

The detail of the (\$76,206,114) long-term debt difference is as follows:

Long-term debt:	
Tax allocation bonds payable	\$ (60,780,109)
Deferred premium on bonds (to be amortized over life of debt)	(51,260)
Due to government agencies	<u>(15,374,745)</u>
 Net adjustment to reduce fund balance of total governmental funds to arrive at net assets of governmental activities	 <u><u>\$ (76,206,114)</u></u>

Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures and changes in fund balances includes reconciliation between net changes in fund balances of total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense."

**City of Yorba Linda
Notes to Financial Statements (Continued)**

Note 2: Reconciliation of Government-Wide and Fund Financial Statements (Continued)

The details of this \$1,865,822 difference are as follows:

Capital outlay	\$ 6,116,091
Depreciation expense	(3,581,437)
Loss from disposition of capital assets	<u>(668,832)</u>
Net adjustment to increase net changes in fund balances of total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 1,865,822</u>

Another element of that reconciliation states that "the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds." Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

The details of this \$(763,632) difference are as follows:

Debt issued or incurred:	
Tax allocation bonds' accretion	\$ (1,115,421)
Due to government agencies	(1,789,532)
Principal repayments:	
Tax allocation bonds	2,425,000
Net change in claims and judgments	(263,999)
Amortization of bond premium	2,316
Amortization of cost of issuance	<u>(21,996)</u>
Net adjustment to decrease net changes in fund balance of total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (763,632)</u>

II. STEWARDSHIP

Note 3: Stewardship, Compliance and Accountability

a. General Budget Policies

All financial activities of the General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds are part of the appropriated budget. Appropriated amounts are as originally adopted or as amended by the City Council throughout the year. The following general procedures are followed in establishing the annual budget:

1. The annual budget adopted by the City Council provides for the general operation of the City. It includes proposed expenditures and the means of financing them.
2. The City Manager is authorized to transfer budgeted amounts between items, accounts, programs and funds and may approve additional appropriations up to \$25,000 per transaction. The budgeted amounts used in the combined financial

**City of Yorba Linda
Notes to Financial Statements (Continued)**

Note 3: Stewardship, Compliance and Accountability (Continued)

statements are the final adjusted amounts that were increased from the original adopted budget by \$22,569,539, excluding transfers between funds, primarily due to an increase in appropriations for capital improvement projects and the redevelopment agency's capital projects fund. Any increase in total appropriations over \$25,000 per transaction must be approved by the City Council.

3. Formal budgetary integration is employed as a management control device during the year. The legal level of control is the fund level.
4. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items. Budgets are adopted for all governmental fund types, on a basis consistent with account principles generally accepted in the United States of America, except for the purchases and sales of land that are recognized as expenditures and revenues, respectively. The modified accrual basis of accounting is employed in the preparation of the budget. Budget comparisons are not presented for the Proprietary Funds, as the City is not legally required to adopt a budget for these fund types. At fiscal year-end operating budget appropriations lapse; however, incomplete capital improvement project appropriations within Capital Projects Funds and authorized non-capital appropriations can be carried over to the following fiscal year.
5. At fiscal year-end operating budget appropriations lapse; however, incomplete capital improvement project appropriations within Capital Projects Funds and authorized non-capital appropriations can be carried over to the following fiscal year.

b. Encumbrances

Encumbrances are estimations of costs related to unperformed contracts for goods and services. These commitments are recorded for budgetary control purposes in the General, Special Revenue and similar governmental funds. Encumbrances outstanding at year-end are reported as a reservation of fund balance. They represent the estimated amount of the expenditure ultimately to result if unperformed contracts in process at year-end are completed. They do not constitute expenditures or estimated liabilities.

c. Excess of Expenditures Over Appropriations in Individual Funds

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

	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
Major Funds:			
General Fund:			
General government	\$ 5,696,887	\$ 5,190,000	\$ 506,887
Public safety	14,383,177	10,961,650	3,421,527
Street Lighting and Maintenance District			
Public works	7,428,233	7,222,325	205,908

**City of Yorba Linda
Notes to Financial Statements (Continued)**

Note 3: Stewardship, Compliance and Accountability (Continued)

d. Deficit Fund Balance

The following funds had a deficit fund balance/retained earnings as of June 30, 2009:

HCD Grant	\$ (11,831)
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The deficit was caused by late reimbursements from the County of Orange.

III. DETAILED NOTES ON ALL FUNDS

Note 4: Cash and Investments

As of June 30, 2009, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	\$ 100,307,870
Business-type activities	1,209,582
Fiduciary funds	<u>3,978,786</u>
Total Cash and Investments	<u><u>\$ 105,496,238</u></u>

The City of Yorba Linda maintains a cash and investment pool that is available for use for all funds. Each fund type's position in the pool is reported on the combined balance sheet as cash and investments. The City has adopted an investment policy that authorizes it to invest in various investments.

Deposits

At June 30, 2009, the carrying amount of the City's deposits was \$4,282,478, and the bank balance was \$4,309,278. The \$26,800 difference represents outstanding checks, deposits in transit, and other reconciling items.

The California Government Code requires California banks and savings and loan associations to secure a City's deposits by pledging government securities with a value of 110% of a City's deposits. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of a City's total deposits. The City Treasurer may waive the collateral requirement for deposits that are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an Agent of Depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

City of Yorba Linda
Notes to Financial Statements (Continued)

Note 4: Cash and Investments (Continued)

Investments

Under provision of the City's investment policy and in accordance with the California Government Code, the following investments are authorized:

- U.S. Treasury Bills, Bonds and Notes
- Local Agency Investment Fund (State Pool)
- California based Joint Powers Authority Pool
- Registered State of California Warrants, Notes or Bonds
- U.S. Government Agency Securities
- Fully insured, collateralized Certificates of Deposit
- Negotiable Certificates of Deposit
- Commercial Paper
- Medium-Term Notes
- Money Market Mutual Funds

Investments Authorized by Debt Agreements

The above investments do not address investment of debt proceeds held by a bond trustee. Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreements rather than the general provisions of the California Government Code or the City's investment policy.

Investments in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. LAIF is overseen by the Local Agency Investment Advisory Board, which consists of five members, in accordance with State statute. The State Treasurer's Office audits the fund annually. The fair value of the position in the investment pool is the same as the value of the pool shares.

GASB Statement No. 31

The City adopted GASB Statement No. 31, Accounting and Financial Reporting for certain investments and for External Investment Pools, as of July 1, 1997. GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the City reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

Credit Risk

The City's investment policy does not limit investments in Federal Agency Securities to ratings issued by nationally recognized statistical rating organizations. As of June 30, 2009, the City's investments in Federal Agency Securities consisted of investments with Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, and Federal Farm Credit Bank. At June 30, 2009, all Federal Agency Securities were rated "AAA" by Standard & Poor's. All securities were investment grade and were legal under State and City law. As of June 30, 2009, the City's investments in external investment pools are unrated.

City of Yorba Linda
Notes to Financial Statements (Continued)

Note 4: Cash and Investments (Continued)

Custodial Credit Risk

The 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 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 to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

As of June 30, 2009, none of the City's deposits or investments was exposed to custodial credit risk.

Concentration of Credit Risk

The City's investment policy imposes restrictions on the percentage that the City can invest in certain types of investments. In addition, GASB 40 requires a separate disclosure if any single issuer comprises more than 5% of the total investment value. As of June 30, 2009, the City's investments with each of the following issuers exceeded 5% of its total investments:

- Federal Home Loan Bank
- Federal Farm Credit Bank
- Federal Home Loan Mortgage Corp.

Investments guaranteed by the U.S. government and investments in mutual funds and external investment pools are excluded from this requirement.

Interest Rate Risk

The City's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City has elected to use the segmented time distribution method of disclosure for its interest rate risk. As of June 30, 2009, the City had the following investments and original maturities:

	Remaining Investment Maturities				Fair Value
	6 months or less	6 months to 1 year	1 to 3 years	3 to 5 years	
Federal Agency Securities:					
Federal Home Loan Bank	\$ -	\$ -	\$ 1,000,938	\$ 8,046,562	\$ 9,047,500
Federal Farm Credit Bank	-	-	2,004,375	12,125,000	14,129,375
Federal Home Loan Mortgage Corp.	-	-	4,016,960	3,007,800	7,024,760
Federal National Mortgage Assn.	-	-	-	2,981,250	2,981,250
Certificates of deposit	-	750,000	3,000,000	-	3,750,000
Local Agency Investment Fund	63,053,090	-	-	-	63,053,090
Cash with Fiscal Agent:					
Money Market Mutual Funds	1,227,785	-	-	-	1,227,785
	<u>\$ 64,280,875</u>	<u>\$ 750,000</u>	<u>\$ 10,022,273</u>	<u>\$ 26,160,612</u>	<u>\$ 101,213,760</u>

City of Yorba Linda
Notes to Financial Statements (Continued)

Note 5: Contracts and Notes Receivable

Contracts and notes receivable as of June 30, 2009, totaled \$18,865,062 and were recorded as follows:

Capital Projects - Redevelopment Agency Fund	\$ 18,865,062
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Disposition and Development Agreement

Southern California Housing Development Corporation

In March 1997, the City, through the Yorba Linda Redevelopment Agency, entered into a Disposition and Development Agreement with Southern California Housing Development Corporation for the sale of real property and the rehabilitation of a 70-unit apartment complex. To assist the developer in the acquisition of the property, the Agency provided a loan in the amount of \$2,418,000. The Corporation began making payments on this note in 2000-2001. The outstanding balance at June 30, 2009, was \$1,126,297.

