
Revenues

The Revenues section uses charts and tables to provide an overview of the Adopted FY 2007-09 Annual Budget revenue estimates. This section is organized as follows:

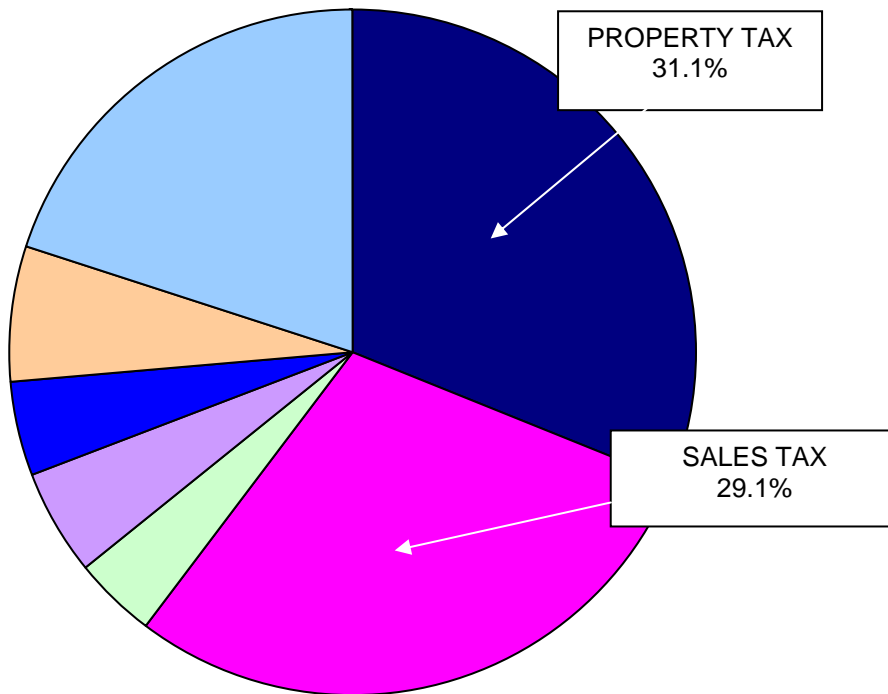
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General Fund Revenue By Category

	Actual 2004-05	Actual 2005-06	Adopted 2006-07	Projected 2006-07	Projected 2007-08	Projected 2008-09
Taxes	\$ 16,899,072	\$ 23,477,626	\$ 25,129,940	\$ 25,057,117	\$ 25,842,750	\$ 27,235,292
Licenses & Permits	3,599,183	1,921,772	1,395,800	852,465	1,655,800	1,705,674
Intergovernmental	4,917,444	1,007,610	682,680	1,172,194	629,036	553,638
Service Fees	1,921,107	1,807,814	1,975,430	2,173,085	2,406,643	2,497,922
Interest & Rentals	395,355	483,326	457,380	457,746	457,986	457,986
Other Revenues	3,574,995	126,799	41,500	108,652	85,000	85,850
Sub-Total Revenues	31,307,156	28,824,947	29,682,730	29,821,259	31,077,215	32,536,362
Internal Charges & Transfers	4,314,370	4,387,935	5,082,000	4,752,547	6,241,658	6,628,108
Total Revenues & Transfers	\$ 35,621,526	\$ 33,212,882	\$ 34,764,730	\$ 34,573,806	\$ 37,318,873	\$ 39,164,470

General Fund Revenue

60.2 % of General Fund Revenue
Comes From Two Sources



■ Property Tax 31.1%	■ Sales Tax 29.1%	■ Franchise Fees 4.0%
■ Other Taxes 5.1%	■ Licences/Permits 4.4%	■ Charges for Service 6.4%
■ Other Revenue 19.9%		

General Fund Reserve Summary

General Fund Projected Reserve FY 2006-07 Adopted

Beginning Balance	Revenues	Expenditures	Ending Balance	Reserve
\$ 3,474,084	\$ 34,764,730	\$ 35,027,253	\$ 3,211,561	9.2%

General Fund Projected Reserve FY 2007-08 Adopted

Beginning Balance	Revenues	Expenditures	Ending Balance	Reserve
\$ 3,603,370	\$ 37,318,873	\$ 37,228,257	\$ 3,693,986	10%

General Fund Projected Reserve FY 2008-09 Projected

Beginning Balance	Revenues	Expenditures	Ending Balance	Reserve
\$ 3,693,986	\$ 39,164,470	\$ 39,112,601	\$ 3,745,855	10%

