

**COUNTY OF YUBA**

**AUDIT REPORT**

**JUNE 30, 2008**

**COUNTY OF YUBA  
AUDIT REPORT  
JUNE 30, 2008**

Table of Contents

|  | <u>Page</u> |
|--|-------------|
| <b>Independent Auditor's Report.....</b>   | 1-2         |
| <b>Management's Discussion and Analysis (M D &amp; A).....</b>   | 3-9         |
| <br><b>Basic Financial Statements:</b>   |             |
| Government-Wide Financial Statements:  |             |
| Statement of Net Assets .....  | 10          |
| Statement of Activities.....   | 11          |
| Fund Financial Statements:   |             |
| Governmental Funds:  |             |
| Balance Sheet .....  | 12          |
| Reconciliation of the Governmental Funds Balance Sheet to the<br>Government-Wide Statement of Net Assets – Governmental Activities .....   | 13          |
| Statement of Revenues, Expenditures and Changes in Fund Balances –<br>Governmental Funds .....   | 14          |
| Reconciliation of the Statement of Revenues, Expenditures and<br>Changes in Fund Balances of the Governmental Funds to the<br>Government-Wide Statement of Activities – Governmental Activities..... | 15          |
| Proprietary Funds:   |             |
| Statement of Net Assets .....  | 16          |
| Statement of Revenues, Expenses and Changes in Fund Net Assets.....  | 17          |
| Statement of Cash Flows .....  | 18-19       |
| Fiduciary Funds:   |             |
| Statement of Fiduciary Net Assets .....  | 20          |
| Statement of Changes in Fiduciary Net Assets .....   | 21          |
| Notes to Financial Statements.....   | 22-51       |
| <br><b>Required Supplementary Information:</b>   |             |
| County Employee's Retirement Plan (Defined Benefit Pension Plan):  |             |
| Schedule of Funding Progress .....   | 52          |
| Budgetary Comparison Schedules:  |             |
| General Fund.....  | 53          |
| Public Works.....  | 54          |
| Social Service Fund .....  | 55          |
| Public Safety .....  | 56          |
| Notes to Required Supplementary Information:   |             |
| Budgetary Basis of Accounting .....  | 57          |

**COUNTY OF YUBA  
AUDIT REPORT  
JUNE 30, 2008**

Table of Contents

|   | <u>Page</u> |
|---|-------------|
| <b>Supplementary Information:</b>   |             |
| Combining and Individual Fund Statements and Schedules:                             |             |
| Nonmajor Governmental Funds:  |             |
| Combining Balance Sheet .....   | 58-61       |
| Combining Statement of Revenues, Expenditures and Changes<br>in Fund Balances ..... | 62-65       |
| Internal Service Funds:   |             |
| Combining Balance Sheet .....   | 66-67       |
| Combining Statement of Revenues, Expenses and Changes in Net Assets .....           | 68-69       |
| Combining Statement of Cash Flows .....   | 70-73       |



## INDEPENDENT AUDITOR'S REPORT

Board of Supervisors  
County of Yuba  
Marysville, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Yuba, California, (the County), as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the First Five Children and Families Yuba Commission, which represent 100 percent of the assets, liabilities and revenues of the discretely presented component units. Those basic financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinions, insofar as they related to the amounts included for discretely presented component units, is based solely on the report of the other auditors.

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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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.

Because of the inadequacy of accounting records for the contributed infrastructure for the years prior to 2008, we were unable to form an opinion regarding the amounts at which infrastructure and the related accumulated depreciation are recorded in the Statement of Net Assets for Governmental Activities at June 30, 2008 (stated at \$189,701,979 and \$77,805,905, respectively), and the amount of depreciation expense related to infrastructure for the year then ended (stated at \$7,346,918).

The County has omitted the financial statements of the Yuba County Water Agency (the Agency), which statements reflect total assets of \$227,132,315 as of June 30, 2008, and total revenues of \$26,189,690 for the year then ended. The Agency should be included with the County under Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by GASB No. 39, *Determining Whether Certain Organizations are Component Units* because the Agency is a legally separate entity with substantively the same governing board as the County. Of the seven board

Board of Supervisors  
County of Yuba

members that govern the Agency, five of those members serve as the County's Board of Supervisors. In our opinion, disclosure of that information is required to conform with accounting principles generally accepted in the United States of America.

In our opinion, based on our audit and the report of other auditors, except for the effects of such adjustments as might have been determined to be necessary had the records concerning infrastructure been adequate, and except for the omission of the blended component unit discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof 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 under separate cover, our report dated February 6, 2009, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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 Management's Discussion and Analysis and the other required supplementary information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the County of Yuba's basic financial statements. The accompanying information identified in the table of contents as combining and individual fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit, such information is fairly stated in all material respects in relation to the basic financial statements taken as whole.

BARTIG, BASLER & RAY, LLP  
A GALLINA LLP Company

*Bartig Basler & Ray, LLP*

Roseville, California  
February 6, 2009

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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## COUNTY OF YUBA

### Management's Discussion and Analysis June 30, 2008

This *Management Discussion and Analysis* of the County of Yuba's (County) basic financial statements presents a discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2008. Please read it in conjunction with the County's basic financial statements following this section.

#### ***FINANCIAL HIGHLIGHTS***

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$176.5 million. Of this amount, \$9.4 million is restricted for specific purpose (restricted net assets), and \$151.6 million is invested in capital assets, net of related debt.
- During the year, the County's total net assets increased by \$12.4 million. Most of this increase was the result of budgeted cost savings in the general and public protection segments within the General Fund.
- As of June 30, 2008, the County's governmental funds reported combined fund balances of \$29.7 million. Of this amount, \$29.5 million is unreserved.
- At the end of the fiscal year, unreserved fund balance for the General Fund was \$14.7 million, an increase of \$3.4 million from the prior year.

#### ***OVERVIEW OF THE FINANCIAL STATEMENTS***

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements and 3) Notes to the basic financial statements.

**Government-wide Financial Statements** are designed to provide readers with a broad overview of County finances, in a manner similar to private-sector business.

The statement of net assets presents information on all County assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator in determining if the financial position of the County is improving or deteriorating.

## COUNTY OF YUBA

### Management's Discussion and Analysis June 30, 2008

The *statement of activities* presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. earned but uncollected revenues and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, recreation and cultural services. The business-type activities of the County include the County Airport.

**Fund Financial Statements** are grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: *governmental funds, proprietary funds and fiduciary funds*.

**Governmental Funds** are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements focus on current *in-flows and outflows of spendable resources* as well as the *balances of available resources* at the end of the fiscal year. Such information may be useful in evaluating the County's short-term financial position and the financial resources available in the near future to support the County's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *government activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

In addition to the *General Fund*, the County maintains individual governmental funds organized according to their type (special revenues, debt service, capital projects, and permanent funds). Major funds are presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. Major governmental funds include the *General Fund, Public Works Fund, Social Services Fund, and Public Safety Fund*. All other governmental fund types are presented in aggregate as *Other Governmental Funds*.

## COUNTY OF YUBA

Management's Discussion and Analysis  
June 30, 2008

**Proprietary funds** are comprised of *enterprise funds* and *internal service funds*. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the County Airport. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds for its self-insurance (Risk Management Authority), which includes general liability, workers' compensation, employee health benefits, and for its fleet operations and maintenance (Fleet Management). Because these services predominantly benefit government rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

*Proprietary fund* financial statements provide similar information as the government-wide financial statements, only in more detail. These statements present the County's *business-type activities*, *enterprise funds* and *governmental activities internal service funds*. The *proprietary fund statements* present each of the County's *enterprise funds* (County Airport) separately and in aggregate, along with the aggregate of the *internal service fund* activity. Additional *internal service fund* financial statements have been provided for Fleet Management and the Risk Management Authority, which provide the detail of each of these funds.

**Fiduciary funds** are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the County's programs. The County's fiduciary funds are comprised of agency funds and the investment trust fund.

**Notes to the Basic Financial Statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Required Supplementary Information** regarding the County's budgetary process has been provided along with budgetary comparison schedules for each of the major governmental funds. This budgetary information is in addition to and follows the supplementary schedule concerning the County's progress in funding its obligation to provide pension benefits to its employees.

## COUNTY OF YUBA

### Management's Discussion and Analysis June 30, 2008

| County of Yuba's Net Assets             |                         |                |                          |              |                |                |
|---|-------------------------|----------------|--------------------------|--------------|----------------|----------------|
| June 30, 2008                           |                         |                |                          |              |                |                |
|   | Governmental Activities |                | Business-Type Activities |              | Total          |                |
|   | 2008                    | 2007           | 2008                     | 2007         | 2008           | 2007           |
| <b>Assets:</b>                          |                         |                |                          |              |                |                |
| Current and other assets                | \$ 89,339,897           | \$ 80,822,961  | \$ 636,617               | \$ 928,118   | \$ 89,976,514  | \$ 81,751,079  |
| Capital assets                          | 188,519,862             | 143,952,318    | 2,423,251                | 2,446,179    | 190,943,113    | 146,398,497    |
| Total assets                            | 277,859,759             | 224,775,279    | 3,059,868                | 3,374,297    | 280,919,627    | 228,149,576    |
| <b>Liabilities:</b>                     |                         |                |                          |              |                |                |
| Current and other liabilities           | 52,960,713              | 53,804,848     | 31,907                   | 117,408      | 52,992,620     | 53,922,256     |
| Long-term liabilities                   | 51,100,367              | 9,816,510      | 293,039                  | 260,592      | 51,393,406     | 10,077,102     |
| Total liabilities                       | 104,061,080             | 63,621,358     | 324,946                  | 378,000      | 104,386,026    | 63,999,358     |
| <b>Net Assets:</b>                      |                         |                |                          |              |                |                |
| Invested in capital net of related debt | 149,319,062             | 142,185,640    | 2,306,253                | 2,288,801    | 151,625,315    | 144,474,441    |
| Restricted net assets                   | 9,355,874               | 4,331,660      | --                       | --           | 9,355,874      | 4,331,660      |
| Unrestricted net assets                 | 15,123,743              | 14,636,621     | 428,669                  | 707,496      | 15,552,412     | 15,344,117     |
| Total net assets                        | \$ 173,798,679          | \$ 161,153,921 | \$ 2,734,922             | \$ 2,996,297 | \$ 176,533,601 | \$ 164,150,218 |

### *ANALYSIS OF NET ASSETS*

As noted earlier, net assets may serve other time as a useful indicator of government's financial position. In the case of the County of Yuba, assets exceeded liabilities by \$176.5 million at the close of the most recent fiscal year. With an upcoming levee project costing a total of \$191 million, the figures show a responsible entity that can and will be able to borrow needed funds to complete a very important project for public protection.

By far, the largest portion of the County's net assets (86 percent) is invested in capital assets. The bulk of the assets are infrastructure used to protect and serve the citizens of Yuba County. It shows good stewardship of the County's tax dollars over many decades.

At the end of the fiscal year, the County is able to report positive balances in all three categories of net assets, for the governments as a whole. Positive balances show that we are living within our means.

# COUNTY OF YUBA

## Management's Discussion and Analysis June 30, 2008

The following table indicates the changes in net assets for governmental and business-type activities:

County of Yuba's Changes in Net Assets  
For the Year Ended June 30, 2008

|   | Governmental Activities |                       | Business-Type Activities |                     | Total                 |                       |
|---|-------------------------|-----------------------|--------------------------|---------------------|-----------------------|-----------------------|
|   | 2008                    | 2007                  | 2008                     | 2007                | 2008                  | 2007                  |
| Revenues:                                     |                         |                       |                          |                     |                       |                       |
| Program Revenues:                             |                         |                       |                          |                     |                       |                       |
| Charges for services                          | \$ 20,902,803           | \$ 27,054,222         | \$ 306,618               | \$ 395,118          | \$ 21,209,421         | \$ 27,449,340         |
| Operating grants and contributions            | 74,303,295              | 69,732,970            | 10,000                   | 135,146             | 74,313,295            | 69,868,116            |
| Capital grants and contributions              | 12,867,048              | --                    | --                       | --                  | 12,867,048            | --                    |
| General Revenues:                             |                         |                       |                          |                     |                       |                       |
| Property taxes                                | 15,437,864              | 15,926,864            | --                       | --                  | 15,437,864            | 15,926,864            |
| Property taxes in lieu of sales taxes         | 8,728,748               | 7,814,457             | --                       | --                  | 8,728,748             | --                    |
| Sales and use taxes                           | 3,695,703               | 3,782,831             | --                       | --                  | 3,695,703             | 3,782,831             |
| Other   | 2,013,691               | 1,826,625             | --                       | --                  | 2,013,691             | 1,826,625             |
| Unrestricted interest and investment earnings | 2,964,267               | 2,899,713             | 12,893                   | 46,159              | 2,977,160             | 2,945,872             |
| Miscellaneous                                 | 494,871                 | --                    | 19,888                   | 116,357             | 514,759               | 116,357               |
| Total revenues                                | <u>141,408,290</u>      | <u>129,037,682</u>    | <u>349,399</u>           | <u>692,780</u>      | <u>141,757,689</u>    | <u>129,730,462</u>    |
| Expenses:                                     |                         |                       |                          |                     |                       |                       |
| General government                            | 12,615,614              | 12,182,903            | --                       | --                  | 12,615,614            | 12,182,903            |
| Public protection                             | 41,118,574              | 40,433,187            | --                       | --                  | 41,118,574            | 40,433,187            |
| Public ways and facilities                    | 12,904,121              | 21,044,601            | --                       | --                  | 12,904,121            | 21,044,601            |
| Health and sanitation                         | 6,671,651               | 7,277,220             | --                       | --                  | 6,671,651             | 7,277,220             |
| Public assistance                             | 54,453,957              | 54,939,010            | --                       | --                  | 54,453,957            | 54,939,010            |
| Education                                     | 893,166                 | 776,152               | --                       | --                  | 893,166               | 776,152               |
| Interest on long-term debt                    | 107,449                 | 382,395               | --                       | --                  | 107,449               | 382,395               |
| Airport                                       | --                      | --                    | 586,499                  | 664,441             | 586,499               | 664,441               |
| Total expenses                                | <u>128,764,532</u>      | <u>137,035,468</u>    | <u>586,499</u>           | <u>664,441</u>      | <u>129,351,031</u>    | <u>137,699,909</u>    |
| Transfers                                     | 1,000                   | --                    | (1,000)                  | --                  | --                    | --                    |
| Change in net assets                          | 12,644,758              | (7,997,786)           | (238,100)                | 28,339              | 12,406,658            | (7,969,447)           |
| Prior period adjustment                       | --                      | (42,714,828)          | (23,275)                 | 21,515              | (23,275)              | (42,693,313)          |
| Net assets at beginning year                  | 161,153,921             | 211,866,535           | 2,996,297                | 2,946,443           | 164,150,218           | 214,812,978           |
| Net assets at end of year                     | <u>\$ 173,798,679</u>   | <u>\$ 161,153,921</u> | <u>\$ 2,734,922</u>      | <u>\$ 2,996,297</u> | <u>\$ 176,533,601</u> | <u>\$ 164,150,218</u> |

Even with the current drop in housing, state funding, federal cutbacks and consumer spending our property tax revenues continue to increase over prior year amounts. Extra ordinary growth has caused this. Cutbacks and reviews of programs and expenditures are a way of life in the county. Daily review of revenues is an important part of our routine.

### *FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS*

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**Governmental funds.** Governmental activities are generally accounted for under the General Fund, special revenue and capital project funds. Included in these funds are the special districts governed by the Board of Supervisors. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances as spendable resources. Such

## COUNTY OF YUBA

### Management's Discussion and Analysis June 30, 2008

information is useful in assessing the County's short-term financing requirements, in particular, unreserved fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

As of June 30, 2008, the County's governmental funds reported a combined ending fund balance of \$29.7 million, compared to \$26 million of the previous year. The majority of the fund balance is undesignated (\$29 million).

The General Fund is the chief operating fund of the County. As of June 30, 2008, the General Fund's unreserved undesignated fund had a balance of \$14.7 million. Of this amount, a General Reserve of \$4M, a Capital Reserve of \$1M and a Contingency Reserve of \$1,162,778 have been budgeted for FY2008-09.

In addition to the General Fund, the County maintains three major governmental funds: the Public Works fund, Social Services fund and the Public Safety fund.

The Public Works is used for the planning, design, construction, maintenance and administration of the County's roads and infrastructure. The Public Works fund recorded \$19.8 million in revenues in 2007, compared to \$12.5 million last year. Expenditures increased from \$13 million in 2007 to \$19 million in 2008. The increases in revenues and expenditures are due to the completion of the Plumas Lake Interchange.

The Social Services fund is used providing services and assistance to County individuals and families, including foster care, medical services, general assistance for indigent adults and time-limited benefit payment programs to help needy families. The Social Services fund reported \$48.3 million in revenues in 2008, compared to \$44.5 million last year. The increase is due to increased funding actually received. Expenditures were slightly lower in 2008 at \$46.3 million compared to \$46.6 million in 2007.

The Public Safety fund accounts for the operations of public safety departments that include sheriff, district attorney, jail and juvenile hall. In 2008, revenues were \$10 million compared to \$10 million in 2007. Expenditures in 2008 were \$25.2 million compared to \$22.8 million reported in 2007. Short falls in funding are covered with transfers from the County's general fund.

**Proprietary funds.** As described earlier, when certain activities are performed for which user fees or charges are designed to cover expenses, proprietary funds are used. The County accounts for both governmental activities (internal service funds) and business-type activities (enterprise funds) using these types of funds.

The County's enterprise funds consisted solely of the County airport. Net assets decreased slightly from \$2.9 in 2007 to a balance of \$2.7 million in 2008. The County airport is currently being reviewed towards improving profitability and operations.