Owner Participation Agreements

AHP Parkwood, L.P.

During fiscal year 2002-2003, the Agency entered into an Owner Participation Agreement (OPA) and Regulatory Agreement with developer AHP Parkwood, L.P. (AHP) for the development of a 101-unit housing project, designed for low-income senior citizens. Ninety-nine of the units will be rent-restricted for 55 years. The Agency is providing \$3.1 million toward the total development cost of \$11.57 million. In return, the Agency is granted a security interest pursuant to a deed of trust in the property where the project will be constructed. The developer is required to pay 12.75% of its net cash flow to the Agency over the 55-year covenant period; however, 1/55th of the debt and any accrued interest under this residual receipts promissory note shall be forgiven each year provided AHP continues to operate the project as defined in the OPA. The documents were amended in April 2003, to defer the forgiveness of any debt during the first 15 years, thereby avoiding classification of the forgiveness as income under Internal Revenue Service regulations.

Following this period, the amount due under the Note during the first 15 years shall be forgiven and an additional 1/55th of the subsidiary is forgiven each year thereafter at the request of AHP. During fiscal year 2003-2004, the Agency adopted a resolution approving the subordination of the Agency's trust deed, OPA and Regulatory Agreement, in order to facilitate obtaining construction financing by the developer. At June 30, 2009, the balance outstanding was \$3,100,000.

Yorba Linda Family Partners, L.P.

In March 2004, the Agency entered into an Owner Participation Agreement (OPA) with Yorba Linda Family Partners, L.P. (Owner) for the construction of a 44-unit apartment complex, designed for low-income families. The property is not located within the boundaries of the Project Area, but is located adjacent to the Project Area. The Redevelopment Plan is incorporated by reference and this OPA is subject to the provisions of the Redevelopment Plan. Subject to the terms, conditions and limitations of the Agreement, the Agency will provide the Owner with financial assistance in the form of a loan up to the maximum amount of \$1,500,000 toward the total development costs of \$11,025,000. This loan will bear simple interest at 3% per annum. In return, the Agency will be granted a security interest pursuant to a subordinated deed of trust in the property where the project will be constructed. The Owner will be required to pay 15% of all

City of Yorba Linda
Notes to Financial Statements (Continued)

Note 5: Contracts and Notes Receivable (Continued)

Residual Receipts (net cash flow) to the Agency over the 55-year covenant period. However, at any time on or after the 15th anniversary date of the Residual Receipts Promissory Note, the Owner may request that the Agency forgive all then-unpaid and accrued principal and interest on the Note. At June 30, 2009, the outstanding balance was \$2,200,000.

Yorba Linda Housing Partners, L.P.

In May 2006, the Agency entered into an Owner Participation Agreement (OPA) and Affordable Housing Agreement with Yorba Linda Housing Partners, L.P. (Owner) for the purchase and rehabilitation of a multi-family apartment complex commonly known as "Linda Gardens Apartments." The Project will consist of substantially rehabilitating and developing the Property in order to create a 76-unit multi-family affordable rental housing comprised of a new community center, 52 two-bedroom units and 24 three-bedroom units subject to affordable housing restrictions. The Property is adjacent to the Project Area and the Agency has determined that the Project will be of benefit to the Project Area for affordable housing and therefore the Agency will use its Low and Moderate Income Housing Funds for this purpose. Subject to the terms, conditions and limitations of the Agreement, the Agency will provide the Owner with financial assistance by providing: (1) a loan of \$7,400,000 to assist the Developer in financing the acquisition of the Property (Agency Acquisition Loan), and (2) a loan not to exceed \$5,376,000 to assist the Developer in financing the development of the Project (Agency Development Loan). In June 2008, the Owner was granted an additional \$200,000 in loan proceeds from the Agency to comply with additional requirements placed upon the project by the City relating to ADA accessibility requirements. This brings the total maximum loan to \$12,976,406. The Acquisition Loan will be rolled into the Development Loan. The loan will bear simple interest at 3% per annum and will be repaid over the 55 year covenant period. The Agreement also provides that payments toward principal and interest shall not commence until the operation of the Project has generated Residual Receipts calculated annually. The outstanding balance at June 30, 2009, is \$12,438,765.

City of Yorba Linda
Notes to Financial Statements (Continued)

Note 6: Capital Assets

The City elected to use the “Modified Approach” as defined by GASB Statement No. 34 for infrastructure reporting for its street pavement system. As a result, no accumulated depreciation or depreciation expense has been recorded for this system. A more detailed discussion of the “Modified Approach” is presented in the Required Supplementary Information section of this report. All other capital assets including other infrastructure systems were reported using the Basic Approach whereby accumulated depreciation and depreciation expense have been recorded.

Capital asset activity for the year ended June 30, 2009, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 30,175,415	\$ -	\$ (400,000)	\$ -	\$ 29,775,415
Street pavement infrastructure	173,930,956	2,388,490	-	503,038	176,822,484
Construction In Progress	503,036	489,475	-	(503,038)	489,473
Total Capital Assets Not Being Depreciated	204,609,407	2,877,965	(400,000)	-	207,087,372
Capital Assets, Being Depreciated:					
Buildings and improvements	48,189,618	1,324,382	(308,064)	-	49,205,936
Machinery and equipment	6,582,238	979,544	(737,084)	-	6,824,698
Motor vehicles	1,121,582	69,788	-	-	1,191,370
Other Infrastructure	137,062,990	864,416	-	-	137,927,406
Total Capital Assets Being Depreciated	192,956,428	3,238,130	(1,045,148)	-	195,149,410
Less Accumulated Depreciation:					
Buildings and improvements	14,769,149	1,057,499	(39,232)	-	15,787,416
Machinery and equipment	4,517,928	710,203	(737,084)	-	4,491,047
Motor vehicles	930,526	88,444	-	-	1,018,970
Other Infrastructure	26,724,379	1,725,295	-	-	28,449,674
Total Accumulated Depreciation	46,941,982	3,581,441	(776,316)	-	49,747,107
Total Capital Assets Being Depreciated, Net	146,014,446	(343,311)	(268,832)	-	145,402,303
Governmental Activities					
Capital Assets, Net	\$ 350,623,853	\$ 2,534,654	\$ (668,832)	\$ -	\$ 352,489,675

City of Yorba Linda
Notes to Financial Statements (Continued)

Note 6: Capital Assets (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 12,726,948	\$ -	\$ -	\$ 12,726,948
Total Capital Assets Not Being Depreciated	12,726,948	-	-	12,726,948
Capital Assets, Being Depreciated:				
Structures and improvements	19,724,781	321,509	(20,901)	20,025,389
Machinery and equipment	2,026,735	-	(1,672)	2,025,063
Motor vehicles	1,494,450	-	-	1,494,450
Total Capital Assets Being Depreciated	23,245,966	321,509	(22,573)	23,544,902
Less Accumulated Depreciation:				
Structures and improvements	3,853,416	658,733	(20,901)	4,491,248
Machinery and equipment	966,089	290,177	(1,672)	1,254,594
Motor vehicles	1,276,509	186,806	-	1,463,315
Total Accumulated Depreciation	6,096,014	1,135,716	(22,573)	7,209,157
Total Capital Assets Being Depreciated, Net	17,149,952	(814,207)	-	16,335,745
Business-Type Activities Capital Assets, Net	<u>\$ 29,876,900</u>	<u>\$ (814,207)</u>	<u>\$ -</u>	<u>\$ 29,062,693</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General government	\$ 760,277
Public safety	10,249
Community development	81,019
Parks and recreation	608,234
Public works	2,121,662
Total	<u>\$ 3,581,441</u>
Business-Type Activities:	
Golf course	\$ 948,910
Disposal	186,806
Total	<u>\$ 1,135,716</u>

Construction Commitments

At June 30, 2009, the City had the following construction commitments:

Project	Spent to Date	Remaining Commitment
Residential street construction	<u>\$ 4,214,727</u>	<u>\$ 802,747</u>

**City of Yorba Linda
Notes to Financial Statements (Continued)**

Note 7: Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2009, is as follows:

a. Due To / From Other Funds

Funds	Due to Other Funds					Total
	Governmental Activities			Business-type		
	General Fund	Aid to Cities	Redevelopment Agency Capital Projects	Nonmajor Governmental Funds	Golf Course	
Due from Other Funds:						
General Fund	\$ -	\$ 1,100,160	\$ -	\$ 37,470	\$ 4,830,585	\$ 5,968,215
Nonmajor Governmental	152,859	2,024	70,241	728,074	-	953,198
Total	<u>\$ 152,859</u>	<u>\$ 1,102,184</u>	<u>\$ 70,241</u>	<u>\$ 765,544</u>	<u>\$ 4,830,585</u>	<u>\$ 6,921,413</u>