FY 2007-08	
Increase in Reserve (\$)	\$ 482,425
Increase in Reserve (%)	15.0%

FY 2008-09	
Increase in Reserve (\$)	\$ 51,869
Increase in Reserve (%)	1.4%

General Fund Revenue

	Actual 2004-05	Actual 2005-06	Adopted 2006-07	Projected 2006-07	Adopted 2007-08	Projected 2008-09
Property Tax-Current	\$ 3,287,808	\$ 4,523,947	\$ 5,284,920	\$ 5,962,656	\$ 6,434,408	\$ 6,927,616
Property Tax-Unsecured	378,232	409,141	426,590	424,517	437,253	450,370
Property Tax-Supplemental	427,741	785,104	494,040	500,000	250,000	257,500
Property Tax-Prior Years	8,149	1,584	-	-	-	-
Property Tax-Interest & Penalties	14,731	104,725	30,000	20,000	20,000	20,600
Property Tax In Lieu/VLF Swap	-	3,602,161	4,142,480	4,334,312	4,470,189	4,783,102
Sales and Use Tax	7,273,563	8,084,888	8,547,230	7,364,771	8,089,140	8,372,260
Sales Tax - Property Tax in Lieu	2,471,114	2,778,452	2,981,520	3,215,861	2,775,860	2,873,015
Prop 172 - Public Safety Aug.	298,474	326,892	335,960	350,000	367,500	378,525
Franchises	1,111,651	1,264,092	1,317,200	1,390,000	1,448,400	1,561,804
Business Licenses	638,974	644,182	670,000	670,000	700,000	728,000
Real Property Transfer	430,399	367,687	300,000	225,000	200,000	200,000
Hotel/Motel Surcharge	558,236	584,771	600,000	600,000	650,000	682,500
Total Taxes	16,899,072	23,477,626	25,129,940	25,057,117	25,842,750	27,235,292
Construction Permits	2,364,783	1,527,957	1,000,000	700,000	1,500,000	1,545,000
GIS Fee	-	-	-	-	35,000	36,050
Plan Check Fees	1,625	1,019	800	753	800	824
Parking Permits	12	12	-	12	-	-
Plan Check-Insp-Engineering	1,202,089	372,943	375,000	125,000	100,000	103,000
Streets and Curb Permits	30,674	19,841	20,000	26,700	20,000	20,800
Total Licenses & Permits	3,599,183	1,921,772	1,395,800	852,465	1,655,800	1,705,674
Homeowner Prop Tax Relief	86,458	95,784	124,280	95,272	100,036	106,038
Payment In Lieu of Taxes	73,433	-	30,000	30,000	30,000	30,600
Motor Vehicle License Fees	1,414,503	395,439	420,000	375,000	350,000	357,000
Motor Vehicle License In Lieu	2,924,634	-	-	-	-	-
Federal Law Enforcement Grant	7,085	-	-	-	-	-
FEMA Assistance to FF Grant	-	-	-	25,931	-	-
State-Mandated Cost Reimb.	23,798	222,746	-	174,900	-	-
OES Engine	-	1,214	2,000	25,250	-	-
Haz Mat Emergency Prep Grant	25,191	-	-	-	-	-
SAFER Grant	-	-	105,000	123,000	87,000	60,000
State COPS Grant	100,000	100,000	-	117,769	-	-
State Local Law Enf Grant	-	2,380	-	-	-	-
State Homeland Security Grant	246,029	173,061	-	153,400	62,000	-
State OTS Grant	15,146	-	-	8,908	-	-
State - Other Revenue	-	16,986	-	-	-	-
Fire OJP Grant	-	-	-	42,764	-	-
Taxes In Lieu-Highway	1,167	-	1,400	-	-	-
Total Intergovernmental	\$ 4,917,444	\$ 1,007,610	\$ 682,680	\$ 1,172,194	\$ 629,036	\$ 553,638

General Fund Revenue

	Actual 2004-05	Actual 2005-06	Adopted 2006-07	Projected 2006-07	Adopted 2007-08	Projected 2008-09
Police - Special Services	\$ 101,874	\$ 102,459	\$ 126,990	\$ 98,229	\$ 156,000	\$ 163,800
Police - False Alarm Fees	3,148	13,241	9,750	49,603	37,800	39,690
Police - Emergency Response	-	-	-	3,000	-	-
Booking Fee Reimbursement	-	-	-	54,068	54,068	54,068
Fire - Permit Fees	71,411	85,078	30,000	35,000	63,205	66,365
Fire - Special Services	7,708	2,931	120	6,893	120	126
Fire - Emergency Response	137,957	27,204	16,000	188,645	16,700	17,535
CPR/First Aid	4,390	5,693	4,000	5,500	5,000	5,250
Internship Program	4,890	5,370	5,000	1,900	2,500	2,625
Fire Service Contract Revenue	588,665	588,919	600,000	642,079	654,937	668,036
Fines & Forfeitures	22,537	21,832	-	-	-	-
Red-light Camera Revenues	-	-	270,000	142,000	140,000	142,800
Park Reservation Fee	14,557	15,462	16,000	13,000	10,000	10,500
Swimming Pool	34,429	40,336	45,821	31,170	128,125	134,531
Recreation Programs	703,114	755,693	745,149	759,752	995,588	1,045,366
Zoning Fees	219,654	136,689	100,000	125,000	125,000	128,750
Sale of Maps & Publications	668	639	500	1,600	1,600	1,680
Other Current Service Charges	6,105	6,268	6,100	5,500	5,500	5,775
Police - Mental Health Transport	-	-	-	10,146	10,500	11,025
Total Service Fees	1,921,107	1,807,814	1,975,430	2,173,085	2,406,643	2,497,922
Interest on Investments	341,109	423,990	400,000	400,000	400,000	400,000
Rents and Royalties	7,200	8,534	7,200	7,200	7,200	7,200
Antenna Leases	42,763	50,802	50,180	50,546	50,786	50,786
Madden House Rent	4,283	-	-	-	-	-
Total Interest/Rents	395,355	483,326	457,380	457,746	457,986	457,986
Sale of Property	3,472,575	23,071	1,500	22,652	10,000	10,100
Other Revenue	102,420	103,728	40,000	86,000	75,000	75,750
Lease Proceeds	-	-	-	-	-	-
Total Other Revenue	3,574,995	126,799	41,500	108,652	85,000	85,850
Sub-Total General	\$ 31,307,156	\$ 28,824,947	\$ 29,682,730	\$ 29,821,259	\$ 31,077,215	\$ 32,536,362