## COUNTY OF YUBA

Management's Discussion and Analysis  
June 30, 2008

### ***GENERAL FUND BUDGETARY HIGHLIGHTS***

Differences between the original budget and the final amended budget can be briefly summarized as follows:

- General government expenditure savings of \$8M.
- Public protection expenditure savings of \$4M.

### ***CAPITAL ASSET AND DEBT ADMINISTRATION***

***Capital assets.*** The County of Yuba's investment in capital assets for its governmental and business-type activities as of June 30, 2008, amounted to \$191 million (net of accumulated depreciation) compared to \$146 million reported in the prior year. This investment in capital assets includes land, buildings and improvements, machinery and equipment, roads, highways, and bridges. Additional information on the County's capital assets can be found in Note 5 of the Notes to the Basic Financial Statements.

***Debt Administration.*** At the end of the current fiscal year, the County had total long-term obligations outstanding of \$51.4 million. The long-term obligations are as follows:

- \$10.9 million – compensated absences
- \$1.1 million – liability for self-insurance
- \$1 million – notes payable
- \$37.5 million – capital lease
- \$840 thousand – refunding certificates of participation

During the year, the County entered into a capital lease agreement for a new HHS building valued at \$37.8 million. Additional information on the County's long-term debt obligations can be found in Note 6 of the Notes to the Basic Financial Statements.

### ***REQUEST FOR INFORMATION***

This financial report is designed to provide a general overview of the County's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Yuba County Auditor-Controller, 915 8<sup>th</sup> Street, Suite 105, Marysville, California 95901.

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## **BASIC FINANCIAL STATEMENTS**

### **Government-Wide Financial Statements**

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# COUNTY OF YUBA

## Statement of Net Assets

June 30, 2008

|  | Primary Government         |                             |                       | Component<br>Unit        |
|--|----------------------------|-----------------------------|-----------------------|--------------------------|
|  | Governmental<br>Activities | Business-Type<br>Activities | Totals                | First Five<br>Commission |
|  |                            |                             |                       |                          |
| <b>Assets</b>                                      |                            |                             |                       |                          |
| Cash and investments                               | \$ 81,890,446              | \$ 299,785                  | \$ 82,190,231         | \$ 3,705,884             |
| Cash with fiscal agent                             | 635,514                    | --                          | 635,514               | --                       |
| Imprest cash                                       | 11,480                     | --                          | 11,480                | --                       |
| Accounts receivable                                | 1,906,315                  | 7,794                       | 1,914,109             | --                       |
| Interest receivable                                | 726,754                    | 1,926                       | 728,680               | 29,483                   |
| Taxes receivable                                   | 118,039                    | --                          | 118,039               | --                       |
| Due from other agencies                            | 3,901,824                  | --                          | 3,901,824             | 207,532                  |
| Inventories  | 149,525                    | --                          | 149,525               | --                       |
| Loans receivable                                   | --                         | 327,112                     | 327,112               | --                       |
| Capital assets:                                    |                            |                             |                       |                          |
| Nondepreciable                                     | 16,483,229                 | 765,045                     | 17,248,274            | --                       |
| Depreciable, net                                   | 172,036,633                | 1,658,206                   | 173,694,839           | 706                      |
| Total assets                                       | <u>\$ 277,859,759</u>      | <u>\$ 3,059,868</u>         | <u>\$ 280,919,627</u> | <u>\$ 3,943,605</u>      |
| <b>Liabilities</b>                                 |                            |                             |                       |                          |
| Accounts payable                                   | \$ 3,783,621               | \$ 18,088                   | \$ 3,801,709          | \$ 286,113               |
| Salaries & benefits payable                        | 5,804,862                  | 13,819                      | 5,818,681             | 14,601                   |
| Interest payable                                   | 279,548                    | --                          | 279,548               | --                       |
| Deposits and other liabilities                     | 97,730                     | --                          | 97,730                | --                       |
| Unearned revenue                                   | 42,994,952                 | --                          | 42,994,952            | --                       |
| Long-term liabilities                              |                            |                             |                       |                          |
| Due within one year                                | 4,625,439                  | 97,341                      | 4,722,780             | --                       |
| Due in more than one year                          | 46,474,928                 | 195,698                     | 46,670,626            | 5,378                    |
| Total liabilities                                  | <u>104,061,080</u>         | <u>324,946</u>              | <u>104,386,026</u>    | <u>306,092</u>           |
| <b>Net Assets</b>                                  |                            |                             |                       |                          |
| Invested in capital assets,<br>net of related debt | 149,319,062                | 2,306,253                   | 151,625,315           | 706                      |
| Restricted for:                                    |                            |                             |                       |                          |
| Capital projects                                   | 272,654                    | --                          | 272,654               | --                       |
| Debt service                                       | 303,213                    | --                          | 303,213               | --                       |
| Public facilities                                  | 5,973,517                  | --                          | 5,973,517             | --                       |
| Public assistance                                  | 2,806,490                  | --                          | 2,806,490             | --                       |
| Other  | --                         | --                          | --                    | 3,636,807                |
| Unrestricted                                       | <u>15,123,743</u>          | <u>428,669</u>              | <u>15,552,412</u>     | <u>--</u>                |
| Total net assets                                   | <u>173,798,679</u>         | <u>2,734,922</u>            | <u>176,533,601</u>    | <u>3,637,513</u>         |
| Total liabilities and net assets                   | <u>\$ 277,859,759</u>      | <u>\$ 3,059,868</u>         | <u>\$ 280,919,627</u> | <u>\$ 3,943,605</u>      |

The accompanying notes are an integral part of these financial statements.

# COUNTY OF YUBA

## Statement of Activities For the Year Ended June 30, 2008

| Functions/Programs                            | Program Revenues      |  |  |  |
|---|-----------------------|--|--|--|
|   | Expenses              | Fees, Fines and<br>Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |
|   |                       |  |  |  |
| Primary Government:                           |                       |  |  |  |
| Governmental Activities:                      |                       |  |  |  |
| General government                            | \$ 12,615,614         | \$ 3,265,853                               | \$ 678,589                               | \$ --                                  |
| Public safety                                 | 41,118,574            | 9,607,905                                  | 12,524,287                               | 128,656                                |
| Public ways and facilities                    | 12,904,121            | 5,597,084                                  | 4,091,993                                | 12,738,392                             |
| Health and sanitation                         | 6,671,651             | 2,037,008                                  | 5,270,459                                | --                                     |
| Public assistance                             | 54,453,957            | 379,692                                    | 51,548,921                               | --                                     |
| Education                                     | 893,166               | 15,261                                     | 189,046                                  | --                                     |
| Interest on long-term debt                    | 107,449               | --   | --                                       | --                                     |
| Total governmental activities                 | <u>128,764,532</u>    | <u>20,902,803</u>                          | <u>74,303,295</u>                        | <u>12,867,048</u>                      |
| Business-Type Activities:                     |                       |  |  |  |
| Airport                                       | 586,499               | 306,618                                    | 10,000                                   | --                                     |
| Total business-type activities                | <u>586,499</u>        | <u>306,618</u>                             | <u>10,000</u>                            | <u>--</u>                              |
| Total primary government                      | <u>\$ 129,351,031</u> | <u>\$ 27,449,340</u>                       | <u>\$ 74,313,295</u>                     | <u>\$ 12,867,048</u>                   |
| Component unit:                               |                       |  |  |  |
| First Five Commission                         | <u>\$ 1,576,696</u>   | <u>\$ --</u>                               | <u>\$ 1,206,301</u>                      | <u>\$ --</u>                           |
| General Revenues:                             |                       |  |  |  |
| Taxes:  |                       |  |  |  |
| Property taxes                                |                       |  |  |  |
| Property taxes in lieu of sales taxes         |                       |  |  |  |
| Sales and use taxes                           |                       |  |  |  |
| Transient occupancy taxes                     |                       |  |  |  |
| Transfer taxes                                |                       |  |  |  |
| Other   |                       |  |  |  |
| Franchise fees                                |                       |  |  |  |
| Unrestricted interest and investment earnings |                       |  |  |  |
| Miscellaneous                                 |                       |  |  |  |
| Transfers                                     |                       |  |  |  |
| Total general revenues and transfers          |                       |  |  |  |
| Change in net assets                          |                       |  |  |  |
| Net assets, beginning of year                 |                       |  |  |  |
| Prior period adjustments                      |                       |  |  |  |
| Net assets, end of year                       |                       |  |  |  |

The accompanying notes are an integral part of these financial statements.

**Net (Expense) Revenue and  
Changes in Net Assets**

| Primary Government      |                          |                       | Component Unit      |            |
|-------------------------|--------------------------|-----------------------|---------------------|------------|
| Governmental Activities | Business-Type Activities | Total                 | First Five          | Commission |
| \$ (8,671,172)          | \$ --                    | \$ (8,671,172)        |                     |            |
| (18,857,726)            | --                       | (18,857,726)          |                     |            |
| 9,523,348               | --                       | 9,523,348             |                     |            |
| 635,816                 | --                       | 635,816               |                     |            |
| (2,525,344)             | --                       | (2,525,344)           |                     |            |
| (688,859)               | --                       | (688,859)             |                     |            |
| (107,449)               | --                       | (107,449)             |                     |            |
| <u>(20,691,386)</u>     | <u>--</u>                | <u>(20,691,386)</u>   |                     |            |
|                         |                          |                       |                     |            |
| --                      | (269,881)                | (269,881)             |                     |            |
| --                      | <u>(269,881)</u>         | <u>(269,881)</u>      |                     |            |
|                         |                          |                       |                     |            |
| <u>(20,691,386)</u>     | <u>(269,881)</u>         | <u>(20,961,267)</u>   |                     |            |
|                         |                          |                       |                     |            |
|                         |                          |                       | <u>\$ (370,395)</u> |            |
|                         |                          |                       |                     |            |
| 15,437,864              | --                       | 15,437,864            |                     | --         |
| 8,728,748               | --                       | 8,728,748             |                     | --         |
| 3,695,703               | --                       | 3,695,703             |                     | --         |
| 306,336                 | --                       | 306,336               |                     | --         |
| 420,871                 | --                       | 420,871               |                     | --         |
| 54,157                  | --                       | 54,157                |                     | --         |
| 1,232,327               | --                       | 1,232,327             |                     | --         |
| 2,964,267               | 12,893                   | 2,977,160             | 188,666             |            |
| 494,871                 | 19,888                   | 514,759               | --                  |            |
| 1,000                   | (1,000)                  | --                    | --                  |            |
| <u>33,336,144</u>       | <u>31,781</u>            | <u>33,367,925</u>     | <u>188,666</u>      |            |
|                         |                          |                       |                     |            |
| 12,644,758              | (238,100)                | 12,406,658            | (181,729)           |            |
| 161,153,921             | 2,996,297                | 164,150,218           | 3,958,521           |            |
| --                      | (23,275)                 | (23,275)              | (139,279)           |            |
| <u>\$ 173,798,679</u>   | <u>\$ 2,734,922</u>      | <u>\$ 176,533,601</u> | <u>\$ 3,637,513</u> |            |

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## **BASIC FINANCIAL STATEMENTS**

### **Fund Financial Statement**

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# COUNTY OF YUBA

## Balance Sheet Governmental Funds June 30, 2008

|  | General Fund         | Public Works         | Social Services     | Public Safety       | Other Governmental Funds | Total                |
|--|----------------------|----------------------|---------------------|---------------------|--------------------------|----------------------|
| <b>ASSETS</b>                              |                      |                      |                     |                     |                          |                      |
| Cash and investments                       | \$ 36,622,274        | \$ 20,635,703        | \$ 7,260,429        | \$ 5,131,470        | \$ 6,886,533             | \$ 76,536,409        |
| Cash with fiscal agent                     | 303,213              | 332,301              | --                  | --                  | --                       | 635,514              |
| Imprest cash                               | 8,530                | 50                   | 250                 | 2,500               | 150                      | 11,480               |
| Accounts receivable                        | 888,258              | 24,696               | --                  | 940                 | 1,300                    | 915,194              |
| Taxes receivable                           | 118,039              | --                   | --                  | --                  | --                       | 118,039              |
| Interest receivable                        | 480,992              | 178,328              | --                  | 1,718               | 38,688                   | 699,726              |
| Due from other agencies                    | 348,243              | 3,123,823            | 158,393             | 254,644             | 16,721                   | 3,901,824            |
| Due from other funds                       | --                   | --                   | 216,527             | --                  | 7,852                    | 224,379              |
| Inventory                                  | --                   | 149,525              | --                  | --                  | --                       | 149,525              |
| <b>Total assets</b>                        | <b>\$ 38,769,549</b> | <b>\$ 24,444,426</b> | <b>\$ 7,635,599</b> | <b>\$ 5,391,272</b> | <b>\$ 6,951,244</b>      | <b>\$ 83,192,090</b> |
| <b>LIABILITIES AND FUND BALANCES</b>       |                      |                      |                     |                     |                          |                      |
| Liabilities:                               |                      |                      |                     |                     |                          |                      |
| Accounts payable                           | \$ 1,020,132         | \$ 2,202,448         | \$ 208,282          | \$ 170,626          | \$ 182,133               | \$ 3,783,621         |
| Salaries & benefits payable                | 2,014,760            | 210,713              | 1,411,394           | 1,579,904           | 588,091                  | 5,804,862            |
| Due to other funds                         | --                   | --                   | --                  | 7,852               | 216,527                  | 224,379              |
| Deposits and other liabilities             | --                   | --                   | --                  | --                  | 97,730                   | 97,730               |
| Deferred revenue                           | --                   | 652,156              | --                  | --                  | --                       | 652,156              |
| Unearned revenues                          | 21,013,461           | 18,654,113           | 1,631,582           | 826,954             | 816,726                  | 42,942,836           |
| <b>Total liabilities</b>                   | <b>24,048,353</b>    | <b>21,719,430</b>    | <b>3,251,258</b>    | <b>2,585,336</b>    | <b>1,901,207</b>         | <b>53,505,584</b>    |
| Fund balances:                             |                      |                      |                     |                     |                          |                      |
| Reserved:                                  |                      |                      |                     |                     |                          |                      |
| Imprest cash                               | 8,530                | 50                   | 250                 | 2,500               | 150                      | 11,480               |
| Inventory                                  | --                   | 149,525              | --                  | --                  | --                       | 149,525              |
| Unreserved:                                |                      |                      |                     |                     |                          |                      |
| Undesignated and reported in:              |                      |                      |                     |                     |                          |                      |
| General fund                               | 14,712,666           | --                   | --                  | --                  | --                       | 14,712,666           |
| Special revenue funds                      | --                   | 2,575,421            | 4,384,091           | 2,803,436           | 4,832,555                | 14,595,503           |
| Capital projects funds                     | --                   | --                   | --                  | --                  | 217,332                  | 217,332              |
| Total fund balances                        | 14,721,196           | 2,724,996            | 4,384,341           | 2,805,936           | 5,050,037                | 29,686,506           |
| <b>Total liabilities and fund balances</b> | <b>\$ 38,769,549</b> | <b>\$ 24,444,426</b> | <b>\$ 7,635,599</b> | <b>\$ 5,391,272</b> | <b>\$ 6,951,244</b>      | <b>\$ 83,192,090</b> |

The accompanying notes are an integral part of these financial statements.

## COUNTY OF YUBA

### Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets - Governmental Activities June 30, 2008

|  |                       |
|--|-----------------------|
| Fund Balance - total governmental funds  | \$ 29,686,506         |
| Amounts reported for governmental activities in the statement of net assets are different because:   |                       |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.   | 187,580,663           |
| Accrued revenue, which is not available soon enough to pay for the current period's expenditures, is deferred in the governmental funds  | 652,156               |
| Interest payable on long-term debt does not require the use of current financial resources and, therefore, is not accrued as a liability in the governmental funds.  | (279,548)             |
| Long-term liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds.   |                       |
| Certificates of Participation  | (840,000)             |
| Loan payable   | (885,049)             |
| Capital leases   | (37,475,751)          |
| Compensated absences   | (10,772,567)          |
| Internal service funds are used by management to charge the cost of self-insurance risk management and management of fleet maintenance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. |                       |
| Internal service fund net assets are:  | <u>6,132,269</u>      |
| Net assets of governmental activities  | <u>\$ 173,798,679</u> |

The accompanying notes are an integral part of these financial statements.