The due from the Aid to Cities fund of \$1,102,184 was to cover negative cash of \$1,100,160 from the General Fund and fund capital improvement of \$2,024. The Golf Course Fund owes \$4,830,585 to the General Fund for construction projects and negative cash. The other interfund balances were the results of routine interfund transactions not cleared prior to year-end.

b. Advances To/From Other Funds

Funds	Advances to Other Funds General Fund
Advances from Other Funds:	
Governmental Funds:	
RDA debt service	<u>\$ 6,015,560</u>

The City advanced the Redevelopment Agency funds for operations at various times since the establishment of the Redevelopment Agency on May 2, 1983. These advances are payable upon demand with interest accruing at the current investment rate per annum on the unpaid balance. The Agency expects to repay these advances from future tax increment funds when such funds become available; therefore, no retirement schedule has been prepared for repayment of these advances. The balance outstanding at June 30, 2009, was \$6,015,560.

c. Interfund Transfers

Transfers In:	Transfers Out				Total
	General Fund	Aid to Cities	Redevelopment Agency Capital Projects	Nonmajor Governmental Funds	
General Fund	\$ -	\$ -	\$ -	\$ 506,287	\$ 506,287
Street Lighting & Maintenance	681,025	-	-	-	681,025
Nonmajor Governmental Funds	1,785,965	375,011	341,561	4,517,229	7,019,766
Total	<u>\$ 2,466,990</u>	<u>\$ 375,011</u>	<u>\$ 341,561</u>	<u>\$ 5,023,516</u>	<u>\$ 8,207,078</u>

**City of Yorba Linda
Notes to Financial Statements (Continued)**

Note 7: Interfund Receivables, Payables and Transfers (Continued)

During the year, certain funds made payments to the General Fund for administrative costs incurred. These transfers to the General Fund for the year amounted to \$506,287. The funding sources to account for capital projects were reported as transfers from various funds to the Capital Improvements fund for the amount of \$7,019,766. Transfers from the General Fund to the Street Lighting and Maintenance of \$681,025 were for support of expenditures incurred.

Note 8: Long-Term Debt

a. Long-Term Debt – Governmental Activities

The following is a summary of changes in long-term debt of the City's governmental activities for the year ended June 30, 2009:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009	Due Within One Year
Tax allocation bonds payable	\$ 62,089,688	\$ 1,115,421	\$ 2,425,000	\$ 60,780,109	\$ 2,535,000
Due to other governments	13,585,213	1,789,532	-	15,374,745	-
Claims and judgments	873,171	1,633,842	1,369,843	1,137,170	1,137,170
Compensated absences	1,030,316	116,104	104,625	1,041,795	105,791
OPEB Obligation (Note 11)	-	1,331,659	-	1,331,659	-
Total	<u>\$ 77,578,388</u>	<u>\$ 5,986,558</u>	<u>\$ 3,899,468</u>	79,665,478	<u>\$ 3,777,961</u>
		Unamortized bond premium		<u>51,260</u>	
		Net Long-Term Debt		<u>\$ 79,716,738</u>	

There are a number of limitations and restrictions contained in the various bond indentures. The City is in compliance with all significant limitations and restrictions.

Tax Allocation Bonds

The Agency has pledged a portion of the future property tax increment revenue, including Low and Moderate Income Housing set-aside, which it receives to repay tax allocation bonds that were issued to provide financing for various capital projects, accomplish Low and Moderate Income Housing projects and to defease previously issued bonds. The bonds are payable solely from the property tax increment generated by the Agency. The Agency has committed to appropriate each year, from these resources, amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is \$105,183,388 payable through 2033. For the current year, principal and interest paid and total property tax increment revenues were \$7,590,536 and \$21,747,892, respectively.

1993 Tax Allocation Bonds

On December 15, 1993, the Yorba Linda Redevelopment Agency issued \$35,686,002 in 1993 Tax Allocation Bonds with interest rates ranging from 3.5% to 5.25% to advance refund \$17,115,000, which represented a portion of the outstanding 1989 Tax Allocation Bonds and \$1,825,000 principal amount of 1986 Certificates of Participation. Serial bonds totaling \$4,340,000 are payable in amounts ranging from \$265,000 to 545,000 per year on September 1 of each year, commencing September 1, 1996, through September 1, 2008, and bear interest at rates from 3.5% to 5.1%. Term bonds totaling \$12,205,000 and \$14,000,000 are due on September 1, 2013 and 2023, respectively, at an interest rate of 5.25%. Capital appreciation serial bonds with an original amount totaling \$2,826,489 are due on each September 1, commencing September 1, 2014

City of Yorba Linda
Notes to Financial Statements (Continued)

Note 8: Long-Term Debt (Continued)

through 2016. Capital appreciation term bonds with an original amount totaling \$2,314,513 are due on September 1, 2019. The outstanding balance, including the accreted value of the capital appreciation bonds, at June 30, 2009, was \$ 38,715,762.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2009, including interest, are as follows:

Year Ending June 30	Principal	Interest
2010	\$ 1,130,000	\$ 1,346,100
2011	2,560,000	1,249,238
2012	2,695,000	1,111,294
2013	2,835,000	966,131
2014	2,985,000	1,931,594
2014 - 2019	4,414,065	15,583,699
2019 - 2024	<u>14,726,937</u>	<u>3,506,282</u>
Total	31,346,002	<u>\$ 25,694,338</u>
Accretion	<u>7,369,760</u>	
Total	<u>\$ 38,715,762</u>	

1998 Tax Allocation Parity Refunding Bonds, Series A

On June 18, 1998, the Yorba Linda Redevelopment Agency issued \$17,131,503 in 1998 Tax Allocation Parity Refunding Bonds; Series A, with interest rates ranging from 4.05% to 5.00% to advance refund the remaining \$15,890,000 of outstanding 1989 Tax Allocation Bonds with interest rates ranging from 4.05% to 5.00%. Current interest serial bonds totaling \$12,645,000 are payable in amounts ranging from \$1,030,000 to \$1,325,000 per year on September 1 of each year, commencing September 1, 2002 through September 1, 2009, and bear interest at rates from 4.00% to 5.00%. Capital appreciation serial bonds with an original amount totaling \$4,486,503 are due on each September 1, commencing September 1, 2024 through 2028. The outstanding balance, including the accreted value of the capital appreciation bonds at June 30, 2009, was \$ 9,334,347.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2009, including interest, are as follows:

Year Ending June 30	Principal	Interest
2010	\$ 1,325,000	\$ 33,125
2011	-	-
2012	-	-
2013	-	-
2014	-	-
2014 - 2019	-	-
2019 - 2024	-	-
2024 - 2029	<u>4,486,503</u>	<u>15,388,497</u>
Total	5,811,503	<u>\$ 15,421,622</u>
Accretion	<u>3,522,844</u>	
Total	<u>\$ 9,334,347</u>	

City of Yorba Linda
Notes to Financial Statements (Continued)

Note 8: Long-Term Debt (Continued)

2005 Taxable Tax Allocation Bonds (Subordinate Lien), Series A

On April 1, 2005, the Yorba Linda Redevelopment Agency issued \$9,855,000 in Taxable Tax Allocation Term Bonds (Subordinate Lien), Series A with interest rates at 5.25% for bonds maturing September 1, 2015, and 5.71% for bonds maturing September 1, 2031. The Bonds are special obligations of the Agency and are payable solely from and secured by a parity pledge of certain tax increment revenues of the Project Area on a basis subordinate to certain outstanding obligations of the Agency and a pledge of amounts in certain funds and accounts established under the Indenture of Trust. The bonds were issued to finance redevelopment activities of the Agency.

The Series A Term Bonds maturing on September 1, 2015, are subject to mandatory redemption, in part by lot, on September 1, in each year beginning September 1, 2007 through 2015, from mandatory annual sinking payments ranging from \$85,000 to \$355,000 per year.