General Fund Revenue

	Actual 2004-05	Actual 2005-06	Adopted 2006-07	Projected 2006-07	Adopted 2007-08	Projected 2008-09
Transfers & Cost Allocations						
Water	\$ 1,130,864	\$ 1,053,377	\$ 930,000	\$ 930,000	\$ 976,500	\$ 1,005,795
Wastewater	1,058,878	1,254,980	1,150,500	1,150,500	1,208,025	1,244,266
Redevelopment Agency	61,391	60,736	160,000	60,000	503,055	526,346
Specific Plan Cost Reimbursement	-	-	81,500	-	-	-
CIP Reimbursement Transfers	-	-	650,000	425,000	578,126	595,470
Miscellaneous Operating Transfers	78,337	40,000	-	-	-	-
Total Cost Allocations	2,329,470	2,409,093	2,972,000	2,565,500	3,265,706	3,371,877
Streets & Roads	900,000	900,000	1,000,000	1,000,000	1,922,671	1,980,351
Traffic Safety	500,000	500,000	930,000	465,000	300,000	500,000
Benefit Stabilization	500,000	500,000	-	250,000	-	-
Suspended Traffic Offender	50,000	50,000	50,000	75,000	75,000	77,250
Landscape Assessment	34,900	28,842	130,000	397,047	678,281	698,630
Total Interfund Transfer	1,984,900	1,978,842	2,110,000	2,187,047	2,975,952	3,256,231
Total Revenue/Transfers	\$ 35,621,526	\$ 33,212,882	\$ 34,764,730	\$ 34,573,806	\$ 37,318,873	\$ 39,164,470

Enterprise Funds

	Actual 2004-05	Actual 2005-06	Adopted 2006-07	Projected 2006-07	Adopted 2007-08	Projected 2008-09
Water Sales	\$ 6,288,682	\$ 6,954,284	\$ 7,070,000	\$ 7,490,000	\$ 7,755,000	\$ 8,036,550
Hydrants	8,005	6,157	5,000	5,000	5,175	5,350
Groundwater Capital Expansion	240,900	83,600	75,000	-	-	-
Water Meters - Labor	-	108,435	-	120,000	120,000	135,850
Penalties	64,836	61,244	50,000	57,100	60,000	62,700
Tap Machine	53,663	49,696	45,000	38,000	45,000	47,025
Interest on Investments	255,718	245,821	250,000	262,000	287,000	312,540
Other Revenue	50,127	84,841	-	65,800	60,000	60,000
Sale of Property	3,136	-	-	-	-	-
Total Water Operating Fund	6,965,067	7,594,078	7,495,000	8,037,900	8,332,175	8,660,015
Water Main Extension Fees	122,090	280,240	130,000	100,000	100,000	104,500
Water Connection Fees	7,525,789	4,620,024	4,000,000	1,800,000	2,400,000	2,700,000
Water Meters - Materials	515,189	282,264	300,000	100,000	120,000	125,400
Interest on Investments	-	253,674	-	250,000	250,000	261,250
Total Water Capital Fund	8,163,068	5,436,202	4,430,000	2,250,000	2,870,000	3,191,150
Sub-total Water Fund	15,128,135	13,030,280	11,925,000	10,287,900	11,202,175	11,851,165
Wastewater Service Charges	5,650,307	6,189,856	6,000,000	6,500,000	6,851,000	7,159,295
Sunsweet-Operation & Maint.	938,461	716,051	950,000	710,000	850,000	888,250
Sunsweet-Capital Charges	35,304	29,420	37,000	35,300	35,000	35,000
Sunsweet-Debt Service	7,680	7,040	8,000	7,680	7,000	7,000
Septage Charges	237,541	232,810	220,000	200,000	220,000	229,900
Wastewater Lab Testing Fees	79,509	123,459	100,000	90,000	100,000	104,500
Pretreatment Permits	-	660	500	4,500	4,500	4,500
Stonegate Service Charges	-	36,542	40,000	38,700	39,000	40,000
Interest on Investments	273,823	215,939	185,000	200,000	200,000	200,000
Lease Payments	30,000	30,000	30,000	90,000	30,000	30,000
Transfer From Other Funds	215,000	225,000	235,000	225,000	245,000	255,000
Other Revenue	-	3,790	-	-	-	-
Total Wastewater Operating Fund	7,467,625	7,810,567	7,805,500	8,101,180	8,581,500	8,953,445
Wastewater Main Extension Fees	193,050	233,529	100,000	110,000	100,000	104,500
Wastewater Connection Fees	4,003,075	3,086,427	2,500,000	1,400,000	2,250,000	2,400,000
Special Connection Fee	373,350	298,640	192,000	70,000	-	-
Interest on Investments	-	311,820	-	350,000	450,000	450,000
Total Wastewater Capital Fund	4,569,475	3,930,416	2,792,000	1,930,000	2,800,000	2,954,500
Sub-total Wastewater Fund	12,037,100	11,740,983	10,597,500	10,031,180	11,381,500	11,907,945
Total Enterprise Revenues	\$ 27,165,235	\$ 24,771,263	\$ 22,522,500	\$ 20,319,080	\$ 22,583,675	\$ 23,759,110