# COUNTY OF YUBA

## Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2008

|  | General Fund         | Public Works        | Social Services     | Public Safety       | Other Governmental  | Total                 |
|--|----------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|
| <b>Revenues</b>  |                      |                     |                     |                     |                     |                       |
| Taxes  | \$ 29,041,234        | \$ 804,380          | \$ --               | \$ --               | \$ 30,392           | \$ 29,876,006         |
| Licenses and permits   | 2,788,048            | 102,243             | --                  | 9,282               | --                  | 2,899,573             |
| Fines, forfeitures and penalties                             | 387,837              | 29,619              | --                  | --                  | 6,592               | 424,048               |
| Use of money and property                                    | 2,248,821            | 122,481             | --                  | 315,685             | 168,898             | 2,855,885             |
| Intergovernmental  | 5,248,241            | 14,398,152          | 47,869,010          | 5,025,055           | 12,198,729          | 84,739,187            |
| Charges for services   | 6,992,685            | 4,218,477           | 365,698             | 4,740,072           | 1,262,250           | 17,579,182            |
| Other revenues   | 212,239              | 138,528             | 74,657              | 6,659               | 182,515             | 614,598               |
| Total revenues   | <u>46,919,105</u>    | <u>19,813,880</u>   | <u>48,309,365</u>   | <u>10,096,753</u>   | <u>13,849,376</u>   | <u>\$ 138,988,479</u> |
| <b>Expenditures</b>  |                      |                     |                     |                     |                     |                       |
| Current:   |                      |                     |                     |                     |                     |                       |
| General government   | 11,818,786           | --                  | --                  | --                  | 125,350             | 11,944,136            |
| Public protection  | 15,207,920           | --                  | --                  | 25,253,717          | 932,779             | 41,394,416            |
| Public ways and facilities                                   | --                   | 19,410,297          | --                  | --                  | 810,269             | 20,220,566            |
| Health and sanitation  | 1,277,406            | --                  | --                  | --                  | 5,895,479           | 7,172,885             |
| Public assistance  | 457,500              | --                  | 46,314,261          | --                  | 6,692,009           | 53,463,770            |
| Education  | 917,427              | --                  | --                  | --                  | --                  | 917,427               |
| Debt Service:  |                      |                     |                     |                     |                     |                       |
| Principal  | 255,000              | --                  | --                  | --                  | --                  | 255,000               |
| Interest   | 51,273               | --                  | --                  | --                  | --                  | 51,273                |
| Capital outlay   | --                   | --                  | --                  | --                  | 2,947               | 2,947                 |
| Capital outlay - capital lease                               | 37,885,213           | --                  | --                  | --                  | --                  | 37,885,213            |
| Total expenditures   | <u>67,870,525</u>    | <u>19,410,297</u>   | <u>46,314,261</u>   | <u>25,253,717</u>   | <u>14,458,833</u>   | <u>173,307,633</u>    |
| Excess (Deficiency) of Revenues Over<br>(Under) Expenditures | <u>(20,951,420)</u>  | <u>403,583</u>      | <u>1,995,104</u>    | <u>(15,156,964)</u> | <u>(609,457)</u>    | <u>(34,319,154)</u>   |
| <b>Other Financing Sources (Uses)</b>                        |                      |                     |                     |                     |                     |                       |
| Capital leases   | 37,885,213           | --                  | --                  | --                  | --                  | 37,885,213            |
| Transfers in   | --                   | 1,542,070           | 878,247             | 15,449,394          | 294,609             | 18,164,320            |
| Transfers out  | (18,038,855)         | --                  | --                  | --                  | (124,465)           | (18,163,320)          |
| Total other financing sources (uses)                         | <u>19,846,358</u>    | <u>1,542,070</u>    | <u>878,247</u>      | <u>15,449,394</u>   | <u>170,144</u>      | <u>37,886,213</u>     |
| Net change in fund balances                                  | (1,105,062)          | 1,945,653           | 2,873,351           | 292,430             | (439,313)           | 3,567,059             |
| Fund balances, beginning of year                             | <u>15,826,258</u>    | <u>779,343</u>      | <u>1,510,990</u>    | <u>2,513,506</u>    | <u>5,489,350</u>    | <u>26,119,447</u>     |
| Fund balances, end of year                                   | <u>\$ 14,721,196</u> | <u>\$ 2,724,996</u> | <u>\$ 4,384,341</u> | <u>\$ 2,805,936</u> | <u>\$ 5,050,037</u> | <u>\$ 29,686,506</u>  |

The accompanying notes are an integral part of these financial statements.

## COUNTY OF YUBA

**Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Government-Wide Statement of Activities - Governmental Activities  
For the Year Ended June 30, 2008**

|   |              |
|---|--------------|
| Net change to fund balance - total governmental funds | \$ 3,567,059 |
|---|--------------|

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

Revenues that were deferred in the governmental funds because they were  
unavailable are reported as current revenue. 652,156

Governmental funds report capital outlay 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.

|  |  |
|--|--|
| Expenditures for general capital assets and infrastructure   | \$ 15,227,483  |
| The net effect of various transactions involving capital assets such as<br>sales, retirements, trade-ins and donations | (119,727)  |
| Capital asset contributions  | 1,779,000  |
| Less: current year depreciation  | <u>(10,368,819)</u> <span style="float: right;">6,517,937</span> |

Long-term debt proceeds provide current resources to governmental funds,  
but issuing debt increases long-term liabilities in the statement of net assets.  
Repayment of debt principal is an expenditure in the governmental funds,  
but the repayment reduces long-term liabilities in the statement of net assets.

Principal repayments:

|                               |                |
|-------------------------------|----------------|
| Certificates or participation | 255,000        |
| Capital lease                 | <u>409,462</u> |

Some 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.

|                                    |  |
|------------------------------------|--|
| Change in compensated absences     | (967,778)  |
| Change in accrued interest payable | <u>(56,176)</u> <span style="float: right;">(1,023,954)</span> |

Internal service funds are used by management to charge the costs  
of certain activities, such as insurance and fleet maintenance,  
to individual funds. The net revenues (expense) of the internal  
service funds is reported with governmental activities. 2,267,098

|   |                      |
|---|----------------------|
| Change in net assets of governmental activities | <u>\$ 12,644,758</u> |
|---|----------------------|

The accompanying notes are an integral part of these financial statements.

# COUNTY OF YUBA

## Statement of Fund Net Assets Proprietary Funds June 30, 2007

|   | Business-Type<br>Activities -<br><u>Enterprise Funds</u> | Governmental<br>Activities<br>Internal<br><u>Service Funds</u> |
|---|--|--|
|   | <u>Airport</u>   | <u>Airport</u>   |
| <b>Assets</b>                                   |  |  |
| Current assets:                                 |  |  |
| Cash and investments                            | \$ 299,785   | \$ 5,354,037   |
| Accounts receivable                             | 7,794  | 991,121  |
| Interest receivable                             | <u>1,926</u>   | <u>27,028</u>  |
| Total current assets                            | 309,505  | 6,372,186  |
| Noncurrent assets:                              |  |  |
| Long-term receivables                           | 327,112  | --   |
| Capital assets:                                 |  |  |
| Nondepreciable                                  | 765,045  | --   |
| Depreciable, net                                | <u>1,658,206</u>   | <u>939,199</u>   |
| Total assets                                    | <u>\$ 3,059,868</u>                                      | <u>\$ 7,311,385</u>  |
| <b>Liabilities</b>                              |  |  |
| Current Liabilities:                            |  |  |
| Accounts payable                                | \$ 18,088  | \$ --  |
| Salaries & benefits payable                     | 13,819   | --   |
| Unearned revenue                                | --   | 52,116   |
| Compensated absences, current portion           | 54,890   | --   |
| Claims liability, current portion               | --   | 825,000  |
| Notes payable, current portion                  | <u>42,451</u>  | <u>--</u>  |
| Total current liabilities                       | 129,248  | 877,116  |
| Noncurrent liabilities:                         |  |  |
| Compensated absences                            | 121,151  | --   |
| Claims liability                                | --   | 302,000  |
| Notes payable                                   | <u>74,547</u>  | <u>--</u>  |
| Total liabilities                               | <u>324,946</u>   | <u>1,179,116</u>   |
| <b>Net Assets</b>                               |  |  |
| Invested in capital assets, net of related debt | 2,306,253  | 939,199  |
| Unrestricted                                    | <u>428,669</u>   | <u>5,193,070</u>   |
| Total net assets                                | <u>2,734,922</u>   | <u>6,132,269</u>   |
| Total liabilities and net assets                | <u>\$ 3,059,868</u>                                      | <u>\$ 7,311,385</u>  |

The accompanying notes are an integral part of these financial statements.

# COUNTY OF YUBA

**Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2008**

|  | Business-Type<br>Activities -<br>Enterprise Funds | Governmental<br>Activities |
|--|---|----------------------------|
|  | Airport   | Internal<br>Service Funds  |
| <b>Operating Revenues:</b>               |   |                            |
| User fees and charges                    | \$ --   | \$ 15,966,483              |
| Rents and concession                     | 306,618   | --                         |
| Total operating revenues                 | 306,618   | 15,966,483                 |
| <b>Operating Expenses:</b>               |   |                            |
| Salaries and benefits                    | 185,873   | --                         |
| Services and supplies                    | 190,195   | 13,654,650                 |
| Depreciation                             | 200,889   | 153,117                    |
| Total operating expenses                 | 576,957   | 13,807,767                 |
| Operating income (loss)                  | (270,339)   | 2,158,716                  |
| <b>Nonoperating Revenues (Expenses):</b> |   |                            |
| Intergovernmental revenue                | 10,000  | --                         |
| Interest revenue                         | 12,893  | 108,382                    |
| Interest expense                         | (9,542)   | --                         |
| Miscellaneous                            | 3,646   | --                         |
| Sale of land                             | 16,242  | --                         |
| Total nonoperating revenues (expenses)   | 33,239  | 108,382                    |
| Net income (loss) before transfers       | (237,100)   | 2,267,098                  |
| Transfers out                            | (1,000)   | --                         |
| Change in net assets                     | (238,100)   | 2,267,098                  |
| Net assets, beginning of year            | 2,996,297   | 3,865,171                  |
| Prior period adjustment                  | (23,275)  | --                         |
| Net assets, end of year                  | \$ 2,734,922                                      | \$ 6,132,269               |

The accompanying notes are an integral part of these financial statements.

# COUNTY OF YUBA

## Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2008

|   | Business-Type<br>Activities -<br>Enterprise Funds | Governmental<br>Activities<br>Internal<br>Service Funds |
|---|---|---|
|   | <u>Airport</u>                                    | <u>Service Funds</u>                                    |
| <b>CASH FLOWS FROM<br/>OPERATING ACTIVITIES:</b>                        |   |   |
| Cash receipts from customers and users                                  | \$ 310,836  | \$ 14,979,375   |
| Cash paid to suppliers for goods and services                           | (225,457)   | (13,778,185)  |
| Cash paid to employees for salaries and benefits                        | (163,285)   | --  |
| Net cash provided (used) by<br>operating activities                     | <u>(77,906)</u>                                   | <u>1,201,190</u>  |
| <b>CASH FLOWS FROM NONCAPITAL<br/>FINANCING ACTIVITIES:</b>             |   |   |
| Repayments received on notes receivable                                 | 84,028  | --  |
| Cash received from the sale of land                                     | 16,242  | --  |
| Noncapital grants received from other agencies                          | 10,000  | --  |
| Transfers to other funds  | (1,000)   | --  |
| Net cash provided (used) by<br>noncapital financing activities          | <u>109,270</u>                                    | <u>--</u>   |
| <b>CASH FLOWS FROM CAPITAL AND<br/>RELATED FINANCING ACTIVITIES:</b>    |   |   |
| Principal paid on notes payable   | (40,380)  | --  |
| Interest payments on notes payable                                      | (9,542)   | --  |
| Acquisition of capital assets   | <u>(201,236)</u>                                  | <u>(307,611)</u>  |
| Net cash provided (used) by<br>capital and related financing activities | <u>(251,158)</u>                                  | <u>(307,611)</u>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                             |   |   |
| Interest on investments   | 15,191  | 106,808   |
| Net cash provided by investing activities                               | <u>15,191</u>                                     | <u>106,808</u>  |
| <b>Net Increase (Decrease) in Cash<br/>and Cash Equivalents</b>         |   |   |
| Cash and cash equivalents, beginning of year                            | (204,603)   | 1,000,387   |
| <b>Cash and cash equivalents, end of year</b>                           | <u>504,388</u>                                    | <u>4,353,650</u>  |
|   | <u>\$ 299,785</u>                                 | <u>\$ 5,354,037</u>                                     |

The accompanying notes are an integral part of these financial statements.

continued

# COUNTY OF YUBA

Statement of Cash Flows (continued)  
 Proprietary Funds  
 For the Year Ended June 30, 2008

|  | Business-Type<br>Activities -<br><u>Enterprise Funds</u> | Governmental<br>Activities<br><u>Internal<br/>Service Funds</u> |
|--|--|---|
|  | <u>Airport</u>   | <u>Service Funds</u>  |
| <b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b> |  |   |
| Operating income (loss)  | \$ (270,339)   | \$ --   |
| Adjustments to reconcile operating income (loss) to cash flows from operating activities:                |  |   |
| Depreciation   | 200,889  | 153,117   |
| Changes in assets and liabilities:   |  |   |
| Accounts receivable  | 4,218  | Total   |
| Accounts payable   | (35,262)   | --  |
| Accrued salaries and benefits  | 995  | --  |
| Compensated absences   | <u>21,593</u>  | <u>--</u>   |
| <b>Net Cash Provided (Used) by Operating Activities</b>  | <u><u>\$ (77,906)</u></u>                                | <u><u>\$ 153,117</u></u>  |

The accompanying notes are an integral part of these financial statements.

# COUNTY OF YUBA

Statement of Fiduciary Net Assets  
 Fiduciary Funds  
 June 30, 2008

|   | Agency<br>Funds      | Investment<br>Trust<br>Fund |
|---|----------------------|-----------------------------|
| <b>Assets</b>                               |                      |                             |
| Current Assets:                             |                      |                             |
| Cash and investments                        | \$ 5,999,261         | \$ 345,348,233              |
| Taxes receivable                            | <u>10,914,969</u>    | --                          |
| Total assets                                | <u>\$ 16,914,230</u> | <u>\$ 345,348,233</u>       |
| <b>Liabilities</b>                          |                      |                             |
| Current Liabilities:                        |                      |                             |
| Agency obligations                          | \$ 16,914,230        | \$ --                       |
| <b>Net Assets</b>                           |                      |                             |
| Net assets held in trust for other purposes | <u>--</u>            | <u>345,348,233</u>          |
| Total liabilities and net assets            | <u>\$ 16,914,230</u> | <u>\$ 345,348,233</u>       |

The accompanying notes are an integral part of these financial statements.

## COUNTY OF YUBA

### Statement of Changes in Fiduciary Net Assets For the Year Ended June 30, 2008

|                                 | Investment<br>Trust<br>Fund |
|---------------------------------|-----------------------------|
| <b>ADDITIONS:</b>               |                             |
| Interest and investment income  | \$ 8,379,750                |
| Contributions from participants | <u>25,720,963</u>           |
| Total Additions                 | 34,100,713                  |
| <b>DEDUCTIONS:</b>              |                             |
| Distributions to participants   | <u>26,301,120</u>           |
| Change in net assets            | 7,799,593                   |
| Net assets, beginning of year   | <u>337,548,640</u>          |
| Net assets, end of year         | <u>\$ 345,348,233</u>       |

The accompanying notes are an integral part of these financial statements.

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

The notes provided in the financial section of this report are considered an integral and essential part of adequate disclosure and fair presentation of this report. The notes include a summary of significant accounting policies for the County, and other necessary disclosure of pertinent matters relating to the financial position of the County. The notes express significant insight to the financial statements and are conjunctive to understanding the rationale for presentation of the financial statements and information contained in this document.

## **COUNTY OF YUBA**

Notes to Basic Financial Statements  
June 30, 2008

Note 1: **Summary of Significant Accounting Policies**

**A. The Reporting Entity**

The County of Yuba (County), the primary government, is a political subdivision of the State of California. The County operates under an Administrator – Board of Supervisors form of government and provides the following services: public safety, highways and streets, sanitation, health and social services, public improvements, planning and zoning, and general administrative services.

The accounting methods and procedures adopted by the County conform to generally accepted accounting principles as applied to governmental entities. These financial statements present the government and its component units, entities for which the government is considered to be financially accountable under the criteria set by Governmental Accounting Standards Board (GASB) Statement No. 14.

Reporting for component units on the County's financial statements can be blended or discretely presented. Blended component units, although legally separate entities, are in substance, part of the government's operations. Blended component units are an extension of the County and so data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the County. Each component unit has a June 30<sup>th</sup> year-end.

**Blended Component Units**

The following entities are included in the County's reporting entity as blended component units because of their operational and financial relationship with the County and because the Yuba County Board of Supervisors also serves as their governing board.

Yuba Public Finance Corporation  
Yuba County Redevelopment Agency  
The Housing Authority of the County of Yuba  
In-Home Supportive Services Public Authority of the County of Yuba  
County Community Service Areas and Districts  
Linda Lighting District  
Glenhill Landscaping and Lighting District

The Yuba Levee Finance Authority is included in the County's reporting entity as a blended component unit because of its financial relationship with the County.

## COUNTY OF YUBA

Notes to Basic Financial Statements  
June 30, 2008

Note 1: **Summary of Significant Accounting Policies** (continued)

**A. The Reporting Entity** (continued)

**Blended Component Units** (continued)

The Housing Authority and the Redevelopment Agency of the County of Yuba have also issued separate component unit financial statements which are available at the Yuba County Auditor-Controller's Office.

**Discretely Presented Component Units**

The First Five Children and Families Yuba Commission (CCFC) was established under the provisions of the California Children and Families Act (the Act). The CCFC is a public entity legally separate and apart from the County and its purpose is to develop, adopt, promote and implement early childhood development programs in the County of Yuba consistent with the goals and objectives of the Act.

The CCFC is administered by a governing board of seven members, which are appointed by the County Board of Supervisors. Three members are representatives of the County's health care departments, County's social services departments and Board of Supervisors. The County Board of Supervisors may remove any CCFC member at any time. Since the County Board of Supervisors can impose their will on the Commission, the Commission is considered a discretely presented component unit of the County. Separately issued financial statements may be obtained at the Commission's administration offices located at 1114 Yuba Street, Suite 121, Marysville, CA 95901.

**B. Basis of Presentation**

***Government-Wide Financial Statements***

The statement of net assets and statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County and between the County and its discretely presented component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

## COUNTY OF YUBA

Notes to Basic Financial Statements  
June 30, 2008

Note 1: **Summary of Significant Accounting Policies** (continued)

**B. Basis of Presentation** (continued)

*Government-Wide Financial Statements* (continued)

The statement of activities presents a comparison between direct expense and program revenues for each segment of the business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

When both restricted and unrestricted net assets are available, restricted resources are used first before unrestricted resources.

*Fund Financial Statements*

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. *Operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of each fund. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. Operating expenses include costs of providing services and delivering goods. All other expenses not meeting this definition are reported as nonoperating expenses.

The County reports the following major governmental funds:

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as general government, public protection, health and sanitation, public assistance and education services.

