

**COUNTY OF YUBA**

**AUDIT REPORT**

**JUNE 30, 2009**

**COUNTY OF YUBA  
AUDIT REPORT  
JUNE 30, 2009**

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## 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, 2009, 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 and the financial statements of the Yuba County Water Agency, which represent the following percentages of assets, liabilities and operating revenues as of and for the fiscal year ended June 30, 2009:

	<u>Opinion Unit</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Operating Revenues</u>
First Five Children and Families Yuba Commission	Discretely Presented Component Unit	100.00%	100.00%	100.00%
Yuba County Water Agency	Business-type Activities	98.94%	99.51%	99.03%

Those basic financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinions, insofar as they related to the amounts included for discretely presented component units, business-type activities and the Yuba County Water Agency, are 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.

Board of Supervisors  
County of Yuba

In our opinion, based on our audit and the report of other auditors, 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, 2009, 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.

As discussed in Note 2 to the financial statements, the County added as a component unit, the Yuba County Water Agency in accordance with Governmental Accounting Standards Board Statement (GASB) No. 14 and GASB Statement No. 39.

In accordance with *Government Auditing Standards*, we have also issued under separate cover, our report dated April 1, 2010, 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 fund financial statements as listed in the table of contents 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.

GALLINA LLP



Roseville, California  
April 1, 2010

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**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

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# COUNTY OF YUBA

## Management's Discussion and Analysis June 30, 2009

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, 2009. 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 \$355.8 million. Of this amount, \$59.9 million is restricted for specific purpose (restricted net assets), and \$341.1 million is invested in capital assets, net of related debt.
- During the year, the County's total net assets increased by \$23.3 million. Most of this increase was attributable to an adjustment to include infrastructure contributed by developers in prior years.
- As of June 30, 2009, the County's governmental funds reported combined fund balances of \$77.8 million. Of this amount, \$47.8 million is unreserved.
- At the end of the fiscal year, unreserved fund balance for the General Fund was \$10 million, a decrease of \$4.6 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.

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).

## COUNTY OF YUBA

### Management's Discussion and Analysis June 30, 2009

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 and the debt service and capital projects fund of the Yuba County Financing Authority, a blended component unit.* All other governmental fund types are presented in aggregate as *Other Governmental Funds*.

**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. The County also reports the Yuba County Water Agency, a blended component unit, as an

## COUNTY OF YUBA

### Management's Discussion and Analysis June 30, 2009

enterprise fund. *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/YCWA) 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.

The Yuba County financial statements include the Yuba County Water Agency (YCWA) financial statements because YCWA meets the criteria for reporting under GASB 14 (See Note 1 on page 26). YCWA's financial contribution to the total Yuba County financial statements are 98.94% of the total assets, 99.51% of the liabilities and 99.03% of the operating revenues of the amounts reported under business-type activities. YCWA fund uses are legally limited to those authorized in the Yuba County Water Agency Act and are not available for use by Yuba County.

*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 and other post-employment benefits to its employees.

# COUNTY OF YUBA

## Management's Discussion and Analysis June 30, 2009

### County of Yuba's Net Assets (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008 *	2009	2008
<b>Assets:</b>						
Current and other assets	\$ 141,342	\$ 89,340	\$ 81,673	\$ 80,638	\$ 223,015	\$ 169,978
Capital assets	218,749	188,520	160,089	149,498	378,838	338,018
Total assets	360,091	277,860	241,762	230,136	601,853	507,996
<b>Liabilities:</b>						
Current and other liabilities	56,838	52,961	37,075	36,054	93,913	89,015
Long-term liabilities	126,272	51,100	25,865	35,394	152,137	86,494
Total liabilities	183,110	104,061	62,940	71,448	246,050	175,509
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	181,128	149,319	160,014	149,381	341,142	298,700
Restricted net assets	58,352	9,356	1,554	1,737	59,906	11,093
Unrestricted net assets	(62,499)	15,124	17,254	7,570	(45,245)	22,694
Total net assets	\$ 176,981	\$ 173,799	\$ 178,822	\$ 158,688	\$ 355,803	\$ 332,487

\* Balances for the Business-type Activities have been restated to reflect the inclusion of the Yuba County Water Agency for 2008 to facilitate comparative analysis. For additional information refer to Note 1 on page 26.

### 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 \$356 million at the close of the most recent fiscal year. With a continuing levee project costing a total of \$179.4 million to date, 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 (90 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.

# COUNTY OF YUBA

## Management's Discussion and Analysis June 30, 2009

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

	County of Yuba's Changes in Net Assets (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008 *	2009	2008
Revenues:						
Program Revenues:						
Charges for services	\$ 20,710	\$ 20,903	\$ 30,946	\$ 22,166	\$ 51,656	\$ 43,069
Operating grants and contributions	75,787	74,303	551	1,069	76,338	75,372
Capital grants and contributions	3,503	12,867	3,946	535	7,449	13,402
General Revenues:						
Property taxes	13,124	15,438	453	505	13,577	15,943
Property taxes in lieu of sales taxes	8,361	8,729	--	--	8,361	--
Sales and use taxes	3,193	3,696	--	--	3,193	3,696
Other	1,717	2,014	--	--	1,717	2,014
Unrestricted interest and investment earnings	3,989	2,965	3,092	1,556	7,081	4,521
Miscellaneous	--	495	873	488	873	983
Total revenues	<u>130,384</u>	<u>141,410</u>	<u>39,861</u>	<u>26,319</u>	<u>170,245</u>	<u>167,729</u>
Expenses:						
General government	36,574	12,616	--	--	36,574	12,616
Public protection	41,221	41,119	--	--	41,221	41,119
Public ways and facilities	19,290	12,904	--	--	19,290	12,904
Health and sanitation	5,843	6,672	--	--	5,843	6,672
Public assistance	54,963	54,454	--	--	54,963	54,454
Education	820	893	--	--	820	893
Interest on long-term debt	3,261	107	--	--	3,261	107
Water agency	--	--	19,195	15,857	19,195	15,857
Airport	--	--	532	571	532	571
Total expenses	<u>161,972</u>	<u>128,765</u>	<u>19,727</u>	<u>16,428</u>	<u>181,699</u>	<u>145,193</u>
Change in net assets	(31,588)	12,645	20,134	9,891	(11,454)	22,536
Net assets at beginning year	173,799	161,154	158,688	148,820	332,487	309,974
Prior period adjustment	34,770	--	--	(23)	34,770	(23)
Net assets at end of year	<u>\$ 176,981</u>	<u>\$ 173,799</u>	<u>\$ 178,822</u>	<u>\$ 158,688</u>	<u>\$ 355,803</u>	<u>\$ 332,487</u>

\* Balances for the Business-type Activities have been restated to reflect the inclusion of the Yuba County Water Agency for 2008 to facilitate comparative analysis. For additional information refer to Note 1 on page 26.

### *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, debt service 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 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.

# COUNTY OF YUBA

## Management's Discussion and Analysis June 30, 2009

As of June 30, 2009, the County's governmental funds reported a combined ending fund balance of \$77.8 million, compared to \$29.7 million of the previous year. The majority of the fund balance is undesignated (\$47.8 million).

The General Fund is the chief operating fund of the County. As of June 30, 2009, the General Fund's unreserved undesignated fund had a balance of \$10 million. Of this amount, a General Reserve of \$4 million, a Capital Reserve of \$700,000 and a Contingency Reserve of \$803,088 have been budgeted for FY2009-10.

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 \$20 million in revenues in 2008, compared to \$12 million last year. Expenditures decreased from \$19 million in 2008 to \$13 million in 2009. The decreases in revenues and expenditures are due to the completion of some major projects and the lack of funding available.

The Social Services fund is used for 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 \$47 million in revenues in 2009, compared to \$48 million last year. Expenditures were slightly higher in 2009 at \$47 million compared to \$46 million in 2008.

The Public Safety fund accounts for the operations of public safety departments that include sheriff, district attorney, jail and juvenile hall. In 2009, revenues were \$11 million compared to \$10 million in 2008. Expenditures in 2009 were \$26 million compared to \$25 million reported in 2008. Short falls in funding are covered with transfers from the County's general fund.

The Yuba Levee Financing Authority Debt Service and Capital Projects funds are used to account for the bonds issued by the Yuba Levee Financing Authority.

***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 of the County Airport and the Yuba County Water Agency (YCWA). Net assets increased from \$3 million in 2008 to a balance of \$179 million in 2009, including the addition of \$156 million relating to the Yuba County Water Agency. The Yuba County Water Agency is being reported on the County's financials for the first time as noted in footnote 1. In addition, the net assets of the Agency totaling \$176 million can only be used to carry out the functions the Agency was created for.

# COUNTY OF YUBA

## Management's Discussion and Analysis June 30, 2009

### *GENERAL FUND BUDGETARY HIGHLIGHTS*

#### Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(On Budgetary Basis)	Final Budget
Budgetary fund balances, Beginning	\$ 10,834,500	\$ 10,834,500	\$ 14,340,933	\$ 3,506,433
Resources (inflows):				
Taxes	25,505,000	25,505,000	26,097,993	592,993
Licenses and permits	4,601,009	4,717,283	2,322,956	(2,394,327)
Fines, forfeitures and penalties	758,500	758,500	591,653	(166,847)
Use of money and property	1,926,100	1,975,759	1,335,151	(640,608)
Intergovernmental	4,512,775	4,667,948	4,324,364	(343,584)
Charges for services	7,216,689	7,017,244	6,023,414	(993,830)
Other revenues	--	--	307,799	307,799
Transfers in	89,442	--	377,320	377,320
Amounts available for appropriation	<u>44,609,515</u>	<u>44,641,734</u>	<u>41,380,650</u>	<u>(3,261,084)</u>
Charges to appropriations (outflows):				
General government	11,484,994	15,620,796	10,647,215	4,973,581
Public protection	16,370,847	17,050,069	14,063,556	2,986,513
Health and sanitation	1,717,532	1,644,414	1,274,725	369,689
Public assistance	487,123	534,272	459,529	74,743
Education	864,121	974,869	817,140	157,729
Debt service	308,000	308,000	318,353	(10,353)
Transfers out	18,048,620	18,048,620	18,080,940	(32,320)
Contingencies and reserves	6,162,778	327,625	--	327,625
Total charges to appropriations	<u>55,444,015</u>	<u>54,508,665</u>	<u>45,661,458</u>	<u>8,847,207</u>
Net change in fund balance	<u>(10,834,500)</u>	<u>(9,866,931)</u>	<u>(4,280,808)</u>	<u>5,586,123</u>
Budgetary fund balances, Ending	<u>\$ --</u>	<u>\$ 967,569</u>	<u>\$ 10,060,125</u>	<u>\$ 9,092,556</u>

## COUNTY OF YUBA

### Management's Discussion and Analysis June 30, 2009

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

- General government expenditure savings of \$4,973,581.