Special Revenue Funds

	Actual 2004-05	Actual 2005-06	Adopted 2006-07	Projected 2006-07	Adopted 2007-08	Projected 2008-09
State Gasoline Tax-2105	\$ 344,299	\$ 357,202	\$ 411,630	\$ 365,862	\$ 376,838	\$ 388,143
State Gasoline Tax-2106	211,642	221,385	252,520	230,884	237,811	244,945
State Gasoline Tax-2107	457,461	476,435	549,420	488,505	503,160	518,255
State Gasoline Tax-2107.5	7,500	7,500	7,500	7,500	7,500	7,500
LTF/TDA Revenues	1,212,570	916,731	1,116,305	1,014,211	1,742,603	1,244,881
Other Revenues	1,056,582	262,904	-	460,628	768,952	909,357
Interest on Investments	55,801	152,038	60,000	225,000	250,000	275,000
Total Streets/Roads	3,345,855	2,394,195	2,397,375	2,792,590	3,886,864	3,588,081
Vehicle Code Fines	329,312	293,752	875,000	375,000	400,000	400,000
Parking Citations	62,129	47,662	55,000	47,000	50,000	55,000
DUI Fines	22,590	9,836	10,500	7,500	7,500	7,500
Interest on Investments	10,646	11,339	15,000	13,000	15,000	15,000
Total Traffic Safety	424,677	362,589	955,500	442,500	472,500	477,500
Suspended Traffic Offender	66,077	82,285	90,000	66,500	87,500	87,500
Interest on Investments	3,049	6,167	3,000	7,500	7,500	7,500
Total STOP	69,126	88,452	93,000	74,000	95,000	95,000
Special Assessments	408,927	614,467	738,360	740,132	766,967	782,305
Interest on Investments	10,798	25,997	14,515	32,396	33,368	35,000
Total Assessments	419,725	640,464	752,875	772,528	800,335	817,305
Special Assessments	134,317	136,410	136,905	136,905	136,905	137,000
Interest on Investments	2,136	8,092	2,165	2,608	2,686	2,700
Other Revenue	1,279	-	-	-	-	-
Total Residential Street Lighting	137,732	144,502	139,070	139,513	139,591	139,700
Impact Fees	8,895,552	10,594,364	4,000,000	4,500,000	4,000,000	4,000,000
Interest on Investments	214,475	737,921	400,000	750,000	750,000	750,000
Total Development Impact Fee	9,110,027	11,332,285	4,400,000	5,250,000	4,750,000	4,750,000
Impact Fees	51,844	13,391	20,000	13,500	13,500	13,500
Interest on Investments	2,341	6,022	1,000	600	650	700
Total Fire Mitigation Impact Fee	54,185	19,413	21,000	14,100	14,150	14,200
Block Grant	507,925	583,244	551,854	894,803	572,904	589,905
Program Income	18,661	13,174	-	12,156	12,156	12,156
Interest on Investments	-	7,081	-	-	-	-
Other Revenue	-	227	-	-	-	-
Total CDBG Fund	526,586	603,726	551,854	906,959	585,060	602,061
Program Income	209,791	413,237	137,000	51,000	40,000	50,000
Interest on Investments	8,549	15,911	5,000	5,000	5,000	5,000
Total CDBG Housing RLF Fund	218,340	429,148	142,000	56,000	45,000	55,000
HOME Program	-	-	1,300,000	800,000	550,000	-
Program Income	397,191	399,290	125,000	70,000	70,000	95,000
Interest on Investments	4,916	15,238	5,000	5,000	5,000	5,000
Total HOME Fund	402,107	414,528	1,430,000	875,000	625,000	100,000

Special Revenue Funds

	Actual 2004-05	Actual 2005-06	Adopted 2006-07	Projected 2006-07	Adopted 2007-08	Projected 2008-09
Property Tax-Secured	\$ 421,261	\$ 528,991	\$ 558,070	\$ 600,435	\$ 540,747	\$ 648,367
Property Tax-Unsecured	42,669	41,177	42,300	42,127	37,940	45,491
Property Tax-Supplemental	28,518	46,438	28,520	27,215	23,342	27,988
Property Tax-Interest & Penalties	2,749	6,278	3,000	2,768	2,456	2,944
Property Tax-Prior Years	863	1,013	-	-	-	-
Homeowners Prop Tax Relief	9,147	9,459	9,820	9,455	8,515	10,210
Interest on Investments	92,262	162,141	30,000	150,000	50,000	52,500
Bond Proceeds	4,480,000	-	-	-	-	-
Total Low/Mod Income	5,077,469	795,497	671,710	832,000	663,000	787,500
Property Tax-Secured	1,685,043	\$ 2,027,627	1,611,940	2,288,275	2,063,037	2,472,836
Property Tax-Unsecured	170,676	164,711	169,200	167,720	151,211	181,247
Property Tax-Supplemental	114,070	185,751	114,070	108,347	93,030	111,510
Property Tax-Interest & Penalties	10,995	25,112	12,000	11,018	9,787	11,731
Property Tax-Prior Years	3,451	4,051	-	-	-	-
Homeowners Prop Tax Relief	36,590	37,834	39,280	37,640	33,935	40,676
PILOT	-	-	-	-	134,000	137,000
Interest on Investments	65,047	126,137	35,000	382,588	488,462	138,671
Rents & Royalties	13,200	3,358	-	-	-	-
Antenna Leases	1,215	-	-	-	-	-
Sale of Property	251,000	6,913	-	-	-	-
Other Revenue	531	-	-	-	-	-
Bond Proceeds	16,210,000	-	-	-	-	-
Interfund Transfer	-	-	-	46,000	46,000	46,000
Total Redevelopment Agency	18,561,818	2,581,494	1,981,490	3,041,588	3,019,462	3,139,671
Total Special Revenues	\$ 38,347,647	\$ 19,806,293	\$ 13,535,874	\$ 15,196,778	\$ 15,095,962	\$ 14,566,018

