LSL
CERTIFIED PUBLIC ACCOUNTANTS

CITY OF YORBA LINDA, CALIFORNIA

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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CITY OF YORBA LINDA, CALIFORNIA

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FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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TABLE OF CONTENTS

Page Number

INDEPENDENT AUDITORS' REPORT 1

BASIC FINANCIAL STATEMENTS

Government-Wide Financial Statements:
Statement of Net Assets 3

Statement of Activities 4

Fund Financial Statements:
Balance Sheet - Governmental Funds 6

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets 9

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds 10

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 12

Budgetary Comparison Statement - General Fund 13

Budgetary Comparison Statement - Aid to Cities 14

Budgetary Comparison Statement – Street Lighting & Maintenance District 15

Statement of Net Assets - Proprietary Funds 16

Statement of Revenues, Expenses and Changes in Net Assets - Proprietary Funds 17

Statement of Cash Flows - Proprietary Funds 18

Statement of Fiduciary Net Assets - Fiduciary Funds 19

Notes to Financial Statements 21

CITY OF YORBA LINDA, CALIFORNIA

FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS

Page Number

REQUIRED SUPPLEMENTARY INFORMATION

Modified Approach for City Infrastructure Capital Assets....55

NONMAJOR GOVERNMENTAL FUNDS....57

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Combining Balance Sheet - Nonmajor Governmental Funds....58

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds....62

Budgetary Comparison Schedules - Special Revenue Funds
- Gas Tax....65
- Traffic Safety....66
- HCD Grant....67
- Citizen Option Public Safety....68
- AQMD....69
- Park in-Lieu....70
- Measure M Turnback....71
- Library....72

Budgetary Comparison Schedules - Capital Projects Funds
- Capital Improvements....73
- Master Plan of Drainage....74
- Street and Traffic Signal Improvements....75
- Redevelopment Agency....76

Budgetary Comparison Schedule - Debt Service Funds
Redevelopment Agency....77

Combining Statement of Changes in Assets and Liabilities – All Agency Funds....78

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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, 2010, 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, 2010, 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 January 6, 2011, 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, Soll & Lunghard, LLP

January 6, 2011

CITY OF YORBA LINDA

STATEMENT OF NET ASSETS
JUNE 30, 2010

	Primary Government		
	Governmental Activities	**Business-Type Activities**	**Total**
Assets:			
Cash and investments	$ 102,013,925	$ -	$ 102,013,925
Receivables:			
Accounts	537,148	314,634	851,782
Taxes	1,123,594	-	1,123,594
Notes and loans	22,705,718	-	22,705,718
Accrued interest	284,627	-	284,627
Internal balances	6,096,522	(6,096,522)	-
Prepaid costs	100,888	322,991	423,879
Due from other governments	4,471,201	-	4,471,201
Inventories	-	108,439	108,439
Deferred charges	464,848	521,070	985,918
Land held for resale	19,454,204	-	19,454,204
Restricted assets:			
Cash and investments	15,000	-	15,000
Cash with fiscal agent	21	1,205,556	1,205,577
Capital assets not being depreciated	212,914,976	12,726,948	225,641,924
Capital assets, net of depreciation	143,680,273	15,562,015	159,242,288
Total Assets	**513,862,945**	**24,665,131**	**538,528,076**
Liabilities:			
Accounts payable	3,474,156	983,869	4,458,025
Accrued liabilities	404,783	51,735	456,518
Accrued interest	661,783	191,436	853,219
Unearned revenue	380,330	331,649	711,979
Deposits payable	-	10,000	10,000
Due to other governments	3,253,011	-	3,253,011
Noncurrent liabilities:			
Due within one year	3,677,782	733,306	4,411,088
Due in more than one year	77,566,248	16,616,763	94,183,011
Total Liabilities	**89,418,093**	**18,918,758**	**108,336,851**
Net Assets:			
Invested in capital assets, net of related debt	297,170,718	10,938,894	308,109,612
Restricted for:			
Community development projects	81,292,944	-	81,292,944
Public safety	24,602	-	24,602
Public works	8,349,780	-	8,349,780
Capital projects	8,258,138	-	8,258,138
Debt service	1,699,771	-	1,699,771
Unrestricted	27,648,899	(5,192,521)	22,456,378
Total Net Assets	**$ 424,444,852**	**$ 5,746,373**	**$ 430,191,225**

See Notes to Financial Statements

CITY OF YORBA LINDA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

	Expenses	Charges for Services	Program Revenues Operating Contributions and Grants	Capital Contributions and Grants
Functions/Programs				
Primary Government:				
Governmental Activities:				
General government	$ 15,499,179	$ 1,257,748	$ 229,431	$ 439,694
Public safety	12,321,712	304,535	112,704	-
Community development	3,090,308	2,823,548	387,273	-
Parks and recreation	4,862,229	1,584,161	59,614	-
Public works	14,592,501	660,832	7,152,715	338,097
Interest on long-term debt	5,110,961	-	-	-
Total Governmental Activities	**55,476,890**	**6,630,824**	**7,941,737**	**777,791**
Business-Type Activities:				
Golf	6,299,565	5,314,506	-	-
Disposal	4,910,903	4,420,011	-	-
Total Business-Type Activities	**11,210,468**	**9,734,517**	**-**	**-**
Total Primary Government	**$ 66,687,358**	**$ 16,365,341**	**$ 7,941,737**	**$ 777,791**

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
Gain on sale of capital asset
Insurance recoveries

Total General Revenues, Contributions, Special Items and Transfers

Change in Net Assets

Net Assets at Beginning of Year

Net Assets at End of Year

Net (Expenses) Revenues and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Total
$ (13,572,306)	$ -	$ (13,572,306)
(11,904,473)	-	(11,904,473)
120,513	-	120,513
(3,218,454)	-	(3,218,454)
(6,440,857)	-	(6,440,857)
(5,110,961)	-	(5,110,961)
(40,126,538)	**-**	**(40,126,538)**
-	(985,059)	(985,059)
-	(490,892)	(490,892)
-	**(1,475,951)**	**(1,475,951)**
(40,126,538)	**(1,475,951)**	**(41,602,489)**
29,657,123	-	29,657,123
5,391,615	-	5,391,615
1,789,424	-	1,789,424
339,618	-	339,618
7,219,920	-	7,219,920
201,261	-	201,261
2,374,161	(23,623)	2,350,538
57,473	65,514	122,987
-	500	500
372,117	-	372,117
47,402,712	**42,391**	**47,445,103**
7,276,174	(1,433,560)	5,842,614
417,168,678	7,179,933	424,348,611
$ 424,444,852	**$ 5,746,373**	**$ 430,191,225**

CITY OF YORBA LINDA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

		Special Revenue Fund		Capital Projects Funds
	General	**Aid to Cities**	**Street Lighting & Maintenance District**	**Yorba Linda Redevelopment Agency**
Assets:				
Pooled cash and investments	$ 35,325,355	$ -	$ 2,816,214	$ 22,490,646
Receivables:				
Accounts	528,886	-	7,835	-
Taxes	684,393	-	77,105	-
Notes and loans	-	-	-	22,705,718
Accrued interest	226,384	-	1,483	25,296
Prepaid costs	74,737	-	-	-
Due from other governments	1,406,371	1,882,924	-	-
Due from other funds	3,165,627	-	-	-
Advances to other funds	10,718,458	-	-	5,723,780
Land held for resale	-	-	-	19,454,204
Restricted assets:				
Cash and investments	7,500	-	-	7,500
Cash and investments with fiscal agents	-	-	-	-
Total Assets	**$ 52,137,711**	**$ 1,882,924**	**$ 2,902,637**	**$ 70,407,144**
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	$ 1,848,334	$ -	$ 744,365	$ 191,468
Accrued liabilities	304,119	-	9,558	4,491
Deferred revenues	1,436,669	1,446,554	-	-
Unearned revenues	320,330	-	60,000	-
Due to other governments	-	-	-	-
Due to other funds	178,895	1,703,085	14,142	36,427
Advances from other funds	-	-	-	-
Total Liabilities	**4,088,347**	**3,149,639**	**828,065**	**232,386**
Fund Balances:				
Reserved:				
Reserved for encumbrances	855,804	-	242,534	371,999
Reserved for prepaid costs	74,737	-	-	-
Reserved for land held for resale	-	-	-	19,454,204
Reserved for notes and loans	-	-	-	22,705,718
Reserved for advances to other funds	10,718,458	-	-	5,723,780
Reserved for restricted cash	7,500	-	-	7,500
Unreserved:				
Unreserved, reported in nonmajor:				
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Designated for self-insurance	2,652,014	-	-	-
Designated for capital improvement projects	-	-	-	12,360,503
Undesignated	33,740,851	(1,266,715)	1,832,038	9,551,054
Total Fund Balances	**48,049,364**	**(1,266,715)**	**2,074,572**	**70,174,758**
Total Liabilities and Fund Balances	**$ 52,137,711**	**$ 1,882,924**	**$ 2,902,637**	**$ 70,407,144**