## COUNTY OF YUBA

Notes to Basic Financial Statements  
June 30, 2008

Note 1: **Summary of Significant Accounting Policies** (continued)

**B. Basis of Presentation** (continued)

*Fund Financial Statements* (continued)

- The *Public Works Fund* is a special revenue fund used to account for funds allocated for the planning, design, construction, maintenance and administration of County transportation activities (Public Ways and Facilities).
- The *Social Service Fund* is used to account for reserves and expenditures to provide services and assistance to County individuals and families. Eligibility programs include foster care, County medical services, general assistance for indigent adults and time-limited benefit payment programs to help needy families.
- The *Public Safety Fund* is used to account for the operations of public safety departments that include sheriff, district attorney, jail and juvenile hall.

The County reports the following major enterprise fund:

- The *County Airport* is used to operate the County's airport for business and recreational use of County residents and visitors and the enterprise zone.

The County reports the following additional fund types:

- *Internal Service Funds* account for the County's fleet maintenance services provided to other departments or other governments, the Sheriff's auto service and the County's self-insurance programs. Activities include the County's insurance programs, workers compensation, general liability, health, unemployment, general insurance and short-term disability.
- The *Investment Trust Fund* accounts for the external portion of the County's Investment Pool which commingles resources of legally separate local governments within the County in an investment portfolio for the benefit of all participants. These entities include school and community college districts, other special districts governed by local boards, regional boards and authorities. These funds represent the assets, primarily cash and investments, and the related liabilities of the County to disburse these monies on demand.

## COUNTY OF YUBA

Notes to Basic Financial Statements  
June 30, 2008

Note 1: **Summary of Significant Accounting Policies** (continued)

**B. Basis of Presentation** (continued)

*Fund Financial Statements* (continued)

- The *Agency Funds* account for assets held by the County as an agent for the state and various local governments. These funds typically do not involve a formal trust agreement and are used to account for situations where the role is purely custodial such as the receipt, temporary investment or remittance of fiduciary resources.

**C. Basis of Accounting**

The government-wide, proprietary, and investment trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available (“susceptible to accrual”). Property and sales taxes, interest, state and federal grants and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be measurable and available. Expenditures are generally 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. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financial sources.

For its business-type activities and enterprise funds, the County has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements of the Financial Accounting

## COUNTY OF YUBA

Notes to Basic Financial Statements  
June 30, 2008

Note 1: **Summary of Significant Accounting Policies** (continued)

**C. Basis of Accounting** (continued)

Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

**D. Cash and Investments**

The County pools cash and investments with the County Treasurer. In accordance with authorized investment laws, the County Treasurer invests in higher quality securities including various variable rate securities, such as federal agency notes, negotiable certificates of deposit and highly rated corporate medium term notes.

For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less and pooled cash to be cash equivalents.

**E. Receivables**

Receivables consist mostly of amounts due from other agencies. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

The County reports unearned revenue on its financial statements. Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when the County receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures.

In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability of unearned revenue is removed from the financial statements and revenue is recognized.

## COUNTY OF YUBA

Notes to Basic Financial Statements  
June 30, 2008

Note 1: **Summary of Significant Accounting Policies** (continued)

### F. Inventory

Inventory consists of expendable supplies held for consumption. Inventories are valued at cost on a first-in, first-out basis. The consumption method of accounting for inventory is used where cost is recorded as an expenditure at the time individual inventory items are used. Reported inventories are equally offset by a fund balance reserve, which indicates that they do not constitute “available spendable resources” even though they are a component of net current assets.

### G. Capital Assets and Depreciation

Capital assets (including infrastructure) are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Contributed fixed assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain, general fixed assets consisting of certain improvements including roads, bridges, water/sewer, lighting system, drainage system, and flood control. Capital equipment consists of purchased equipment with an initial, individual cost of more than \$500 and an estimated useful life in excess of one year. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide statements and proprietary funds.

The estimated lives are as follows:

|                             |               |
|-----------------------------|---------------|
| Infrastructure              | 20 – 60 years |
| Structures and improvements | 15 – 60 years |
| Equipment                   | 3 – 20 years  |

### H. Property Taxes

Property taxes, including tax rates, are regulated by the State and are locally administered by the County. The County is responsible for assessing, collecting and distributing property taxes in accordance with state law. Liens on real property are established January 1 for the ensuing fiscal year. The property tax is levied as of July 1 on all taxable property located in the County. Secured property taxes are due in two equal installments on November 1 and February 1 and are delinquent after December 10 and April 10, respectively. Additionally, supplemental property taxes are levied on a pro rata basis when changes in assessed valuation occur due to sales transactions or the completion of construction.

## COUNTY OF YUBA

Notes to Basic Financial Statements  
June 30, 2008

Note 1: **Summary of Significant Accounting Policies** (continued)

### H. **Property Taxes** (continued)

The County and its political subdivisions operate under the provisions of Sections 4701-4717 of the California Revenue and Taxation Code. This provision is otherwise known as the “Teeter Plan.” Under this method, the accounts of political subdivisions that adopted the Teeter Plan and levy taxes on the County tax roll are credited with 100% of their respective secured tax levy, regardless of the actual payments and delinquencies. This method then provides for Teetered delinquent penalties and redemptions to flow to the County’s General Fund.

Pursuant to Section 4703 of the California Revenue and Taxation Code, all counties electing to operate under the “Teeter Plan,” are required to maintain a Property Tax Losses Reserve Fund. The fund is used to cover losses that may occur in the amount of tax liens as a result of special sales of tax-defaulted property. Whenever in any year the amount of the Tax Losses Reserve Fund has reached an amount equivalent to 1% of the total of all taxes and assessments levied on the secured roll for that year, the excess may be credited to the County’s General Fund.

### I. **Deferred Revenue and Unearned Income**

Governmental funds report deferred revenue in connection with receivables not considered available to liquidate liabilities of the current period. Governmental and enterprise funds report unearned revenue in connection with resources that have been received, but not yet earned.

### J. **Compensated Absences**

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources is reported as a long-term liability in the government-wide financial statements. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with the provisions of Statement No. 16 of the Governmental Accounting Standards Board, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

## **COUNTY OF YUBA**

Notes to Basic Financial Statements  
June 30, 2008

Note 1: **Summary of Significant Accounting Policies** (continued)

### **K. Encumbrances**

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid.

### **L. Interfund Transactions**

Interfund transactions are reflected as loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

### **M. Use of Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses during the reporting period. Actual results could differ from these estimates, and the differences may be material.

## COUNTY OF YUBA

Notes to Basic Financial Statements  
June 30, 2008

### Note 2: **Restatement of Fund Equity/Net Assets Fund Reclassifications**

Adjustments resulting from errors or changes to comply with provisions of the accounting standards are treated as adjustments to prior periods. Accordingly, the County reports these changes as restatements of beginning net assets.

During the year, the County made some corrections to the Airport's capital assets resulting in a prior period adjustment of (\$23,275).

The First 5 Yuba Commission adjusted its beginning equity by (\$139,279) to correct errors contained in its prior year financial statements.

### Note 3: **Cash and Investments**

The County sponsors an investment pool that is managed by the County Treasurer for the purpose of increasing interest earnings through investment activities. Cash and investments for most County activities are included in the pool. Interest earned on the investment pool is distributed quarterly to the participating funds using a formula based on the average daily cash balance of each fund.

The investment pool includes both voluntary and involuntary participation from external entities. The State of California statutes require certain special districts and other governmental entities to maintain their cash surplus with the County Treasurer.

The investment pool is accounted for on an amortized cost basis. The value of pool shares that may be withdrawn is determined on an amortized basis, which differs from fair value. The County has not provided or obtained any legally binding guarantees during the fiscal year to support the value of the pool shares.

Cash and investments held by fiscal agents outside of the County's investment pool are restricted as to its use. It consists of funds designated by debt agreements as reserve funds.

The County investment pool is not registered with the Securities and Exchange Commission as an investment company. Investments made by the Treasurer are regulated by the California Government Code and by the County's investment policy. The objectives of the policy are in order of priority: safety, liquidity, yield, and public trust. The County has established a treasury oversight committee to monitor and

## COUNTY OF YUBA

### Notes to Basic Financial Statements June 30, 2008

#### Note 3: **Cash and Investments** (continued)

review the management of public funds maintained in the investment pool in accordance with Article 6, Section 27131 of the California Government Code. The oversight committee and the Board of Supervisors review the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the oversight committee and the investment pool participants. The report covers the type of investments in the pool, maturity dates, par value, actual costs and fair value.

At June 30, 2008, total County cash and investments were as follows:

| <i>Cash:</i>          |                    |
|-----------------------|--------------------|
| Cash on hand          | \$ 46,534          |
| Deposits              | 7,889,126          |
| Outstanding warrants  | (14,903,739)       |
| Total cash overdrafts | <u>(6,968,079)</u> |

  

| <i>Investments:</i>     |                    |
|-------------------------|--------------------|
| Investment pool         | 444,223,168        |
| Held with fiscal agents | 635,514            |
| Total investments       | <u>444,858,682</u> |

  

|                            |                       |
|----------------------------|-----------------------|
| Total cash and investments | <u>\$ 437,890,603</u> |
|----------------------------|-----------------------|

Total cash and investments at June 30, 2008 were presented on the County's financial statements as follows:

|                                     |                       |
|-------------------------------------|-----------------------|
| Primary government                  | \$ 82,837,225         |
| Discretely presented component unit | 3,705,884             |
| Investment trust fund               | 345,348,233           |
| Agency fund                         | <u>5,999,261</u>      |
| Total                               | <u>\$ 437,890,603</u> |

#### Deposits – Custodial Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code requires that a financial institution secure the

## COUNTY OF YUBA

### Notes to Basic Financial Statements June 30, 2008

Note 3: **Cash and Investments** (continued)

#### Deposits – Custodial Risk (continued)

County's cash deposits by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of pledged securities in the collateral pool must equal at least 110% of the County's cash deposits. California law also allows institutions to secure County deposits by pledging first trust deed mortgage notes having a value of 150% of the County's total cash deposits.

At June 30, 2008, the carrying value of the County's deposits was \$(7,014,613) and the bank balance was \$3,587,927. The difference between the carrying amount and the bank balance is a result of transactions in transit. Of the bank balance, \$100,000 was covered by Federal Depository Insurance Corporation (FDIC) and the remainder was covered by the multiple financial institution collateral pool that insures public deposits.

#### Investments

The table below identifies the investment types that are authorized for the County by the California Government Code or the County's investment policy, where more restrictive. The table also identifies certain provisions of the County's investment policy that address interest rate risk, credit risk, and concentration risk. The County annually adopts a "Statement of Investment Policy." The policy is based on criteria established by government code and adds further restrictions as to the types of investments allowed, concentration limits and maximum terms.

At June 30, 2008, the County held 16.87% of its net investment in Federal Home Loan Bank (FHLB). This is in excess of the 15% single issuer limitation, as established by the County's investment policy. The amount of the noncompliance is approximately \$8,469,000.

The County also held approximately \$32 million in the California Asset Management Pool. The investment policy has a limit of \$15 million for this investment. However, all of the funds in the California Asset Management Pool is invested in accordance with bond agreements. As a result, the County is deemed to be in compliance with the investment policy in this instance.

In all other respects, the County was in compliance with its own more restrictive policy and, therefore, was also in compliance with the applicable government code sections.

# COUNTY OF YUBA

## Notes to Basic Financial Statements June 30, 2008

### Note 3: **Cash and Investments** (continued)

#### Investments (continued)

| Authorized<br>Investment Type              | Maximum<br>Maturity | Maximum<br>Percentage<br>of Portfolio | Maximum<br>Investment<br>in One Issuer |
|--|---------------------|---------------------------------------|--|
| Federal Agency Obligations                 | 5 Years             | None                                  | 15%                                    |
| U.S. Treasury Bills                        | 5 Years             | None                                  | None                                   |
| State of California Obligations            | 5 Years             | None                                  | None                                   |
| Local Agency bonds and obligations         | 5 Years             | None                                  | None                                   |
| Banker's Acceptances                       | 180 Days            | 40%                                   | 15%                                    |
| Commercial Paper - Select Agencies         | 270 Days            | 40%                                   | 15%                                    |
| Negotiable Certificates of Deposit         | 5 Years             | 30%                                   | 15%                                    |
| Non-negotiable Certificates of Deposit     | 1 Year              | 10%                                   | None                                   |
| Repurchase Agreements                      | 90 Days             | None                                  | 15%                                    |
| Reverse Repurchase Agreements              | 92 days             | 20% of base                           | 15%                                    |
| Medium-Term Corporate Notes                | 5 Years             | 30%                                   | 15%                                    |
| Money Market Mutual Funds                  | N/A                 | 20%                                   | 10%                                    |
| Local Agency Investment Fund (LAIF)        | N/A                 | None                                  | \$40 Million                           |
| California Asset Management Program (CAMP) | N/A                 | None                                  | \$15 Million                           |

At June 30, 2008, the County had the following investments:

|  | Interest<br>Rates | Maturities        | Par                   | Fair<br>Value         | Carrying<br>Value     | Weighted Average<br>Maturity (Years) |
|--|-------------------|-------------------|-----------------------|-----------------------|-----------------------|--------------------------------------|
| <b>Primary Investment Pool:</b>            |                   |                   |                       |                       |                       |                                      |
| Federal Agency Issues - Coupon             | 2.700% - 6.000%   | 1/23/09 - 4/29/13 | \$ 107,257,000        | \$ 107,979,431        | \$ 108,358,588        | 3.22                                 |
| Commercial Paper - Discount                | 2.820%            | 9/17/08           | 10,000,000            | 10,008,860            | 9,929,500             | 0.21                                 |
| Medium Term Corporate Notes                | 2.130% - 5.720%   | 9/25/08 - 7/27/12 | 122,410,000           | 122,087,554           | 122,671,887           | 1.82                                 |
| Negotiable Certificates of Deposit         | 2.463% - 4.880%   | 7/15/08 - 5/28/10 | 54,900,000            | 55,232,928            | 54,870,105            | 0.88                                 |
| Money Market Mutual Funds                  | Variable          | On Demand         | 3,231,227             | 3,287,470             | 3,231,227             | 0                                    |
| Guaranteed Investment Contracts (GICs)     | 4.950% - 4.975%   | 6/1/10            | 80,146,227            | 81,927,404            | 80,146,227            | 1.92                                 |
| Local Agency Issue - Coupon                | 5.500%            | 8/1/12            | 100,000               | 102,300               | 100,000               | 4.09                                 |
| Local Agency Investment Fund (LAIF)        | Variable          | On Demand         | 33,000,000            | 33,304,887            | 33,000,000            | 0.00                                 |
| California Asset Management Pool           | Variable          | On Demand         | 31,915,634            | 31,982,959            | 31,915,634            | 0.00                                 |
| Total                                      |                   |                   | <u>\$ 442,960,088</u> | <u>\$ 445,913,793</u> | <u>\$ 444,223,168</u> | 1.75                                 |
| <b>Investments outside Investment Pool</b> |                   |                   |                       |                       |                       |                                      |
| <i>Cash held with fiscal agent</i>         |                   |                   |                       |                       |                       |                                      |
| Money market mutual funds                  | Variable          | On Demand         | \$ 339,514            | \$ 339,514            | \$ 339,514            | 0.00                                 |
| Investment contract                        | 4.800%            | 6/1/11            | 296,000               | 296,000               | 296,000               | 1.36                                 |
|  |                   |                   | <u>\$ 635,514</u>     | <u>\$ 635,514</u>     | <u>\$ 635,514</u>     | 0.63                                 |

## COUNTY OF YUBA

### Notes to Basic Financial Statements June 30, 2008

Note 3: **Cash and Investments** (continued)

#### Investments (continued)

At June 30, 2008 the difference between the cost and fair value of cash and investments was not material (fair value was 100.38% of carrying value). Therefore, an adjustment to fair value was not required.

#### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Generally the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The County manages its exposure to declines in fair values by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities to provide the necessary cash flow and liquidity needed for operations. The County monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio.

#### Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law and the County's Investment Policy limit investments in commercial paper to the rating of A1 by Standards & Poor's or P-1 by Moody's Investors Service. State law and the County's Investment Policy also limit investments in corporate bonds to the rating of A by Standard & Poor's and Moody's Investors Service for a maturity of up to one year and a rating of AA for maturities beyond one year.

#### Concentration of Credit Risk

At June 30, 2008, the County held 7.30% of its net investment in medium term notes of General Electric Capital Corp. The County also held 18.08% of its net investment in guaranteed investment contracts issued by MBIA Investment Management Corp. The County did not have 10% or more of its net investment in any one mutual fund.

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of the County's investment pool's fair value at June 30, 2008.

## COUNTY OF YUBA

### Notes to Basic Financial Statements June 30, 2008

Note 3: **Cash and Investments** (continued)

#### Concentration of Credit Risk (continued)

|                                     | <b>Moody's</b> | <b>% of Portfolio</b> |
|-------------------------------------|----------------|-----------------------|
| Federal Agencies - Coupon           | Aaa            | 14.71%                |
| Federal Agencies - Coupon           | AAA            | 9.51%                 |
| Commercial Paper - Discount         | Aa3            | 2.24%                 |
| Medium Term Corporate Notes         | AAA            | 12.31%                |
| Medium Term Corporate Notes         | AA2            | 1.12%                 |
| Medium Term Corporate Notes         | AA3            | 2.22%                 |
| Medium Term Corporate Notes         | Aa3            | 9.08%                 |
| Medium Term Corporate Notes         | A1             | 2.66%                 |
| Negotiable Certificates of Deposit  | AAA            | 2.24%                 |
| Negotiable Certificates of Deposit  | AA1            | 3.38%                 |
| Negotiable Certificates of Deposit  | AA3            | 1.12%                 |
| Negotiable Certificates of Deposit  | Aa2            | 2.14%                 |
| Negotiable Certificates of Deposit  | Aa3            | 3.39%                 |
| California Asset Management Pool    | AAA            | 7.17%                 |
| Certificates of Deposit             | Unrated        | 0.11%                 |
| Mutual Fund                         | Unrated        | 0.74%                 |
| Local Agency Obligation             | Unrated        | 0.02%                 |
| Local Agency Investment Fund (LAIF) | Unrated        | 7.47%                 |
| Guaranteed Investment Contracts     | AAA            | 18.37%                |
| Total                               |                | <u>100.00%</u>        |

#### Custodial Credit Risk

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or deposits that are in the possession of an outside party. At year end, the County's investment pool had no securities exposed to custodial credit risk.