Other Fund Revenues

	Actual 2004-05	Actual 2005-06	Adopted 2006-07	Projected 2006-07	Adopted 2007-08	Projected 2008-09
Vehicle Replacement Fee	\$ 640,578	\$ 878,409	\$ 976,241	\$ 976,241	\$ 972,056	\$ 1,001,215
Sale of Property	(7,790)	(81,507)	20,000	25,000	20,000	21,000
Interest on Investments	128,526	252,619	130,000	260,000	275,000	295,000
Other Current Service Charges	16,538	10,447	40,560	16,000	21,300	22,000
Transfer From Other Funds	-	-	280,000	-	-	-
Total Vehicle Replacement	777,852	1,059,968	1,446,801	1,277,241	1,288,356	1,339,215
Vehicle Maintenance Fee	620,370	734,964	800,000	805,000	875,000	901,250
Interest on Investments	648	1,370	1,000	1,500	2,000	2,250
Other Revenue	-	1,217	-	-	-	-
Total Vehicle Maintenance	621,018	737,551	801,000	806,500	877,000	903,500
Health - Employer Contrib.	2,106,137	2,375,200	3,083,340	2,502,300	2,859,000	2,893,000
Unemployment Insurance	55,611	73,205	76,240	76,240	73,650	75,000
Interest on Investments	20,065	28,702	5,000	10,000	12,500	15,000
Other	-	14,528	-	-	-	-
Total Employee Benefits	2,181,813	2,491,635	3,164,580	2,588,540	2,945,150	2,983,000
Dental/Vision	343,956	245,502	431,750	394,000	412,500	416,900
Interest on Investments	6,016	8,487	5,000	6,000	5,000	5,300
Total Dental/Vision	349,972	253,989	436,750	400,000	417,500	422,200
Disability	10,891	11,726	12,000	13,300	13,600	14,000
Interest on Investments	3,687	6,083	3,500	6,000	6,000	6,000
Total Disability	14,578	17,809	15,500	19,300	19,600	20,000
Contributions	400,000	587,000	710,000	710,000	640,414	795,000
Interest on Investments	3,262	4,080	3,500	3,500	4,586	5,000
Total General Liability	403,262	591,080	713,500	713,500	645,000	800,000
Worker Compensation	696,266	475,927	631,400	620,000	575,000	831,200
Interest on Investments	11,987	23,382	13,000	20,000	20,000	22,500
Total Worker Compensation	708,253	499,309	644,400	640,000	595,000	853,700
Technology Replacement Fee	403,596	451,730	471,893	471,893	532,550	564,780
Interest on Investments	18,641	44,876	20,000	50,000	50,000	50,000
Other Revenues	13,883	9,735	20,040	22,040	35,880	37,000
Transfer From Other Funds	201,740	208,381	7,000	7,000	-	-
Total Technology Replacement	637,860	714,722	518,933	550,933	618,430	651,780
Total Internal Service	5,694,608	6,366,063	7,741,464	6,996,014	7,406,036	7,973,395
RDA Debt Service Fund	554,946	1,059,470	1,095,405	1,095,405	1,192,520	1,190,881
Low/Mod Debt Service Fund	135,577	291,186	305,044	305,044	303,421	301,579
Total Debt Service Fund	690,523	1,350,656	1,400,449	1,400,449	1,495,941	1,492,460
Grand Total Revenues	\$ 107,519,539	\$ 85,507,157	\$ 79,965,017	\$ 78,486,127	\$ 83,900,487	\$ 86,955,453

Revenue Highlights

Revenue Highlights

This section of the budget describes the resources that are available to support the proposed operating and capital budget. Yuba City will receive revenues in the form of taxes, fees, and other revenue sources to support its operational and capital expenses during fiscal years 2007-09. This narrative focuses on the comparisons between year-end revenue projections and the budget year projections. The following is a brief explanation of these revenue sources.

Sales & Use Taxes

Sales & Use Taxes are imposed on retailers who sell goods within the State or on users in the State of California for property purchased outside of the State. The tax is based on the sales price of any taxable transaction of tangible personal property.

After implementation of the "triple flip", Yuba City receives its sales tax revenues from two separate sources, the State Board of Equalization and Sutter County. Three quarters of one percent of the sales and use taxes collected by the State Board of Equalization (SBOE) are allocated back to Yuba City for general purposes. One quarter of one percent is allocated back to Yuba City based on an estimate provided by the State Controller's Office to Sutter County per the provisions of the State's new "triple flip" allocation.

The City tracks revenues received from the County and the State separately. In accordance with the California Committee on Municipal Accounting (CCMA) White Paper, the City adopted the 7 ½ month accrual process for sales tax revenue recognition. Therefore, the City's projected sales tax revenues are based upon taxable sales generated during the fiscal year.

Sales tax revenue is projected to increase by a modest \$284,368 or 2.7% in FY 2007-08 based on comparatively flat sales during the FY 2006-2007 year. The local region is experiencing a slowdown similar to that being experienced

throughout the State of California. In years past, the City has experienced healthy sales tax growth, it is expected that future years will show more growth than the current two year budget indicates.

Another component of the California Sales Tax is the one-half percent collected under Proposition 172 (Local Public Safety Augmentation Fund). Proposition 172 was first created in 1993 to provide additional funding for public safety services. Proposition 172 revenues were projected using the same factors as mentioned above. For FY 2007-08 Proposition 172 revenues are projected to increase by \$17,500 over current year-end projections.

Property Taxes

Property taxes are imposed on real property (land and permanently attached improvements, such as buildings) and tangible personal property (movable property) located within the City. The tax is imposed at a rate of one percent of the property's assessed value. Property taxes are projected using the following factors:

- ❖ The City's historical property tax revenue trends.
- ❖ Recent and projected housing and commercial construction.
- ❖ County assessed values for properties in the City.
- ❖ An increase in the average sales price of existing homes in the region, thereby resulting in a higher new assessed value.
- ❖ Known County adjustments to the assessed values from appeals.
- ❖ Annexations to the City.

Secured Property tax revenue in the General Fund is projected to increase by \$471,752 or 7.9% over the current year-end projection. The large growth in property taxes is attributable to several reasons:

- ❖ The City lost \$558,692 for both FY 04/05 and FY 05/06 due to the State of California's
-

Revenue Highlights

budget balancing takeaway. The City no longer loses this revenue in FY 06/07.