Components of major savings – Buildings & Grounds-\$482,447;Capital Improvements-\$950,303;Information Services-\$404,753;Environmental Health-\$308,962;Library-\$95,099;Long Term Debt-\$294,445. The balance of savings are within all budget units throughout the county general fund.

- Public protection expenditure savings of \$2,986,513.

Components of major savings – Probation-\$961,122; Building Inspection \$1,145,055;Planning-\$446,697;EmergencyServices-\$177,511;Code Enforcement-\$99,073.

**Capital assets.** The County of Yuba's investment in capital assets for its governmental and business-type activities as of June 30, 2009, amounted to \$379 million (net of accumulated depreciation) compared to \$373 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 \$153.6 million. The long-term obligations are as follows:

- \$ 11 million – compensated absences
- \$ .87 million – liability for self-insurance
- \$ .22 million – notes payable
- \$ 37 million – capital lease
- \$ .58 million – refunding certificates of participation
- \$ 102.7 million – bonds payable
- \$ 1.2 million – OPEB

Additional information on the County's long-term debt obligations can be found in Note 6 of the Notes to the Basic Financial Statements.

# COUNTY OF YUBA

Management's Discussion and Analysis  
June 30, 2009

## *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, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Totals	First Five Commission
<b>Assets</b>				
Cash and investments	\$ 75,014,490	\$ 64,913,804	\$ 139,928,294	\$ 3,540,486
Cash with fiscal agent	50,633,059	1,567,949	52,201,008	--
Deposits	424,356	1,591,866	2,016,222	--
Imprest cash	11,480	525	12,005	--
Accounts receivable	1,034,030	4,077,313	5,111,343	--
Interest receivable	443,982	811	444,793	25,890
Internal balances	(725,818)	725,818	--	--
Taxes receivable	126,143	478,901	605,044	--
Due from other agencies	6,595,153	4,922,821	11,517,974	211,597
Inventories	149,525	--	149,525	--
Prepaid expenses	--	745,426	745,426	24,066
Notes receivable	5,104,855	3,264,116	8,368,971	--
Issuance costs, net	2,530,869	--	2,530,869	--
Capital assets:				
Nondepreciable	24,442,979	17,785,370	42,228,349	--
Depreciable, net	194,305,627	142,303,145	336,608,772	2,586
Total assets	<u>\$ 360,090,730</u>	<u>\$ 242,377,865</u>	<u>\$ 602,468,595</u>	<u>\$ 3,804,625</u>
<b>Liabilities</b>				
Accounts payable	\$ 1,640,715	\$ 3,067,035	\$ 4,707,750	\$ 491,771
Salaries & benefits payable	5,788,416	179,317	5,967,733	15,466
Retention payable	--	467,483	467,483	--
Interest payable	1,643,322	4,758,313	6,401,635	--
Deposits and other liabilities	95,512	600	96,112	--
Unearned revenue	46,456,858	29,218,248	75,675,106	--
Long-term liabilities				
Due within one year	3,198,058	6,350,086	9,548,144	--
Due in more than one year	123,074,363	19,514,795	142,589,158	7,763
Other post employment benefits	1,213,000	--	1,213,000	--
Total liabilities	<u>183,110,244</u>	<u>63,555,877</u>	<u>246,666,121</u>	<u>515,000</u>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	181,128,266	160,013,968	341,142,234	2,586
Restricted for:				
Capital projects	23,821,074	--	23,821,074	--
Debt service	26,805,828	1,554,106	28,359,934	--
Other	7,724,570	--	7,724,570	3,287,039
Unrestricted (see note 12)	(62,499,252)	17,253,914	(45,245,338)	--
Total net assets (see page 15 and note 1)	176,980,486	178,821,988	355,802,474	3,289,625
Total liabilities and net assets	<u>\$ 360,090,730</u>	<u>\$ 242,377,865</u>	<u>\$ 602,468,595</u>	<u>\$ 3,804,625</u>

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

## COUNTY OF YUBA

### Statement of Activities For the Year Ended June 30, 2009

<b>Functions/Programs</b>	Program Revenues			
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$ 36,573,675	\$ 3,757,695	\$ 535,253	\$ --
Public safety	41,221,222	9,977,988	11,680,503	--
Public ways and facilities	19,290,380	4,503,902	8,122,286	3,502,677
Health and sanitation	5,843,487	1,865,924	6,117,733	--
Public assistance	54,963,226	588,233	49,256,502	--
Education	819,225	--	74,777	--
Recreation	--	16,308	--	--
Interest on long-term debt	3,260,683	--	--	--
Total governmental activities	161,971,898	20,710,050	75,787,054	3,502,677
Business-Type Activities:				
Water Agency	19,194,888	30,646,481	541,359	3,945,707
Airport	532,099	299,264	10,000	--
Total business-type activities	19,726,987	30,945,745	551,359	3,945,707
<b>Total primary government</b>	<b>\$ 181,698,885</b>	<b>\$ 27,449,340</b>	<b>\$ 76,338,413</b>	<b>\$ 7,448,384</b>
<b>Component unit:</b>				
First Five Commission	\$ 1,725,860	\$ --	\$ 1,256,823	\$ --

**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

    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
\$ (32,280,727)	\$ --	\$ (32,280,727)	
(19,562,731)	--	(19,562,731)	
(3,161,515)	--	(3,161,515)	
2,140,170	--	2,140,170	
(5,118,491)	--	(5,118,491)	
(744,448)	--	(744,448)	
16,308	--	16,308	
(3,260,683)	--	(3,260,683)	
(61,972,117)	--	(61,972,117)	
--	15,938,659	15,938,659	
--	(222,835)	(222,835)	
--	15,715,824	15,715,824	
(61,972,117)	15,715,824	(46,256,293)	
			\$ (469,037)
13,124,282	452,720	13,577,002	--
8,361,434	--	8,361,434	--
3,193,320	--	3,193,320	--
265,858	--	265,858	--
322,762	--	322,762	--
23,708	--	23,708	--
1,104,439	--	1,104,439	--
3,988,460	3,091,748	7,080,208	114,053
--	873,080	873,080	7,096
30,384,263	4,417,548	34,801,811	121,149
(31,587,854)	20,133,372	(11,454,482)	(347,888)
173,798,679	158,688,616	332,487,295	3,637,513
34,769,661	--	34,769,661	--
\$ 176,980,486	\$ 178,821,988	\$ 355,802,474	\$ 3,289,625

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**BASIC FINANCIAL STATEMENTS**  
**Fund Financial Statements**

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**COUNTY OF YUBA**

Balance Sheet  
Governmental Funds  
June 30, 2009

	<u>General Fund</u>	<u>Public Works</u>	<u>Social Services</u>	<u>Public Safety</u>
<b>ASSETS</b>				
Cash and investments	\$ 30,039,211	\$ 20,567,440	\$ 5,583,633	\$ 5,447,831
Cash with fiscal agent	303,213	--	--	--
Deposits	--	23,904	--	46,231
Imprest cash	8,530	50	250	2,500
Accounts receivable	176,861	65	--	1,052
Taxes receivable	126,143	--	--	--
Interest receivable	286,861	102,653	--	1,213
Notes receivable	--	--	--	--
Due from other agencies	1,272,205	637,032	2,312,828	1,404,019
Due from other funds	81,766	22,747	--	21,371
Inventory	--	149,525	--	--
	<u>\$ 32,294,790</u>	<u>\$ 21,503,416</u>	<u>\$ 7,896,711</u>	<u>\$ 6,924,217</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 660,787	\$ 322,848	\$ 138,463	\$ 235,488
Salaries & benefits payable	1,993,652	221,521	1,365,484	1,657,077
Due to other funds	28,117	28,411	2,404	33,658
Deposits and other liabilities	--	--	--	--
Advances from other funds	--	--	--	--
Unearned revenues	19,552,109	18,482,379	1,626,496	1,195,063
Total liabilities	<u>22,234,665</u>	<u>19,055,159</u>	<u>3,132,847</u>	<u>3,121,286</u>
Fund balances:				
Reserved:				
Imprest cash	8,530	50	250	2,500
Inventory	--	149,525	--	--
Debt service	--	--	--	--
Capital projects	--	--	--	--
Unreserved:				
Designated - General fund	5,503,088	--	--	--
Undesignated and reported in:				
General fund	4,548,507	--	--	--
Special revenue funds	--	2,298,682	4,763,614	3,800,431
Capital projects funds	--	--	--	--
Debt service funds	--	--	--	--
Total fund balances	<u>10,060,125</u>	<u>2,448,257</u>	<u>4,763,864</u>	<u>3,802,931</u>
Total liabilities and fund balances	<u>\$ 32,294,790</u>	<u>\$ 21,503,416</u>	<u>\$ 7,896,711</u>	<u>\$ 6,924,217</u>