See Notes to Financial Statements

CITY OF YORBA LINDA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	Debt Service Fund		
	Yorba Linda Redevelopment Agency	**Other Governmental Funds**	**Total Governmental Funds**
Assets:			
Pooled cash and investments	$ 15,890,998	$ 25,490,712	$ 102,013,925
Receivables:			
Accounts	-	427	537,148
Taxes	290,043	72,053	1,123,594
Notes and loans	-	-	22,705,718
Accrued interest	9,947	21,517	284,627
Prepaid costs	-	26,151	100,888
Due from other governments	507,809	674,097	4,471,201
Due from other funds	-	481,181	3,646,808
Advances to other funds	-	-	16,442,238
Land held for resale	-	-	19,454,204
Restricted assets:			
Cash and investments	-	-	15,000
Cash and investments with fiscal agents	21	-	21
Total Assets	**$ 16,698,818**	**$ 26,766,138**	**$ 170,795,372**
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable	$ 6,696	$ 683,293	$ 3,474,156
Accrued liabilities	-	86,615	404,783
Deferred revenues	-	52,009	2,935,232
Unearned revenues	-	-	380,330
Due to other governments	3,253,011	-	3,253,011
Due to other funds	-	320,635	2,253,184
Advances from other funds	11,739,340	-	11,739,340
Total Liabilities	**14,999,047**	**1,142,552**	**24,440,036**
Fund Balances:			
Reserved:			
Reserved for encumbrances	-	1,340,151	2,810,488
Reserved for prepaid costs	-	26,151	100,888
Reserved for land held for resale	-	-	19,454,204
Reserved for notes and loans	-	-	22,705,718
Reserved for advances to other funds	-	-	16,442,238
Reserved for restricted cash	-	-	15,000
Unreserved:			
Unreserved, reported in nonmajor:			
Special revenue funds	-	17,337,546	17,337,546
Capital projects funds	-	6,919,738	6,919,738
Designated for self-insurance	-	-	2,652,014
Designated for capital improvement projects	-	-	12,360,503
Undesignated	1,699,771	-	45,556,999
Total Fund Balances	**1,699,771**	**25,623,586**	**146,355,336**
Total Liabilities and Fund Balances	**$ 16,698,818**	**$ 26,766,138**	**$ 170,795,372**

See Notes to Financial Statements

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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, 2010

Fund balances of governmental funds.	$ 146,355,336
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.	356,595,249
Bond issuance cost is an expenditure in the governmental funds, but it is a deferred charge in the statement of net assets.	464,848
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)	(76,668,503)
Claims and judgments	(808,753)
Compensated Absences	(897,616)
OPEB Obligation	(2,869,158)
Accrued interest payable for the current portion of interest due on Bonds has not been reported in the governmental funds.	(661,783)
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.	2,935,232
Net assets of governmental activities	**$ 424,444,852**

CITY OF YORBA LINDA

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

		Special Revenue Fund		Capital Projects Fund
	General	Aid to Cities	Street Lighting & Maintenance District	Yorba Linda Redevelopment Agency
Revenues:				
Taxes	$ 20,701,537	$ -	$ 6,616,512	$ 4,326,682
Licenses and permits	2,005,845	-	-	-
Intergovernmental	955,092	618,374	-	-
Charges for services	3,568,379	-	-	168,632
Use of money and property	1,447,494	-	16,964	413,016
Fines and forfeitures	34,191	-	-	-
Contributions	-	-	-	-
Developer participation	-	-	4,775	-
Miscellaneous	60,865	-	-	6,065
Total Revenues	**28,773,403**	**618,374**	**6,638,251**	**4,914,395**
Expenditures:				
Current:				
General government	3,678,875	-	-	1,548,108
Public safety	12,298,279	-	-	-
Community development	2,578,174	-	-	-
Parks and recreation	2,846,333	-	-	-
Public works	4,891,608	-	6,749,717	-
Capital outlay	171,190	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Pass-through agreement payments	-	-	-	-
Total Expenditures	**26,464,459**	**-**	**6,749,717**	**1,548,108**
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,308,944	618,374	(111,466)	3,366,287
Other Financing Sources (Uses):				
Transfers in	392,367	-	995,100	-
Transfers out	(3,381,955)	(832,270)	(36,911)	(139,616)
Notes and loans issued	-	-	-	-
Insurance recoveries	372,117	-	-	-
Total Other Financing Sources (Uses)	**(2,617,471)**	**(832,270)**	**958,189**	**(139,616)**
Net Change in Fund Balances	(308,527)	(213,896)	846,723	3,226,671
Fund Balances, Beginning of Year	48,357,891	(1,052,819)	1,227,849	66,948,087
Fund Balances, End of Year	**$ 48,049,364**	**$ (1,266,715)**	**$ 2,074,572**	**$ 70,174,758**

See Notes to Financial Statements

CITY OF YORBA LINDA

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

	Debt Service Fund		
	Yorba Linda Redevelopment Agency	**Other Governmental Funds**	**Total Governmental Funds**
Revenues:			
Taxes	$ 17,318,273	$ 4,120,416	$ 53,083,420
Licenses and permits	-	-	2,005,845
Intergovernmental	-	3,871,518	5,444,984
Charges for services	-	43,688	3,780,699
Use of money and property	149,567	347,120	2,374,161
Fines and forfeitures	-	298,825	333,016
Contributions	-	4,555	4,555
Developer participation	-	377,500	382,275
Miscellaneous	-	24,294	91,224
Total Revenues	**17,467,840**	**9,087,916**	**67,500,179**
Expenditures:			
Current:			
General government	5,907,473	3,200,423	14,334,879
Public safety	-	-	12,298,279
Community development	-	252,943	2,831,117
Parks and recreation	-	116,177	2,962,510
Public works	-	-	11,641,325
Capital outlay	-	6,108,608	6,279,798
Debt service:			
Principal retirement	2,535,000	-	2,535,000
Interest and fiscal charges	5,133,959	-	5,133,959
Pass-through agreement payments	9,064,344	-	9,064,344
Total Expenditures	**22,640,776**	**9,678,151**	**67,081,211**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,172,936)	(590,235)	418,968
Other Financing Sources (Uses):			
Transfers in	-	6,039,447	7,426,914
Transfers out	-	(3,036,162)	(7,426,914)
Notes and loans issued	2,999,705	-	2,999,705
Insurance recoveries	-	-	372,117
Total Other Financing Sources (Uses)	**2,999,705**	**3,003,285**	**3,371,822**
Net Change in Fund Balances	(2,173,231)	2,413,050	3,790,790
Fund Balances, Beginning of Year	3,873,002	23,210,536	142,564,546
Fund Balances, End of Year	**$ 1,699,771**	**$ 25,623,586**	**$ 146,355,336**

See Notes to Financial Statements

CITY OF YORBA LINDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

Net change in fund balances - total governmental funds	$	3,790,790
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures and developer contributions as revenues. 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 and developer contributions exceeded depreciation in the current period.		4,105,574
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		(155,969)
The current year expense for post-employment benefits is recognized in the government-wide statements only.		(1,537,499)
Accrued interest for long-term liabilities. This is the net change in accrued interest for the current period.		42,679
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.		144,179
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.		886,420
Change in net assets of governmental activities	**$**	**7,276,174**

CITY OF YORBA LINDA

BUDGETARY COMPARISON STATEMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 48,357,891	$ 48,357,891	$ 48,357,891	$ -
Resources (Inflows):				
Taxes	20,744,500	20,944,500	20,701,537	(242,963)
Licenses and permits	863,500	863,500	2,005,845	1,142,345
Intergovernmental	335,575	335,575	955,092	619,517
Charges for services	3,258,000	3,258,000	3,568,379	310,379
Use of money and property	1,918,500	1,918,500	1,447,494	(471,006)
Fines and forfeitures	60,000	60,000	34,191	(25,809)
Miscellaneous	113,000	113,000	60,865	(52,135)
Transfers in	4,852,500	4,877,500	392,367	(4,485,133)
Insurance recoveries	-	-	372,117	372,117
Amounts Available for Appropriation	**80,503,466**	**80,728,466**	**77,895,778**	**(2,832,688)**
Charges to Appropriation (Outflow):				
General government	3,963,675	4,233,095	3,678,875	554,220
Public safety	12,723,150	13,102,350	12,298,279	804,071
Community development	2,514,500	2,527,423	2,578,174	(50,751)
Parks and recreation	5,127,475	3,141,142	2,846,333	294,809
Public works	3,353,075	5,540,183	4,891,608	648,575
Capital outlay	2,065,000	391,352	171,190	220,162
Transfers out	6,105,100	9,542,892	3,381,955	6,160,937
Total Charges to Appropriations	**35,851,975**	**38,478,437**	**29,846,414**	**8,632,023**
Budgetary Fund Balance, June 30	**$ 44,651,491**	**$ 42,250,029**	**$ 48,049,364**	**$ 5,799,335**