#### Local Agency Investment Fund

The County's investment pool maintains an investment in the State of California Local Agency Investment Fund (LAIF). LAIF is part of the Pooled Money Investment Account (PMIA), an investment pool consisting of funds held by the state in addition to those deposited in LAIF. All PMIA funds are managed by the Investment Division of the State Treasurer's Office. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to

## COUNTY OF YUBA

Notes to Basic Financial Statements  
June 30, 2008

Note 3: **Cash and Investments** (continued)

### Local Agency Investment Fund (continued)

invest according to California Government Code. Participants in the pool include voluntary and involuntary participants, such as special districts and school districts for which there are legal provisions regarding their investments. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute.

At June 30, 2008, the County's investment position in the State of California Local Agency Investment Fund (LAIF) was \$33.3 million, which approximates fair value and is the same as the value of the pool shares which is determined on an amortized cost basis. The total amount invested by all public agencies in PMIA on that day was \$70 billion. Of that amount, 14.72% was invested in structured notes and asset-backed securities with the remaining 85.28% invested in other non-derivative financial products.

### County Investment Pool Condensed Financial Statements

The following represents a condensed statement of net assets and changes in net assets for the County's primary investment pool and bond investment pool as of June 30, 2008:

#### **Statement of Net Assets**

|                                       |                              |
|---------------------------------------|------------------------------|
| Net assets held for pool participants | <u>\$ 437,243,609</u>        |
| Equity of internal pool participants  | \$ 88,189,492                |
| Equity of external pool participants  | <u>349,054,117</u>           |
| Total net assets                      | <u><u>\$ 437,243,609</u></u> |

#### **Statement of Changes in Net Assets**

|   |                              |
|---|------------------------------|
| Net assets at July 1, 2007                      | \$ 430,185,974               |
| Net changes in investments by pool participants | <u>7,057,635</u>             |
| Net assets at June 30, 2008                     | <u><u>\$ 437,243,609</u></u> |

## COUNTY OF YUBA

Notes to Basic Financial Statements  
June 30, 2008

### Note 4: Interfund Transactions

#### *Due to/from other funds:*

Interfund receivables and payables represent borrowing between funds and regular service and supplies provided but not settled at year end. The composition of interfund balances as of June 30, 2008 is as follows:

| Receivable Fund | Payable Fund             | Amount            |
|-----------------|--------------------------|-------------------|
| Social Services | Other Governmental funds | 216,527           |
| Health Services | Public Safety            | <u>7,852</u>      |
|                 |                          | \$ <u>224,379</u> |

#### *Transfers:*

Transfers represent subsidies of various County operations. The following schedule briefly summarizes the County's transfer activities;

| Transfer From            | Transfer To              | Amount               |
|--------------------------|--------------------------|----------------------|
| General Fund             | Public Works             | \$ 1,467,070         |
|                          | Public Works             | 75,000               |
|                          | Social Services          | 878,247              |
|                          | Other Governmental funds | 187,701              |
|                          | Public Safety            | 14,218,905           |
|                          | Public Safety            | 1,106,024            |
|                          | Other Governmental funds | 105,908              |
| Airport                  | Other Governmental funds | 1,000                |
| Other Governmental funds | Public Safety            | <u>124,465</u>       |
|                          |                          | \$ <u>18,164,320</u> |

# COUNTY OF YUBA

## Notes to Basic Financial Statements June 30, 2008

### Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2008, was as follows:

|  | Balance<br>July 1, 2007      | Additions                   | Deletions                  | Transfers &<br>Adjustments | Balance<br>June 30, 2008     |
|--|------------------------------|-----------------------------|----------------------------|----------------------------|------------------------------|
| <b>Governmental Activities</b>               |                              |                             |                            |                            |                              |
| Capital assets, not being depreciated:       |                              |                             |                            |                            |                              |
| Land   | \$ 2,527,029                 | \$ 1,900,000                | \$ --                      | \$ --                      | \$ 4,427,029                 |
| Construction in progress                     | 1,126,289                    | 12,056,200                  | --                         | (1,126,289)                | 12,056,200                   |
| Total capital assets, not being depreciated  | <u>3,653,318</u>             | <u>13,956,200</u>           | <u>--</u>                  | <u>(1,126,289)</u>         | <u>16,483,229</u>            |
| Capital assets, being depreciated:           |                              |                             |                            |                            |                              |
| Infrastructure                               | 189,701,979                  | 169,312                     | --                         | --                         | 189,871,291                  |
| Structures and improvements                  | 35,213,288                   | 40,068,196                  | --                         | 316,645                    | 75,598,129                   |
| Equipment                                    | 13,975,705                   | 915,756                     | (365,429)                  | 1,181,435                  | 15,707,467                   |
| Total capital assets, being depreciated      | <u>238,890,972</u>           | <u>41,153,264</u>           | <u>(365,429)</u>           | <u>1,498,080</u>           | <u>281,176,887</u>           |
| Less accumulated depreciation for:           |                              |                             |                            |                            |                              |
| Infrastructure                               | (70,458,987)                 | (7,346,918)                 | --                         | --                         | (77,805,905)                 |
| Structures and improvements                  | (17,808,139)                 | (1,890,825)                 | --                         | --                         | (19,698,964)                 |
| Equipment                                    | (10,324,846)                 | (1,284,193)                 | 195,722                    | (222,068)                  | (11,635,385)                 |
| Total accumulated depreciation               | <u>(98,591,972)</u>          | <u>(10,521,936)</u>         | <u>195,722</u>             | <u>(222,068)</u>           | <u>(109,140,254)</u>         |
| Total capital assets, being depreciated, net | <u>140,299,000</u>           | <u>30,631,328</u>           | <u>(169,707)</u>           | <u>1,276,012</u>           | <u>172,036,633</u>           |
| Government activities capital assets, net    | <u><u>\$ 143,952,318</u></u> | <u><u>\$ 44,587,528</u></u> | <u><u>\$ (169,707)</u></u> | <u><u>\$ 149,723</u></u>   | <u><u>\$ 188,519,862</u></u> |
| <b>Business-Type Activities</b>              |                              |                             |                            |                            |                              |
| Capital assets, not being depreciated:       |                              |                             |                            |                            |                              |
| Land   | \$ 101,568                   | \$ --                       | \$ --                      | \$ --                      | \$ 101,568                   |
| Construction in progress                     | 570,029                      | 93,448                      | --                         | --                         | 663,477                      |
| Total capital assets, not being depreciated  | <u>671,597</u>               | <u>93,448</u>               | <u>--</u>                  | <u>--</u>                  | <u>765,045</u>               |
| Capital assets, being depreciated:           |                              |                             |                            |                            |                              |
| Structures and improvements                  | 4,632,236                    | --                          | --                         | (60,275)                   | 4,571,961                    |
| Equipment                                    | 140,536                      | 107,788                     | --                         | 37,000                     | 285,324                      |
| Total capital assets, being depreciated      | <u>4,772,772</u>             | <u>107,788</u>              | <u>--</u>                  | <u>(23,275)</u>            | <u>4,857,285</u>             |
| Less accumulated depreciation for:           |                              |                             |                            |                            |                              |
| Structures and improvements                  | (2,895,681)                  | (172,418)                   | --                         | --                         | (3,068,099)                  |
| Equipment                                    | (102,509)                    | (28,471)                    | --                         | --                         | (130,980)                    |
| Total accumulated depreciation               | <u>(2,998,190)</u>           | <u>(200,889)</u>            | <u>--</u>                  | <u>--</u>                  | <u>(3,199,079)</u>           |
| Total capital assets, being depreciated, net | <u>1,774,582</u>             | <u>(93,101)</u>             | <u>--</u>                  | <u>(23,275)</u>            | <u>1,658,206</u>             |
| Business-type activities capital assets, net | <u><u>\$ 2,446,179</u></u>   | <u><u>\$ 347</u></u>        | <u><u>\$ --</u></u>        | <u><u>\$ (23,275)</u></u>  | <u><u>\$ 2,423,251</u></u>   |

# COUNTY OF YUBA

## Notes to Basic Financial Statements June 30, 2008

### Note 5: **Capital Assets** (continued)

Depreciation expense was charged to governmental functions as follows:

|  |                     |
|--|---------------------|
| General government   | \$ 1,102,341        |
| Public protection  | 416,969             |
| Public ways  | 7,489,134           |
| Health and sanitation  | 22,495              |
| Public assistance  | 1,337,880           |
| Depreciation on capital assets held by the County's internal service funds are charged to various functions based on their usage of the assets | <u>153,117</u>      |
| Total  | <u>\$10,521,936</u> |

Depreciation expense was charged to the business-type functions as follows:

|         |                   |
|---------|-------------------|
| Airport | <u>\$ 200,889</u> |
|---------|-------------------|

### Note 6: **Long-Term Liabilities**

Long-term debt at June 30, 2008 consisted of the following:

|  | Date of Issue | Date of Maturity | Interest Rates | Annual Principal Installments | Original Issue Amount            | Outstanding at June 30, 2008     |
|--|---------------|------------------|----------------|-------------------------------|----------------------------------|----------------------------------|
| <b><u>Governmental Activities</u></b>  |               |                  |                |                               |                                  |                                  |
| 1998 Refunding Certificates of Participation<br><i>refunded 1991 Certificates of Participation</i> | 1998          | 2011             | 4.375%-4.85%   | \$255,000-\$295,000           | <u>\$ 2,960,000</u>              | <u>\$ 840,000</u>                |
| Note payable - CDBG Program<br><i>road and drainage improvements</i>                               | 2000          | 2019             | 5.00%          | \$0                           | 146,107                          | 146,107                          |
| Note payable - Yuba County Water Agency<br><i>road and drainage improvements</i>                   | 1998          | 2025             | 3.47%-5.50%    | \$2,000                       | <u>765,085</u><br><u>911,192</u> | <u>738,942</u><br><u>885,049</u> |
| Total Governmental Activities  |               |                  |                |                               | <u>\$ 3,871,192</u>              | <u>\$ 1,725,049</u>              |
| <b><u>Business-Type Activities</u></b>   |               |                  |                |                               |                                  |                                  |
| Notes payable<br><i>Construct airport hangar complex</i>   | 1995          | 2012             | 6.08%          | \$30,026-\$40,380             | <u>\$ 465,922</u>                | <u>\$ 116,998</u>                |

# COUNTY OF YUBA

## Notes to Basic Financial Statements June 30, 2008

### Note 6: **Long-Term Liabilities** (continued)

The following is a summary of long-term liability transactions for the year ended June 30, 2008:

|   | Balance<br>July 1, 2007 | Additions            | Retirements           | Balance<br>June 30, 2008 | Amounts<br>Due Within<br>One Year |
|---|-------------------------|----------------------|-----------------------|--------------------------|-----------------------------------|
| <b>Governmental Activities</b>          |                         |                      |                       |                          |                                   |
| Refunding Certificates of Participation | \$ 1,095,000            | \$ --                | \$ (255,000)          | \$ 840,000               | \$ 265,000                        |
| Notes payable                           | 974,899                 | --                   | (89,850)              | 885,049                  | --                                |
| Capital leases                          | --                      | 37,885,213           | (409,462)             | 37,475,751               | 430,411                           |
| Compensated absences                    | 9,804,789               | 967,778              | --                    | 10,772,567               | 3,105,028                         |
| Liability for self-insurance            | <u>1,127,000</u>        | <u>898,689</u>       | <u>(898,689)</u>      | <u>1,127,000</u>         | <u>825,000</u>                    |
| Total Governmental Activities           | <u>\$ 13,001,688</u>    | <u>\$ 39,751,680</u> | <u>\$ (1,653,001)</u> | <u>\$ 51,100,367</u>     | <u>\$ 4,625,439</u>               |
| <b>Business-type Activities</b>         |                         |                      |                       |                          |                                   |
| Notes payable                           | \$ 157,378              | \$ --                | \$ (40,380)           | \$ 116,998               | \$ 42,451                         |
| Compensated absences                    | <u>154,448</u>          | <u>21,593</u>        | <u>--</u>             | <u>176,041</u>           | <u>54,890</u>                     |
| Total Business-type Activities          | <u>\$ 311,826</u>       | <u>\$ 21,593</u>     | <u>\$ (40,380)</u>    | <u>\$ 293,039</u>        | <u>\$ 97,341</u>                  |

As of June 30, 2008, annual debt service requirements of governmental activities to maturity are as follows:

| Year Ending<br>June 30: | Governmental Activities       |                  |                            |                   |
|-------------------------|-------------------------------|------------------|----------------------------|-------------------|
|                         | Refunding                     |                  |                            |                   |
|                         | Certificates of Participation |                  | Notes Payable <sup>1</sup> |                   |
|                         | Principal                     | Interest         | Principal                  | Interest          |
| 2009                    | \$ 265,000                    | \$ 39,798        | \$ --                      | \$ --             |
| 2010                    | 280,000                       | 27,608           | --                         | --                |
| 2011                    | 295,000                       | 14,308           | --                         | --                |
| 2012                    | --                            | --               | --                         | --                |
| 2013                    | --                            | --               | --                         | --                |
| 2014-2018               | --                            | --               | --                         | --                |
| 2019-2023               | <u>--</u>                     | <u>--</u>        | <u>146,107</u>             | <u>229,179</u>    |
|                         | <u>\$ 840,000</u>             | <u>\$ 81,714</u> | <u>\$ 146,107</u>          | <u>\$ 229,179</u> |

<sup>1</sup> Currently, the County is attempting to renegotiate the payment terms on the note held by the Yuba County Water Agency. The outcome of these negotiations was uncertain at June 30, 2008.

## COUNTY OF YUBA

Notes to Basic Financial Statements  
June 30, 2008

### Note 6: Long-Term Liabilities (continued)

As of June 30, 2008, annual debt service requirements of business activities to maturity are as follows:

| Year Ending<br>June 30: | Business-Type Activities |                         |
|-------------------------|--------------------------|-------------------------|
|                         | Loans Payable            |                         |
|                         | Principal                | Interest                |
| 2009                    | \$ 42,451                | \$ 7,094                |
| 2010                    | 44,521                   | 4,520                   |
| 2011                    | <u>30,026</u>            | <u>1,820</u>            |
|                         | <u><u>\$ 116,998</u></u> | <u><u>\$ 13,434</u></u> |

Claims and judgments will be paid from the County's insurance funds. Compensated absences liabilities will be paid by several of the County's funds, including the general fund, special revenue funds and internal service funds.

#### Note Payable – CDBG Program

In February and September 2000, the Agency received a loan from the Yuba County Program Income/Economic Development Revolving Loan Fund. The funds were used to complete funding on the road and drainage facility improvements completed in the Olivehurst Avenue Redevelopment Project Area. Interest accrues at 5%. Principal and interest payments are deferred for 20 years. The principal balance and accrued interest are due August 2019. Should early repayment not occur, the total interest accrued at August 2019 will be \$229,179.

#### Note Payable – Yuba County Water Agency

On May 19, 1998, the Yuba County RDA (RDA) entered into a loan agreement to borrow up to \$600,000 from the Yuba County Water Agency to finance road and drainage facility improvements in the Olivehurst Avenue Redevelopment Project Area. On August 24, 1999, an additional loan agreement was executed to include another \$300,000 of financing. From June 1999 to September 2000, the RDA received advances totaling \$765,085.

In August 2000, the note agreements were consolidated into one agreement. Principal and interest was due over a 20 year period beginning June 21, 1999. Interest accrued at the average rate of interest earned by funds deposited with the Yuba County Treasurer during the previous year. Payments were to be at amounts sufficient to repay the principal amount of the loan plus accrued interest, amortized over the 20 year term.

## COUNTY OF YUBA

### Notes to Basic Financial Statements June 30, 2008

Note 6: **Long-Term Liabilities** (continued)

#### Note Payable – Yuba County Water Agency (continued)

Revenue projections for the Olivehurst Avenue Redevelopment Project Area were not realized as anticipated and by 2003, the RDA defaulted on the note. Repayment provisions were revised to suspend the original repayment terms for five years beginning August 2003 until August 2008, at which time the remaining repayment provisions of the agreement would take effect. During the five year suspension period, the RDA agreed to make minimum annual payments of \$2,000 or the RDA's entire annual net income, whichever amount is greater.

Interest rate have varied between 3.47% and 5.5%, and is estimated at 5% through the remaining term of the note. Tax increment revenues are pledged as security for repayment of the note.

Currently, the Agency and the Yuba County Water Agency are attempting to renegotiate the obligation and develop a payment plan that is within the Agency's current projected cash flow. As of June 30, 2008, the outcome of these negotiations is uncertain.

Annual debt service payments to maturity as of June 30, 2008, are not determinable.

Note 7: **Leases**

The County entered into a capital lease agreement under which the related building will become the property of the County when all terms of the lease agreements are met.