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

Yuba Levee Financing Authority Debt Service Fund	Yuba Levee Financing Authority Capital Projects Fund	Other Governmental Funds	Total
\$ --	\$ --	\$ 7,056,772	\$ 68,694,887
26,805,828	23,524,018	--	50,633,059
--	--	354,221	424,356
--	--	150	11,480
--	--	3,979	181,957
--	--	--	126,143
--	--	30,722	421,449
--	--	5,104,855	5,104,855
--	--	969,069	6,595,153
--	--	21,412	147,296
--	--	--	149,525
<u>\$ 26,805,828</u>	<u>\$ 23,524,018</u>	<u>\$ 13,541,180</u>	<u>\$ 132,490,160</u>
\$ --	\$ --	\$ 192,536	\$ 1,550,122
--	--	550,682	5,788,416
--	--	34,867	127,457
--	--	95,512	95,512
--	--	738,942	738,942
--	--	5,537,795	46,393,842
--	--	7,150,334	54,694,291
--	--	150	11,480
--	--	--	149,525
6,309,750	--	--	6,309,750
--	23,524,018	--	23,524,018
--	--	--	5,503,088
--	--	--	4,548,507
--	--	6,880,783	17,743,510
--	--	(490,087)	(490,087)
20,496,078	--	--	20,496,078
<u>26,805,828</u>	<u>23,524,018</u>	<u>6,390,846</u>	<u>77,795,869</u>
<u>\$ 26,805,828</u>	<u>\$ 23,524,018</u>	<u>\$ 13,541,180</u>	<u>\$ 132,490,160</u>

**COUNTY OF YUBA**

Reconciliation of the Governmental Funds Balance Sheet  
to the Government-Wide Statement of Net Assets - Governmental Activities  
June 30, 2009

Fund Balance - total governmental funds	\$ 77,795,869
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.	217,890,705
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.	(1,643,322)
Long-term liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds.	
Certificates of participation	(575,000)
Bonds payable	(76,645,595)
Loan payable	(146,107)
Capital leases	(37,045,340)
Compensated absences	(10,991,379)
Other post employment benefits	(1,213,000)
Cost of issuance of bonds are not recognized as current year expenditures and are deferred (amount shown is net of amortized cost)	2,530,869
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>7,022,786</u>
Net assets of governmental activities	<u>\$ 176,980,486</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, 2009

	General Fund	Public Works	Social Services	Public Safety
<b>Revenues</b>				
Taxes	\$ 26,097,993	\$ 200,399	\$ --	\$ --
Licenses and permits	2,322,956	69,651	--	11,285
Fines, forfeitures and penalties	591,653	36,700	--	--
Use of money and property	1,335,151	60,145	--	313,673
Intergovernmental	4,324,364	8,773,277	46,090,248	4,777,966
Charges for services	6,023,414	2,934,972	397,238	5,759,564
Other revenues	307,799	113,029	190,995	166,443
Total revenues	<u>41,003,330</u>	<u>12,188,173</u>	<u>46,678,481</u>	<u>11,028,931</u>
<b>Expenditures</b>				
Current:				
General government	10,647,215	--	--	--
Public protection	14,063,556	--	--	26,213,758
Public ways and facilities	--	12,926,990	--	--
Health and sanitation	1,274,725	--	--	--
Public assistance	459,529	--	47,181,205	--
Education	817,140	--	--	--
Debt Service:				
Principal	278,555	--	--	--
Interest	39,798	--	--	--
Debt issuance costs	--	--	--	--
Capital outlay	--	--	--	--
Total expenditures	<u>27,580,518</u>	<u>12,926,990</u>	<u>47,181,205</u>	<u>26,213,758</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>13,422,812</u>	<u>(738,817)</u>	<u>(502,724)</u>	<u>(15,184,827)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	377,320	462,078	882,247	16,559,142
Transfers out	(18,080,940)	--	--	(377,320)
Revenue bonds issued	--	--	--	--
Discount on revenue bonds issued	--	--	--	--
Total other financing sources (uses)	<u>(17,703,620)</u>	<u>462,078</u>	<u>882,247</u>	<u>16,181,822</u>
Net change in fund balances	(4,280,808)	(276,739)	379,523	996,995
Fund balances, beginning of year	14,721,196	2,724,996	4,384,341	2,805,936
Prior period adjustments	(380,263)	--	--	--
Fund balances, end of year	<u>\$ 10,060,125</u>	<u>\$ 2,448,257</u>	<u>\$ 4,763,864</u>	<u>\$ 3,802,931</u>

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

Yuba Levee Financing Authority Debt Service Fund	Yuba Levee Financing Authority Capital Projects Fund	Other Governmental	Total
\$ --	\$ --	\$ 97,411	\$ 26,395,803
--	--	--	2,403,892
--	--	4,013	632,366
1,134,658	778,222	277,232	3,899,081
--	--	12,473,355	76,439,210
--	--	1,286,054	16,401,242
--	--	494,284	1,272,550
<u>1,134,658</u>	<u>778,222</u>	<u>14,632,349</u>	<u>\$ 127,444,144</u>
--	--	59,560	10,706,775
--	--	257,839	40,535,153
--	--	797,951	13,724,941
--	--	4,856,625	6,131,350
--	--	6,758,096	54,398,830
--	--	--	817,140
--	--	--	278,555
1,776,439	--	--	1,816,237
2,530,869	--	--	2,530,869
--	23,854,204	--	23,854,204
<u>4,307,308</u>	<u>23,854,204</u>	<u>12,730,071</u>	<u>154,794,054</u>
<u>(3,172,650)</u>	<u>(23,075,982)</u>	<u>1,902,278</u>	<u>(27,349,910)</u>
--	--	317,473	18,598,260
--	--	(140,000)	(18,598,260)
31,770,000	46,600,000	--	78,370,000
(1,791,522)	--	--	(1,791,522)
<u>29,978,478</u>	<u>46,600,000</u>	<u>177,473</u>	<u>76,578,478</u>
26,805,828	23,524,018	2,079,751	49,228,568
--	--	5,050,037	29,686,506
--	--	(738,942)	(1,119,205)
<u>\$ 26,805,828</u>	<u>\$ 23,524,018</u>	<u>\$ 6,390,846</u>	<u>\$ 77,795,869</u>

**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, 2009

Net change to fund balance - total governmental funds \$ 49,228,568

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	\$ 6,960,292	
The net effect of various transactions involving capital assets such as sales, retirements, trade-ins and donations	(1,138,247)	
Capital asset contributions	3,502,677	
Less: current year depreciation	<u>(14,164,604)</u>	(4,839,882)

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		265,000
Capital lease		430,411
New issuance of long term debt		(78,370,000)
Discount on issuance of debt		1,791,522
Issuance cost of new debt		2,530,869

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.

Amortization expense	(67,117)	
Change in compensated absences	(218,812)	
Change in interest payable	(1,363,774)	
Change in OPEB liability	<u>(1,213,000)</u>	(2,862,703)

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.

890,517

Change in net assets of governmental activities		<u>\$ (31,587,854)</u>
---	--	------------------------

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

# COUNTY OF YUBA

## Statement of Fund Net Assets Proprietary Funds June 30, 2009

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Yuba County	Nonmajor	Total	Internal
	Water Agency	Enterprise Funds	Enterprise Funds	Service Funds
<b>Assets</b>				
Current assets:				
Cash and investments	\$ 66,324,390	\$ 181,280	\$ 66,505,670	\$ 6,319,603
Imprest cash	525	--	525	--
Cash with fiscal agents	1,567,949	--	1,567,949	--
Accounts receivable	4,071,142	6,171	4,077,313	852,073
Taxes receivable	478,901	--	478,901	--
Due from other governments	4,922,821	--	4,922,821	--
Advances to other funds	738,942	--	738,942	--
Interest receivable	--	811	811	22,533
Prepaid expenses	745,426	--	745,426	--
<b>Total current assets</b>	<b>78,850,096</b>	<b>188,262</b>	<b>79,038,358</b>	<b>7,194,209</b>
Noncurrent assets:				
Long-term receivables	3,065,649	198,467	3,264,116	--
Capital assets:				
Nondepreciable	16,841,725	943,645	17,785,370	--
Depreciable, net	140,826,303	1,476,842	142,303,145	857,901
<b>Total assets</b>	<b>\$ 239,583,773</b>	<b>\$ 2,807,216</b>	<b>\$ 242,390,989</b>	<b>\$ 8,052,110</b>
<b>Liabilities</b>				
Current Liabilities:				
Accounts payable	\$ 3,517,118	\$ 17,400	\$ 3,534,518	\$ 90,593
Interest payable	1,866,793	--	1,866,793	--
Salaries & benefits payable	166,206	13,111	179,317	--
Due to other funds	--	13,124	13,124	6,715
Deposits held for others	600	--	600	--
Unearned revenue	29,218,248	--	29,218,248	63,016
Compensated absences, current portion	372,579	37,986	410,565	--
Claims liability, current portion	--	--	--	289,000
Notes payable, current portion	--	44,521	44,521	--
Bonds payable, current portion	5,895,000	--	5,895,000	--
<b>Total current liabilities</b>	<b>41,036,544</b>	<b>126,142</b>	<b>41,162,686</b>	<b>449,324</b>
Noncurrent liabilities:				
Interest payable	2,891,520	--	2,891,520	--
Compensated absences	--	152,255	152,255	--
Claims liability	--	--	--	580,000
Notes payable	--	30,026	30,026	--
Bonds payable	19,332,514	--	19,332,514	--
<b>Total liabilities</b>	<b>63,260,578</b>	<b>308,423</b>	<b>63,569,001</b>	<b>1,029,324</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	157,668,028	2,345,940	160,013,968	857,901
Restricted	1,554,106	--	1,554,106	--
Unrestricted	17,101,061	152,853	17,253,914	6,164,885
<b>Total net assets (see note 1)</b>	<b>176,323,195</b>	<b>2,498,793</b>	<b>178,821,988</b>	<b>7,022,786</b>
<b>Total liabilities and net assets</b>	<b>\$ 239,583,773</b>	<b>\$ 2,807,216</b>	<b>\$ 242,390,989</b>	<b>\$ 8,052,110</b>