CITY OF YORBA LINDA

BUDGETARY COMPARISON STATEMENT
AID TO CITIES
YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ (1,052,819)	$ (1,052,819)	$ (1,052,819)	$ -
Resources (Inflows):				
Intergovernmental	1,857,055	1,857,055	618,374	(1,238,681)
Developer participation	32,500	32,500	-	(32,500)
Amounts Available for Appropriation	**836,736**	**836,736**	**(434,445)**	**(1,271,181)**
Charges to Appropriation (Outflow):				
Transfers out	1,889,555	2,953,778	832,270	2,121,508
Total Charges to Appropriations	**1,889,555**	**2,953,778**	**832,270**	**2,121,508**
Budgetary Fund Balance, June 30	**$ (1,052,819)**	**$ (2,117,042)**	**$ (1,266,715)**	**$ 850,327**

CITY OF YORBA LINDA

BUDGETARY COMPARISON STATEMENT
STREET LIGHTING & MAINTENANCE DISTRICT
YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 1,227,849	$ 1,227,849	$ 1,227,849	$ -
Resources (Inflows):				
Taxes	6,554,600	6,554,600	6,616,512	61,912
Use of money and property	55,000	55,000	16,964	(38,036)
Developer participation	-	-	4,775	4,775
Transfers in	1,003,600	1,027,600	995,100	(32,500)
Amounts Available for Appropriation	**8,841,049**	**8,865,049**	**8,861,200**	**(3,849)**
Charges to Appropriation (Outflow):				
Public works	7,776,025	7,925,975	6,749,717	1,176,258
Capital outlay	500	500	-	500
Transfers out	55,000	240,000	36,911	203,089
Total Charges to Appropriations	**7,831,525**	**8,166,475**	**6,786,628**	**1,379,847**
Budgetary Fund Balance, June 30	**$ 1,009,524**	**$ 698,574**	**$ 2,074,572**	**$ 1,375,998**

CITY OF YORBA LINDA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

	Business-Type Activities - Enterprise Funds		
	Golf	**Disposal**	**Totals**
Assets:			
Current:			
Receivables:			
Accounts	$ 314,634	$ -	$ 314,634
Prepaid costs	322,991	-	322,991
Inventories	108,439	-	108,439
Restricted:			
Cash with fiscal agent	1,205,556	-	1,205,556
Total Current Assets	**1,951,620**	**-**	**1,951,620**
Noncurrent:			
Deferred Charges	521,070	-	521,070
Capital assets - net of accumulated depreciation	28,288,963	-	28,288,963
Total Noncurrent Assets	**28,810,033**	**-**	**28,810,033**
Total Assets	**$ 30,761,653**	**$ -**	**$ 30,761,653**
Liabilities and Net Assets:			
Liabilities:			
Current:			
Accounts payable	$ 575,868	$ 408,001	$ 983,869
Accrued liabilities	51,735	-	51,735
Accrued interest	191,436	-	191,436
Unearned revenues	331,649	-	331,649
Deposits payable	10,000	-	10,000
Due to other funds	980,913	412,711	1,393,624
Bonds, notes, and capital leases	733,306	-	733,306
Total Current Liabilities	**2,874,907**	**820,712**	**3,695,619**
Noncurrent:			
Advances from other funds	4,702,898	-	4,702,898
Bonds, notes, and capital leases	16,616,763	-	16,616,763
Total Noncurrent Liabilities	**21,319,661**	**-**	**21,319,661**
Total Liabilities	**24,194,568**	**820,712**	**25,015,280**
Net Assets:			
Invested in capital assets, net of related debt	10,938,894	-	10,938,894
Unrestricted	(4,371,809)	(820,712)	(5,192,521)
Total Net Assets	**6,567,085**	**(820,712)**	**5,746,373**
Total Liabilities and Net Assets	**$ 30,761,653**	**$ -**	**$ 30,761,653**

See Notes to Financial Statements

CITY OF YORBA LINDA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2010

	Business-Type Activities - Enterprise Funds		
	Golf	**Disposal**	**Totals**
Operating Revenues:			
Sales and service charges	$ 5,314,506	$ 4,420,011	$ 9,734,517
Miscellaneous	-	65,514	65,514
Total Operating Revenues	**5,314,506**	**4,485,525**	**9,800,031**
Operating Expenses:			
Administration and general	3,762,502	827	3,763,329
Refuse collection	-	4,875,343	4,875,343
Cost of sales and services	788,386	-	788,386
Depreciation expense	926,538	31,134	957,672
Total Operating Expenses	**5,477,426**	**4,907,304**	**10,384,730**
Operating Income (Loss)	(162,920)	(421,779)	(584,699)
Nonoperating Revenues (Expenses):			
Interest revenue	(21,764)	(1,859)	(23,623)
Interest expense	(822,139)	(3,599)	(825,738)
Gain (loss) on disposal of fixed assets	500	-	500
Total Nonoperating Revenues (Expenses)	**(843,403)**	**(5,458)**	**(848,861)**
Income (Loss) Before Transfers	(1,006,323)	(427,237)	(1,433,560)
Net Assets:			
Beginning of Year	7,573,408	(393,475)	7,179,933
End of Fiscal Year	**$ 6,567,085**	**$ (820,712)**	**$ 5,746,373**

See Notes to Financial Statements

CITY OF YORBA LINDA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2010

	Business-Type Activities - Enterprise Funds		
	Golf	Disposal	Totals
Cash Flows from Operating Activities:			
Cash received from customers and users	$ 5,244,461	$ 4,479,283	$ 9,723,744
Cash paid to supplies for goods and services	(648,902)	(4,833,578)	(5,482,480)
Cash paid to employees for services	(3,762,915)	-	(3,762,915)
Net Cash Provided (Used) by Operating Activities	**832,644**	**(354,295)**	**478,349**
Cash Flows from Non-Capital Financing Activities:			
Repayment made to other funds	853,226	412,711	1,265,937
Net Cash Provided (Used) by Non-Capital Financing Activities	**853,226**	**412,711**	**1,265,937**
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(183,942)	-	(183,942)
Principal paid on capital debt	(678,341)	(56,870)	(735,211)
Interest paid on capital debt	(802,489)	(4,027)	(806,516)
Proceeds from sales of capital assets	500	-	500
Net Cash Provided (Used) by Capital and Related Financing Activities	**(1,664,272)**	**(60,897)**	**(1,725,169)**
Cash Flows from Investing Activities:			
Interest received	(21,764)	(1,379)	(23,143)
Net Cash Provided (Used) by Investing Activities	**(21,764)**	**(1,379)**	**(23,143)**
Net Increase (Decrease) in Cash and Cash Equivalents	**(166)**	**(3,860)**	**(4,026)**
Cash and Cash Equivalents at Beginning of Year	1,205,722	3,860	1,209,582
Cash and Cash Equivalents at End of Year	**$ 1,205,556**	**$ -**	**$ 1,205,556**
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	$ (162,920)	$ (421,779)	$ (584,699)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:			
Depreciation	926,538	31,134	957,672
(Increase) decrease in accounts receivable	23,376	796	24,172
(Increase) decrease in prepaid expense	(316,291)	-	(316,291)
(Increase) decrease in inventories	11,741	-	11,741
Increase (decrease) in accounts payable	444,034	42,592	486,626
Increase (decrease) in accrued liabilities	(413)	-	(413)
Increase (decrease) in unearned revenues	(93,421)	(7,038)	(100,459)
Total Adjustments	**995,564**	**67,484**	**1,063,048**
Net Cash Provided (Used) by Operating Activities	**$ 832,644**	**$ (354,295)**	**$ 478,349**

See Notes to Financial Statements

CITY OF YORBA LINDA

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	Agency Funds
Assets:	
Pooled cash and investments	$ 3,999,459
Total Assets	**$ 3,999,459**
Liabilities:	
Accounts payable	$ 161,509
Deposits payable	3,837,950
Total Liabilities	**$ 3,999,459**

See Notes to Financial Statements

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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.

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.

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 310 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 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.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

- 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.
- 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.

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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:

Assets	Years
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.

Note 1: Summary of Significant Accounting Policies (Continued)

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net 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 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 ($76,668,503) long-term debt difference is as follows:

Long-term debt:	
Tax allocation bonds payable	$ (59,424,531)
Deferred premium on bonds (to be amortized over life of debt)	(48,944)
Deferred pass-through payments - PYLUSD	(17,195,028)
Net adjustment to reduce fund balance of total governmental funds to arrive at net assets of governmental activities	$ (76,668,503)

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

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."