- ❖ Completed new construction.
- ❖ The sales of existing homes and the creation of new “base values” in accordance with Proposition 13 are estimated to contribute an additional \$338,000.
- ❖ The remaining increase is attributable to the normal 2% per year growth factor applied to assessed values.

In the Redevelopment Fund, Secured Property taxes are projected to decrease by \$226,238 or 9.9% below the current year-end projection. The decrease is based on reduced revenues due to a large taxpayer within the Redevelopment Project Area filing an appeal on the assessed valuation. In addition, FY 07/08 shows a shift from secured property tax revenues to payment in lieu of taxes (PILOT) because a large taxpayer in the project area is obtaining its non-profit status. A PILOT payment was negotiated in advance based on this expectation.

Gas Tax & Local Transportation Fund

The State Gas Tax is derived from State of California taxes on gasoline purchases and is allocated to various governmental units based on prescribed methods. These funds are restricted to the construction, improvement and maintenance of public streets and related expenditures. When projecting Gas Tax revenue, past revenues received along with estimates received from the State are used. Revenue is estimated to increase \$32,558 or 3.0% over current year-end projections.

The Transportation Development Act (TDA) provides funding from the Local Transportation Fund (LTF) for the purpose of transportation and streets and roads projects. Funding is derived from the one-quarter cent sales tax collected in each county. The funds are then apportioned on a per capita basis to the jurisdictions within the county. Once all transportation needs have been met, the remaining funds can be used for streets and roads projects (as is the case for

Yuba City). LTF revenues are projected to increase by \$728,392 or 71.8% for FY 2007-08 due to an increase in the allocation made available to Yuba City through SACOG.

Hotel/Motel Surcharge

Visitors to Yuba City who stay in the City’s hotels, motels, and inns for a period of less than thirty days pay the Hotel/Motel Surcharge. Currently, the tax rate for the Hotel/Motel Surcharge is 10% of the price of the room. The revenue projection for the Hotel/Motel Surcharge is estimated to increase by \$50,000 from the current year to FY 2007-08. The expected increase is partially due to the opening of the newly constructed Hampton Inn.

Business License Taxes

Business license taxes are charged to all businesses that are located within the City limits and/or conduct business within the City. Taxes are determined by a percentage of the business’ gross receipts. Revenues are estimated to increase by \$3,000 or 4.5% over the current year-end projection.

Motor Vehicle License Taxes (Vehicle License Fees)

The fee is termed an “in-lieu” fee because it is imposed instead of a local property tax on the ownership of a vehicle. Cities such as Yuba City receive a portion of the fees collected based on the City’s population. The State of California has reduced a large portion of the fee in the form of a refund to vehicle owners. The State, in turn, backfills the refunded amount to cities and counties. Revenue projections were based on the City’s revenue history and the projections provided by the State.

The Vehicle License Fees (VLF) are now divided into two categories, those received directly from the State based upon the historical in lieu amounts and those received from Sutter County twice per year based upon the provisions of the State Controller’s Office. Beginning in 2005-06, the VLF in-lieu payments change based upon

Revenue Highlights

increases in the assessed values. On that basis, the amounts received from Sutter County are classified as "Property Tax In Lieu/VLF Swap" as part of "Tax Revenues".

State allocations of VLF revenues are projected to decrease by \$25,000. Allocations received from Sutter County are projected to increase by \$135,877 or 3.1% based upon increases in local assessed values for property tax purposes.

Franchise Fees

Franchise Fees are collected from utility companies and other businesses within the City for the use of public rights-of-way. Currently, the City collects from three companies: Pacific Gas and Electric (PG & E), Yuba Sutter Disposal Inc. (YSDI), and Comcast Cable. PG & E is charged the higher of either 2.0% of the gross receipts attributable to miles of line within the City (Broughton Act Computation) or 0.5% of the gross receipts collected within the City (1937 Act Computation). YSDI is charged at a rate of 5% of gross receipts. Comcast Cable is charged at 5% of gross annual revenues. Franchise Fee revenues are projected based on how well the local economy is doing, population estimates, demand for services, and other related information. Franchise Fee revenues are projected to increase by \$58,400 or 4.2% over the current year-end projection.

Licenses and Permit Fees

Licenses and permit fees include building permit fees, plan check fees, and other smaller miscellaneous fees. Projections for these revenues are based on the recent and projected building activity, status of the local economy, past revenues received, population estimates, land resources, and other pertinent information. Licenses and permit fees are projected to increase \$803,335 or 94.2% over the current year-end projections. This is due to implementation of an updated City-wide fee schedule based on the results of a fee study conducted during FY 2006-07.

User Fees/User Charges

User fees/charges are payments in exchange for specific public services consumed. Examples of user fees are recreation fees and water and wastewater charges. Revenue projections for user fees/charges are based on the City's history of both revenue generation and consumption, recent and projected building activity, the status of the local economy, and other pertinent information. Revenues from this category are projected to decrease by \$898,005 or 3.0%.

Development Impact Fee revenues are projected to be the same as FY 2006-07 due to flattening development activity. The City's utilities connection fees are projected to increase by \$790,000, or 18.9%. Utility operating revenues are expected to increase by \$774,595 or 4.8% due to growth in the utility customer base for water and wastewater. Scheduled service rate increases also contribute to the increase.

Other Revenue Sources

Cost Allocation Charges - General Fund. These are charges derived from allocating the General Fund's administrative and support service costs to specific non-General Fund Departments. For example, the Water and Wastewater funds pay a charge for the services rendered from the Administrative Services, Community Development, Public Works, and the Human Resources Departments on their behalf. The charges include allocation of a percentage of each position's salary and benefits, and a percentage of the supplies and services provided. In the Redevelopment Fund, salary and benefits are allocated from the General Fund based on select positions providing accounting and administrative services to the Redevelopment Fund. During FY 2006-07 the City updated its cost allocation plan to evaluate the true cost of services provided by service departments to other City departments. The projected FY 2006-07 user charges have been adjusted to reflect the findings of the cost allocation plan study.