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, 2009

	Business-Type Activities - Enterprise Funds			Governmental
	Yuba County Water Agency	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>Operating Revenues:</b>				
Sale of electrical energy	\$ 20,352,304	\$ --	\$ 20,352,304	\$ --
Water sales	10,294,177	--	10,294,177	--
User fees and charges	--	--	--	15,885,906
Rents and concession	--	299,264	299,264	--
Total operating revenues	<u>30,646,481</u>	<u>299,264</u>	<u>30,945,745</u>	<u>15,885,906</u>
<b>Operating Expenses:</b>				
Hydropower generation	2,882,637	--	2,882,637	--
Administration and general	4,214,794	--	4,214,794	--
Maintenance	1,960,199	--	1,960,199	--
Salaries and benefits	--	181,281	181,281	--
Services and supplies	--	238,366	238,366	14,903,690
Depreciation	3,166,942	184,425	3,351,367	181,078
Total operating expenses	<u>12,224,572</u>	<u>604,072</u>	<u>12,828,644</u>	<u>15,084,768</u>
Operating income (loss)	<u>18,421,909</u>	<u>(304,808)</u>	<u>18,117,101</u>	<u>801,138</u>
<b>Nonoperating Revenues (Expenses):</b>				
Intergovernmental revenue	541,359	10,000	551,359	--
Property taxes	452,720	--	452,720	--
Interest revenue	3,086,343	5,405	3,091,748	89,379
Interest expense	(940,980)	(7,093)	(948,073)	--
Miscellaneous	891,779	(18,699)	873,080	--
Gain (loss) on disposition of assets	(422,010)	79,066	(342,944)	--
General administration	(4,179,670)	--	(4,179,670)	--
Recreation	(780,988)	--	(780,988)	--
Special projects	(646,668)	--	(646,668)	--
Total nonoperating revenues (expenses)	<u>(1,998,115)</u>	<u>68,679</u>	<u>(1,929,436)</u>	<u>89,379</u>
Net income (loss) before contributions	16,423,794	(236,129)	16,187,665	890,517
Capital contributions	<u>3,945,707</u>	<u>--</u>	<u>3,945,707</u>	<u>--</u>
Change in net assets	20,369,501	(236,129)	20,133,372	890,517
Net assets, beginning of year	<u>155,953,694</u>	<u>2,734,922</u>	<u>158,688,616</u>	<u>6,132,269</u>
Net assets, end of year	<u>\$ 176,323,195</u>	<u>\$ 2,498,793</u>	<u>\$ 178,821,988</u>	<u>\$ 7,022,786</u>

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, 2009

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Yuba County</u>	<u>Nonmajor</u>	<u>Total</u>	<u>Internal</u>
	<u>Water</u>	<u>Enterprise</u>	<u>Enterprise</u>	<u>Service</u>
	<u>Agency</u>	<u>Funds</u>	<u>Funds</u>	<u>Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash receipts from customers and users	\$ 27,475,020	\$ 300,887	\$ 27,775,907	\$ 15,784,569
Cash paid to suppliers for goods and services	(5,759,485)	(239,054)	(5,998,539)	(14,813,097)
Cash paid to employees for salaries and benefits	(1,749,086)	(167,789)	(1,916,875)	--
Net cash provided (used) by operating activities	<u>19,966,449</u>	<u>(105,956)</u>	<u>19,860,493</u>	<u>971,472</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Repayments received on notes receivable	752,364	128,645	881,009	--
Loans disbursed to other agencies	(163,017)	--	(163,017)	--
Cash received from the sale of land	--	79,066	79,066	--
Tax assessment received	452,720	--	452,720	--
Noncapital grants received from other agencies	106,997	10,000	116,997	--
Miscellaneous inflows	891,779	13,124	904,903	--
Miscellaneous outflows	(5,607,326)	(18,699)	(5,626,025)	--
Net cash provided (used) by noncapital financing activities	<u>(3,566,483)</u>	<u>212,136</u>	<u>(3,354,347)</u>	<u>--</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Principal paid for capital financing	(6,765,000)	(42,451)	(6,807,451)	--
Interest payments for capital financing	(1,129,520)	(7,093)	(1,136,613)	--
Acquisition of capital assets	(17,741,863)	(181,661)	(17,923,524)	(99,780)
Capital contributions	3,945,707	--	3,945,707	--
Proceeds from sale of capital assets	16,982	--	16,982	--
Net cash provided (used) by capital and related financing activities	<u>(21,673,694)</u>	<u>(231,205)</u>	<u>(21,904,899)</u>	<u>(99,780)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest on investments	<u>3,135,367</u>	<u>6,520</u>	<u>3,141,887</u>	<u>93,874</u>
Net cash provided by investing activities	<u>3,135,367</u>	<u>6,520</u>	<u>3,141,887</u>	<u>93,874</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>(2,138,361)</u>	<u>(118,505)</u>	<u>(2,256,866)</u>	<u>965,566</u>
Cash and cash equivalents, beginning of year	<u>70,031,225</u>	<u>299,785</u>	<u>70,331,010</u>	<u>5,354,037</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 67,892,864</u>	<u>\$ 181,280</u>	<u>\$ 68,074,144</u>	<u>\$ 6,319,603</u>

continued

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

**COUNTY OF YUBA**

Statement of Cash Flows (continued)  
 Proprietary Funds  
 For the Year Ended June 30, 2009

	Business-Type Activities - Enterprise Funds			Governmental
	Yuba County	Nonmajor	Total	Internal
	Water Agency	Enterprise Funds	Enterprise Funds	Service Funds
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss)	\$ 18,421,909	\$ (304,808)	\$ 18,117,101	\$ 801,138
Adjustments to reconcile operating income (loss) to cash flows from operating activities:				
Depreciation	3,166,942	184,425	3,351,367	181,078
Changes in assets and liabilities:				
Accounts receivable	(144,986)	1,623	(143,363)	139,048
Prepaid expenses and other assets	(538,197)	--	(538,197)	--
Accounts payable	2,021,054	(688)	2,020,366	90,593
Accrued salaries and benefits	30,901	(708)	30,193	--
Compensated absences	35,301	14,200	49,501	--
Deferred income	(3,026,475)	--	(3,026,475)	10,900
Claims liability	--	--	--	(258,000)
Due to other funds	--	--	--	6,715
	<u>\$ 19,966,449</u>	<u>\$ (105,956)</u>	<u>\$ 19,860,493</u>	<u>\$ 971,472</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 19,966,449</u>	<u>\$ (105,956)</u>	<u>\$ 19,860,493</u>	<u>\$ 971,472</u>

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

**COUNTY OF YUBA**

Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2009

	Agency Funds	Investment Trust Fund
	<u>                    </u>	<u>                    </u>
<b>Assets</b>		
Current Assets:		
Cash and investments	\$ 6,444,863	\$ 287,489,209
Taxes receivable	<u>10,815,021</u>	<u>                    --</u>
Total assets	<u><u>\$ 17,259,884</u></u>	<u><u>\$ 287,489,209</u></u>
<b>Liabilities</b>		
Current Liabilities:		
Agency obligations	\$ 17,259,884	\$                   --
<b>Net Assets</b>		
Net assets held in trust for other purposes	<u>                    --</u>	<u>287,489,209</u>
Total liabilities and net assets	<u><u>\$ 17,259,884</u></u>	<u><u>\$ 287,489,209</u></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, 2009

	<u>Investment Trust Fund</u>
<b>ADDITIONS:</b>	
Interest and investment income	\$ 5,907,440
Contributions from participants	<u>125,347,693</u>
Total Additions	131,255,133
<b>DEDUCTIONS:</b>	
Distributions to participants	<u>181,314,564</u>
Change in net assets	(50,059,431)
Net assets, beginning of year	<u>337,548,640</u>
Net assets, end of year	<u><u>\$ 287,489,209</u></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, 2009

## 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  
Gledhill Landscaping and Lighting District

# COUNTY OF YUBA

Notes to Basic Financial Statements  
June 30, 2009

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

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

Blended Component Units (continued)

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. The Authority was formed on July 22, 2008, as a joint exercise of powers authority between the County of Yuba and the Yuba County Water Agency, for the primary purpose of providing financial assistance to facilitate improvements to the levee system in the County.

The Yuba County Water Agency is a local government agency created in 1959 by the Yuba County Water Agency Act to control flood and storm waters and to conserve such waters for beneficial and useful purposes within the County. This agency is a legally separate and independent entity from the County of Yuba. The Board of Directors of the Water Agency consists of the five members of the Board of Supervisors of the County and two at-large members. The day to day operations of the agency are managed by an appointed General Manager, hired by the Water Agency's governing Board. The Water Agency is included in the County's reporting entity as a blended component unit because the financial accountability test of GASB Statement no. 14 has been met. The five members of the County's Board of Supervisors collectively form a majority of the Water Agency's seven member Board of Directors. Complete financial statements of the Yuba County Water Agency can be obtained by contacting the Water Agency's Department of Financial Services at 1220 F Street, Marysville, CA 95901. Yuba County Water Agency fund uses are legally limited to those uses authorized by the Yuba County Water Agency Act and Yuba County Water Agency funds are not available for use by Yuba County. The Agency represents 39.77% of the assets, 25.65% of the liabilities and 49.56% of net assets of the primary government as reported on the Statement of Net Assets on page 12.

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.

# COUNTY OF YUBA

## Notes to Basic Financial Statements June 30, 2009

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

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

Discretely Presented Component Units (continued)

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.

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.

# COUNTY OF YUBA

## Notes to Basic Financial Statements June 30, 2009

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

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

##### *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.
- 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.

# COUNTY OF YUBA

## Notes to Basic Financial Statements June 30, 2009

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

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

#### *Fund Financial Statements* (continued)

- The *Yuba Levee Financing Authority Debt Service Fund* is used to account for the accumulation of cash for the payment of principal and interest related to the bonds issued by the Yuba Levee Financing Authority.
- The *Yuba Levee Financing Authority Capital Projects Fund* is used to account for the expenditures of bond proceeds for the purpose of capital projects related to the issuance of bonds by the Yuba Levee Financing Authority.

The County reports the following major enterprise fund:

- The *Yuba County Water Agency* is used to account for the operations of the Yuba County Water Agency which was formed in 1959 to control flood and storm waters and to conserve these waters for beneficial and useful purposes within the County.

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, held by the County in trust for these participants.
- 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.