The Series A Term Bonds maturing on September 1, 2031, are also subject to mandatory redemption, in part by lot, on September 1 in each year beginning September 1, 2016 through 2031, from mandatory sinking payments ranging from \$10,000 to \$3,340,000 per year. The outstanding balance at June 30, 2009, was \$ 9,585,000.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2009, including interest, are as follows:

Year Ending June 30	Principal	Interest
2010	\$ 80,000	\$ 541,133
2011	95,000	536,539
2012	90,000	531,683
2013	90,000	526,958
2014	85,000	522,364
2014 - 2019	675,000	2,480,271
2019 - 2024	140,000	2,393,347
2024 - 2029	220,000	2,350,236
2029 - 2034	8,110,000	643,517
Total	<u>\$ 9,585,000</u>	<u>\$ 10,526,048</u>

2005 Tax-Exempt Tax Allocation Bonds (Subordinate Lien), Series B

On April 1, 2005, the Yorba Linda Redevelopment Agency issued \$3,145,000 in Tax Exempt Tax Allocation Term Bonds (Subordinate Lien), Series B with interest at 5.00% for bonds maturing September 1, 2032. The Bonds are special obligations of the Agency and are payable solely from and secured by a parity pledge of certain tax increment revenues of the Project Area on a basis subordinate to certain outstanding obligations of the Agency, and a pledge of amounts in certain funds and accounts established under the Indenture of Trust. The Tax Exempt Bonds were issued to finance redevelopment activities of the Agency, specifically to fund a fire station. The Series B Term Bonds maturing on September 1, 2032, are subject to mandatory redemption, in part by lot, on September 1 in each year beginning September 1, 2029 through 2032, from mandatory annual sinking payments ranging from \$135,000 to \$2,725,000 per year. The outstanding balance at June 30, 2009, was \$ 3,145,000.

**City of Yorba Linda
Notes to Financial Statements (Continued)**

Note 8: Long-Term Debt (Continued)

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2009, including interest, are as follows:

Year Ending June 30	Principal	Interest
2010	\$ -	\$ 157,250
2011	-	157,250
2012	-	157,250
2013	-	157,250
2014	-	157,250
2014 - 2019	-	786,250
2019 - 2024	-	786,250
2024 - 2029	-	786,250
2029 - 2034	3,145,000	508,875
Total	<u>\$ 3,145,000</u>	<u>\$ 3,653,875</u>

Due to Other Governments

Placentia-Yorba Linda Unified School District

On December 5, 1983, the Agency entered into a pass-through agreement with the Placentia Unified School District, predecessor of the Placentia-Yorba Linda Unified School District, whereby the Agency agreed to pass-through to the district certain tax increment revenue the Agency received as a result of the formation of the Agency and the adoption of its Redevelopment Plan.

In October 1999, a dispute regarding the pass-through agreement arose. In June 2004, the Agency and the Placentia-Yorba Unified School District settled their dispute with the Agency agreeing to a settlement amount of \$6,569,106 which is to be paid as tax increment is available. Based on the annual pass-through calculation, there may be additional amounts deferred each year. During the fiscal year 2008-2009, an additional \$1,789,532 was added. As of June 30, 2009, the balance outstanding was \$15,374,745.

Claims and Judgments

The City accounts for material claims and judgments in accordance with GASB Cod. Sec. C50. When it is probable that a claim liability has been incurred at year-end and the amount of the loss can be reasonably estimated, the City records the estimated loss including a provision for incurred but not reported claims, net of any insurance coverage under its self-insurance program.

At June 30, 2009, various claims have been received by the City that the City has denied, but no action has yet been filed. Litigation is still pending on cases which the City believes is adequately covered as described in the following paragraphs. Small dollar claims and judgments are recorded as expenditures when paid.

The City is a member of the California Insurance Pool Authority (CIPA) which provides: (a) a risk-sharing pool for general liability claims in excess of the self-insured retention level up to \$2,000,000, and (b) a non-risk sharing insurance-purchasing pool for liability claims in excess of \$2,000,000 up to \$20,000,000 per occurrence. The City's self-insured retention is \$250,000.

City of Yorba Linda
Notes to Financial Statements (Continued)

Note 8: Long-Term Debt (Continued)

The City has obtained excess insurance coverage from an outside commercial insurance company through CIPA's non-risk sharing workers' compensation insurance purchasing program. The policy provides coverage for claims in excess of the \$250,000 self-insured retention level up to the California statutory limits for workers' compensation.

A liability as of June 30, 2009, of \$1,137,169 is reported in the Statement of Net Assets for general liability and workers' compensation claims and judgments, and a designation of fund balance for insurance claims totaling \$2,280,418 is recorded in the General Fund at June 30, 2009.

Changes in the balance of claims and liabilities for the years ended June 30, 2008 and 2009, including a provision for incurred but not reported claims were as follows:

Year Ending June 30,	Claims Payable July 1,	Claims and Changes in Estimated	Claims Payments	Claims Payable June 30,
2008	\$ 1,147,609	\$ 2,321,034	\$ 2,595,472	\$ 873,171
2009	873,171	1,633,842	1,369,843	1,137,170

There have been no significant changes to insurance coverage as compared to last year and the City has not experienced settlements in excess of insurance coverage during the past three years.

Compensated Absences

The City's policies relating to compensated absences are described in Note 1 of the Notes to Financial Statements. This liability will be paid in the future from the general fund. The outstanding balance at June 30, 2009, was \$1,041,795.

b. Long-Term Debt – Business-Type Activities

The following is a summary of changes in long-term debt for the business-type activity for the year ended June 30, 2009:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009	Due Within One Year
Revenue Bonds	\$ 17,775,000	\$ -	\$ 405,000	\$ 17,370,000	\$ 415,000
Capital lease payable	1,074,384	-	359,104	715,280	320,201
Total	\$ 18,849,384	\$ -	\$ 764,104	\$ 18,085,280	\$ 735,201

Revenue Bonds Payable

In December 2003, the Yorba Linda Public Financing Authority issued \$19,370,000 Revenue Bonds, Series 2003, to pay off the previous debt of \$15,680,000 for the Black Gold Golf Club Project. The bonds are payable from the revenues pledged under a trust indenture, consisting primarily of installment payments to be made by the City of Yorba Linda to the Yorba Linda Public Financing Authority for the acquisition and construction of a municipal golf course pursuant to an installment sale agreement. The lease payments and corresponding bond debt service payments begin April 1, 2004. The bonds are term bonds due October 1, 2033, with interest rates ranging from 2.5% to 5.0%.

City of Yorba Linda
Notes to Financial Statements (Continued)

Note 8: Long-Term Debt (Continued)

The interest payments are due semi-annually on April 1 and October 1. Sinking fund payments begin October 1, 2004, and continue annually through October 1, 2033. The outstanding balance at June 30, 2009, was \$17,370,000.

Debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest
2010	\$ 415,000	\$ 782,334
2011	425,000	770,771
2012	440,000	757,356
2013	455,000	742,354
2014	470,000	725,579
2014 - 2019	2,630,000	3,332,066
2019 - 2024	3,240,000	2,704,858
2024 - 2029	4,085,000	1,833,125
2029 - 2034	<u>5,210,000</u>	<u>676,250</u>
	<u>\$ 17,370,000</u>	<u>\$ 12,324,693</u>

Capital Lease Payable

Trash Trucks

During fiscal year 2001-2002, the Enterprise Funds entered into a capital lease agreement for 10 new trash trucks. The original cost of the trucks, aggregating \$744,450, has been capitalized. The outstanding balance at June 30, 2009, was \$56,870. Future minimum payments relating to these leases are as follows:

Year Ending June 30,	Principal	Interest
2010	<u>\$ 56,870</u>	<u>\$ 1,604</u>
Total	<u>\$ 56,870</u>	<u>\$ 1,604</u>

Maintenance Equipment

During fiscal year 2006-2007, the Enterprise Funds entered into a capital lease agreement for maintenance equipment. The original cost of the equipment, aggregating \$789,034 has been capitalized. The outstanding balance at June 30, 2009, was \$413,450. Future minimum payments relating to these leases are as follows:

Year Ending June 30,	Principal	Interest
2010	\$ 159,362	\$ 17,360
2011	167,315	9,407
2012	<u>86,773</u>	<u>1,598</u>
	<u>\$ 413,450</u>	<u>\$ 28,365</u>

**City of Yorba Linda
Notes to Financial Statements (Continued)**

Note 8: Long-Term Debt (Continued)

Golf Carts

During fiscal year 2007-2008, the Enterprise Funds entered into a capital lease agreement with Textron Financial for 85 golf carts. The original cost of the equipment, aggregating \$380,946 has been capitalized. The outstanding balance at June 30, 2009, was \$235,131. Future minimum payments relating to these leases are as follows:

Year Ending June 30,	Principal	Interest
2010	\$ 99,092	\$ 10,840
2011	136,039	3,267
	<u>\$ 235,131</u>	<u>\$ 14,107</u>

Beverage Carts

During fiscal year 2007-2008, the Enterprise Funds entered into a capital lease agreement with Textron Financial for 2 beverage carts. The original cost of the equipment, aggregating \$18,783 has been capitalized. The outstanding balance at June 30, 2009, was \$9,829. Future minimum payments relating to these leases are as follows:

Year Ending June 30,	Principal	Interest
2010	\$ 4,877	\$ 434
2011	4,952	111
	<u>\$ 9,829</u>	<u>\$ 545</u>

Note 9: Other Special Obligation

During fiscal year 2000-2001, the Agency issued the Yorba Linda Redevelopment Agency Multi-Family Housing Revenue Bonds 2000, Series A, in the principal amount of \$2,754,321. These bonds are not reflected in the long-term debt obligation because they are special obligations payable solely from and secured by specific revenue sources described in the resolution and official statement of the issue. Neither the faith and credit nor the taxing power of the City, the Redevelopment Agency, the State of California or any political subdivision thereof, is pledged for the payment of these bonds. The outstanding balance at June 30, 2009, was \$2,410,584.