The following is a summary of equipment leased under capital lease agreements by the County as of June 30, 2008:

|              | Stated<br>Interest<br>Rate | Present Value<br>of Remaining<br>Payments as of<br>June 30, 2008 |
|--------------|----------------------------|--|
| HHS Building | 5.00%                      | \$ <u>37,475,751</u>   |

## COUNTY OF YUBA

### Notes to Basic Financial Statements June 30, 2008

#### Note 7: Leases (continued)

The cost of buildings under capital leases are as follows:

|                                |                      |
|--------------------------------|----------------------|
| HHS Building                   | \$ 37,885,213        |
| Less: Accumulated amortization | (1,262,840)          |
| Total                          | <u>\$ 36,622,373</u> |

As of June 30, 2008, future minimum lease payments under capital leases was as follows:

| Year Ending<br>June 30:                 |                      |
|---|----------------------|
| 2009                                    | \$ 2,294,424         |
| 2010                                    | 2,294,424            |
| 2011                                    | 2,294,424            |
| 2012                                    | 2,294,424            |
| 2013                                    | 2,294,424            |
| 2014-2018                               | 11,472,120           |
| 2019-2023                               | 11,472,120           |
| 2024-2028                               | 11,472,120           |
| 2029-2033                               | 11,472,120           |
| 2034-2038                               | 11,472,120           |
| 2039-2043                               | <u>9,177,696</u>     |
| Total Future Minimum Lease Payments     | 78,010,416           |
| Less: Interest                          | <u>(40,534,665)</u>  |
| Present Value of Minimal Lease Payments | <u>\$ 37,475,751</u> |

#### Note 8: Public Employee Retirement System

##### Plan Description

The County 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. Copies of PERS' annual financial reports may be obtained from their Executive Office located at 400 P Street, Sacramento, California 95814.

## COUNTY OF YUBA

Notes to Basic Financial Statements  
June 30, 2008

Note 8: **Public Employee Retirement System** (continued)

### Funding Policy

County employees are required by state statute to contribute 7% for miscellaneous employees and 9% for safety employees of their annual covered salary. The County is required to contribute remaining amounts necessary to fund the benefits for the members, using the actuarial basis recommended by CalPERS actuaries and actuarial consultants and adopted by CalPERS Board of Administration. For the fiscal year ended June 30, 2008, the employer contribution rate was 11.25% for the miscellaneous plan and 14.249% for the safety plan. The County makes the contributions required of County employees on their behalf and for their account.

### Annual Pension Cost

For fiscal year 2007-2008, the County's annual pension cost of \$6,720,164 for PERS was equal to the County's required and actual contributions. The required contribution was determined as part of the June 30, 2005 actuarial assumptions included 7.75% investment rate of return (net of administrative expenses) and projected annual salary increases that vary by duration of service ranging from 3.25% to 14.45% and include an inflation component of 3.0%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and losses. The unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2005 was thirty-one years.

### Three-Year Trend Information for PERS

| <u>Fiscal Year</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|--------------------|----------------------------------|--------------------------------------|-------------------------------|
| 06/30/06           | \$ 3,980,522                     | 100%                                 | \$ --                         |
| 06/30/07           | 5,657,389                        | 100%                                 | --                            |
| 06/30/08           | 6,720,164                        | 100%                                 | --                            |

## COUNTY OF YUBA

### Notes to Basic Financial Statements June 30, 2008

Note 8: **Public Employee Retirement System** (continued)

#### Funded Status and Funding Progress

The following is the funded status information for each plan as of June 30, 2007, the most recent actual valuation date:

| Entry Age<br>Normal<br>Accrued<br>Liability | Actuarial<br>Value<br>of Assets | Unfunded/<br>(Overfunded)<br>Liability | Funded<br>Ratio | Annual<br>Covered<br>Payroll | UAAL as<br>a % of<br>Payroll |
|---|---------------------------------|--|-----------------|------------------------------|------------------------------|
| Miscellaneous                               | \$ 171,576,680                  | \$ 141,794,902                         | \$ 29,781,778   | 95.9%                        | \$ 39,446,065                |
| Safety                                      | 52,232,891                      | 43,082,839                             | 9,150,052       | 82.5%                        | 11,125,113                   |

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Note 9: **Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For most insurable risks, the County is self-insured up to a maximum amount per claim. Amounts in excess of established limits are covered through the County's membership in the County Supervisors Association of California Excess Insurance Authority or with commercial policies.

The County is a member of the County Supervisors Association of California Excess Insurance Authority (CSAC-EIA), a public entity risk pool currently operating as a common risk manager and insurance program for counties. Should actual losses among pool participants be greater than anticipated, the County will be assessed its prorata share of the deficiency. Conversely, if the actual pool losses are less than anticipated, the County will be refunded its prorate share of the excess. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

The County currently reports its risk management activities in the internal services funds, which include general liability, workers' compensation, health, unemployment and short-term disability. All of the County funds participate in the County self-insured programs and make payments to the corresponding internal service fund based

## COUNTY OF YUBA

### Notes to Basic Financial Statements June 30, 2008

#### Note 9: **Risk Management** (continued)

on estimated costs to pay prior and current years' claims. The estimated claims liability of \$1,127,000, as reported in the internal service funds at June 30, 2008, is based on the requirements of Governmental Accounting Standards Board (GASB) Statement No. 10, as amended by GASB Statement No. 30. These statements require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated.

Estimates of the liabilities for incurred (both reported and unreported) but unpaid claims are based on claims loss reports and actuarial reports. Liabilities are based on the estimated cost of settling the claims.

Changes in the County's claims liabilities amount for the fiscal years ended June 30, 2008 and 2007 were as follows:

|   | <b>2008</b>                | <b>2007</b>                |
|---|----------------------------|----------------------------|
| Unpaid claims, beginning of year          | \$ 1,127,000               | \$ 1,135,000               |
| Estimated claims incurred and adjustments | 898,689                    | 816,379                    |
| Claims payments                           | <u>(898,689)</u>           | <u>(824,379)</u>           |
| Unpaid claims, end of year                | <u><u>\$ 1,127,000</u></u> | <u><u>\$ 1,127,000</u></u> |

#### Note 10: **Net Assets/Fund Balances**

##### Net Assets

The government-wide and business-type activities fund financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

- *Invested in Capital Assets, Net of Related Debt* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

## COUNTY OF YUBA

### Notes to Basic Financial Statements June 30, 2008

#### Note 10: **Net Assets/Fund Balances** (continued)

##### Net Assets (continued)

- *Restricted Net Assets* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Included in governmental activities restricted net assets at June 30, 2008, are net assets restricted by enabling legislation of \$878,000.
- *Unrestricted Net Assets* – This category represents net assets of the County, not restricted for any project or other purpose.

##### Fund Balances

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board and management and can be increased, reduced or eliminated by similar actions.

As of June 30, 2008, reservations of fund balance are described below:

The term “reserved” is used to indicate that a portion of reported fund balance is (1) legally restricted to a specific use or (2) not available for appropriation or expenditure. The County’s management will sometimes designate portions of unreserved (available) fund balance based on tentative future spending plans.

Designated portions of fund balance represent financial resources legally available for uses other than those tentatively planned. At June 30, 2008, the general fund had fund balance designations of \$1,000,000 as a set-aside of resources for economic uncertainty.

The County has “reserved” fund balances as follows:

- Reserve for Imprest Cash was created to represent the portion of the fund balance that is not available for expenditure because the County maintains various levels of revolving funds for daily operations.
- Reserve for Inventory was created to represent the portion of the fund balance that is not available for expenditure because the County expects to use these resources within the next budgetary period.

## COUNTY OF YUBA

Notes to Basic Financial Statements  
June 30, 2008

### Note 10: Net Assets/Fund Balances (continued)

#### Net Assets (continued)

- Reserve for Encumbrances was created to represent encumbrances outstanding at the end of the fiscal year, based on purchase orders and contracts signed by the County but not completed as of the close of the fiscal year.
- Reserve for Debt Service was created to reflect the funds held by trustees or fiscal agents for future payment of bond principal and interest. These funds are not available for general operations.

#### Deficit Fund Balances

The following funds have fund balance deficits as of June 30, 2008:

|                                  |           |
|----------------------------------|-----------|
| Nonmajor Governmental Funds:     |           |
| Yuba County RDA Capital Projects | \$ 55,322 |

Deficits in these funds are expected to be eliminated in future years through future revenues and/or transfers from other funds.

### Note 11: Contingent Liabilities

*Federal Grants* – The County participates in several federal and state grant programs. These programs have been audited in accordance with the provisions of the federal Single Audit Act of 1984 and applicable state requirements. No cost disallowances were proposed as a result of these audits. However, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The County expects such amounts, if any, to be immaterial.

### Note 12: Joint Venture

The County and Reclamation District No. 784 (Members) formed the Three Rivers Levee Improvement Authority (TRLIA) in 2004 for the purpose of providing flood control improvements located in the County, including improvements to the levee system and related drainage improvements. The Authority's Board consists of two representatives from each Member.

Four work phases have been identified with the goal of achieving 200 year flood protection. The cost to complete the four phases is estimated to be \$360 million and will be funded mostly by local development fees and State funding.

## COUNTY OF YUBA

### Notes to Basic Financial Statements June 30, 2008

#### Note 12: **Joint Venture** (continued)

To fund the Phase IV levee improvements, the County and the Yuba County Water Agency entered into an agreement with the State of California on April 14, 2008 to provide a local match of \$53.3 million in order to obtain a State grant of up to \$138.5 million. Subsequently, other parties contributed \$6.7 million to the project reducing the required match to \$46.6 million. To sufficiently fund the match, the County and the Yuba County Water Agency formed the Yuba Levee Financing Authority for the purpose of issuing bonds.

The County has a levee impact fee program in place to fully repay itself and the Yuba County Water Agency for all borrowing and associated costs necessary to complete the financing.

Copies of the Authority's financial statements may be obtained from TRLIA, 1114 Yuba Street, Suite 218, Marysville, California 95901.

#### Note 13: **Post Retirement Benefits**

The County provides health coverage for retired employees. The benefits are provided in accordance with County resolutions and collective bargaining agreements. The County funds the benefits on a pay-as-you-go basis. During the year the County provided benefits for 84 retirees at a cost of about \$83,405.

#### Note 14: **Subsequent Event**

In September 2008, the Yuba Levee Financing Authority, a component unit of the County, issued \$64,175,000 of 2008 Series A Revenue Bonds and \$14,195,000 of 2008 Series B Revenue Bonds. The interest rates on the Series A bonds range from 4.5 to 5.0 percent and the maturity date is September 1, 2030. The interest rates on the Series B bonds range from 6.1 to 6.5 percent and the maturity date is September 1, 2024. The bonds were issued to finance a portion of the costs of certain levee improvements in the County.

#### Note 15: **New Accounting Pronouncement**

GASB Statement No. 45 establishes standards for the measurement, recognition and display of OPEB expenses/expenditures, related assets and liabilities, note disclosures and, if applicable, required supplementary information in the financial reports of state and local government employers. GASB No. 45 will be effective for the fiscal year ending June 30, 2009.

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**REQUIRED  
SUPPLEMENTARY INFORMATION**

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## COUNTY OF YUBA

### Required Supplementary Information For the Fiscal Year Ended June 30, 2008

#### **SCHEDULE OF FUNDING PROGRESS – RETIREMENT PLAN**

The table below shows a three-year analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll as of June 30:

Fund Status of Miscellaneous Plan

| Validation Date | Entry Age                |           | Actuarial Value of Assets | Unfunded/<br>(Overfunded)<br>Liability | Funded Ratio | Annual Covered Payroll | UAAL as a % of Payroll |
|-----------------|--------------------------|-----------|---------------------------|--|--------------|------------------------|------------------------|
|                 | Normal Accrued Liability | Liability |                           |  |              |                        |                        |
| June 30, 2005   | \$ 144,241,038           |           | \$ 123,507,948            | \$ 20,733,090                          | 85.6%        | \$ 34,255,140          | 60.5%                  |
| June 30, 2006   | 151,099,454              |           | 128,044,452               | 23,055,002                             | 84.7%        | 34,002,056             | 67.8%                  |
| June 30, 2007   | 171,576,680              |           | 141,794,902               | 29,781,778                             | 95.9%        | 39,446,065             | 75.5%                  |

Fund Status of Safety Plan

| Validation Date | Entry Age                |           | Actuarial Value of Assets | Unfunded/<br>(Overfunded)<br>Liability | Funded Ratio | Annual Covered Payroll | UAAL as a % of Payroll |
|-----------------|--------------------------|-----------|---------------------------|--|--------------|------------------------|------------------------|
|                 | Normal Accrued Liability | Liability |                           |  |              |                        |                        |
| June 30, 2005   | \$ 32,396,484            |           | \$ 27,782,541             | \$ 4,613,943                           | 85.8%        | \$ 6,117,372           | 75.4%                  |
| June 30, 2006   | 47,271,381               |           | 37,956,454                | 9,314,927                              | 80.3%        | 10,553,348             | 88.3%                  |
| June 30, 2007   | 52,232,891               |           | 43,082,839                | 9,150,052                              | 82.5%        | 11,125,113             | 82.2%                  |

## **COUNTY OF YUBA**

### **Notes to Required Supplementary Information For the Fiscal Year Ended June 30, 2008**

#### **BUDGETARY BASIS OF ACCOUNTING**

In accordance with the provisions of Sections 29000 and 29143, inclusive, of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares a budget for each fiscal year on or before August 30. Budgeted expenditures are enacted into law through the passage of an Appropriation Ordinance. This ordinance mandates the maximum authorized expenditures for the fiscal year and cannot be exceeded except by subsequent amendments to the budget by the County's Board of Supervisors.

An operating budget is adopted each fiscal year for all Governmental Funds. Expenditures are controlled at the object level within budget units for the County. The object level within a budget unit is the level at which expenditures may not legally exceed appropriations. Any amendments or transfers of appropriations between object levels within the same budget unit or between departments or funds are approved by the Board of Supervisors. Budgeted amounts in the budgetary financial schedules are reported as originally adopted and as amended during the fiscal year by resolutions approved by the Board of Supervisors.

The County uses an encumbrance system as an extension of normal budgetary accounting for the general and special revenue funds and to assist in controlling expenditures of the capital projects funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year end are recorded as reservations of fund balance since they do not constitute expenditures or liabilities. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward in the ensuing year's budget.

The budget approved by the Board of Supervisors for the general fund includes budgeted expenditures and reimbursements for amounts disbursed on behalf of other Governmental Funds. Actual reimbursements for these items have been eliminated in the accompanying budgetary financial schedules. Accordingly, the related budgets for these items have also been eliminated in order to provide a meaningful comparison of actual and budgeted results of operations.

The budgets for the Governmental Funds may include an object level known as "Intrafund transfers" in the charges to appropriations. This object level is an accounting mechanism used by the County to show reimbursement between operations within the same fund (an example would be the general fund).

Budgets are adopted on a basis which materially conforms to generally accepted accounting principles except that interfund transfers are reported as revenues and expenditures.

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## **SUPPLEMENTARY INFORMATION**

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## **Nonmajor Governmental Funds**

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*Special Revenue Funds* are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

*Capital Projects Funds* are used to account for financial resources to be used for the acquisition of major capital facilities (other than those financed by proprietary funds).

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# COUNTY OF YUBA

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2008

|                                      | Special Revenue |                     |                        |                       |                      |
|--------------------------------------|-----------------|---------------------|------------------------|-----------------------|----------------------|
|                                      | Fish & Game     | Health Service Fund | Child Support Services | County IHSS Authority | Health Bio-Terrorism |
| <b>Assets</b>                        |                 |                     |                        |                       |                      |
| Cash and investments                 | \$ 9,494        | \$ 1,489,267        | \$ 831,287             | \$ 104,002            | \$ 10,696            |
| Imprest cash                         | --              | 150                 | --                     | --                    | --                   |
| Accounts receivable                  | 228             | 354                 | --                     | --                    | --                   |
| Due from other agencies              | --              | 15,245              | --                     | 1,476                 | --                   |
| Interest receivable                  | --              | 4,397               | 7,531                  | --                    | 92                   |
| Due from other funds                 | --              | 7,852               | --                     | --                    | --                   |
| Total Assets                         | <u>\$ 9,722</u> | <u>\$ 1,517,265</u> | <u>\$ 838,818</u>      | <u>\$ 105,478</u>     | <u>\$ 10,788</u>     |
| <b>Liabilities and Fund Balances</b> |                 |                     |                        |                       |                      |
| Liabilities:                         |                 |                     |                        |                       |                      |
| Accounts payable                     | \$ --           | \$ 17,597           | \$ 14,233              | \$ 22,873             | \$ --                |
| Salaries and benefits payable        | --              | 332,142             | 237,940                | --                    | --                   |
| Due to other funds                   | --              | 165,501             | --                     | 51,026                | --                   |
| Deposits and other liabilities       | --              | --                  | --                     | --                    | --                   |
| Unearned revenue                     | --              | 607,838             | 208,888                | --                    | --                   |
| Total Liabilities                    | <u>--</u>       | <u>1,123,078</u>    | <u>461,061</u>         | <u>73,899</u>         | <u>--</u>            |
| Fund Balances:                       |                 |                     |                        |                       |                      |
| Unreserved:                          |                 |                     |                        |                       |                      |
| Undesignated                         | <u>9,722</u>    | <u>394,187</u>      | <u>377,757</u>         | <u>31,579</u>         | <u>10,788</u>        |
| Total Fund Balances                  | <u>9,722</u>    | <u>394,187</u>      | <u>377,757</u>         | <u>31,579</u>         | <u>10,788</u>        |
| Total Liabilities and Fund Balances  | <u>\$ 9,722</u> | <u>\$ 1,517,265</u> | <u>\$ 838,818</u>      | <u>\$ 105,478</u>     | <u>\$ 10,788</u>     |