# COUNTY OF YUBA

## Notes to Basic Financial Statements June 30, 2009

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

### 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 six months 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 financing 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 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.

# COUNTY OF YUBA

## Notes to Basic Financial Statements June 30, 2009

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

### D. **Cash and Investments**

The County follows the practice of pooling cash and investments of all funds with the County Treasurer except for restricted funds held by outside custodians and trustees. 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.

The fair values of investments are obtained by using quotations obtained from independent published sources. Investments in external investment pools are reported at amortized cost which approximates fair value.

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.

### 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

# COUNTY OF YUBA

## Notes to Basic Financial Statements June 30, 2009

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

#### F. **Inventory** (continued)

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.

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.

# COUNTY OF YUBA

## Notes to Basic Financial Statements June 30, 2009

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

#### 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.

#### K. **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.

# COUNTY OF YUBA

## Notes to Basic Financial Statements June 30, 2009

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

### L. 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.

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 fund equity or net assets.

### *Government-wide Governmental Activities*

*Donated Infrastructure (Roads) Assets* – During the year, the County corrected the beginning balance of net assets for governmental activities to include its donated infrastructure assets. Accordingly, beginning net assets for governmental activities were restated by \$32,234,274.

*Construction in Progress* – During the year, the County increased the beginning balance of construction in progress by \$2,915,650.

### *Government-wide Business-type Activities*

*Yuba County Water Agency* is now included on the County of Yuba's financial statements in accordance with the provisions of GASB 14. As a result, beginning net assets of the business-type activities were restated by \$155,953,694.

### *Governmental Funds*

*Advances Payable* – During the year, the Water Agency was incorporated into the financial statements, requiring the County to reclassify the Redevelopment Agency's note payable to an advance payable, and to report it on the fund statements, decreasing the beginning fund balance in the Redevelopment Agency's capital projects fund (other governmental funds) by \$738,942.

*General Fund Expenditures* – Expenditures relating to the prior period decreased fund balance by \$380,263.

# COUNTY OF YUBA

## Notes to Basic Financial Statements June 30, 2009

### 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 and for use in capital projects.

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 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.

## COUNTY OF YUBA

### Notes to Basic Financial Statements June 30, 2009

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

At June 30, 2009, total County cash and investments were as follows:

<i>Cash:</i>	
Cash on hand	\$ 36,214
Deposits	5,785,926
Outstanding warrants	(11,418,519)
Total cash overdrafts	<u>(5,596,379)</u>
 <i>Investments:</i>	
Investment pool	445,027,458
Held with fiscal agents	52,201,008
Total investments	<u>497,228,466</u>
 Total cash and investments	 <u>\$ 491,632,087</u>

Total cash and investments at June 30, 2009 were presented on the County's financial statements as follows:

Primary government	\$ 194,157,529
Discretely presented component unit	3,540,486
Investment trust fund	287,489,209
Agency fund	<u>6,444,863</u>
 Total	 <u>\$ 491,632,087</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'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, 2009, none of the County's deposits was exposed to custodial risk.

# COUNTY OF YUBA

## Notes to Basic Financial Statements June 30, 2009

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

**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.

The County held approximately \$157 million in the California Asset Management Pool (CAMP). The investment policy has a limit of 25% of the investment pool for this investment. However, the majority of the funds in CAMP is invested in accordance with bond agreements. The amount invested in CAMP not related to bond agreements is in compliance with the investment policy. As a result, the County is deemed to be in compliance with the investment policy in this instance.

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Federal Agency Obligations	5 Years	None	None
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%	30%
Commercial Paper - Select Agencies	270 Days	40%	10%
Negotiable Certificates of Deposit	5 Years	30%	None
Non-negotiable Certificates of Deposit	1 Year	None	None
Repurchase Agreements	92 days	20%	None
Reverse Repurchase Agreements	5 Years	30%	None
Medium-Term Corporate Notes	5 Years	None	None
Money Market Mutual Funds	N/A	20%	10%
Local Agency Investment Fund (LAIF)	N/A	25%	None
California Asset Management Program (CAMP)	N/A	None	None

# COUNTY OF YUBA

## Notes to Basic Financial Statements June 30, 2009

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

**Investments** (continued)

At June 30, 2009, the County had the following investments:

	Interest Rates	Maturities	Par	Fair Value	Carrying Value	Weighted Average Maturity (Years)
<b>Primary Investment Pool:</b>						
Federal Agency Obligations	1.500% - 5.000%	8/27/09 - 1/22/13	\$ 102,720,000	\$ 105,057,178	\$ 102,850,017	2.26
Medium Term Corporate Notes	0.718% - 5.720%	7/23/09 - 7/27/12	115,835,000	115,115,038	115,776,035	1.22
Negotiable Certificates of Deposit	0.694% - 1.374%	8/21/09 - 5/28/10	25,000,000	24,925,575	24,981,913	0.51
Local Agency Issues	Variable	On Demand	3,135,764	3,142,371	3,135,764	0.00
Money Market Mutual Funds	2.000% - 5.500%	11/1/09 - 8/1/12	1,400,000	1,406,695	1,400,000	0.54
Local Agency Investment Fund (LAIF)	Variable	On Demand	40,000,000	40,312,920	40,000,000	0.00
California Asset Management Pool	Variable	On Demand	156,883,729	157,126,047	156,883,729	0.00
Total			<u>\$ 444,974,493</u>	<u>\$ 447,085,824</u>	<u>\$ 445,027,458</u>	0.88
<b>Investments outside Investment Pool</b>						
<i>Cash held with fiscal agent</i>						
Money market mutual funds	Variable	On Demand	\$ 1,576,090	\$ 1,576,090	\$ 1,576,090	0.00
Federal Agency Obligations	0.510% - 7.100%	7/1/09 - 2/11/15	45,635,000	46,999,590	46,999,590	1.80
California Asset Management Pool	Variable	On Demand	3,329,328	3,329,328	3,329,328	0.00
Investment Contract	4.800%	6/1/11	296,000	296,000	296,000	1.92
			<u>\$ 50,836,418</u>	<u>\$ 52,201,008</u>	<u>\$ 52,201,008</u>	1.64

At June 30, 2009 the difference between the carrying value and fair value of pooled cash and investments was not materially different (fair value was 100.46% of carrying value).

**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.

The County also mitigates interest rate risk by investing in floating rate securities. At June 30, 2009, the County held securities with a fair value of \$102,493,892 that were tied to the one or three month London Interbank Offer Rate (LIBOR) index.

## COUNTY OF YUBA

### Notes to Basic Financial Statements June 30, 2009

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

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, 2009, the County held 7.10% (\$31,751,943) of its net investment in medium term notes issued by General Electric Capital Corporation. The County held 7.84% (\$35,038,737) and 12.49% (\$55,846,010) of its net investment in federal agency obligations issued by the Federal Home Loan Bond and the Federal National Mortgage Association (Fannie Mae), respectively. The County did not have 10% or more of its net investment in any one mutual fund.

## COUNTY OF YUBA

### Notes to Basic Financial Statements June 30, 2009

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

Concentration of Credit Risk (continued)

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, 2009.

	<u>Moody's</u>	<u>% of Portfolio</u>
Federal Agency Obligations	AAA	20.12%
Federal Agency Obligations	Aaa	3.37%
Medium Term Corporate Notes	AAA	1.21%
Medium Term Corporate Notes	Aa1	2.24%
Medium Term Corporate Notes	Aa2	15.42%
Medium Term Corporate Notes	Aa3	1.12%
Medium Term Corporate Notes	A1	2.43%
Medium Term Corporate Notes	A2	1.12%
Medium Term Corporate Notes	A3	2.22%
Negotiable Certificates of Deposit	AA	1.12%
Negotiable Certificates of Deposit	AA1	1.12%
Negotiable Certificates of Deposit	Aaa	2.24%
Negotiable Certificates of Deposit	Aa3	1.10%
California Asset Management Pool	AAA	35.14%
Money Market Mutual Fund	Unrated	0.70%
Local Agency Obligation	Unrated	0.31%
Local Agency Investment Fund (LAIF)	Unrated	9.02%
Total		100.00%

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.

# COUNTY OF YUBA

## Notes to Basic Financial Statements June 30, 2009

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

#### 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 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, 2009, the County's investment position in the State of California Local Agency Investment Fund (LAIF) was \$40 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 \$50.7 billion. Of that amount, 14.71% was invested in structured notes and asset-backed securities with the remaining 85.29% 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, 2009:

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

Net assets held for pool participants	<u>\$ 437,402,852</u>
Equity of internal pool participants	\$ 146,373,157
Equity of external pool participants	<u>291,029,695</u>
Total net assets	<u>\$ 437,402,852</u>

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

Net assets at July 1, 2008	\$ 437,243,609
Net changes in investments by pool participants	<u>159,243</u>
Net assets at June 30, 2009	<u>\$ 437,402,852</u>

**COUNTY OF YUBA**

Notes to Basic Financial Statements  
June 30, 2009

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, 2009 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Public Safety	\$ 25,467
	Public Works	28,411
	Internal Service Funds	6,715
	Other Enterprise Funds	2,300
	Other Governmental Funds	18,873
Public Works	General Fund	6,746
	Public Safety	7
	Other Governmental Funds	15,994
Public Safety	General Fund	21,371
Other Governmental Funds	Social Services Fund	2,404
	Public Safety	8,184
	Other Enterprise Funds	<u>10,824</u>
		<u>\$ 147,296</u>

***Advances:***

Advances to/from other funds represent long-term loans made to support the County's redevelopment activities. The following schedule briefly summarizes the amounts advanced to/from other funds at June 30, 2009:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Yuba County Water Agency	Yuba County Redevelopment Agency Capital Projects Fund	\$ 738,942

## COUNTY OF YUBA

### Notes to Basic Financial Statements June 30, 2009

Note 4: **Interfund Transactions** (continued)

***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	Social Services Public Works Public Safety Other Governmental Funds	\$ 882,247 462,078 16,419,142 317,473
Public Safety	General Fund	377,320
Other Governmental funds	Public Safety	<u>140,000</u>
		<u><u>\$ 18,598,260</u></u>