VI. Other information

Note 10: City Employees Retirement Plan (Defined Benefit Pension Plan)

Plan Description

The City of Yorba Linda contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries.

**City of Yorba Linda
Notes to Financial Statements (Continued)**

Note 10: City Employees Retirement Plan (Defined Benefit Pension Plan - Continued)

PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and City ordinance. Copies of PERS' annual financial report may be obtained from their executive office located at: 400 P Street, Sacramento, California 95814.

Funding Policy

Participants are required to contribute 7% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 12.081% for miscellaneous employees, of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

Annual Pension Cost

For fiscal year 2008-2009, the City's annual pension cost of \$1,522,798 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2006, actuarial valuation using the entry age normal actuarial cost method.

The summary of principal assumptions and methods used to determine the annual required contribution is shown below:

Valuation Date	June 30, 2006
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	23 years as of the Valuation Date
Asset Valuation Method	15-Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.25% to 14.45% depending on age, service and type of employment
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.00% and an annual production growth of 0.25%.

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percent of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over a 30 year rolling period, which results in an amortization of 6% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30-year amortization period.

**City of Yorba Linda
Notes to Financial Statements (Continued)**

Note 10: City Employees Retirement Plan (Defined Benefit Pension Plan - Continued)

Three-Year Trend Information for PERS
(Amounts in Thousands)

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2007	\$ 1,259	100%	\$ -
6/30/2008	1,505	100%	-
6/30/2009	1,523	100%	-

Schedule of Funding Progress for PERS
Miscellaneous
(Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
6/30/2005	29,039	31,816	2,777	91.3 %	5,897	47.1 %
6/30/2006	31,416	34,281	2,865	91.6 %	6,086	47.1 %
6/30/2007	34,023	36,438	2,415	93.3 %	6,647	36 %

This is the latests information available.

Note 11: Other Post-Employment Employee Benefits

Plan Description

The City provides other postemployment benefits (OPEB) through the Public Employees' Medical and Hospital Care Act (PEMHCA), a single-employer defined benefit healthcare plan administered by the California Public Employees' Retirement System (CalPERS), by contributing a predetermined monthly maximum of \$1,167 for each eligible retiree and their dependents that are eligible to participate in the PERS Health Plan. In addition, there is a maximum dental benefit of \$2,000 and maximum vision benefit of \$274, per eligible individual per year. These benefits are provided per contract between the City and the employee associations. Separate financial statements for the PEMHCA may be obtained by writing to CalPERS at Lincoln Plaza North 400 Q Street, Sacramento, CA 95814 or by visiting the CalPERS website at www.calpers.ca.gov.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City, City Council and/or the employee associations. Currently, contributions are not required from plan members. A contribution of \$208,752 was made during the 2008-2009 fiscal year and was not included in the January 1, 2008, actuarial study. The purpose of the contributions was to cover the pay-as-you-go financing requirements.

As a result, the City calculated and recorded a Net OPEB Asset, representing the difference between the Annual Required Contribution (ARC) and actual contributions, as presented in the following table:

**City of Yorba Linda
Notes to Financial Statements (Continued)**

Note 11: Other Post-Employment Employee Benefits (Continued)

Annual required contribution (ARC)	\$ 1,540,411
Adjustment to ARC	-
Adjustment for interest	-
Annual OPEB cost	1,540,411
Contributions made	<u>(208,752)</u>
(Decrease) increase in Net OPEB obligation	1,331,659
Net OPEB obligation (asset) June 30, 2008	-
(Increase) decrease in Net OPEB asset	-
Net OPEB obligation (asset) June 30, 2009	<u>\$ 1,331,659</u>

The contribution rate of 22.71% is based on the ARC of \$1,778,000, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover the annual normal cost and the amortization of unfunded actuarial liabilities (or funding excess) over a thirty year period.

Annual OPEB Costs and Net OPEB Obligation (Asset)

For the fiscal year 2008-2009, the City's annual OPEB cost (expense) of \$208,752 was less than the ARC. Since this is the first year of implementation, information on the annual OPEB cost, percentage of Annual OPEB cost contributed, and Net OPEB Obligation is only available for the current fiscal year, as presented below:

Fiscal Year Ending	Annual OPEB Cost	Actual Contribution (Net of Adjustments)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2009	\$ 1,540,411	\$ 208,752	14%	\$ 1,331,659

Funded Status and Funding Progress

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

The schedule of funding progress below presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Only one year is presented as this is the first year of the plan.

Type of Valuation	Actuarial Valuation Date	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a Percent of Covered Payroll	Interest Rate	Salary Scale
Actual	1/1/2008	\$ -	\$ 15,603,633	0.0%	\$ 6,782,963	230.04%	4.50%	3.25%

**City of Yorba Linda
Notes to Financial Statements (Continued)**

Note 11: Other Post-Employment Employee Benefits (Continued)

Actuarial Methods and Assumptions

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

In the January 1, 2008, actuarial valuation, the Entry Age Normal Actuarial Cost Method was used. The actuarial assumptions include a annual rate of return on assets used to pay for benefits is assumed to be 4.5% (assumed rate of return on general assets). The cost of living as measured by the Consumer Price Index (CPI) is assumed to increase at the rate of 3.00% per year. Assumed pay increases for active employees consist of increases due to wage inflation of 3.25%, plus those due to longevity and promotion. The actuarial value of assets is set equal to the reported market value of assets. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at June 30, 2009, was twenty-nine years. The number of active participants is 118.

Note 12: Self-Insurance Program

a. Description of Self-Insurance Pool

The City of Yorba Linda is a member of the California Insurance Pool Authority (CIPA). CIPA, a consortium of 12 cities in Orange County, California, was established to pool resources, share risks, purchase excess insurance and share costs for professional risk management and claims administration. Member cities may be assessed the difference between funds available and the \$20,000,000 annual aggregate in proportion to their annual premium. The Governing Board consists of one member from each participating city and is responsible for the selection of management and for the budgeting and financial management of the Authority.

The rights of the City of Yorba Linda is to receive assistance from the Authority in establishing and maintaining a risk management program compatible with the policies and programs of the Authority and to appeal decisions of the Claims Committee to the Executive Committee or the Board, subject to such restrictions as the Board may adopt by resolution or Bylaws.

b. Self-Insurance Programs of the Authority

The City initiated self-insurance programs for general liability and workers' compensation on July 1, 1985 and July 1, 1989, respectively. Outside insurance coverage is purchased through California Insurance Pool Activity (CIPA) for individual claims in excess of the City's self-insurance retention limits. Claims are processed by an outside insurance service that administers the programs.

The general liability program provides for self-insurance up to a maximum of \$250,000 per occurrence with excess insurance coverage purchased through CIPA up to a maximum of \$25,000,000 per claim. Workers' compensation claims that exceed the City's self-insured level of \$250,000 are insured through coverage purchased by CIPA up to California's statutory limits of workers' compensation.

**City of Yorba Linda
Notes to Financial Statements (Continued)**

Note 12: Self-Insurance Program (Continued)

Estimates for all liabilities up to the self-insured levels and including a provision for incurred but not reported claims, have been included in the long-term debt obligations as of June 30, 2009, as follows:

General Liability Claims	\$ 1,108,749
Workers' Compensation Claims	<u>28,421</u>
Total Claims Payable	<u><u>\$ 1,137,170</u></u>

Note 13: Joint Ventures

Orange County Fire Authority

In January 1995, the City of Yorba Linda entered into a joint powers agreement with the Cities of Buena Park, Cypress, Dana Point, Irvine, Laguna Hills, Laguna Niguel, Lake Forest, La Palma, Los Alamitos, Mission Viejo, Placentia, San Clemente, San Juan Capistrano, Seal Beach, Stanton, Tustin, Villa Park, Yorba Linda and the County of Orange to create the Orange County Fire Authority. The purpose of the Authority is to provide for mutual fire protection, prevention and suppression services, and related and incidental services including, but not limited to, emergency medical and transport services, as well as providing facilities and personnel for such services.

The effective date of formation was March 1, 1995. The Authority's governing board consists of one representative from each City and two from the County. The operations of the Authority are funded with structural fire fees collected by the County through the property tax roll for the unincorporated area and on behalf of all member Cities except for the Cities of Stanton, Tustin, San Clemente, Buena Park, Placentia and Seal Beach. The County pays all structural fire fees it collects to the Authority. The Cities of Stanton, Tustin, San Clemente, Buena Park, Placentia and Seal Beach are considered "cash contract Cities" and accordingly, make cash contributions based on the Authority's annual budget.

No determination has been made as to each participant's proportionate share of fund equity as of June 30, 2009. Upon dissolution of the Authority, all surplus money and property of the Authority will be conveyed or distributed to each member in proportion to all funds provided to the Authority by that member or by the County on behalf of that member during its membership.