Revenue Highlights

Compared to the FY 2006-07 projected, the FY 2007-08 cost allocation charges will increase by \$1,489,111 or 31.3%. The increase in cost allocation is the result of evaluating the full cost of services provided as shown in the City's updated Cost Allocation Plan and fee study. All City staff will monitor time spent on development related activities, capital improvement projects, redevelopment Agency activities and landscape maintenance district activities to reimburse the General Fund for the fully burdened cost of services provided.

Cost Allocation Charges - General Liability Fund. These charges have two criteria that are used for development:

1. Claims loss history (over a 5-year period).
2. Exposure based on payroll costs. Once these charges are developed, they are spread among all the departments in order to cover the FY 2007-08 General Liability payment.

The total amount allocated for General Liability decreased by \$69,586 under FY 2006-07 based upon an a one-time use of excess fund balance.

Cost Allocation Charges - Vehicle Maintenance/Replacement Fund. For the Vehicle Maintenance Fund, projected charges are developed using departments' historical vehicle maintenance costs (parts & labor). For the Vehicle Replacement Fund, replacement costs for the City's current vehicle fleet are allocated to the applicable departments by dividing the current replacement costs for the vehicle(s) by the vehicle's remaining useful life. Both the Vehicle Maintenance and Replacement Fund record an expenditure in the appropriate department's budget with corresponding revenue being recorded in the Vehicle Maintenance/Replacement Fund.

Cost Allocation Charges - Technology Internal Service Fund. These charges are developed under the criteria of replacing computers once every three years with a like kind and quality computer. Support and replacement of the computer network (e.g., servers, routers, etc.) is included within the cost

base. Charges are allocated directly to the user department. User charges are recorded as revenue in the Technology Internal Service Fund.

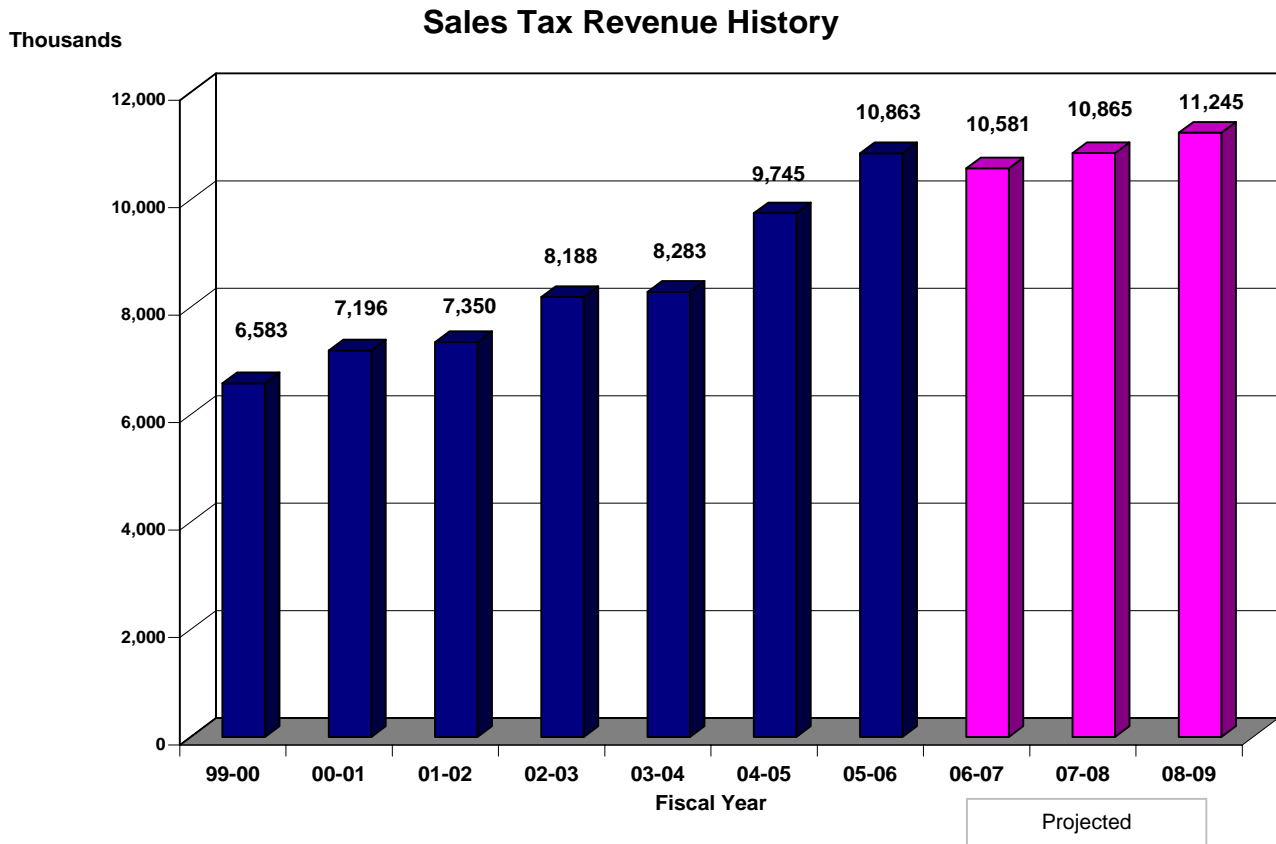
Contributions from Other Funds

Each year revenues are contributed to funds to offset staffing, equipment, and CIP projects. For example, a portion of Gas Tax revenues are transferred to the General Fund to offset the cost of engineering and other support personnel for road construction projects. Also, funds are transferred from the following funds to provide funding for the City's CIP projects: General Fund, Streets & Roads Fund, Impact Fee Fund, Redevelopment Fund, Water and Wastewater Fund, and the Community Development Block Grant Fund (CDBG).