Note 5: **Capital Assets**

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

	Restated *				Balance
	Balance			Transfers &	Balance
	July 1, 2008	Additions	Deletions	Adjustments	June 30, 2009
<b>Governmental Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 4,427,029	\$ --	\$ --	\$ --	\$ 4,427,029
Construction in progress	14,971,850	6,051,962	--	(1,007,862)	20,015,950
Total capital assets, not being depreciated	<u>19,398,879</u>	<u>6,051,962</u>	<u>--</u>	<u>(1,007,862)</u>	<u>24,442,979</u>
Capital assets, being depreciated:					
Infrastructure	223,522,699	3,502,677	--	838,550	227,863,926
Structures and improvements	75,598,129	--	--	(316,645)	75,281,484
Equipment	15,707,467	1,025,821	(1,489,987)	(167,234)	15,076,067
Total capital assets, being depreciated	<u>314,828,295</u>	<u>4,528,498</u>	<u>(1,489,987)</u>	<u>354,671</u>	<u>318,221,477</u>
Less accumulated depreciation for:					
Infrastructure	(79,223,039)	(11,561,501)	--	--	(90,784,540)
Structures and improvements	(19,698,964)	(1,259,405)	--	--	(20,958,369)
Equipment	(11,635,385)	(1,524,776)	661,320	325,900	(12,172,941)
Total accumulated depreciation	<u>(110,557,388)</u>	<u>(14,345,682)</u>	<u>661,320</u>	<u>325,900</u>	<u>(123,915,850)</u>
Total capital assets, being depreciated, net	<u>204,270,907</u>	<u>(9,817,184)</u>	<u>(828,667)</u>	<u>680,571</u>	<u>194,305,627</u>
Government activities capital assets, net	<u>\$ 223,669,786</u>	<u>\$ (3,765,222)</u>	<u>\$ (828,667)</u>	<u>\$ (327,291)</u>	<u>\$ 218,748,606</u>

\* Beginning balances of certain assets were restated. See Note 2 for further details.

## COUNTY OF YUBA

### Notes to Basic Financial Statements June 30, 2009

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

	Restated* Balance July 1, 2008	Additions	Deletions	Transfers & Adjustments	Balance June 30, 2009
<b>Business-Type Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 2,945,008	\$ 178,600	\$ --	\$ --	\$ 3,123,608
Construction in progress	14,414,011	9,493,204	(437,586)	(8,807,867)	14,661,762
Total capital assets, not being depreciated	<u>17,359,019</u>	<u>9,671,804</u>	<u>(437,586)</u>	<u>(8,807,867)</u>	<u>17,785,370</u>
Capital assets, being depreciated:					
Structures and improvements	4,571,961	--	--	--	4,571,961
Equipment	285,324	3,061	--	--	288,385
Infrastructure	221,611,641	4,675,015	(267,544)	8,807,867	234,826,979
Intangibles	248,292	--	--	--	248,292
Total capital assets, being depreciated	<u>226,717,218</u>	<u>4,678,076</u>	<u>(267,544)</u>	<u>8,807,867</u>	<u>239,935,617</u>
Less accumulated depreciation for:					
Structures and improvements	(3,068,099)	(154,328)	--	--	(3,222,427)
Equipment	(130,980)	(30,097)	--	--	(161,077)
Infrastructure	(91,179,411)	(3,161,693)	296,847	--	(94,044,257)
Intangibles	(199,462)	(5,249)	--	--	(204,711)
Total accumulated depreciation	<u>(94,577,952)</u>	<u>(3,351,367)</u>	<u>296,847</u>	<u>--</u>	<u>(97,632,472)</u>
Total capital assets, being depreciated, net	<u>132,139,266</u>	<u>1,326,709</u>	<u>29,303</u>	<u>8,807,867</u>	<u>142,303,145</u>
Business-type activities capital assets, net	<u>\$ 149,498,285</u>	<u>\$ 10,998,513</u>	<u>\$ (408,283)</u>	<u>\$ --</u>	<u>\$ 160,088,515</u>

\* Beginning balances of certain assets were restated. See Note 2 for further details.

Depreciation expense was charged to governmental functions as follows:

General government	\$ 1,123,884
Public protection	365,767
Public ways	11,732,563
Health and sanitation	20,063
Public assistance	922,327
Depreciation on capital assets held by the County's internal service funds are charged to various functions based on their usage of the assets	181,078
Total	<u>\$ 14,345,682</u>

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

Water Agency	\$ 3,166,942
Airport	184,425
Total	<u>\$ 3,351,367</u>

# COUNTY OF YUBA

## Notes to Basic Financial Statements June 30, 2009

### Note 6: Long-Term Liabilities

Long-term debt at June 30, 2009 consisted of the following:

	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2009</u>
<b><u>Governmental Activities</u></b>						
1998 Refunding Certificates of Participation <i>refunded 1991 Certificates of Participaton</i>	1998	2011	4.375%-4.85%	\$255,000-\$295,000	\$ 2,960,000	\$ 575,000
2008 Revenue Bonds (series A) <i>levee improvements</i>	2008	2038	4.73-4.90%	\$1,580,000-\$6,005,000	64,175,000	64,175,000
2008 Revenue Bonds (series B) <i>levee improvements</i>	2008	2024	6.10-6.375%	\$1,475,000-\$2,245,000	14,195,000	14,195,000
Note payable - CDBG Program <i>road and drainage improvements</i>	2000	2019	5.00%	\$0	<u>146,107</u>	<u>146,107</u>
Total Governmental Activities					<u>\$ 81,476,107</u>	<u>\$ 79,091,107</u>
<b><u>Business-Type Activities</u></b>						
Notes payable <i>Construct airport hangar complex</i>	1995	2012	6.08%	\$30,026-\$40,380	\$ 465,922	\$ 74,547
1966 Revenue Bonds (series A) <i>Yuba River development</i>	1966	2013	4.00%	\$985,000-\$3,760,000	160,740,000	24,532,000
1977 Revenue Bonds (series B) <i>Yuba River development</i>	1977	2028	6.00%	\$0	<u>1,506,000</u>	<u>1,506,000</u>
Total Business-Type Activities					<u>\$ 162,711,922</u>	<u>\$ 26,112,547</u>

## COUNTY OF YUBA

### Notes to Basic Financial Statements June 30, 2009

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

The following is a summary of long-term liability transactions for the year ended June 30, 2009:

	Balance July 1, 2008	Additions	Retirements	Balance June 30, 2009	Amounts Due Within One Year
<b>Governmental Activities</b>					
Refunding certificates of participation	\$ 840,000	\$ --	\$ (265,000)	\$ 575,000	\$ 280,000
Bonds payable	--	78,370,000	--	78,370,000	--
Less: unamortized discount	--	(1,791,522)	67,117	(1,724,405)	--
Notes payable	146,107	--	--	146,107	--
Capital leases	37,475,751	--	(430,411)	37,045,340	452,432
Compensated absences	10,772,567	1,396,862	(1,178,050)	10,991,379	2,176,626
Liability for self-insurance	1,127,000	31,000	(289,000)	869,000	289,000
	<u>\$ 50,361,425</u>	<u>\$ 78,006,340</u>	<u>\$ (2,095,344)</u>	<u>\$ 126,272,421</u>	<u>\$ 3,198,058</u>
Total Governmental Activities Long-term liabilities					
<b>Business-type Activities</b>					
Bonds payable	\$ 32,803,000	\$ --	\$ (6,765,000)	\$ 26,038,000	\$ 5,895,000
Less: unamortized discount	(841,194)	--	30,708	(810,486)	--
Notes payable	116,998	--	(42,451)	74,547	44,521
Compensated absences	513,319	63,474	(13,973)	562,820	410,565
	<u>\$ 32,592,123</u>	<u>\$ 63,474</u>	<u>\$ (6,790,716)</u>	<u>\$ 25,864,881</u>	<u>\$ 6,350,086</u>
Total Business-type Activities Long-term liabilities					

As of June 30, 2009, annual debt service requirements of governmental activities to maturity are as follows:

Year Ending June 30:	Governmental Activities					
	Refunding		Notes Payable		Bonds Payable	
	Certificates of Participation Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 280,000	\$ 27,608	\$ --	\$ --	\$ --	\$ 3,744,950
2011	295,000	14,308	--	--	--	4,047,583
2012	--	--	--	--	--	4,047,583
2013	--	--	--	--	--	4,047,583
2014	--	--	--	--	--	4,047,583
2015-2019	--	--	--	--	--	20,237,913
2020-2024	--	--	146,107	229,179	12,720,000	18,746,133
2025-2029	--	--	--	--	16,925,000	14,596,356
2030-2034	--	--	--	--	21,420,000	10,116,663
2035-2039	--	--	--	--	27,305,000	4,228,750
	<u>\$ 575,000</u>	<u>\$ 41,916</u>	<u>\$ 146,107</u>	<u>\$ 229,179</u>	<u>\$ 78,370,000</u>	<u>\$ 87,861,097</u>

## COUNTY OF YUBA

### Notes to Basic Financial Statements June 30, 2009

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

As of June 30, 2009, annual debt service requirements of business-type activities to maturity are as follows:

Year Ending June 30:	Business-Type Activities			
	Loans Payable		Bonds Payable	
	Principal	Interest	Principal	Interest
2010	\$ 44,521	\$ 4,520	\$ 5,895,000	\$ 981,280
2011	30,026	1,820	6,135,000	745,480
2012	--	--	6,380,000	500,080
2013	--	--	6,122,000	244,880
2014	--	--	--	--
2015-2019	--	--	--	--
2020-2024	--	--	--	--
2025-2029	--	--	1,506,000	2,891,520
	\$ 74,547	\$ 6,340	\$ 26,038,000	\$ 5,363,240

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 County's Redevelopment 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.

**Bonds Payable – Water Agency**

Bonds payable in the Water Agency consist of \$161 million series A bonds and \$1.5 million series B bonds. Series B bonds are subordinated and junior in standing with respect to the payment of Series A bonds.