Complete financial statements may be obtained from the Orange County Fire Authority, 1 Fire Authority Road, Building A, Irvine, CA 92602.

Note 14: Contingent Liabilities

- a. The City of Yorba Linda has been named as a defendant in numerous lawsuits and claims arising in the course of operations. In the aggregate, these claims seek monetary damages in significant amounts. To the extent the outcome of such litigation has been determined to result in probable financial loss to the City, such loss has been accrued in the accompanying combined financial statements.
- b. In June 2004, the Agency and the Placentia-Yorba Linda Unified School District (PYLUSD) settled their dispute regarding the additional payments owed under the Agency's tax increment pass-through agreements to the PYLUSD. The final settlement totals \$6,569,106 and is to be paid as tax increment is available for repayment. Based on the annual pass-through calculation, there may be additional amounts deferred each year. The balance due is included in due to other government in the City's governmental activities long-term debt.

City of Yorba Linda
Notes to Financial Statements (Continued)

Note 15: Subsequent Events

Local Government Revenues Withheld by the State of California

On July 24, 2009, the legislation approved the “borrowing” of up to 8 percent of the local property tax under Proposition 1A (2004). The State of California is required to repay this obligation by June 30, 2013. It is estimated that the City’s property tax reduction will be approximately \$1,571,299.

ERAF Tax Increment Revenue Shift

On July 23, 2009, the California Legislature passed SB 26, requiring a shift in tax increment revenues during fiscal years 2009-2010 and 2010-2011 to be deposited into the county “Supplemental” Educational Revenue Augmentation Fund (SERAF) to be distributed to meet the State’s Prop 98 obligations to schools. It is estimated that the Agency’s share of the SERAF shift for fiscal year 2009-2010 and 2010-2011 will amount to approximately \$5,718,512 and \$1,177,341, respectively. In October 2009, the California Redevelopment Association and its member agencies filed a legal action in an attempt to stop these amounts from having to be paid. As of the date of this report, no legal determination has been made by the courts on that action.

Lawsuit Settlement

On July 24, 2009, the County of Orange Superior Court ruled in favor of the City of Yorba Linda regarding the Soundwall Case against the City of Anaheim. The Judgment of \$1,033,838 plus costs was awarded to the City of Yorba Linda for a portion of the cost incurred on building the Soundwall along the train tracks, which border the City of Yorba Linda and Anaheim, as well as legal expenditures related to the case.

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**CITY OF YORBA LINDA
JUNE 30, 2009**

REQUIRED SUPPLEMENTARY INFORMATION

MODIFIED APPROACH FOR CITY INFRASTRUCTURE CAPITAL ASSETS

In accordance with GASB Statement No. 34, the City is required to account for and report infrastructure capital assets. GASB Statement No. 34 defines infrastructure assets as "...long lived capital assets that are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets." Infrastructure assets are normally stationary in nature and are of value only to the government entity. They are basic physical assets that allow the government entity to function. Examples include streets, bridges and storm drains.

Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into concrete and asphalt pavements, concrete curb and gutters, sidewalks, medians, etc. Subsystem detail is not presented in these basic financial statements; however, the City maintains detailed information on these subsystems.

The City has elected the "Modified Approach" as defined by GASB Statement No. 34 for infrastructure reporting for its Governmental Activities street infrastructure assets. The Engineering Department, in conjunction with City Management, is responsible for determining the appropriate condition level at which the assets are to be maintained. Under GASB Statement No. 34, eligible infrastructure capital assets are not required to be depreciated, nor are amounts capitalized in connection with improvements that lengthen the lives of such assets, unless the improvements also increase their service potential, under the following requirements:

- The City manages the eligible infrastructure capital assets using an asset management system with characteristics of (1) an up-to-date inventory, (2) perform condition assessments and summarize the results using a measurement scale, and (3) estimate annual amount to maintain and preserve at the established condition assessment level.
- The City documents that eligible infrastructure capital assets are being preserved approximately at or above the established disclosed assessment.

A physical condition assessment of the streets is required by the Orange County Transportation Authority every two years. The most recent report is dated June 30, 2008. The City established a condition level policy of "Very Good" for the average condition of all pavements. As a result of the City's pavement evaluation, the condition was deemed to be in "Very Good" condition.

The City expended \$4,005,210 on street improvement projects for the fiscal year ended June 30, 2009. These capital improvement expenditures enhanced the condition of many streets and delayed deterioration on others. Using a scale of 0 to 100 with 0 being a badly deteriorated street with virtually no remaining life, and 100 being a brand new street, it has been determined that the expenditure required to maintain the overall condition of the City's streets in "Very Good" condition is approximately \$1.44 million per year.

**CITY OF YORBA LINDA
JUNE 30, 2009**

REQUIRED SUPPLEMENTARY INFORMATION

MODIFIED APPROACH FOR CITY INFRASTRUCTURE CAPITAL ASSETS (Continued)

A schedule of budget versus actual for the most recent years since implementation in 2003-2004, which preserved City streets at the current pavement condition index of 81 is presented below:

<u>Fiscal Year</u>	<u>Final Budget</u>	<u>Funded by General Fund</u>	<u>Funded by Other Funds</u>	<u>Total Expenditures</u>
2003-2004	\$ 2,797,842	\$ 1,308,965	\$ 113,555	\$ 1,422,520
2004-2005	4,115,157	1,584,219	1,216,527	2,800,746
2005-2006	3,897,927	1,524,645	823,295	2,347,940
2006-2007	5,131,708	1,557,971	2,609,383	4,167,354
2007-2008	4,567,908	1,731,721	1,500,792	3,232,513
2008-2009	4,857,703	1,646,742	2,358,468	4,005,210

**CITY OF YORBA LINDA
NONMAJOR GOVERNMENTAL FUNDS**

Gas Tax	To account for the City's share of State and County gas tax revenues. The tax allocations are expended on street maintenance and street construction.
Traffic Safety	To account for revenues generated from enforcement of California vehicle codes and City ordinances. These funds may only be used for traffic signals, school crossing guards and other related traffic safety expenditures.
HCD Grant	To account for Housing and Community Development Act revenues and expenditures for social services, neighborhood and commercial improvement projects, and program administration.
Citizen Option Public Safety	To account for the revenues allocated by the State for enhanced levels of law enforcement, and for federal police grants restricted for specific activities and expenditures which improve local crime reduction.
AQMD	To account for the revenues allocated by the Southern California Air Quality Management District (SCAQMD) and restricted towards expenditures which improve local area air quality.
Park-in-Lieu	To account for development fees used for the acquisition of parklands and the construction of park facilities.
Measure M Turnback	To account for transportation tax revenues for street projects within the City.
Library	To account for the revenues and expenditures relating to the operations of the public library.
Master Plan of Drainage	To account for financial resources segregated for the construction of major drainage improvements within the City.
Street and Traffic Signal Improvements	To account for financial resources segregated for the construction of major street and traffic signal improvements within the City.

CITY OF YORBA LINDA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

	Special Revenue Funds			
	Gas Tax	Traffic Safety	HCD Grant	Citizens Option Public Safety
Assets:				
Pooled cash and investments	\$ 2,059,090	\$ -	\$ -	\$ 1,313
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Accrued interest	5,169	-	-	126
Prepaid costs	-	-	-	-
Deposits	-	-	-	-
Due from other governments	227,520	28,432	17,681	10,398
Due from other funds	-	-	-	-
Total Assets	\$ 2,291,779	\$ 28,432	\$ 17,681	\$ 11,837
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 18	\$ -
Accrued liabilities	-	-	1,172	-
Deferred revenues	-	-	11,289	-
Due to other funds	582,453	20,437	17,033	-
Total Liabilities	582,453	20,437	29,512	-
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	-	-	-
Reserved for prepaid costs	-	-	-	-
Unreserved:				
Designated for capital improvement projects	-	-	-	-
Undesignated	1,709,326	7,995	(11,831)	11,837
Total Fund Balances	1,709,326	7,995	(11,831)	11,837
Total Liabilities and Fund Balances	\$ 2,291,779	\$ 28,432	\$ 17,681	\$ 11,837

CITY OF YORBA LINDA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

(Continued)

	Special Revenue Funds			
	AQMD	Park In-Lieu	Measure M Turnback	Library
Assets:				
Pooled cash and investments	\$ 656,901	\$ 799,137	\$ 2,721,271	\$ 9,377,379
Receivables:				
Accounts	-	-	-	1,305
Taxes	-	-	-	79,823
Accrued interest	1,523	1,825	6,252	20,858
Prepaid costs	-	-	-	993
Deposits	-	-	-	-
Due from other governments	20,000	-	100,105	-
Due from other funds	-	-	-	-
Total Assets	\$ 678,424	\$ 800,962	\$ 2,827,628	\$ 9,480,358
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 67,228
Accrued liabilities	-	-	-	70,146
Deferred revenues	-	-	-	-
Due to other funds	-	29,330	45,298	-
Total Liabilities	-	29,330	45,298	137,374
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	93,550	-	9,484
Reserved for prepaid costs	-	-	-	993
Unreserved:				
Designated for capital improvement projects	-	-	-	-
Undesignated	678,424	678,082	2,782,330	9,332,507
Total Fund Balances	678,424	771,632	2,782,330	9,342,984
Total Liabilities and Fund Balances	\$ 678,424	\$ 800,962	\$ 2,827,628	\$ 9,480,358