The details of this $4,105,574 difference are as follows:

Capital outlay	$	4,810,052
Depreciation expense		(3,678,215)
Disposal of capital assets		(84,955)
Contributions from Developers		3,058,692
Net adjustment to increase net changes in fund balances of total governmental funds to arrive at changes in net assets of governmental activities	$	4,105,574

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 ($155,969) difference are as follows:

Debt issued or incurred:		
Tax allocation bonds' accretion	$	(1,179,422)
Deferred Pass-through payments - PYLUSD		(1,820,283)
Principal repayments:		
Tax allocation bonds		2,535,000
Net change in claims and judgments		328,417
Amortization of bond premuim		2,316
Amorization of cost of issuance		(21,997)
Net adjustment to decrease net changes in fund balance of total governmental funds to arrive at changes in net assets of governmental activities	$	(155,969)

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 statements are the final adjusted amounts that were increased from the original adopted budget by $11,561,848, 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.

Note 3: Stewardship, Compliance and Accountability (Continued)

c. Excess of Expenditures Over Appropriations in Individual Funds

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

	Expenditures	Appropriations	Excess
Major Funds:			
General Fund:			
Community development	$ 2,578,174	$ 2,527,423	$ 50,751

d. Deficit Fund Balance

The following funds had a deficit fund balance/retained earnings as of June 30, 2010:

HCD Grant	$ (52,548)

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, 2010, cash and investments were reported in the accompanying financial statements as follows:

Governmental activities	$ 102,028,946
Business-type activities	1,205,556
Fiduciary funds	3,999,459
Total Cash and Investments	$ 107,233,961

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, 2010, the carrying amount of the City's deposits was $6,487,177, and the bank balance was $7,182,966. The $695,789 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

Note 4: Cash and Investments (Continued)

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.

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

Note 4: Cash and Investments (Continued)

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, 2010, the City's investments in Federal Agency Securities consisted of investments with Federal Home Loan Bank, Federal National Mortgage Association, and Federal Farm Credit Bank. At June 30, 2010, 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, 2010, the City's investments in external investment pools are unrated.

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, 2010, 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, 2010, the City's investments with each of the following issuers exceeded 5% of its total investments:

Federal Home Loan Bank
Federal Farm Credit Bank

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, 2010, the City had the following investments and original maturities:

Note 4: Cash and Investments (Continued)

	Remaining Investment Maturities				
	6 months or less	6 months to 1 year	1 to 3 years	3 to 5 years	Fair Value
Federal Agency Securities:					
Federal Home Loan Bank	$ -	$ -	$ 2,014,375	$ 8,089,688	$ 10,104,063
Federal Farm Credit Bank	-	-	4,027,500	4,041,875	8,069,375
Federal National Mortgage Assn.	-	-	2,007,500	-	2,007,500
Certificates of deposit	-	1,750,843	2,000,000	1,005,938	4,756,781
Local Agency Investment Fund	74,603,487	-	-	-	74,603,487
Cash with Fiscal Agent:					
Money Market Mutual Funds	1,205,578	-	-	-	1,205,578
	$ 75,809,065	$ 1,750,843	$ 10,049,375	$ 13,137,501	$ 100,746,784

Note 5: Contracts and Notes Receivable

Contracts and notes receivable as of June 30, 2010, totaled $22,705,718 and were recorded as follows:

Capital Projects - Redevelopment Agency Fund	$ 22,705,718

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, 2010, was $929,440.

Habitat for Humanity of Orange County Inc.

In July 2008, the Agency entered into a Disposition and Development Agreement (DDA) with Habitat for Humanity of Orange County Inc. for the sale of real property and the development of three affordable units. To assist the developer in the acquisition of the property, the Agency provided a loan in the amount not to exceed $800,000 from the Agency to the Developer, the proceeds of which are to be used and applied solely to pay the reasonable costs of the construction project at zero percent (0%) interest for the term of the loan, to be paid in three (3) separate payments, each equal to one-third (1/3) of the total agency loan, at the close of escrow on the initial sale by Developer of each Restricted Home to a Qualified Household. . The balance outstanding at June 30, 2010, was $596,410.

Note 5: Contracts and Notes Receivable (Continued)

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, 2010, 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 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, 2010, 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

Note 5: Contracts and Notes Receivable (Continued)

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, 2010, is $12,438,765.

Affordable Housing Agreement

Evergreen Villas LP

In December 2009, the Agency entered into an Affordable Housing Agreement (AHA) with Evergreen Villas, LP (Owner) for the purchase and rehabilitation of a multi-family condominium complex commonly known as “Evergreen Condominiums”. The project will consist of rehabilitating all twenty-six (26) condominium units and offer them at rents affordable to and to be occupied by very low-income occupants. The Agency desires to assist in the development of the Project by providing financial assistance in the form of a subordinate financing loan in the amount not to exceed Three Million Two Hundred Fifty-Four Thousand Two Hundred Dollars ($3,254,200) consisting of the agreed upon value of the Property of Three Million One Hundred Sixty-Nine Thousand Five Hundred Dollars ($3,169,500) plus an amount not to exceed Eighty-Four Thousand Seven Hundred Dollars ($84,700) cash, for certain property acquisition and development expense associated with the Project. The loan will bear no interest and will be repaid over the 55 year covenant period from the close of escrow. In June 2010, the Agency provided further financial assistance in the form of a subordinate financing Loan in the amount of One Hundred Ninety Six Thousand One Hundred Forty Dollars ($196,140) for the developers acquisition and rehabilitation of the additional unit. The outstanding balance at June 30, 2010, is $196,140. The total outstanding balance at June 30, 2010 for Evergreen Villas is $3,441,103.

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, 2010, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	$ 29,775,415	$ -	$ -	$ 29,775,415
Street pavement infratructure	176,822,484	4,091,024	-	180,913,508
Construction In Progress	489,473	1,821,535	(84,955)	2,226,053
Total Capital Assets Not Being Depreciated	207,087,372	5,912,559	(84,955)	212,914,976
Capital Assets, Being Depreciated:				
Buildings and improvements	49,205,936	830,854	-	50,036,790
Machinery and equipment	6,824,698	519,037	(4,641)	7,339,094
Motor vehicles	1,191,370	29,982	(55,168)	1,166,184
Other Infrastructure	137,927,406	576,312	-	138,503,718
Total Capital Assets Being Depreciated	195,149,410	1,956,185	(59,809)	197,045,786
Less Accumulated Depreciation:				
Buildings and improvements	15,787,416	1,115,830	-	16,903,246
Machinery and equipment	4,491,047	734,983	(4,641)	5,221,389
Motor vehicles	1,018,970	52,941	(55,168)	1,016,743
Other Infrastructure	28,449,674	1,774,461	-	30,224,135
Total Accumulated Depreciation	49,747,107	3,678,215	(59,809)	53,365,513
Total Capital Assets Being Depreciated, Net	145,402,303	(1,722,030)	-	143,680,273
Governmental Activities Capital Assets, Net	$ 352,489,675	$ 4,190,529	$ (84,955)	$ 356,595,249

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	20,025,389	124,757	(5,295)	20,144,851
Machinery and equipment	2,025,063	59,185	-	2,084,248
Motor vehicles	1,494,450	-	-	1,494,450
Total Capital Assets Being Depreciated	23,544,902	183,942	(5,295)	23,723,549
Less Accumulated Depreciation:				
Structures and improvements	4,491,248	653,263	(5,295)	5,139,216
Machinery and equipment	1,254,594	273,275	-	1,527,869
Motor vehicles	1,463,315	31,134	-	1,494,449
Total Accumulated Depreciation	7,209,157	957,672	(5,295)	8,161,534
Total Capital Assets Being Depreciated, Net	16,335,745	(773,730)	-	15,562,015
Business-Type Activities Capital Assets, Net	$ 29,062,693	$ (773,730)	$ -	$ 28,288,963

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

Governmental Activities:	
General government	$ 783,035
Public safety	23,433
Community development	78,255
Parks and recreation	1,772,049
Public works	1,021,443
Total	$ 3,678,215
Business-Type Activities:	
Golf course	$ 926,538
Disposal	31,134
Total	$ 957,672

Construction Commitments

At June 30, 2010, the City had the following construction commitments:

Project	Spent to Date	Remaining Commitment
Residential street construction	$ 2,770,506	$ 294,957