# COUNTY OF YUBA

## Notes to Basic Financial Statements June 30, 2009

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

#### New Issuance

On September 3, 2008, the Yuba Levee Financing Authority, a blended component unit of Yuba County, issued Revenue Bonds totaling \$78,370,000 and consisting of nontaxable Series A Revenue Bonds of \$64,175,000 maturing 2024 through 2038 and taxable Series B Revenue Bonds of \$14,195,000 maturing 2019 through 2024. Interest on the Bonds is payable semiannually at rates ranging from 4.75% to 6.76%. The bonds were issued to provide financing for certain levee improvements in the County, to fund a reserve account, to fund capitalized interest for a limited time and to pay certain costs incurred in connection with issuance, sale and delivery of the Bonds.

### 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 property leased under capital lease agreements by the County as of June 30, 2009:

	<u>Stated Interest Rate</u>	<u>Present Value of Remaining Payments as of June 30, 2009</u>
HHS Building	5.00%	<u>\$ 37,045,340</u>

The cost of buildings under capital leases are as follows:

HHS Building	\$ 37,885,213
Less: Accumulated amortization	<u>(1,894,260)</u>
Total	<u>\$ 35,990,953</u>

# COUNTY OF YUBA

## Notes to Basic Financial Statements June 30, 2009

### Note 7: Leases (continued)

As of June 30, 2009, future minimum lease payments under capital leases was as follows:

Year Ending June 30:	
2010	\$ 2,294,424
2011	2,294,424
2012	2,294,424
2013	2,294,424
2014	2,294,424
2015-2019	11,472,120
2020-2024	11,472,120
2025-2029	11,472,120
2030-2034	11,472,120
2035-2039	11,472,120
2040-2044	<u>6,883,272</u>
Total Future Minimum Lease Payments	75,715,992
Less: Interest	<u>(38,670,652)</u>
Present Value of Minimal Lease Payments	<u>\$ 37,045,340</u>

### Note 8: Revolving Notes Receivable

At June 30, 2009, the County had \$5,104,855 of revolving notes receivable reported in the governmental funds. The balance is recorded in the County's grant fund and is deferred, as payment is generally not due for periods ranging from 5 and 30 years and principal and interest are revolved as new loans as collections are received.

The County's revolving loans reported in governmental funds were derived from the following grant programs:

Community Development Block Grant	\$3,732,752
HOME Investment Partnerships Program	1,104,935
CDBG Economic Development Initiative	267,168
	<u>\$5,104,855</u>

# COUNTY OF YUBA

Notes to Basic Financial Statements  
June 30, 2009

Note 9: **Public Employee Retirement System**

**County-Wide (except Water Agency)**

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.

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 actuarial 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, 2009, the employer contribution rate 12.016% for the miscellaneous plan and 16.111% 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 2008-2009, the County's annual pension cost of \$7,027,724 for PERS was equal to the County's required and actual contributions. The required contribution was determined as part of the June 30, 2006 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, 2006 was thirty years.

## COUNTY OF YUBA

### Notes to Basic Financial Statements June 30, 2009

Note 9: **Public Employee Retirement System** (continued)

**County-Wide (except Water Agency)** (continued)

Annual Pension Cost (continued)

#### 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>
06/30/07	\$ 5,657,389	100%	\$ --
06/30/08	6,720,164	100%	--
06/30/09	7,027,724	100%	--

#### Funded Status and Funding Progress

The following is the funded status information for each plan as of June 30, 2008, the most recent actual valuation date:

	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded/ (Overfunded) Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
Miscellaneous	\$ 188,074,879	\$ 154,275,050	\$ 33,799,829	82.0%	\$ 40,716,433	83.0%
Safety	59,171,962	48,241,714	10,930,248	81.5%	12,444,483	87.8%

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.

#### **Water Agency**

##### Plan Description

The Yuba County Water Agency's defined benefit pension plan, California Public Employees' Retirement System (CalPERS) provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Yuba County Water Agency is part of the Public Agency portion of CalPERS, an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public entities within the State of California. A menu of benefit provisions as well as other requirements is

# COUNTY OF YUBA

## Notes to Basic Financial Statements June 30, 2009

### Note 9: **Public Employee Retirement System** (continued)

#### **Water Agency** (continued)

#### Plan Description (continued)

established by State statutes within the Public Employees' Retirement Law. The Yuba County water Agency selects optional benefits through state statute and agency resolutions. CalPERS issues a separate comprehensive annual financial report. Copies of CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

#### Funding Policy

Agency employees are required by state statute to pay 7% while the Agency is required to pay 5%. For the fiscal year ended June 30, 2009, the employer contribution rate was 11.295%.

#### Annual Pension Cost

For the fiscal year ended June 30, 2009, the Agency's annual pension cost of \$395,474 for PERS was equal to the Agency's required and actual contributions.

#### Three-Year Trend Information for PERS

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>% of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/07	\$ 308,565	100.0%	\$ --
6/30/08	329,321	100.0%	--
6/30/09	395,474	100.0%	--

### Note 10: **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.

**COUNTY OF YUBA**

Notes to Basic Financial Statements  
June 30, 2009

Note 10: **Risk Management** (continued)

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 prorata 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 on estimated costs to pay prior and current years' claims. The estimated claims liability of \$869,000, as reported in the internal service funds at June 30, 2009, 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, 2009 and 2008 were as follows:

	<b>2009</b>	<b>2008</b>
Unpaid claims, beginning of year	\$ 1,127,000	\$ 1,127,000
Estimated claims incurred and adjustments	31,000	898,689
Claims payments	(289,000)	(898,689)
Unpaid claims, end of year	<b>\$ 869,000</b>	<b>\$ 1,127,000</b>

**COUNTY OF YUBA**

Notes to Basic Financial Statements  
June 30, 2009

Note 11: **Other Post Employment Benefits**

**County-Wide (except for Water Agency)**

**Plan Description.** The County of Yuba (“County”) Retiree Healthcare Plan is a single-employer defined benefit healthcare plan administered by the County. The Plan provides healthcare insurance benefits to eligible retirees. Benefit provisions are established and may be amended by the County.

The County provides retiree medical benefits through the California Public Employees’ Retirement System healthcare program. The County contributes the Public Employees Medical and Hospital Care Act (PEMHCA) minimum required employer contribution towards the retiree monthly premium for eligible retirees participating in PEMHCA.

**Funding Policy.** The contribution requirements of the plan members and the County are established and may be amended by the County. The County is not pre-funding the plan.

The annual required contribution (ARC) is an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The County ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial liability over a period of 20 years. The 2008/09 ARC is \$1,347,000.

For 2008/09, the County contributed \$134,000 to the Plan as the amount of healthcare insurance benefits reimbursed to eligible employees.

***Annual OPEB Cost and Net OPEB Obligation.***

The County’s Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the Plan (as described in the funding policy above), and the Net OPEB Obligation for 2008/09 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/09	\$1,347,000	9.9%	\$1,213,000

# COUNTY OF YUBA

## Notes to Basic Financial Statements June 30, 2009

### Note 11: **Other Post Employment Benefits** (continued)

***Funded Status and Funding Progress.*** The funded status of the plan as of June 30, 2007, the plan's most recent actuarial valuation date, was as follows (dollar amounts in thousands):

Actuarial accrued liability (AAL)	\$9,908,000
Actuarial value of plan assets	<u>          --</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$9,908,000</u>
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active Plan members)	\$51,987,000
UAAL as a percentage of covered payroll	19.06%

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

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

In the June 30, 2007 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 7.75% investment rate of return (net of administrative expenses), which is the expected long-term investment return on CERBT investments, and an annual PEMHCA minimum cost trend rate of 4.5% after 3 years (actual PEMHCA minimum costs were used for the first 3 years). This rate includes a 3% inflation assumption. The actuarial value of assets is equal to the market value. The UAAL is being amortized as a level percentage of projected payroll over 30 years on a closed basis. The remaining amortization period at June 30, 2007 was 30 years.

# COUNTY OF YUBA

## Notes to Basic Financial Statements June 30, 2009

Note 11: **Other Post Employment Benefits** (continued)

### **Water Agency**

#### Basis of Accounting

Employees are not required to contribute to the plan. Employer contributions are recognized when due and when a formal commitment is made to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

#### Plan Description

The Yuba County Water Agency's Retiree Healthcare Plan is part of an aggregation of single-employer plans administered by the California Public Employers' Retiree Benefit Trust (CERBT) Fund. The Agency provides medical benefits to eligible retirees. Benefit provisions are established and may be amended by Agency labor agreements, which are approved by the Agency's Board of Directors. On May 12, 2009, the Board approved a policy to pre-fund retiree health care benefits through contributions to the (CERBT) and authorized the agreement and election of the Agency to pre-fund other post-employment benefits through CalPERS.

#### Funding Policy

Future contribution requirements of plan members and the Agency will be established and amended as needed by the Agency board. The required contribution will be based on projected pay-as-you-go financing requirements, with additional amounts to prefund benefits as determined annually by the Board. For fiscal year ended June 30, 2009, the Agency contributed \$1,000,000 to the plan, including \$547,000 for the annual required contribution and an additional \$453,000 to prefund benefits.