continued

# COUNTY OF YUBA

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2008

|  | Special Revenue                  |                              |                       |                            |                                     |
|--|----------------------------------|------------------------------|-----------------------|----------------------------|-------------------------------------|
|  | Micro<br>Enterprise<br>(Yubasut) | RDA<br>Low Income<br>Housing | Grants                | County<br>Service<br>Areas | Gledhill<br>Landscape<br>& Lighting |
| <b>Assets</b>                              |                                  |                              |                       |                            |                                     |
| Cash and investments                       | \$ 49,699                        | \$ 16,578                    | \$ 498,537            | \$ 2,569,413               | \$ 81,138                           |
| Imprest cash                               | --                               | --                           | --                    | --                         | --                                  |
| Accounts receivable                        | --                               | --                           | --                    | --                         | --                                  |
| Due from other agencies                    | --                               | --                           | --                    | --                         | --                                  |
| Interest receivable                        | 485                              | 133                          | 3,914                 | 19,849                     | 694                                 |
| Due from other funds                       | --                               | --                           | --                    | --                         | --                                  |
| <br>Total Assets                           | <br><u>\$ 50,184</u>             | <br><u>\$ 16,711</u>         | <br><u>\$ 502,451</u> | <br><u>\$ 2,589,262</u>    | <br><u>\$ 81,832</u>                |
| <b>Liabilities and Fund Balances</b>       |                                  |                              |                       |                            |                                     |
| Liabilities:                               |                                  |                              |                       |                            |                                     |
| Accounts payable                           | \$ 5,121                         | \$ --                        | \$ 119,810            | \$ 103                     | \$ --                               |
| Salaries and benefits payable              | --                               | --                           | --                    | --                         | --                                  |
| Due to other funds                         | --                               | --                           | --                    | --                         | --                                  |
| Deposits and other liabilities             | --                               | --                           | --                    | --                         | --                                  |
| Unearned revenue                           | --                               | --                           | --                    | --                         | --                                  |
| <br>Total Liabilities                      | <br><u>5,121</u>                 | <br><u>--</u>                | <br><u>119,810</u>    | <br><u>103</u>             | <br><u>--</u>                       |
| Fund Balances:                             |                                  |                              |                       |                            |                                     |
| Unreserved:                                |                                  |                              |                       |                            |                                     |
| Undesignated                               | <u>45,063</u>                    | <u>16,711</u>                | <u>382,641</u>        | <u>2,589,159</u>           | <u>81,832</u>                       |
| <br>Total Fund Balances                    | <br><u>45,063</u>                | <br><u>16,711</u>            | <br><u>382,641</u>    | <br><u>2,589,159</u>       | <br><u>81,832</u>                   |
| <br>Total Liabilities and<br>Fund Balances | <br><u>\$ 50,184</u>             | <br><u>\$ 16,711</u>         | <br><u>\$ 502,451</u> | <br><u>\$ 2,589,262</u>    | <br><u>\$ 81,832</u>                |

continued

# COUNTY OF YUBA

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2008

|                                      | Special Revenue   |                     |                              |                             |
|--------------------------------------|-------------------|---------------------|------------------------------|-----------------------------|
|                                      | Linda<br>Lighting | Housing<br>Programs | Yuba<br>Housing<br>Authority | Special<br>Revenue<br>Total |
| <b>Assets</b>                        |                   |                     |                              |                             |
| Cash and investments                 | \$ 151,189        | \$ 22,942           | \$ 745,283                   | \$ 6,579,525                |
| Imprest cash                         | --                | --                  | --                           | 150                         |
| Accounts receivable                  | --                | --                  | 718                          | 1,300                       |
| Due from other agencies              | --                | --                  | --                           | 16,721                      |
| Interest receivable                  | 1,236             | 183                 | --                           | 38,514                      |
| Due from other funds                 | --                | --                  | --                           | 7,852                       |
| Total Assets                         | <u>\$ 152,425</u> | <u>\$ 23,125</u>    | <u>\$ 746,001</u>            | <u>\$ 6,644,062</u>         |
| <b>Liabilities and Fund Balances</b> |                   |                     |                              |                             |
| Liabilities:                         |                   |                     |                              |                             |
| Accounts payable                     | \$ --             | \$ --               | \$ 2,396                     | \$ 182,133                  |
| Salaries and benefits payable        | --                | --                  | 18,009                       | 588,091                     |
| Due to other funds                   | --                | --                  | --                           | 216,527                     |
| Deposits and other liabilities       | --                | --                  | 7,880                        | 7,880                       |
| Unearned revenue                     | --                | --                  | --                           | 816,726                     |
| Total Liabilities                    | <u>--</u>         | <u>--</u>           | <u>28,285</u>                | <u>1,811,357</u>            |
| Fund Balances:                       |                   |                     |                              |                             |
| Unreserved:                          |                   |                     |                              |                             |
| Undesignated                         | <u>152,425</u>    | <u>23,125</u>       | <u>717,716</u>               | <u>4,832,705</u>            |
| Total Fund Balances                  | <u>152,425</u>    | <u>23,125</u>       | <u>717,716</u>               | <u>4,832,705</u>            |
| Total Liabilities and Fund Balances  | <u>\$ 152,425</u> | <u>\$ 23,125</u>    | <u>\$ 746,001</u>            | <u>\$ 6,644,062</u>         |

continued

# COUNTY OF YUBA

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2008

|                                      | Capital Projects                    |                                     |                            |                              | Total<br>Nonmajor<br>Governmental<br>Funds |
|--------------------------------------|-------------------------------------|-------------------------------------|----------------------------|------------------------------|--|
|                                      | Minimum<br>Security<br>Construction | Jail<br>Improvement<br>Construction | RDA<br>Capital<br>Projects | Capital<br>Projects<br>Total |  |
|                                      |                                     |                                     |                            |                              |  |
| <b>Assets</b>                        |                                     |                                     |                            |                              |  |
| Cash and investments                 | \$ 9,585                            | \$ 263,069                          | \$ 34,354                  | \$ 307,008                   | \$ 6,886,533                               |
| Imprest cash                         | --                                  | --                                  | --                         | --                           | 150  |
| Accounts receivable                  | --                                  | --                                  | --                         | --                           | 1,300                                      |
| Due from other agencies              | --                                  | --                                  | --                         | --                           | 16,721                                     |
| Interest receivable                  | --                                  | --                                  | 174                        | 174                          | 38,688                                     |
| Due from other funds                 | --                                  | --                                  | --                         | --                           | 7,852                                      |
| Total Assets                         | <u>\$ 9,585</u>                     | <u>\$ 263,069</u>                   | <u>\$ 34,528</u>           | <u>\$ 307,182</u>            | <u>\$ 6,951,244</u>                        |
| <b>Liabilities and Fund Balances</b> |                                     |                                     |                            |                              |  |
| Liabilities:                         |                                     |                                     |                            |                              |  |
| Accounts payable                     | \$ --                               | \$ --                               | \$ --                      | \$ --                        | \$ 182,133                                 |
| Salaries and benefits payable        | --                                  | --                                  | --                         | --                           | 588,091                                    |
| Due to other funds                   | --                                  | --                                  | --                         | --                           | 216,527                                    |
| Deposits and other liabilities       | --                                  | --                                  | 89,850                     | 89,850                       | 97,730                                     |
| Unearned revenue                     | --                                  | --                                  | --                         | --                           | 816,726                                    |
| Total Liabilities                    | <u>--</u>                           | <u>--</u>                           | <u>89,850</u>              | <u>89,850</u>                | <u>1,901,207</u>                           |
| Fund Balances:                       |                                     |                                     |                            |                              |  |
| Unreserved:                          |                                     |                                     |                            |                              |  |
| Undesignated                         | <u>9,585</u>                        | <u>263,069</u>                      | <u>(55,322)</u>            | <u>217,332</u>               | <u>5,050,037</u>                           |
| Total Fund Balances                  | <u>9,585</u>                        | <u>263,069</u>                      | <u>(55,322)</u>            | <u>217,332</u>               | <u>5,050,037</u>                           |
| Total Liabilities and Fund Balances  | <u>\$ 9,585</u>                     | <u>\$ 263,069</u>                   | <u>\$ 34,528</u>           | <u>\$ 307,182</u>            | <u>\$ 6,951,244</u>                        |

# COUNTY OF YUBA

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2008

|  | Special Revenue |                        |                              |                             |                             |
|--|-----------------|------------------------|------------------------------|-----------------------------|-----------------------------|
|  | Fish &<br>Game  | Health<br>Service Fund | Child<br>Support<br>Services | County<br>IHSS<br>Authority | Health<br>Bio-<br>Terrorism |
| <b>Revenues</b>  |                 |                        |                              |                             |                             |
| Taxes  | \$ --           | \$ --                  | \$ --                        | \$ --                       | \$ --                       |
| Use of money and property                                    | --              | --                     | 34,398                       | --                          | 1,507                       |
| Intergovernmental  | --              | 4,141,816              | 3,790,366                    | 516,312                     | --                          |
| Fines and forfeitures  | 6,592           | --                     | --                           | --                          | --                          |
| Charges for services   | --              | 1,511                  | --                           | --                          | --                          |
| Other revenues   | 1,275           | --                     | 116,042                      | --                          | --                          |
| Total Revenues   | <u>7,867</u>    | <u>4,143,327</u>       | <u>3,940,806</u>             | <u>516,312</u>              | <u>1,507</u>                |
| <b>Expenditures</b>  |                 |                        |                              |                             |                             |
| Current:   |                 |                        |                              |                             |                             |
| General government   | --              | --                     | --                           | --                          | --                          |
| Public safety  | 4,554           | --                     | (17,650)                     | --                          | 26,458                      |
| Public ways and means  | --              | --                     | --                           | --                          | --                          |
| Health and sanitation  | --              | 5,379,177              | --                           | 516,302                     | --                          |
| Public assistance  | --              | --                     | 3,901,054                    | --                          | --                          |
| Capital outlay   | --              | --                     | --                           | --                          | --                          |
| Total Expenditures   | <u>4,554</u>    | <u>5,379,177</u>       | <u>3,883,404</u>             | <u>516,302</u>              | <u>26,458</u>               |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | <u>3,313</u>    | <u>(1,235,850)</u>     | <u>57,402</u>                | <u>10</u>                   | <u>(24,951)</u>             |
| <b>Other Financing Sources (Uses)</b>                        |                 |                        |                              |                             |                             |
| Transfers in   | --              | 187,701                | --                           | 105,908                     | --                          |
| Transfers out  | --              | --                     | --                           | --                          | --                          |
| Total Other Financing<br>Sources (Uses)                      | <u>--</u>       | <u>187,701</u>         | <u>--</u>                    | <u>105,908</u>              | <u>--</u>                   |
| Net Change in Fund Balances                                  | 3,313           | (1,048,149)            | 57,402                       | 105,918                     | (24,951)                    |
| Fund Balances, Beginning of Year                             | <u>6,409</u>    | <u>1,442,336</u>       | <u>320,355</u>               | <u>(74,339)</u>             | <u>35,739</u>               |
| Fund Balances, End of Year                                   | <u>\$ 9,722</u> | <u>\$ 394,187</u>      | <u>\$ 377,757</u>            | <u>\$ 31,579</u>            | <u>\$ 10,788</u>            |

continued

# COUNTY OF YUBA

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2008

|  | Special Revenue                  |                              |                   |                            |                                     |
|--|----------------------------------|------------------------------|-------------------|----------------------------|-------------------------------------|
|  | Micro<br>Enterprise<br>(Yubasut) | RDA<br>Low Income<br>Housing | Grants            | County<br>Service<br>Areas | Gledhill<br>Landscape<br>& Lighting |
| <b>Revenues</b>  |                                  |                              |                   |                            |                                     |
| Taxes  | \$ --                            | \$ 3,957                     | \$ --             | \$ --                      | \$ --                               |
| Use of money and property                                    | 2,675                            | 625                          | 20,880            | 94,790                     | 3,105                               |
| Intergovernmental  | 78,540                           | --                           | 1,874,919         | 64                         | --                                  |
| Fines and forfeitures  | --                               | --                           | --                | --                         | --                                  |
| Charges for services   | --                               | --                           | --                | 1,084,469                  | 47,378                              |
| Other revenues   | --                               | --                           | --                | 65,198                     | --                                  |
| Total Revenues   | <u>81,215</u>                    | <u>4,582</u>                 | <u>1,895,799</u>  | <u>1,244,521</u>           | <u>50,483</u>                       |
| <b>Expenditures</b>  |                                  |                              |                   |                            |                                     |
| Current:   |                                  |                              |                   |                            |                                     |
| General government   | 51,385                           | --                           | 73,965            | --                         | --                                  |
| Public safety  | --                               | --                           | 919,526           | --                         | --                                  |
| Public ways and means  | --                               | --                           | --                | 698,930                    | 28,845                              |
| Health and sanitation  | --                               | --                           | --                | --                         | --                                  |
| Public assistance  | --                               | --                           | 968,745           | --                         | --                                  |
| Capital outlay   | --                               | --                           | --                | --                         | --                                  |
| Total Expenditures   | <u>51,385</u>                    | <u>--</u>                    | <u>1,962,236</u>  | <u>698,930</u>             | <u>28,845</u>                       |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | <u>29,830</u>                    | <u>4,582</u>                 | <u>(66,437)</u>   | <u>545,591</u>             | <u>21,638</u>                       |
| <b>Other Financing Sources (Uses)</b>                        |                                  |                              |                   |                            |                                     |
| Transfers in   | --                               | --                           | --                | --                         | --                                  |
| Transfers out  | --                               | --                           | --                | --                         | --                                  |
| Total Other Financing<br>Sources (Uses)                      | --                               | --                           | --                | --                         | --                                  |
| Net Change in Fund Balances                                  | <u>29,830</u>                    | <u>4,582</u>                 | <u>(66,437)</u>   | <u>545,591</u>             | <u>21,638</u>                       |
| Fund Balances, Beginning of Year                             | <u>15,233</u>                    | <u>12,129</u>                | <u>449,078</u>    | <u>2,043,568</u>           | <u>60,194</u>                       |
| Fund Balances, End of Year                                   | <u>\$ 45,063</u>                 | <u>\$ 16,711</u>             | <u>\$ 382,641</u> | <u>\$ 2,589,159</u>        | <u>\$ 81,832</u>                    |

continued

# COUNTY OF YUBA

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2008

|  | Special Revenue   |                     |                              |                             |
|--|-------------------|---------------------|------------------------------|-----------------------------|
|  | Linda<br>Lighting | Housing<br>Programs | Yuba<br>Housing<br>Authority | Special<br>Revenue<br>Total |
| <b>Revenues</b>  |                   |                     |                              |                             |
| Taxes  | \$ --             | \$ --               | \$ --                        | \$ 3,957                    |
| Use of money and property                                    | 5,437             | 901                 | 3,940                        | 168,258                     |
| Intergovernmental  | 1,013             | --                  | 1,666,746                    | 12,069,776                  |
| Fines and forfeitures  | --                | --                  | --                           | 6,592                       |
| Charges for services   | 114,898           | 13,994              | --                           | 1,262,250                   |
| Other revenues   | --                | --                  | --                           | 182,515                     |
| Total Revenues   | 121,348           | 14,895              | 1,670,686                    | 13,693,348                  |
| <b>Expenditures</b>  |                   |                     |                              |                             |
| Current:   |                   |                     |                              |                             |
| General government   | --                | --                  | --                           | 125,350                     |
| Public safety  | --                | --                  | --                           | 932,888                     |
| Public ways and means  | 82,494            | --                  | --                           | 810,269                     |
| Health and sanitation  | --                | --                  | --                           | 5,895,479                   |
| Public assistance  | --                | --                  | 1,822,210                    | 6,692,009                   |
| Capital outlay   | --                | --                  | --                           | --                          |
| Total Expenditures   | 82,494            | --                  | 1,822,210                    | 14,455,995                  |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | 38,854            | 14,895              | (151,524)                    | (762,647)                   |
| <b>Other Financing Sources (Uses)</b>                        |                   |                     |                              |                             |
| Transfers in   | --                | --                  | --                           | 293,609                     |
| Transfers out  | --                | --                  | --                           | --                          |
| Total Other Financing<br>Sources (Uses)                      | --                | --                  | --                           | 293,609                     |
| Net Change in Fund Balances                                  | 38,854            | 14,895              | (151,524)                    | (469,038)                   |
| Fund Balances, Beginning of Year                             | 113,571           | 8,230               | 869,240                      | 5,301,743                   |
| Fund Balances, End of Year                                   | <u>\$ 152,425</u> | <u>\$ 23,125</u>    | <u>\$ 717,716</u>            | <u>\$ 4,832,705</u>         |

continued

# COUNTY OF YUBA

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2008

|   | Capital Projects              |                               |                      |                        | Total                       |
|---|-------------------------------|-------------------------------|----------------------|------------------------|-----------------------------|
|   | Minimum Security Construction | Jail Improvement Construction | RDA Capital Projects | Capital Projects Total | Nonmajor Governmental Funds |
| <b>Revenues</b>   |                               |                               |                      |                        |                             |
| Taxes   | \$ --                         | \$ --                         | \$ 26,435            | \$ 26,435              | \$ 30,392                   |
| Use of money and property                                 | --                            | --                            | 640                  | 640                    | 168,898                     |
| Intergovernmental   | --                            | 128,656                       | 297                  | 128,953                | 12,198,729                  |
| Fines and forfeitures                                     | --                            | --                            | --                   | --                     | 6,592                       |
| Charges for services                                      | --                            | --                            | --                   | --                     | 1,262,250                   |
| Other revenues  | --                            | --                            | --                   | --                     | 182,515                     |
| Total Revenues  | <u>--</u>                     | <u>128,656</u>                | <u>27,372</u>        | <u>156,028</u>         | <u>13,849,376</u>           |
| <b>Expenditures</b>                                       |                               |                               |                      |                        |                             |
| Current:  |                               |                               |                      |                        |                             |
| General government  | --                            | --                            | --                   | --                     | 125,350                     |
| Public safety   | (109)                         | --                            | --                   | (109)                  | 932,779                     |
| Public ways and means                                     | --                            | --                            | --                   | --                     | 810,269                     |
| Health and sanitation                                     | --                            | --                            | --                   | --                     | 5,895,479                   |
| Public assistance   | --                            | --                            | --                   | --                     | 6,692,009                   |
| Capital outlay  | --                            | --                            | 2,947                | 2,947                  | 2,947                       |
| Total Expenditures  | <u>(109)</u>                  | <u>--</u>                     | <u>2,947</u>         | <u>2,838</u>           | <u>14,458,833</u>           |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>109</u>                    | <u>128,656</u>                | <u>24,425</u>        | <u>153,190</u>         | <u>(609,457)</u>            |
| <b>Other Financing Sources (Uses)</b>                     |                               |                               |                      |                        |                             |
| Transfers in  | 1,000                         | --                            | --                   | 1,000                  | 294,609                     |
| Transfers out   | --                            | (124,465)                     | --                   | (124,465)              | (124,465)                   |
| Total Other Financing Sources (Uses)                      | <u>1,000</u>                  | <u>(124,465)</u>              | <u>--</u>            | <u>(123,465)</u>       | <u>170,144</u>              |
| Net Change in Fund Balances                               | 1,109                         | 4,191                         | 24,425               | 29,725                 | (439,313)                   |
| Fund Balances, Beginning of Year                          | <u>8,476</u>                  | <u>258,878</u>                | <u>(79,747)</u>      | <u>187,607</u>         | <u>5,489,350</u>            |
| Fund Balances, End of Year                                | <u>\$ 9,585</u>               | <u>\$ 263,069</u>             | <u>\$ (55,322)</u>   | <u>\$ 217,332</u>      | <u>\$ 5,050,037</u>         |