Note 7: Interfund Receivables, Payables and Transfers

The composition of interfund balances as of June 30, 2010, is as follows:

a. Due To / From Other Funds

	Due to Other Funds							
	Governmental Activities					Business-type		
Funds	General Fund	Aid to Cities	Street Lighting & Maintenance Districts	Redevelopment Agency Capital Projects	Nonmajor Governmental Funds	Golf Course	Refuse Fund	Total
Due from Other Funds:								
General Fund	$ -	$ 1,571,763	$ -	$ -	$ 200,240	$ 980,913	$ 412,711	$ 3,165,627
Nonmajor Governmental Funds	178,895	131,322	14,142	36,427	120,395	-	-	481,181
Total	$ 178,895	$ 1,703,085	$ 14,142	$ 36,427	$ 320,635	$ 980,913	$ 412,711	$ 3,646,808

The due from the Aid to Cities fund of $1,703,085 was to cover negative cash of $1,571,763 from the General Fund and fund capital improvement of $131,322. The Golf Course Fund owes $980,913 to the General Fund for 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

	Advances to Other Funds		
Funds	General Fund	Redevelopment Agency Capital Projects	Total
Advances from Other Funds:			
Governmental Funds:			
Redevelopment Agency			
Debt Service	$ 6,015,560	$ 5,723,780	$ 11,739,340
Total Governmental Funds	6,015,560	5,723,780	11,739,340
Business-Type Funds:			
Golf Course	4,702,898	-	-
Total Business-Type Funds	4,702,898	-	-
Total	$ 10,718,458	$ 5,723,780	$ 11,739,340

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, 2010, was $6,015,560.

During the current fiscal year, the Low and Moderate Housing Fund made a loan to the Tax Increment Fund for $5,723,780 to make the SERAF payment that was due on May 10, 2010. The loan is to be repaid by June 30, 2015, based on legislation that was passed.

The General Fund made various advances to the Golf Course fund for capital projects. There is no set repayment schedule or an accrued interest rate at this time. The balance outstanding at June 30, 2010, was $4,702,898.

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

c. Interfund Transfers

	Transfers Out					
	General Fund	Aid to Cities	Street Lighting & Maintenance	Redevelopment Agency Capital Projects	Other Governmental Funds	Total
Transfers In:						
General Fund	$ -	$ -	$ -	$ -	$ 392,367	$ 392,367
Street Lighting & Maintenance District	995,100	-	-	-	-	995,100
Other Governmental Funds	2,386,855	832,270	36,911	139,616	2,643,795	6,039,447
Total	$ 3,381,955	$ 832,270	$ 36,911	$ 139,616	$ 3,036,162	$ 7,426,914

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 $392,367. The funding sources to account for capital projects were reported as transfers from various funds to the Capital Improvements fund for the amount of $6,039,447. Transfers from the General Fund to the Street Lighting and Maintenance of $995,100 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, 2010:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010	Due Within One Year
Tax allocation bonds payable	$ 60,780,109	$ 1,179,422	$ 2,535,000	$ 59,424,531	$ 2,655,000
Deferred pass-through payments - PYLUSD	15,374,745	1,820,283	-	17,195,028	-
Claims and judgments	1,137,170	-	328,417	808,753	808,753
Compensated absences	1,041,795	104,229	248,408	897,616	214,029
OPEB Obligation (Note 11)	1,331,659	1,782,709	245,210	2,869,158	-
Total	$ 79,665,478	$ 4,886,643	$ 3,357,035	81,195,086	$ 3,677,782
			Unamortized bond premium	48,944	
			Net Long-Term Debt	$ 81,244,030	

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.

Note 8: Long-Term Debt (Continued)

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 $100,570,781 payable through 2033. For the current year, principal and interest paid and total property tax increment revenues were $4,612,608 and $21,633,407, 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 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, 2010, was $38,328,583.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2010, including interest, are as follows:

Year Ending June 30	Principal	Interest
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
2015	1,003,525	3,002,326
2015-2020	4,137,477	14,570,405
2020-2025	14,000,000	1,517,250
Total	30,216,002	$ 24,348,238
Accretion	8,112,581	
Total	$ 38,328,583	

Note 8: Long-Term Debt (Continued)

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, 2010, was $8,445,948.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2010, including interest, are as follows:

Year Ending June 30	Principal	Interest
2011	$ -	$ -
2012	-	-
2013	-	-
2014	-	-
2015	-	-
2015-2020	-	-
2020-2025	996,572	2,978,428
2025-2030	3,489,931	12,410,069
Total	4,486,503	$ 15,388,497
Accretion	3,959,445	
Total	$ 8,445,948	

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, 2010, was $9,505,000.

Note 8: Long-Term Debt (Continued)

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2010, including interest, are as follows:

Year Ending June 30	Principal	Interest
2011	$ 95,000	$ 536,539
2012	90,000	531,683
2013	90,000	526,958
2014	85,000	522,364
2015	355,000	510,814
2015-2020	390,000	2,451,096
2020-2025	80,000	2,387,066
2025-2030	3,550,000	2,242,603
2030-2035	4,770,000	275,793
Total	$ 9,505,000	$ 9,984,916

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, 2010, was $3,145,000.

The annual requirements to amortize the outstanding bond indebtedness as of June 30, 2010, including interest, are as follows:

Year Ending June 30	Principal	Interest
2011	$ -	$ 157,250
2012	-	157,250
2013	-	157,250
2014	-	157,250
2015	-	157,250
2015-2020	-	786,250
2020-2025	-	786,250
2025-2030	135,000	782,875
2030-2035	3,010,000	355,000
Total	$ 3,145,000	$ 3,496,625

Note 8: Long-Term Debt (Continued)

Deferred pass-through payments

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 2009-2010, an additional $1,820,283 was added. As of June 30, 2010, the balance outstanding was $17,195,028.

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, 2010, 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.

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, 2010, of $808,753 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 $2,652,014 is recorded in the General Fund at June 30, 2010.

Note 8: Long-Term Debt (Continued)

Changes in the balance of claims and liabilities for the years ended June 30, 2009 and 2010, 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,
2009	$ 873,171	$ 1,633,842	$ 1,369,843	$ 1,137,170
2010	1,137,170	-	328,417	808,753

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, 2010, was $897,616.

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, 2010:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010	Due Within One Year
Revenue Bonds	$ 17,370,000	$ -	$ 415,000	$ 16,955,000	$ 425,000
Capital lease payable	715,270	-	320,201	395,069	308,306
Total	$ 18,085,270	$ -	$ 735,201	$ 17,350,069	$ 733,306

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%.

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, 2010, was $16,955,000.

Note 8: Long-Term Debt (Continued)

Debt service requirements to maturity are as follows:

Year Ending June 30,	Principal	Interest
2011	$ 425,000	$ 770,771
2012	440,000	757,356
2013	455,000	742,354
2014	470,000	725,579
2015	485,000	707,551
2015-2020	2,740,000	3,222,066
2020-2025	3,385,000	2,553,558
2025-2030	4,290,000	1,623,750
2030-2035	4,265,000	439,375
	$ 16,955,000	$ 11,542,360

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 balance was paid in full at June 30, 2010.

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, 2010, was $254,078. Future minimum payments relating to these leases are as follows:

Year Ending June 30,	Principal	Interest
2011	$ 167,315	$ 9,407
2012	86,763	1,598
	$ 254,078	$ 11,005

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, 2010, was $136,039. Future minimum payments relating to these leases are as follows:

Year Ending June 30,	Principal	Interest
2011	$ 136,039	$ 3,267
	$ 136,039	$ 3,267

Note 8: Long-Term Debt (Continued)

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, 2010, was $4,952. Future minimum payments relating to these leases are as follows:

Year Ending June 30,	Principal	Interest
2011	$ 4,952	$ 111
	$ 4,952	$ 111

Note 9: Other Special Obligation

During fiscal year 2000-2001, the Agency issued, on behalf of National CORE (Southern California Housing Corporation), 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 balance as of June 30, 2010 is $2,357,076.

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.

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.

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

Annual Pension Cost

For fiscal year 2009-2010, the City's annual pension cost of $1,330,036 for PERS was equal to the City's required and actual contributions. The required contribution was

determined as part of the June 30, 2007, 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, 2007
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.

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

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2008	$ 1,505	100%	$ -
6/30/2009	1,523	100%	-
6/30/2010	1,330	100%	-

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

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
6/30/2007	$ 34,023	$ 36,438	$ 2,415	93.3 %	$ 6,647	36.3 %
6/30/2008	36,629	40,434	3,806	90.6 %	7,784	48.9 %
6/30/2009	38,432	44,317	5,885	86.7 %	8,070	72.9 %

This is the latest 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 $275, 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 $245,210 was made during the 2009-2010 fiscal year and was not included in the January 1, 2010, actuarial study. The purpose of the contributions was to cover the pay-as-you-go financing requirements.