Interest Income

The City earns interest income by investing its idle cash. The City's goal is to achieve a competitive rate of return of its idle funds while protecting the safety of those funds. Idle funds are invested within the parameters stated in the City's Investment Policies, as approved by the City Council. Interest income is conservatively projected based on idle cash balances throughout the year and the market rate of interest. It is anticipated that interest earnings in FY 2007-08 will increase due to a rise in interest rates.

History of General Fund Major Revenue Sources



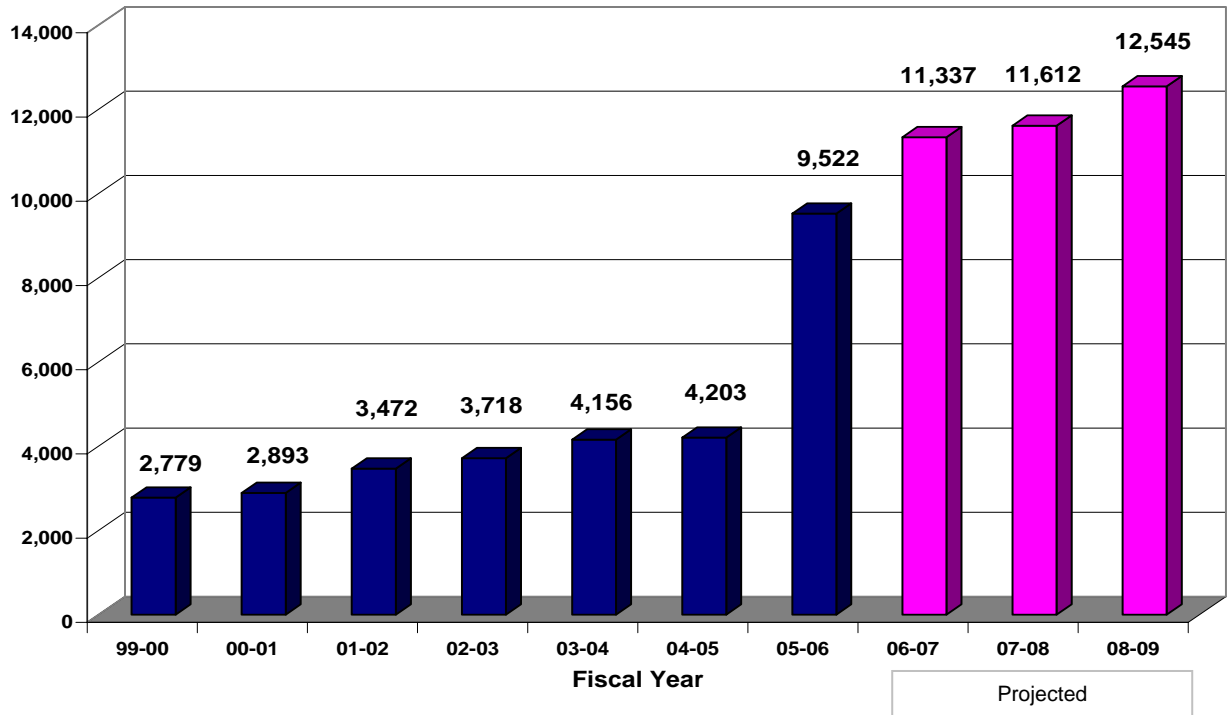
In accordance with the California Revenue and Taxation Code and the Bradley-Burns Uniform Local Sales and Use Tax Law of 1955, the State imposes a 7.25% sales and use tax on taxable sales in the City. The City receives 1% of the sales tax and the other 6.25% tax goes to the State and other local governments. As of July 1, 2004 the local government portion of the statewide rate decreased by .025% and the State portion increased by .025%. In turn, the State “backfilled” the decrease in the local government portion with a commensurate amount of property tax revenues. The net effect is that the City continues to receive 1% of the sales tax, as before. The chart above combines both components of sales tax (the 0.75% local share and the property tax in lieu of sales tax backfill) in order to capture 10 years of trend data.

Sales tax is the one of the City’s two largest General Fund revenue sources. For FY 2007-08, sales tax is projected to be \$10,865,000 or 29.1% of the total General Fund revenue.

History of General Fund Major Revenue Sources

Property Tax Revenue History

Thousands



Property tax is imposed on real and tangible property located within the City. By definition, this tax is based on property value rather than on a fixed amount or benefit. Property values are assessed at full cash value (indexed from 1975-76 dollars using the Consumer Price Index (CPI), not to exceed 2% per year). The Sutter County Assessor determines the value of the property. The exception is public utility property, which is assessed by the State Board of Equalization. Article XIII, Section 1(a) of the California Constitution (commonly known as *Proposition 13*) limits the real property base tax rate to 1% of the assessed property value (subject to annual growth limitations of 2%) and prohibits the enactment of additional taxes to the sale of real property.

In FY 05-06, the City began receiving property tax in-lieu of vehicle license fees revenue. The State of California reduced a large portion of vehicle license fees and directed supplemental in-lieu of funds to cities and counties to keep local revenues whole. Adding this revenue to the above graph distorts the historical trend data, however, future VLF revenue will be tied to property tax revenue received from Sutter County.

Property tax is one of the City's two largest General Fund revenue sources. For FY 2007-08, property tax is projected to be \$11,611,850 or 31.1% of the total General Fund revenue.