## **Internal Service Funds**

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Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

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# COUNTY OF YUBA

Combining Balance Sheet  
Internal Service Funds  
June 30, 2008

|   | Automotive<br>Service | Comp<br>Insurance   | Workers<br>Insurance | Health<br>Insurance |
|---|-----------------------|---------------------|----------------------|---------------------|
| <b>Assets</b>                                   |                       |                     |                      |                     |
| Current Assets:                                 |                       |                     |                      |                     |
| Cash and investments                            | \$ 1,324,073          | \$ 1,030,999        | \$ 1,504,489         | \$ 1,204,838        |
| Accounts receivable                             | --                    | 709                 | --                   | 981,891             |
| Interest receivable                             | <u>50</u>             | <u>6,692</u>        | <u>10,056</u>        | <u>8,334</u>        |
| Total Current Assets                            | 1,324,123             | 1,038,400           | 1,514,545            | 2,195,063           |
| Capital Assets:                                 |                       |                     |                      |                     |
| Depreciable, net                                | <u>937,541</u>        | <u>--</u>           | <u>--</u>            | <u>1,658</u>        |
| Total assets                                    | <u>\$ 2,261,664</u>   | <u>\$ 1,038,400</u> | <u>\$ 1,514,545</u>  | <u>\$ 2,196,721</u> |
| <b>Liabilities and Net Assets</b>               |                       |                     |                      |                     |
| Current Liabilities                             |                       |                     |                      |                     |
| Unearned revenue                                | \$ 52,116             | \$ --               | \$ --                | \$ --               |
| Claims liability, current portion               | <u>--</u>             | <u>--</u>           | <u>825,000</u>       | <u>--</u>           |
| Total Current Liabilities                       | 52,116                | --                  | 825,000              | --                  |
| Long-term Liabilities:                          |                       |                     |                      |                     |
| Claims liability                                | <u>--</u>             | <u>--</u>           | <u>302,000</u>       | <u>--</u>           |
| Total Liabilities                               | <u>52,116</u>         | <u>--</u>           | <u>1,127,000</u>     | <u>--</u>           |
| Net Assets:                                     |                       |                     |                      |                     |
| Invested in capital assets, net of related debt | 937,541               | --                  | --                   | 1,658               |
| Unrestricted                                    | <u>1,272,007</u>      | <u>1,038,400</u>    | <u>387,545</u>       | <u>2,195,063</u>    |
| Total Net Assets                                | <u>2,209,548</u>      | <u>1,038,400</u>    | <u>387,545</u>       | <u>2,196,721</u>    |
| Total Liabilities and Net Assets                | <u>\$ 2,261,664</u>   | <u>\$ 1,038,400</u> | <u>\$ 1,514,545</u>  | <u>\$ 2,196,721</u> |

continued

**COUNTY OF YUBA**

Combining Balance Sheet (continued)  
Internal Service Funds  
June 30, 2008

|   | General<br>Insurance | Unemployment<br>Insurance | Short Term<br>Disability<br>Insurance | Total               |
|---|----------------------|---------------------------|---------------------------------------|---------------------|
| <b>Assets</b>                                   |                      |                           |                                       |                     |
| Current Assets:                                 |                      |                           |                                       |                     |
| Cash and investments                            | \$ 40,101            | \$ 162,294                | \$ 87,243                             | \$ 5,354,037        |
| Accounts receivable                             | --                   | --                        | 8,521                                 | 991,121             |
| Interest receivable                             | <u>184</u>           | <u>1,051</u>              | <u>661</u>                            | <u>27,028</u>       |
| Total Current Assets                            | 40,285               | 163,345                   | 96,425                                | 6,372,186           |
| Capital Assets:                                 |                      |                           |                                       |                     |
| Depreciable, net                                | <u>--</u>            | <u>--</u>                 | <u>--</u>                             | <u>939,199</u>      |
| Total assets                                    | <u>\$ 40,285</u>     | <u>\$ 163,345</u>         | <u>\$ 96,425</u>                      | <u>\$ 7,311,385</u> |
| <b>Liabilities and Net Assets</b>               |                      |                           |                                       |                     |
| Current Liabilities                             |                      |                           |                                       |                     |
| Unearned revenue                                | \$ --                | \$ --                     | \$ --                                 | \$ 52,116           |
| Claims liability, current portion               | <u>--</u>            | <u>--</u>                 | <u>--</u>                             | <u>825,000</u>      |
| Total Current Liabilities                       | <u>--</u>            | <u>--</u>                 | <u>--</u>                             | <u>877,116</u>      |
| Long-term Liabilities:                          |                      |                           |                                       |                     |
| Claims liability                                | <u>--</u>            | <u>--</u>                 | <u>--</u>                             | <u>302,000</u>      |
| Total Liabilities                               | <u>--</u>            | <u>--</u>                 | <u>--</u>                             | <u>1,179,116</u>    |
| Net Assets:                                     |                      |                           |                                       |                     |
| Invested in capital assets, net of related debt | --                   | --                        | --                                    | 939,199             |
| Unrestricted                                    | <u>40,285</u>        | <u>163,345</u>            | <u>96,425</u>                         | <u>5,193,070</u>    |
| Total Net Assets                                | <u>40,285</u>        | <u>163,345</u>            | <u>96,425</u>                         | <u>6,132,269</u>    |
| Total Liabilities and Net Assets                | <u>\$ 40,285</u>     | <u>\$ 163,345</u>         | <u>\$ 96,425</u>                      | <u>\$ 7,311,385</u> |

# COUNTY OF YUBA

Combining Statement of Revenues, Expenses  
and Changes in Net Assets  
Internal Service Funds  
For the Year Ended June 30, 2008

|   | Workers               |                     |                        |                     |
|---|-----------------------|---------------------|------------------------|---------------------|
|   | Automotive<br>Service | Comp<br>Insurance   | Liability<br>Insurance | Health<br>Insurance |
| <b>Operating Revenues:</b>                      |                       |                     |                        |                     |
| Charges for services                            | \$ 1,500,417          | \$ 1,067,704        | \$ 1,748,712           | \$ 11,195,550       |
| Total Operating Revenues                        | <u>1,500,417</u>      | <u>1,067,704</u>    | <u>1,748,712</u>       | <u>11,195,550</u>   |
| <b>Operating Expenses:</b>                      |                       |                     |                        |                     |
| Services and supplies                           | 1,134,163             | 1,369,488           | 1,228,633              | 9,531,884           |
| Depreciation                                    | 153,117               | --                  | --                     | --                  |
| Total Operating Expenses                        | <u>1,287,280</u>      | <u>1,369,488</u>    | <u>1,228,633</u>       | <u>9,531,884</u>    |
| Net Operating Income (Loss)                     | <u>213,137</u>        | <u>(301,784)</u>    | <u>520,079</u>         | <u>1,663,666</u>    |
| <b>Non-Operating Revenues<br/>and Expenses:</b> |                       |                     |                        |                     |
| Interest income                                 | 169                   | 23,032              | 35,573                 | 41,023              |
| Total Non-Operating<br>Revenues and Expenses    | <u>169</u>            | <u>23,032</u>       | <u>35,573</u>          | <u>41,023</u>       |
| Change in net assets                            | 213,306               | (278,752)           | 555,652                | 1,704,689           |
| Net Assets, Beginning of Year                   | <u>1,996,242</u>      | <u>1,317,152</u>    | <u>(168,107)</u>       | <u>492,032</u>      |
| Net Assets, End of Year                         | <u>\$ 2,209,548</u>   | <u>\$ 1,038,400</u> | <u>\$ 387,545</u>      | <u>\$ 2,196,721</u> |

continued

## COUNTY OF YUBA

Combining Statement of Revenues, Expenses  
and Changes in Net Assets (continued)  
Internal Service Funds  
For the Year Ended June 30, 2008

|   | General<br>Insurance | Unemployment<br>Insurance | Short Term<br>Disability<br>Insurance | Total               |
|---|----------------------|---------------------------|---------------------------------------|---------------------|
| <b>Operating Revenues:</b>                      |                      |                           |                                       |                     |
| Charges for services                            | \$ 115,814           | \$ 270,552                | \$ 67,734                             | \$ 15,966,483       |
| Total Operating Revenues                        | <u>115,814</u>       | <u>270,552</u>            | <u>67,734</u>                         | <u>15,966,483</u>   |
| <b>Operating Expenses:</b>                      |                      |                           |                                       |                     |
| Services and supplies                           | 107,249              | 204,472                   | 78,761                                | 13,654,650          |
| Depreciation                                    | --                   | --                        | --                                    | 153,117             |
| Total Operating Expenses                        | <u>107,249</u>       | <u>204,472</u>            | <u>78,761</u>                         | <u>13,807,767</u>   |
| Net Operating Income (Loss)                     | <u>8,565</u>         | <u>66,080</u>             | <u>(11,027)</u>                       | <u>2,158,716</u>    |
| <b>Non-Operating Revenues<br/>and Expenses:</b> |                      |                           |                                       |                     |
| Interest income                                 | (472)                | 4,885                     | 4,172                                 | 108,382             |
| Total Non-Operating<br>Revenues and Expenses    | <u>(472)</u>         | <u>4,885</u>              | <u>4,172</u>                          | <u>108,382</u>      |
| Change in net assets                            | 8,093                | 70,965                    | (6,855)                               | 2,267,098           |
| Net Assets, Beginning of Year                   | <u>32,192</u>        | <u>92,380</u>             | <u>103,280</u>                        | <u>3,865,171</u>    |
| Net Assets, End of Year                         | <u>\$ 40,285</u>     | <u>\$ 163,345</u>         | <u>\$ 96,425</u>                      | <u>\$ 6,132,269</u> |

# COUNTY OF YUBA

**Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2008**

|  | Automotive<br>Services | Workers<br>Comp<br>Insurance | Liability<br>Insurance | Health<br>Insurance |
|--|------------------------|------------------------------|------------------------|---------------------|
| <b>Cash Flows from Operating Activities:</b>                               |                        |                              |                        |                     |
| <b>Activities:</b>   |                        |                              |                        |                     |
| Receipts from interfund services provided                                  | \$ 1,500,417           | \$ 1,067,814                 | \$ 1,748,712           | \$ 10,213,659       |
| Payments to suppliers  | (1,235,386)            | (1,387,680)                  | (1,232,585)            | (9,531,884)         |
| Net Cash Provided (Used)<br>by Operating Activities                        | 265,031                | (319,866)                    | 516,127                | 681,775             |
| <b>Cash Flows from Investing Activities:</b>                               |                        |                              |                        |                     |
| Interest received (paid)   | 119                    | 26,716                       | 33,496                 | 37,009              |
| Net Cash Provided (Used)<br>by Investing Activities                        | 119                    | 26,716                       | 33,496                 | 37,009              |
| <b>Cash Flows from Capital and Related Financing Activities:</b>           |                        |                              |                        |                     |
| Purchase of capital assets   | (307,611)              | --                           | --                     | --                  |
| Net Cash Provided (Used)<br>by Capital and Related<br>Financing Activities | (307,611)              | --                           | --                     | --                  |
| Net Increase (Decrease) in Cash<br>and Cash Equivalents                    | (42,461)               | (293,150)                    | 549,623                | 718,784             |
| Cash and Cash Equivalents,<br>Beginning of Year                            | 1,366,534              | 1,324,149                    | 954,866                | 486,054             |
| <b>Cash and Cash Equivalents,<br/>End of Year</b>                          | <u>\$ 1,324,073</u>    | <u>\$ 1,030,999</u>          | <u>\$ 1,504,489</u>    | <u>\$ 1,204,838</u> |

continued

# COUNTY OF YUBA

## Combining Statement of Cash Flows (continued)

### Internal Service Funds

### For the Year Ended June 30, 2008

|  | General<br>Insurance    | Unemployment<br>Insurance | Short-Term<br>Disability<br>Insurance | Total                      |
|--|-------------------------|---------------------------|---------------------------------------|----------------------------|
| <b>Cash Flows from Operating Activities:</b>                               |                         |                           |                                       |                            |
| <b>Activities:</b>   |                         |                           |                                       |                            |
| Receipts from interfund services provided                                  | \$ 115,814              | \$ 270,552                | \$ 62,407                             | \$ 14,979,375              |
| Payments to suppliers  | <u>(107,249)</u>        | <u>(204,640)</u>          | <u>(78,761)</u>                       | <u>(13,778,185)</u>        |
| Net Cash Provided (Used)<br>by Operating Activities                        | <u>8,565</u>            | <u>65,912</u>             | <u>(16,354)</u>                       | <u>1,201,190</u>           |
| <b>Cash Flows from Investing Activities:</b>                               |                         |                           |                                       |                            |
| Interest received (paid)   | <u>(426)</u>            | <u>5,117</u>              | <u>4,777</u>                          | <u>106,808</u>             |
| Net Cash Provided (Used)<br>by Investing Activities                        | <u>(426)</u>            | <u>5,117</u>              | <u>4,777</u>                          | <u>106,808</u>             |
| <b>Cash Flows from Capital and Related Financing Activities:</b>           |                         |                           |                                       |                            |
| Purchase of capital assets   | <u>--</u>               | <u>--</u>                 | <u>--</u>                             | <u>(307,611)</u>           |
| Net Cash Provided (Used)<br>by Capital and Related<br>Financing Activities | <u>--</u>               | <u>--</u>                 | <u>--</u>                             | <u>(307,611)</u>           |
| Net Increase (Decrease) in Cash<br>and Cash Equivalents                    | 8,139                   | 71,029                    | (11,577)                              | 1,000,387                  |
| Cash and Cash Equivalents,<br>Beginning of Year                            | <u>31,962</u>           | <u>91,265</u>             | <u>98,820</u>                         | <u>4,353,650</u>           |
| <b>Cash and Cash Equivalents,<br/>End of Year</b>                          | <b><u>\$ 40,101</u></b> | <b><u>\$ 162,294</u></b>  | <b><u>\$ 87,243</u></b>               | <b><u>\$ 5,354,037</u></b> |

continued

# COUNTY OF YUBA

Combining Statement of Cash Flows (continued)  
 Internal Service Funds  
 For the Year Ended June 30, 2008

|  | Automotive<br>Services | Workers<br>Comp<br>Insurance | Liability<br>Insurance | Health<br>Insurance |
|--|------------------------|------------------------------|------------------------|---------------------|
| <b>Reconciliation of operating income<br/>to net cash provided (used) by<br/>operating activities:</b> |                        |                              |                        |                     |
| Operating income (loss)  | \$ 213,137             | \$ (301,784)                 | \$ 520,079             | \$ 1,663,666        |
| Adjustments to reconcile net income (loss) to net cash<br>provided by operating activities:            |                        |                              |                        |                     |
| Depreciation   | 153,117                | --                           | --                     | --                  |
| Changes in assets and liabilities:   |                        |                              |                        |                     |
| Accounts receivable  | --                     | 110                          | --                     | (981,891)           |
| Accounts payable   | <u>(101,223)</u>       | <u>(18,192)</u>              | <u>(3,952)</u>         | <u>--</u>           |
| Net Cash Provided (Used)<br>by Operating Activities  | <u>\$ 265,031</u>      | <u>\$ (319,866)</u>          | <u>\$ 516,127</u>      | <u>\$ 681,775</u>   |

continued

## COUNTY OF YUBA

Combining Statement of Cash Flows (continued)  
 Internal Service Funds  
 For the Year Ended June 30, 2008

|  | General<br>Insurance | Unemployment<br>Insurance | Short-Term<br>Disability<br>Insurance | Total               |
|--|----------------------|---------------------------|---------------------------------------|---------------------|
| <b>Reconciliation of operating income<br/>to net cash provided (used) by<br/>operating activities:</b> |                      |                           |                                       |                     |
| Operating income (loss)  | \$ 8,565             | \$ 66,080                 | \$ (11,027)                           | \$ 2,158,716        |
| Adjustments to reconcile net income (loss) to net cash<br>provided by operating activities:            |                      |                           |                                       |                     |
| Depreciation   | --                   | --                        | --                                    | 153,117             |
| Changes in assets and liabilities:   |                      |                           |                                       |                     |
| Accounts receivable  | --                   | --                        | (5,327)                               | (987,108)           |
| Accounts payable   | --                   | (168)                     | --                                    | (123,535)           |
| Net Cash Provided (Used)<br>by Operating Activities  | <u>\$ 8,565</u>      | <u>\$ 65,912</u>          | <u>\$ (16,354)</u>                    | <u>\$ 1,201,190</u> |