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

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

Annual required contribution (ARC)	$ 1,778,233
Adjustment to ARC	(55,449)
Adjustment for interest	59,925
Annual OPEB cost	1,782,709
Contributions made	(245,210)
(Decrease) increase in Net OPEB obligation	1,537,499
Net OPEB obligation (asset) June 30, 2009	1,331,659
(Increase) decrease in Net OPEB asset	-
Net OPEB obligation (asset) June 30, 2010	$ 2,869,158

The contribution rate of 22.71% is based on the ARC of $1,778,233 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 2009-2010, the City's annual OPEB cost (expense) is $1,782,709. Since this is the second year of implementation, information on the annual OPEB cost, percentage of Annual OPEB cost contributed, and Net OPEB Obligation is only available for the last two fiscal years, 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
6/30/2010	1,782,709	245,210	14%	2,869,158

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.

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

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. The most recent and available information is shown.

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%	$ 7,707,000	202.46%	4.50%	3.25%
Actual	1/1/2010	-	14,613,565	0.0%	7,307,000	199.99%	4.50%	3.25%

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, 2010, 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, 2010, was twenty-nine years. The number of active participants is 104.

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.

Note 12: Self-Insurance Program (Continued)

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.

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, 2010, as follows:

General Liability Claims	$ 786,815
Workers' Compensation Claims	21,938
Total Claims Payable	$ 808,753

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, 2010. 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 deferred pass-through payments in the City's governmental activities long-term debt.

Note 15: Transactions with the State of California

a. Proposition 1A Borrowing by the State of California

Under the provisions of Proposition 1A and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in lieu sales tax, and supplemental property tax, apportioned to cities, counties and special districts (excluding redevelopment agencies). The state is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the City of Yorba Linda was $1,546,562.

Authorized with the 2009-10 State budget package, the Proposition 1A Securitization Program was instituted by the California Statewide Communities Development Authority ("California Communities"), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities, to enable local governments to sell their Proposition 1A receivables to California Communities. Under the Securitization Program, California Communities simultaneously purchased the Proposition 1A receivables and issued bonds ("Prop 1A Bonds") to provide local agencies with cash proceeds in two equal installments, on January 15, 2010 and May 3, 2010. The purchase price paid to the local agencies equaled 100% of the amount of the property tax reduction. All transaction costs of issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. The City participated in the securitization program and accordingly property taxes have been recorded in the same manner as if the State had not exercised its rights under Proposition 1A. The receivable sale proceeds were equal to the book value and, as a result, no gain or loss was recorded.

b. Delay of State Gas Tax Payments

In March 2010, the State Legislature passed legislation delaying a variety of State payments to local agencies in response to anticipated State cash flow problems in fiscal year 2010-2011. AB5 8x contains provisions to delay a portion (approximately 60%) of the payments of State Gas Tax monies for the first nine months of 2010-2011 (July 2010 through March 2011) to be paid no later than April 28, 2011.

Note 15: Transactions with the State of California (Continued)

c. SERAF Shift for fiscal year 2009-2010 and 2010-2011

On July 23, 2009, the State adopted legislation, requiring a shift of monies during fiscal years 2009-2010 and 2010-2011 to be deposited into the County "Supplemental" Educational Revenue Augmentation Fund (SERAF). These monies were to be distributed to meet the State's Prop 98 obligations to schools. The California Redevelopment Association (CRA) and its member agencies filed a legal action in an attempt to stop these amounts from having to be paid; however, in May 2010 the Sacramento Superior Court upheld the legislation. This decision is in the process of being appealed by CRA and its member agencies. Additionally, the question as to the ability of the State to take resources for these purposes will be considered by the voters in November 2010.

The payment of the SERAF was due on May 10, 2010 for fiscal year 2009-2010 and it was made in the amount of $5,723,780. The legislation allowed this payment to be made from any available monies present in any project area(s). Subsequent legislation was passed which even allowed the funding for this payment to be borrowed from the Low and Moderate Income Housing Fund with appropriate findings from its legislative body. Any amounts borrowed from Low and Moderate Income Housing (including any suspended set-aside amounts) are to be repaid by June 30, 2015. If those amounts are not repaid, by that date, then the set-aside percentage to Low and Moderate Income Housing will increase from 20% to 25% for the remainder of the life of the Agency.

To accomplish the payment, the Agency borrowed $5,723,780 from the Low and Moderate Income Housing Fund (after adopting appropriate findings of necessity). In the accompanying financial statements, the amount paid to the County has been reported as a use of current year resources. Borrowings and/or suspended set-aside amounts relating to the Low and Moderate Income Housing Fund have been reflected as inter-fund advances between the accounting funds of the Agency.

It is estimated that the Agency's share of the SERAF shift for fiscal year 2010-2011 will amount to approximately $1,177,341 and this amount will be payable in May 2011 if the appeal is not successful.

Note 16: Subsequent Events

On December 7, 2010, the Enterprise Funds entered into a capital lease agreement with Club Car Inc. (Ingersoll Rand) for 85 golf carts, 2 beverage vehicles, 1 driving range picker, and a six person vehicle. The original cost of the equipment, aggregating $428,054.87 will be capitalized in the fiscal year 2010-2011.

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, 2010. 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 $2,080,234 on street improvement projects for the fiscal year ended June 30, 2010. 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 $2.97 million per year.

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:

Fiscal Year	Final Budget	Funded by General Fund	Funded by Other Funds	Total Expenditures
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
2009-2010	4,353,551	1,579,536	500,695	2,080,231

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.
Capital Improvements Fund	To account for the expenditures of construction of various capital improvements projects throughout the City.
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, 2010

	Special Revenue Funds			
	Gas Tax	Traffic Safety	HCD Grant	Citizens Option Public Safety
Assets:				
Pooled cash and investments	$ 2,835,287	$ 100,133	$ -	$ 2,972
Receivables:				
Accounts	-	-	-	-
Taxes	-	-	-	-
Accrued interest	1,761	-	-	80
Prepaid costs	-	-	-	-
Due from other governments	373,700	18,861	133,241	21,550
Due from other funds	-	-	-	-
Total Assets	**$ 3,210,748**	**$ 118,994**	**$ 133,241**	**$ 24,602**
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	$ -	$ -	$ 50,529	$ -
Accrued liabilities	-	-	2,005	-
Deferred revenues	-	-	52,009	-
Due to other funds	35,859	118,994	81,246	-
Total Liabilities	**35,859**	**118,994**	**185,789**	**-**
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	-	-	-
Reserved for prepaid costs	-	-	-	-
Unreserved:				
Designated for capital improvement projects	-	-	-	-
Undesignated	3,174,889	-	(52,548)	24,602
Total Fund Balances	**3,174,889**	**-**	**(52,548)**	**24,602**
Total Liabilities and Fund Balances	**$ 3,210,748**	**$ 118,994**	**$ 133,241**	**$ 24,602**

CITY OF YORBA LINDA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010 (Continued)

	Special Revenue Funds			
	AQMD	Park In-Lieu	Measure M Turnback	Library
Assets:				
Pooled cash and investments	$ 691,407	$ 569,431	$ 2,341,121	$ 10,698,992
Receivables:				
Accounts	-	-	-	427
Taxes	-	-	-	72,053
Accrued interest	654	529	2,073	9,191
Prepaid costs	-	-	-	26,151
Due from other governments	20,000	-	106,745	-
Due from other funds	-	-	-	-
Total Assets	**$ 712,061**	**$ 569,960**	**$ 2,449,939**	**$ 10,806,814**
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ 151,583
Accrued liabilities	-	-	-	84,610
Deferred revenues	-	-	-	-
Due to other funds	-	22,395	61,681	-
Total Liabilities	**-**	**22,395**	**61,681**	**236,193**
Fund Balances:				
Reserved:				
Reserved for encumbrances	-	-	-	1,751
Reserved for prepaid costs	-	-	-	26,151
Unreserved:				
Designated for capital improvement projects	-	-	-	-
Undesignated	712,061	547,565	2,388,258	10,542,719
Total Fund Balances	**712,061**	**547,565**	**2,388,258**	**10,570,621**
Total Liabilities and Fund Balances	**$ 712,061**	**$ 569,960**	**$ 2,449,939**	**$ 10,806,814**