CITY OF YORBA LINDA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2009

	Capital Projects Funds		
	Master Plan of Drainage	Street and Traffic Signal Improvements	Total Governmental Funds
Assets:			
Pooled cash and investments	\$ 5,304,481	\$ 2,667,044	\$ 23,586,616
Receivables:			
Accounts	-	-	1,305
Taxes	-	-	79,823
Accrued interest	11,398	5,909	53,060
Prepaid costs	-	-	993
Deposits	-	-	-
Due from other governments	-	-	404,136
Due from other funds	-	-	-
Total Assets	\$ 5,315,879	\$ 2,672,953	\$ 24,125,933
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 67,246
Accrued liabilities	-	-	71,318
Deferred revenues	-	-	11,289
Due to other funds	329	70,664	765,544
Total Liabilities	329	70,664	915,397
Fund Balances:			
Reserved:			
Reserved for encumbrances	-	-	103,034
Reserved for prepaid costs	-	-	993
Unreserved:			
Designated for capital improvement projects	-	2,200,854	2,200,854
Undesignated	5,315,550	401,435	20,905,655
Total Fund Balances	5,315,550	2,602,289	23,210,536
Total Liabilities and Fund Balances	\$ 5,315,879	\$ 2,672,953	\$ 24,125,933

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CITY OF YORBA LINDA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

	Special Revenue Funds			
	Gas Tax	Traffic Safety	HCD Grant	Citizens Option Public Safety
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,671,425	-	245,750	75,843
Charges for services	-	-	-	-
Use of money and property	80,985	-	-	1,429
Fines and forfeitures	-	317,215	-	-
Contributions	-	-	-	-
Developer participation	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	1,752,410	317,215	245,750	77,272
Expenditures:				
Current:				
General government	-	-	-	-
Community development	-	-	154,756	-
Parks and recreation	-	-	41,145	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	195,901	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,752,410	317,215	49,849	77,272
Other Financing Sources (Uses):				
Transfers out	(3,162,380)	(340,000)	-	(89,000)
Total Other Financing Sources (Uses)	(3,162,380)	(340,000)	-	(89,000)
Net Change in Fund Balances	(1,409,970)	(22,785)	49,849	(11,728)
Fund Balances, Beginning of Year	3,111,796	30,780	(61,680)	23,565
Restatements	7,500	-	-	-
Fund Balances, Beginning of Year, as Restated	3,119,296	30,780	(61,680)	23,565
Fund Balances, End of Year	\$ 1,709,326	\$ 7,995	\$ (11,831)	\$ 11,837

CITY OF YORBA LINDA

**COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008**

(Continued)

	Special Revenue Funds			
	AQMD	Park In- Lieu	Measure M Turnback	Library
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ 4,189,437
Intergovernmental	78,605	-	678,480	89,498
Charges for services	-	-	-	42,244
Use of money and property	19,363	25,116	77,936	240,876
Fines and forfeitures	-	-	-	78,240
Contributions	-	-	-	115
Developer participation	-	20,922	-	-
Miscellaneous	-	-	-	23,655
Total Revenues	97,968	46,038	756,416	4,664,065
Expenditures:				
Current:				
General government	-	-	-	3,174,228
Community development	-	-	-	-
Parks and recreation	-	-	-	-
Capital outlay	-	-	-	20,076
Total Expenditures	-	-	-	3,194,304
Excess (Deficiency) of Revenues Over (Under) Expenditures	97,968	46,038	756,416	1,469,761
Other Financing Sources (Uses):				
Transfers out	(69,787)	(158,507)	(492,313)	(143,116)
Total Other Financing Sources (Uses)	(69,787)	(158,507)	(492,313)	(143,116)
Net Change in Fund Balances	28,181	(112,469)	264,103	1,326,645
Fund Balances, Beginning of Year	650,243	884,101	2,518,227	8,016,339
Restatements	-	-	-	-
Fund Balances, Beginning of Year, as Restated	650,243	884,101	2,518,227	8,016,339
Fund Balances, End of Year	\$ 678,424	\$ 771,632	\$ 2,782,330	\$ 9,342,984

CITY OF YORBA LINDA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2008

	Capital Projects Funds		
	Master Plan of Drainage	Street and Traffic Signal Improvements	Total Governmental Funds
Revenues:			
Taxes	\$ -	\$ -	\$ 4,189,437
Intergovernmental	-	-	2,839,601
Charges for services	-	-	42,244
Use of money and property	146,137	79,756	671,598
Fines and forfeitures	-	-	395,455
Contributions	-	-	115
Developer participation	452,374	124,933	598,229
Miscellaneous	-	-	23,655
Total Revenues	598,511	204,689	8,760,334
Expenditures:			
Current:			
General government	-	-	3,174,228
Community development	-	-	154,756
Parks and recreation	-	-	41,145
Capital outlay	-	-	20,076
Total Expenditures	-	-	3,390,205
Excess (Deficiency) of Revenues Over (Under) Expenditures	598,511	204,689	5,370,129
Other Financing Sources (Uses):			
Transfers out	(65,060)	(503,353)	(5,023,516)
Total Other Financing Sources (Uses)	(65,060)	(503,353)	(5,023,516)
Net Change in Fund Balances	533,451	(298,664)	346,613
Fund Balances, Beginning of Year	4,782,099	2,900,953	22,856,423
Restatements	-	-	7,500
Fund Balances, Beginning of Year, as Restated	4,782,099	2,900,953	22,863,923
Fund Balances, End of Year	\$ 5,315,550	\$ 2,602,289	\$ 23,210,536

CITY OF YORBA LINDA

**BUDGETARY COMPARISON SCHEDULE
GAS TAX
YEAR ENDED JUNE 30, 2009**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1, as restated	\$ 3,119,296	\$ 3,119,296	\$ 3,119,296	\$ -
Resources (Inflows):				
Intergovernmental	1,724,500	1,724,500	1,671,425	(53,075)
Use of money and property	10,000	10,000	80,985	70,985
Amounts Available for Appropriation	4,853,796	4,853,796	4,871,706	17,910
Charges to Appropriation (Outflow):				
Transfers out	3,952,500	5,906,094	3,162,380	2,743,714
Total Charges to Appropriations	3,952,500	5,906,094	3,162,380	2,743,714
Budgetary Fund Balance, June 30	\$ 901,296	\$ (1,052,298)	\$ 1,709,326	\$ 2,761,624

CITY OF YORBA LINDA

**BUDGETARY COMPARISON SCHEDULE
TRAFFIC SAFETY
YEAR ENDED JUNE 30, 2009**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 30,780	\$ 30,780	\$ 30,780	\$ -
Resources (Inflows):				
Fines and forfeitures	380,000	380,000	317,215	(62,785)
Amounts Available for Appropriation	410,780	410,780	347,995	(62,785)
Charges to Appropriation (Outflow):				
Transfers out	380,000	380,000	340,000	40,000
Total Charges to Appropriations	380,000	380,000	340,000	40,000
Budgetary Fund Balance, June 30	\$ 30,780	\$ 30,780	\$ 7,995	\$ (22,785)

CITY OF YORBA LINDA

BUDGETARY COMPARISON SCHEDULE
HCD GRANT
YEAR ENDED JUNE 30, 2009

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ (61,680)	\$ (61,680)	\$ (61,680)	\$ -
Resources (Inflows):				
Intergovernmental	241,700	241,700	245,750	4,050
Amounts Available for Appropriation	180,020	180,020	184,070	4,050
Charges to Appropriation (Outflow):				
Community development	201,100	201,100	154,756	46,344
Parks and recreation	40,600	40,600	41,145	(545)
Total Charges to Appropriations	241,700	241,700	195,901	45,799
Budgetary Fund Balance, June 30	\$ (61,680)	\$ (61,680)	\$ (11,831)	\$ 49,849

CITY OF YORBA LINDA

**BUDGETARY COMPARISON SCHEDULE
CITIZENS OPTION PUBLIC SAFETY
YEAR ENDED JUNE 30, 2009**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 23,565	\$ 23,565	\$ 23,565	\$ -
Resources (Inflows):				
Intergovernmental	125,000	125,000	75,843	(49,157)
Use of money and property	4,000	4,000	1,429	(2,571)
Amounts Available for Appropriation	152,565	152,565	100,837	(51,728)
Charges to Appropriation (Outflow):				
Transfers out	125,000	125,000	89,000	36,000
Total Charges to Appropriations	125,000	125,000	89,000	36,000
Budgetary Fund Balance, June 30	\$ 27,565	\$ 27,565	\$ 11,837	\$ (15,728)