CITY OF YORBA LINDA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

	Capital Projects Funds			
	Capital Improvements	Master Plan of Drainage	Street and Traffic Signal Improvements	Total Governmental Funds
Assets:				
Pooled cash and investments	$ -	$ 5,595,197	$ 2,656,172	$ 25,490,712
Receivables:				
Accounts	-	-	-	427
Taxes	-	-	-	72,053
Accrued interest	-	4,866	2,363	21,517
Prepaid costs	-	-	-	26,151
Due from other governments	-	-	-	674,097
Due from other funds	481,181	-	-	481,181
Total Assets	**$ 481,181**	**$ 5,600,063**	**$ 2,658,535**	**$ 26,766,138**
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	$ 481,181	$ -	$ -	$ 683,293
Accrued liabilities	-	-	-	86,615
Deferred revenues	-	-	-	52,009
Due to other funds	-	-	460	320,635
Total Liabilities	**481,181**	**-**	**460**	**1,142,552**
Fund Balances:				
Reserved:				
Reserved for encumbrances	1,338,400	-	-	1,340,151
Reserved for prepaid costs	-	-	-	26,151
Unreserved:				
Designated for capital improvement projects	-	-	2,262,103	2,262,103
Undesignated	(1,338,400)	5,600,063	395,972	21,995,181
Total Fund Balances	**-**	**5,600,063**	**2,658,075**	**25,623,586**
Total Liabilities and Fund Balances	**$ 481,181**	**$ 5,600,063**	**$ 2,658,535**	**$ 26,766,138**

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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, 2010

	Special Revenue Funds			
	Gas Tax	Traffic Safety	HCD Grant	Citizens Option Public Safety
Revenues:				
Taxes	$ -	$ -	$ -	$ -
Intergovernmental	2,746,476	-	253,162	112,061
Charges for services	-	-	-	-
Use of money and property	22,695	-	-	704
Fines and forfeitures	-	221,872	-	-
Contributions	-	-	-	-
Developer participation	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	**2,769,171**	**221,872**	**253,162**	**112,765**
Expenditures:				
Current:				
General government	-	-	-	-
Community development	-	-	252,943	-
Parks and recreation	-	-	40,936	-
Capital outlay	-	-	-	-
Total Expenditures	**-**	**-**	**293,879**	**-**
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,769,171	221,872	(40,717)	112,765
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(1,303,608)	(229,867)	-	(100,000)
Total Other Financing Sources (Uses)	**(1,303,608)**	**(229,867)**	**-**	**(100,000)**
Net Change in Fund Balances	1,465,563	(7,995)	(40,717)	12,765
Fund Balances, Beginning of Year	1,709,326	7,995	(11,831)	11,837
Fund Balances, End of Year	**$ 3,174,889**	**$ -**	**$ (52,548)**	**$ 24,602**

CITY OF YORBA LINDA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010 **(Continued)**

	Special Revenue Funds			
	AQMD	Park In-Lieu	Measure M Turnback	Library
Revenues:				
Taxes	$ -	$ -	$ -	$ 4,120,416
Intergovernmental	78,004	-	598,922	82,893
Charges for services	-	-	-	43,688
Use of money and property	10,633	9,941	37,237	144,422
Fines and forfeitures	-	-	-	76,953
Contributions	-	-	-	4,555
Developer participation	-	2,424	-	-
Miscellaneous	-	-	-	24,294
Total Revenues	**88,637**	**12,365**	**636,159**	**4,497,221**
Expenditures:				
Current:				
General government	-	-	-	3,200,423
Community development	-	-	-	-
Parks and recreation	-	75,241	-	-
Capital outlay	-	-	-	69,161
Total Expenditures	**-**	**75,241**	**-**	**3,269,584**
Excess (Deficiency) of Revenues Over (Under) Expenditures	88,637	(62,876)	636,159	1,227,637
Other Financing Sources (Uses):				
Transfers in	-	-	-	-
Transfers out	(55,000)	(161,191)	(1,030,231)	-
Total Other Financing Sources (Uses)	**(55,000)**	**(161,191)**	**(1,030,231)**	**-**
Net Change in Fund Balances	33,637	(224,067)	(394,072)	1,227,637
Fund Balances, Beginning of Year	678,424	771,632	2,782,330	9,342,984
Fund Balances, End of Year	**$ 712,061**	**$ 547,565**	**$ 2,388,258**	**$10,570,621**

CITY OF YORBA LINDA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

	Capital Projects Funds			
	Capital Improvements	**Master Plan of Drainage**	**Street and Traffic Signal Improvements**	**Total Governmental Funds**
Revenues:				
Taxes	$ -	$ -	$ -	$ 4,120,416
Intergovernmental	-	-	-	3,871,518
Charges for services	-	-	-	43,688
Use of money and property	-	81,609	39,879	347,120
Fines and forfeitures	-	-	-	298,825
Contributions	-	-	-	4,555
Developer participation	-	212,332	162,744	377,500
Miscellaneous	-	-	-	24,294
Total Revenues	**-**	**293,941**	**202,623**	**9,087,916**
Expenditures:				
Current:				
General government	-	-	-	3,200,423
Community development	-	-	-	252,943
Parks and recreation	-	-	-	116,177
Capital outlay	6,039,447	-	-	6,108,608
Total Expenditures	**6,039,447**	**-**	**-**	**9,678,151**
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,039,447)	293,941	202,623	(590,235)
Other Financing Sources (Uses):				
Transfers in	6,039,447	-	-	6,039,447
Transfers out	-	(9,428)	(146,837)	(3,036,162)
Total Other Financing Sources (Uses)	**6,039,447**	**(9,428)**	**(146,837)**	**3,003,285**
Net Change in Fund Balances	-	284,513	55,786	2,413,050
Fund Balances, Beginning of Year	-	5,315,550	2,602,289	23,210,536
Fund Balances, End of Year	**$ -**	**$ 5,600,063**	**$ 2,658,075**	**$ 25,623,586**

CITY OF YORBA LINDA

BUDGETARY COMPARISON SCHEDULE
GAS TAX
YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1, as restated	$ 1,709,326	$ 1,709,326	$ 1,709,326	$ -
Resources (Inflows):				
Intergovernmental	1,778,650	1,778,650	2,746,476	967,826
Use of money and property	10,000	10,000	22,695	12,695
Amounts Available for Appropriation	**3,497,976**	**3,497,976**	**4,478,497**	**980,521**
Charges to Appropriation (Outflow):				
Transfers out	1,387,500	3,978,316	1,303,608	2,674,708
Total Charges to Appropriations	**1,387,500**	**3,978,316**	**1,303,608**	**2,674,708**
Budgetary Fund Balance, June 30	**$ 2,110,476**	**$ (480,340)**	**$ 3,174,889**	**$ 3,655,229**

CITY OF YORBA LINDA

BUDGETARY COMPARISON SCHEDULE
TRAFFIC SAFETY
YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 7,995	$ 7,995	$ 7,995	$ -
Resources (Inflows):				
Fines and forfeitures	330,000	330,000	221,872	(108,128)
Amounts Available for Appropriation	**337,995**	**337,995**	**229,867**	**(108,128)**
Charges to Appropriation (Outflow):				
Transfers out	330,000	330,000	229,867	100,133
Total Charges to Appropriations	**330,000**	**330,000**	**229,867**	**100,133**
Budgetary Fund Balance, June 30	**$ 7,995**	**$ 7,995**	**$ -**	**$ (7,995)**

CITY OF YORBA LINDA

BUDGETARY COMPARISON SCHEDULE
HCD GRANT
YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ (11,831)	$ (11,831)	$ (11,831)	$ -
Resources (Inflows):				
Intergovernmental	258,000	258,000	253,162	(4,838)
Amounts Available for Appropriation	**246,169**	**246,169**	**241,331**	**(4,838)**
Charges to Appropriation (Outflow):				
Community development	219,300	219,300	252,943	(33,643)
Parks and recreation	38,700	38,700	40,936	(2,236)
Total Charges to Appropriations	**258,000**	**258,000**	**293,879**	**(35,879)**
Budgetary Fund Balance, June 30	**$ (11,831)**	**$ (11,831)**	**$ (52,548)**	**$ (40,717)**

CITY OF YORBA LINDA

BUDGETARY COMPARISON SCHEDULE
CITIZENS OPTION PUBLIC SAFETY
YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 11,837	$ 11,837	$ 11,837	$ -
Resources (Inflows):				
Intergovernmental	100,000	100,000	112,061	12,061
Use of money and property	1,000	1,000	704	(296)
Amounts Available for Appropriation	**112,837**	**112,837**	**124,602**	**11,765**
Charges to Appropriation (Outflow):				
Transfers out	100,000	100,000	100,000	-
Total Charges to Appropriations	**100,000**	**100,000**	**100,000**	**-**
Budgetary Fund Balance, June 30	**$ 12,837**	**$ 12,837**	**$ 24,602**	**$ 11,765**

CITY OF YORBA LINDA

BUDGETARY COMPARISON SCHEDULE
AQMD
YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 678,424	$ 678,424	$ 678,424	$ -
Resources (Inflows):				
Intergovernmental	83,000	83,000	78,004	(4,996)
Use of money and property	20,000	20,000	10,633	(9,367)
Amounts Available for Appropriation	**781,424**	**781,424**	**767,061**	**(14,363)**
Charges to Appropriation (Outflow):				
Transfers out	30,000	55,000	55,000	-
Total Charges to Appropriations	**30,000**	**55,000**	**55,000**	**-**
Budgetary Fund Balance, June 30	**$ 751,424**	**$ 726,424**	**$ 712,061**	**$ (14,363)**

CITY OF YORBA LINDA

BUDGETARY COMPARISON SCHEDULE
PARK IN-LIEU
YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 771,632	$ 771,632	$ 771,632	$ -
Resources (Inflows):				
Use of money and property	10,000	10,000	9,941	(59)
Developer participation	20,000	20,000	2,424	(17,576)
Amounts Available for Appropriation	**801,632**	**801,632**	**783,997**	**(17,635)**
Charges to Appropriation (Outflow):				
Transfers out	-	324,459	161,191	163,268
Total Charges to Appropriations	**-**	**418,009**	**236,432**	**181,577**
Budgetary Fund Balance, June 30	**$ 801,632**	**$ 383,623**	**$ 547,565**	**$ 163,942**

CITY OF YORBA LINDA

BUDGETARY COMPARISON SCHEDULE
MEASURE M TURNBACK
YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 2,782,330	$ 2,782,330	$ 2,782,330	$ -
Resources (Inflows):				
Intergovernmental	673,000	673,000	598,922	(74,078)
Use of money and property	50,000	50,000	37,237	(12,763)
Amounts Available for Appropriation	**3,505,330**	**3,505,330**	**3,418,489**	**(86,841)**
Charges to Appropriation (Outflow):				
Transfers out	1,625,000	3,758,836	1,030,231	2,728,605
Total Charges to Appropriations	**1,625,000**	**3,758,836**	**1,030,231**	**2,728,605**
Budgetary Fund Balance, June 30	**$ 1,880,330**	**$ (253,506)**	**$ 2,388,258**	**$ 2,641,764**

CITY OF YORBA LINDA

BUDGETARY COMPARISON SCHEDULE
LIBRARY
YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 9,342,984	$ 9,342,984	$ 9,342,984	$ -
Resources (Inflows):				
Taxes	4,019,000	4,099,000	4,120,416	21,416
Intergovernmental	88,000	88,000	82,893	(5,107)
Charges for services	38,000	38,000	43,688	5,688
Use of money and property	242,000	242,000	144,422	(97,578)
Fines and forfeitures	80,000	80,000	76,953	(3,047)
Contributions	200	200	4,555	4,355
Miscellaneous	23,600	23,600	24,294	694
Transfers in	475,000	475,000	-	(475,000)
Amounts Available for Appropriation	**14,308,784**	**14,388,784**	**13,840,205**	**(548,579)**
Charges to Appropriation (Outflow):				
General government	3,497,775	3,507,575	3,200,423	307,152
Capital outlay	119,350	117,350	69,161	48,189
Transfers out	1,609,400	1,609,400	-	1,609,400
Total Charges to Appropriations	**5,226,525**	**5,234,325**	**3,269,584**	**1,964,741**
Budgetary Fund Balance, June 30	**$ 9,082,259**	**$ 9,154,459**	**$ 10,570,621**	**$ 1,416,162**

CITY OF YORBA LINDA

BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENTS
YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ -	$ -	$ -	$ -
Resources (Inflows):				
Transfers in	7,305,455	4,122,200	6,039,447	1,917,247
Amounts Available for Appropriation	**7,305,455**	**4,122,200**	**6,039,447**	**1,917,247**
Charges to Appropriation (Outflow):				
Capital outlay	7,305,455	18,185,423	6,039,447	12,145,976
Total Charges to Appropriations	**7,305,455**	**18,185,423**	**6,039,447**	**12,145,976**
Budgetary Fund Balance, June 30	**$ -**	**$(14,063,223)**	**$ -**	**$ 14,063,223**

CITY OF YORBA LINDA

BUDGETARY COMPARISON SCHEDULE
MASTER PLAN OF DRAINAGE
YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 5,315,550	$ 5,315,550	$ 5,315,550	$ -
Resources (Inflows):				
Use of money and property	150,000	150,000	81,609	(68,391)
Developer participation	225,000	225,000	212,332	(12,668)
Transfers in	-	4,122,200	-	(4,122,200)
Amounts Available for Appropriation	**5,690,550**	**9,812,750**	**5,609,491**	**(4,203,259)**
Charges to Appropriation (Outflow):				
Transfers out	250,000	250,000	9,428	240,572
Total Charges to Appropriations	**250,000**	**250,000**	**9,428**	**240,572**
Budgetary Fund Balance, June 30	**$ 5,440,550**	**$ 9,562,750**	**$ 5,600,063**	**$ (3,962,687)**

CITY OF YORBA LINDA

BUDGETARY COMPARISON SCHEDULE
STREET AND TRAFFIC SIGNAL IMPROVEMENTS
YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 2,602,289	$ 2,602,289	$ 2,602,289	$ -
Resources (Inflows):				
Use of money and property	55,000	55,000	39,879	(15,121)
Developer participation	50,000	50,000	162,744	112,744
Transfers in	-	4,122,200	-	(4,122,200)
Amounts Available for Appropriation	**2,707,289**	**6,829,489**	**2,804,912**	**(4,024,577)**
Charges to Appropriation (Outflow):				
Transfers out	195,000	815,519	146,837	668,682
Total Charges to Appropriations	**195,000**	**815,519**	**146,837**	**668,682**
Budgetary Fund Balance, June 30	**$ 2,512,289**	**$ 6,013,970**	**$ 2,658,075**	**$ (3,355,895)**

CITY OF YORBA LINDA

BUDGETARY COMPARISON SCHEDULE
YORBA LINDA REDEVELOPMENT AGENCY- CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 66,948,087	$ 66,948,087	$ 66,948,087	$ -
Resources (Inflows):				
Taxes	-	-	4,326,682	4,326,682
Charges for services	260,000	260,000	168,632	(91,368)
Use of money and property	555,000	555,000	413,016	(141,984)
Miscellaneous	12,000	12,000	6,065	(5,935)
Amounts Available for Appropriation	**67,775,087**	**67,775,087**	**71,862,482**	**4,087,395**
Charges to Appropriation (Outflow):				
General government	2,508,200	3,261,720	1,548,108	1,713,612
Capital outlay	990,000	1,571,940	-	1,571,940
Transfers out	60,000	994,272	139,616	854,656
Total Charges to Appropriations	**3,558,200**	**5,827,932**	**1,687,724**	**4,140,208**
Budgetary Fund Balance, June 30	**$ 64,216,887**	**$ 61,947,155**	**$ 70,174,758**	**$ 8,227,603**

CITY OF YORBA LINDA

BUDGETARY COMPARISON SCHEDULE
YORBA LINDA REDEVELOPMENT AGENCY-DEBT SERVICE FUNDS
YEAR ENDED JUNE 30, 2010

	Budget Amounts		Actual	Variance with Final Budget Positive
	Original	Final	Amounts	(Negative)
Budgetary Fund Balance, July 1	$ 3,873,002	$ 3,873,002	$ 3,873,002	$ -
Resources (Inflows):				
Taxes	20,611,000	20,611,000	17,318,273	(3,292,727)
Use of money and property	202,000	202,000	149,567	(52,433)
Transfers in	-	-	-	-
Notes and loans issued	-	-	2,999,705	2,999,705
Amounts Available for Appropriation	**24,686,002**	**24,686,002**	**24,340,547**	**(345,455)**
Charges to Appropriation (Outflow):				
General government	168,000	168,000	5,907,473	(5,739,473)
Debt service:				
Principal retirement	2,535,000	2,535,000	2,535,000	-
Interest and fiscal charges	2,220,125	2,220,125	5,133,959	(2,913,834)
Pass-through agreement payments	8,900,000	8,900,000	9,064,344	(164,344)
Transfers out	-	-	-	-
Total Charges to Appropriations	**13,823,125**	**13,823,125**	**22,640,776**	**(8,817,651)**
Budgetary Fund Balance, June 30	**$10,862,877**	**$ 10,862,877**	**$ 1,699,771**	**$ (9,163,106)**

CITY OF YORBA LINDA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
ALL AGENCY FUNDS
YEAR ENDED JUNE 30, 2010

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
Deposits				
Assets:				
Pooled cash and investments	$ 3,978,521	$ 20,938	$ -	$ 3,999,459
Receivables:				
Accounts	265	-	265	-
Total Assets	**$ 3,978,786**	**$ 20,938**	**$ 265**	**$ 3,999,459**
Liabilities:				
Accounts payable	$ 218,167	$ -	$ 56,658	$ 161,509
Deposits payable	3,760,619	77,331	-	3,837,950
Total Liabilities	**$ 3,978,786**	**$ 77,331**	**$ 56,658**	**$ 3,999,459**