CITY OF YORBA LINDA

**BUDGETARY COMPARISON SCHEDULE
AQMD
YEAR ENDED JUNE 30, 2009**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 650,243	\$ 650,243	\$ 650,243	\$ -
Resources (Inflows):				
Intergovernmental	83,000	83,000	78,605	(4,395)
Use of money and property	15,000	15,000	19,363	4,363
Amounts Available for Appropriation	748,243	748,243	748,211	(32)
Charges to Appropriation (Outflow):				
Transfers out	-	8,351	69,787	(61,436)
Total Charges to Appropriations	-	8,351	69,787	(61,436)
Budgetary Fund Balance, June 30	\$ 748,243	\$ 739,892	\$ 678,424	\$ (61,468)

CITY OF YORBA LINDA

**BUDGETARY COMPARISON SCHEDULE
PARK IN-LIEU
YEAR ENDED JUNE 30, 2009**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 884,101	\$ 884,101	\$ 884,101	\$ -
Resources (Inflows):				
Assessments	-	(93,550)	-	93,550
Use of money and property	40,000	40,000	25,116	(14,884)
Developer participation	30,000	30,000	20,922	(9,078)
Amounts Available for Appropriation	954,101	860,551	930,139	69,588
Charges to Appropriation (Outflow):				
Transfers out	-	453,636	158,507	295,129
Total Charges to Appropriations	-	453,636	158,507	295,129
Budgetary Fund Balance, June 30	\$ 954,101	\$ 406,915	\$ 771,632	\$ 364,717

CITY OF YORBA LINDA

BUDGETARY COMPARISON SCHEDULE
 MEASURE M TURNBACK
 YEAR ENDED JUNE 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 2,518,227	\$ 2,518,227	\$ 2,518,227	\$ -
Resources (Inflows):				
Intergovernmental	800,000	800,000	678,480	(121,520)
Use of money and property	20,000	20,000	77,936	57,936
Amounts Available for Appropriation	3,338,227	3,338,227	3,274,643	(63,584)
Charges to Appropriation (Outflow):				
Transfers out	683,000	1,247,587	492,313	755,274
Total Charges to Appropriations	683,000	1,247,587	492,313	755,274
Budgetary Fund Balance, June 30	\$ 2,655,227	\$ 2,090,640	\$ 2,782,330	\$ 691,690

CITY OF YORBA LINDA

BUDGETARY COMPARISON SCHEDULE
 LIBRARY
 YEAR ENDED JUNE 30, 2009

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1	\$ 8,016,339	\$ 8,016,339	\$ 8,016,339	\$ -
Resources (Inflows):				
Taxes	4,394,000	4,394,000	4,189,437	(204,563)
Intergovernmental	80,000	80,000	89,498	9,498
Charges for services	42,000	42,000	42,244	244
Use of money and property	270,000	270,000	240,876	(29,124)
Fines and forfeitures	80,000	80,000	78,240	(1,760)
Contributions	250	250	115	(135)
Miscellaneous	42,200	42,200	23,655	(18,545)
Amounts Available for Appropriation	12,924,789	12,924,789	12,680,404	(244,385)
Charges to Appropriation (Outflow):				
General government	3,376,250	3,655,050	3,174,228	480,822
Capital outlay	126,000	113,130	20,076	93,054
Transfers out	-	513,245	143,116	370,129
Total Charges to Appropriations	3,502,250	4,281,425	3,337,420	944,005
Budgetary Fund Balance, June 30	\$ 9,422,539	\$ 8,643,364	\$ 9,342,984	\$ 699,620

CITY OF YORBA LINDA

**BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENTS
YEAR ENDED JUNE 30, 2009**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ -	\$ -	\$ -	\$ -
Resources (Inflows):				
Transfers in	6,338,000	15,601,592	7,019,766	(8,581,826)
Amounts Available for Appropriation	6,338,000	15,601,592	7,019,766	(8,581,826)
Charges to Appropriation (Outflow):				
Capital outlay	6,338,000	15,601,592	7,019,766	8,581,826
Total Charges to Appropriations	6,338,000	15,601,592	7,019,766	8,581,826
Budgetary Fund Balance, June 30	\$ -	\$ -	\$ -	\$ -

CITY OF YORBA LINDA

**BUDGETARY COMPARISON SCHEDULE
 MASTER PLAN OF DRAINAGE
 YEAR ENDED JUNE 30, 2009**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 4,782,099	\$ 4,782,099	\$ 4,782,099	\$ -
Resources (Inflows):				
Use of money and property	208,000	208,000	146,137	(61,863)
Developer participation	250,000	250,000	452,374	202,374
Amounts Available for Appropriation	5,240,099	5,240,099	5,380,610	140,511
Charges to Appropriation (Outflow):				
Transfers out	-	249,791	65,060	184,731
Total Charges to Appropriations	-	249,791	65,060	184,731
Budgetary Fund Balance, June 30	\$ 5,240,099	\$ 4,990,308	\$ 5,315,550	\$ 325,242

CITY OF YORBA LINDA

**BUDGETARY COMPARISON SCHEDULE
STREET AND TRAFFIC SIGNAL IMPROVEMENTS
YEAR ENDED JUNE 30, 2009**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 2,900,953	\$ 2,900,953	\$ 2,900,953	\$ -
Resources (Inflows):				
Use of money and property	55,000	55,000	79,756	24,756
Developer participation	50,000	50,000	124,933	74,933
Amounts Available for Appropriation	3,005,953	3,005,953	3,105,642	99,689
Charges to Appropriation (Outflow):				
Transfers out	578,000	1,358,029	503,353	854,676
Total Charges to Appropriations	578,000	1,358,029	503,353	854,676
Budgetary Fund Balance, June 30	\$ 2,427,953	\$ 1,647,924	\$ 2,602,289	\$ 954,365

CITY OF YORBA LINDA

**BUDGETARY COMPARISON SCHEDULE
 YORBA LINDA REDEVELOPMENT AGENCY- CAPITAL PROJECTS FUNDS
 YEAR ENDED JUNE 30, 2009**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 63,190,305	\$ 63,190,305	\$ 63,190,305	\$ -
Resources (Inflows):				
Taxes	-	-	4,349,578	4,349,578
Charges for services	221,000	221,000	242,300	21,300
Use of money and property	960,000	960,000	691,008	(268,992)
Miscellaneous	9,000	9,000	16,872	7,872
Transfers in	4,462,840	4,462,840	-	(4,462,840)
Amounts Available for Appropriation	68,843,145	68,843,145	68,490,063	(353,082)
Charges to Appropriation (Outflow):				
General government	1,419,300	2,198,171	1,188,341	1,009,830
Capital outlay	15,000	151,000	12,074	138,926
Transfers out	-	852,893	341,561	511,332
Total Charges to Appropriations	1,434,300	3,202,064	1,541,976	1,660,088
Budgetary Fund Balance, June 30	\$ 67,408,845	\$ 65,641,081	\$ 66,948,087	\$ 1,307,006

CITY OF YORBA LINDA

**BUDGETARY COMPARISON SCHEDULE
 YORBA LINDA REDEVELOPMENT AGENCY-DEBT SERVICE FUNDS
 YEAR ENDED JUNE 30, 2009**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1	\$ 442,039	\$ 442,039	\$ 442,039	\$ -
Resources (Inflows):				
Taxes	22,314,200	22,314,200	17,425,218	(4,888,982)
Use of money and property	9,000	9,000	257,473	248,473
Notes and loans issued	-	-	2,904,953	2,904,953
Amounts Available for Appropriation	<u>22,765,239</u>	<u>22,765,239</u>	<u>21,029,683</u>	<u>(1,735,556)</u>
Charges to Appropriation (Outflow):				
General government	160,000	160,000	196,248	(36,248)
Debt service:				
Principal retirement	2,425,000	2,425,000	2,425,000	-
Interest and fiscal charges	2,550,850	2,550,850	5,183,038	(2,632,188)
Pass-through agreement payments	9,950,000	9,950,000	9,352,395	597,605
Total Charges to Appropriations	<u>15,085,850</u>	<u>15,085,850</u>	<u>17,156,681</u>	<u>(2,070,831)</u>
Budgetary Fund Balance, June 30	<u>\$ 7,679,389</u>	<u>\$ 7,679,389</u>	<u>\$ 3,873,002</u>	<u>\$ (3,806,387)</u>

CITY OF YORBA LINDA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 ALL AGENCY FUNDS
 YEAR ENDED JUNE 30, 2009

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2009</u>
<u>Deposits</u>				
Assets:				
Pooled cash and investments	\$ 4,358,655	\$ -	\$ 379,869	\$ 3,978,786
Total Assets	<u>\$ 4,358,655</u>	<u>\$ -</u>	<u>\$ 379,869</u>	<u>\$ 3,978,786</u>
Liabilities:				
Accounts payable	\$ 137,694	\$ 80,473	\$ -	\$ 218,167
Deposits payable	4,220,961	-	460,342	3,760,619
Total Liabilities	<u>\$ 4,358,655</u>	<u>\$ 80,473</u>	<u>\$ 460,342</u>	<u>\$ 3,978,786</u>