#### Annual OPEB Cost and Net OPEB Obligation

The Agency's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The Agency is implementing GASB 45 prospectively. The ARC represents a level of funding that, if paid on an ongoing basis, is project to cover normal cost each year and amortize and unfunded actuarial liabilities (or funding excess) over a period of ten years. The following table shows the components of the Agency's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the agency's net OPEB obligation:

**COUNTY OF YUBA**

Notes to Basic Financial Statements  
June 30, 2009

Note 11: **Other Post Employment Benefits** (continued)

**Water Agency** (continued)

**Annual OPEB Cost and Net OPEB Obligation** (continued)

Annual required contribution (OPEB cost)	\$ 547,000
Contribution made	<u>(547,000)</u>
Net OPEB obligation, end of year	<u><u>\$ --</u></u>

The ARC was determined as part of a January 1, 2009 actuarial valuation. The ARC rate is 21.70% of annual covered payroll. For the fiscal year ended June 30, 2009, the Agency's annual OPEB cost (expense) of \$547,000 was equal to the ARC. The Agency's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2009 were as follows:

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>% of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/09	\$ 547,000	100.0%	\$ --

**Funded Status and Funding Progress**

The funded status of the liability as of January 1, 2009, was as follows:

Actuarial accrued liability (AAL)	\$1,733,000
Actuarial value of plan assets contributed	<u>--</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$1,733,000</u></u>
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active plan members)	\$2,523,000
UAAL as a percentage of covered payroll	68.69%

# COUNTY OF YUBA

## Notes to Basic Financial Statements June 30, 2009

### Note 11: **Other Post Employment Benefits** (continued)

#### **Water Agency** (continued)

#### Funded Status and Funding Progress (continued)

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

#### Actuarial Methods and Assumptions

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

In the January 1, 2009 actuarial valuation, the entry age normal cost method was used. The actuarial assumption included a 7.75% investment rate of return (net of administrative expenses), actual healthcare cost premiums for the year, payroll increases of 3.25%, and an inflation assumption of 3%. The Entry Age Normal (EAN) cost method spreads plan costs for each participant from entry date to the expected retirement date. Under the EAN cost method the plan's normal cost is developed as a level percent of payroll over the participants' working lifetime. The actuarial value of plan assets was \$0. The plans unfunded actuarial accrued liability will be amortized using the flat dollar amount method over 10 years.

### Note 12: **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.

## COUNTY OF YUBA

### Notes to Basic Financial Statements June 30, 2009

Note 12: **Net Assets/Fund Balances** (continued)

**Net Assets** (continued)

- *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.
- *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, 2009, are net assets restricted by enabling legislation of \$66,293,345.
- *Unrestricted Net Assets* – This category represents net assets of the County, not restricted for any project or other purpose. The Government-wide balance of unrestricted net assets at June 30, 2009, is \$(62,499,252). This is primarily related to debt issued in the current year that is not offset by any assets. The balance was derived as follows:

	Invested in Capital Assets Net of Debt	Restricted Net Assets	Unrestricted Net Assets
Governmental fund balances	\$ --	\$ 68,994,665	\$ 8,801,204
Internal service fund net assets	857,901	--	6,164,885
Capital Assets	217,890,705	--	--
Other liabilities	--	(571,632)	(1,071,690)
Compensated absences	--	(9,135,925)	(1,855,454)
Other post employment benefits	--	(935,636)	(277,364)
Notes payable	--	--	(146,107)
Long-Term Debt			
Certificates of Participation	(575,000)	--	--
Bonds payable	--	--	(74,114,726)
Capital lease	(37,045,340)	--	--
	\$ 181,128,266	\$ 58,351,472	\$ (62,499,252)

# COUNTY OF YUBA

## Notes to Basic Financial Statements June 30, 2009

### Note 12: Net Assets/Fund Balances (continued)

#### Net Assets (continued)

Net assets were restricted for the following purposes:

Capital projects	\$23,821,074
Debt service	26,805,828
Other Restrictions:	
Health and sanitation programs	581,812
Public assistance programs	2,165,581
Public facilities	<u>4,977,177</u>
	<u>\$58,351,472</u>

#### 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. 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.

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.
- Reserve for Debt Service and Capital Projects was created to reflect the funds held by trustees or fiscal agents for future payment of bond principal, interest and levee improvement costs. These funds are not available for general operations.

# COUNTY OF YUBA

## Notes to Basic Financial Statements June 30, 2009

### Note 12: **Net Assets/Fund Balances** (continued)

#### Fund Balances (continued)

The County designated a portion of fund balance in the County's General fund for the following projects and purposes:

Economic uncertainty	\$ 4,000,000
Capital projects	700,000
Contingency	<u>803,088</u>
	<u>\$ 5,503,088</u>

#### Deficit Fund Balances

The following funds have fund balance deficits as of June 30, 2009:

Nonmajor Governmental Funds:	
Yuba County RDA Capital Projects	\$ 787,143

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

### Note 13: **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 14: **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. The County has no equity interest in the Authority.

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 \$400 million and will be funded mostly by local development fees and State funding.

**COUNTY OF YUBA**

Notes to Basic Financial Statements  
June 30, 2009

Note 14: **Joint Venture** (continued)

Condensed financial information of the Authority for the fiscal year ended June 30, 2008 (the most current available) is as follows:

Cash and investments in the County of Yuba's	
Investment Pool	\$ 1,345,089
Other current assets	913,572
Land - Right of Way	4,567,250
Deposit - Condemnation Fund	<u>5,369,301</u>
Total Assets	12,195,212
Accounts payable	<u>(6,645,279)</u>
Net Assets	<u><u>\$ 5,549,933</u></u>
Revenues	21,109,014
Levee improvement costs	(24,376,482)
Administration	<u>(620,818)</u>
Changes in net assets	(3,888,286)
Net Assets, beginning of year	<u>9,438,219</u>
Net assets, end of year	<u><u>\$ 5,549,933</u></u>

Construction work for levee system improvements is recorded by the Authority as an operating expense. The Authority, as originally formed, will cease to exist upon completion of the projects for which it was formed. At that time, ownership of the levee improvements will be transferred to the existing owner, primarily the State of California, and maintenance responsibility will be assumed by Reclamation District No. 784 and the other entities established to perform this function.

Levee improvement costs incurred to date through June 30, 2008, were as follows:

Fiscal Year Ending	
June 30:	
<u>                    </u>	
2004	\$ 701,774
2005	5,603,384
2006	50,572,148
2007	74,257,632
2008	<u>24,376,482</u>
	<u><u>\$ 155,511,420</u></u>

## COUNTY OF YUBA

### Notes to Basic Financial Statements June 30, 2009

Note 14: **Joint Venture** (continued)

During the year ended June 30, 2009, the County of Yuba transferred a total of \$23,869,297 to the Authority to fund ongoing levee improvements. At June 30, 2009, the Authority's investment account in the County's investment pool had a balance of \$21,903,989.

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 15: **New Accounting Pronouncements**

*Governmental Accounting Standards Board (GASB) Statement No. 54*

The GASB issued Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*, which enhances the usefulness of fund balance information by establishing fund balance classifications. These classifications comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The definitions of the general fund, special revenue fund types, capital project fund types, debt service fund type, and permanent fund type are clarified by the provisions in this Statement. Interpretations of certain items within the definition of the special revenue fund type have been provided and, for some governments, those interpretations may affect the activities chosen to be reported in special revenue funds. The requirements of the Statement are effective for financial statements for periods beginning after June 15, 2010. Fund balance reclassifications made to conform to the provisions of this statement are required to be applied retroactively by restating beginning fund balance.

# COUNTY OF YUBA

## Notes to Basic Financial Statements June 30, 2009

### Note 16: **Subsequent Events**

#### Tax and Revenue Anticipation Note

Only July 1, 2009, the County issued a Tax and Revenue Anticipation Note (TRAN) in the amount of \$13,289,628 with an interest rate of 4.00% and a maturity date of June 30, 2010. Proceeds of the funds were used for cash flow purposes as needed by the County.

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**REQUIRED  
SUPPLEMENTARY INFORMATION**

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**COUNTY OF YUBA**

Required Supplementary Information  
For the Fiscal Year Ended June 30, 2009

**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

<b>Validation Date</b>	<b>Entry Age Normal Accrued Liability</b>	<b>Actuarial Value of Assets</b>	<b>Unfunded/ (Overfunded) Liability</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>UAAL as a % of Payroll</b>
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%
June 30, 2008	188,074,879	154,275,050	33,799,829	82.0%	40,716,433	83.0%

Fund Status of Safety Plan

<b>Validation Date</b>	<b>Entry Age Normal Accrued Liability</b>	<b>Actuarial Value of Assets</b>	<b>Unfunded/ (Overfunded) Liability</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>UAAL as a % of Payroll</b>
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%
June 30, 2008	59,171,962	48,241,714	10,930,248	81.5%	12,444,483	87.8%

**COUNTY OF YUBA**

Required Supplementary Information  
For the Fiscal Year Ended June 30, 2009

**SCHEDULE OF FUNDING PROGRESS – RETIREE HEALTHCARE PLAN**

Funded Status  
County-Wide (except Water Agency)

<b>Validation Date</b>	<b>Entry Age Normal Accrued Liability</b>	<b>Actuarial Value of Assets</b>	<b>Unfunded/ (Overfunded) Liability</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>UAAL as a % of Payroll</b>
June 30, 2007	\$ 9,908,000	\$ --	\$ 9,908,000	0.0%	\$ 51,987,000	19.06%

Funded Status  
Yuba County Water Agency

<b>Validation Date</b>	<b>Entry Age Normal Accrued Liability</b>	<b>Actuarial Value of Assets</b>	<b>Unfunded/ (Overfunded) Liability</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>UAAL as a % of Payroll</b>
January 1, 2009	\$ 1,733,000	\$ --	\$ 1,733,000	0.0%	\$ 2,523,000	68.69%

**COUNTY OF YUBA**

Budgetary Comparison Schedule  
General Fund  
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(On Budgetary Basis)	Final Budget
Budgetary fund balances, Beginning	\$ 10,834,500	\$ 10,834,500	\$ 14,340,933	\$ 3,506,433
Resources (inflows):				
Taxes	25,505,000	25,505,000	26,097,993	592,993
Licenses and permits	4,601,009	4,717,283	2,322,956	(2,394,327)
Fines, forfeitures and penalties	758,500	758,500	591,653	(166,847)
Use of money and property	1,926,100	1,975,759	1,335,151	(640,608)
Intergovernmental	4,512,775	4,667,948	4,324,364	(343,584)
Charges for services	7,216,689	7,017,244	6,023,414	(993,830)
Other revenues	--	--	307,799	307,799
Transfers in	89,442	--	377,320	377,320
Amounts available for appropriation	<u>44,609,515</u>	<u>44,641,734</u>	<u>41,380,650</u>	<u>(3,261,084)</u>
Charges to appropriations (outflows):				
General government	11,484,994	15,620,796	10,647,215	4,973,581
Public protection	16,370,847	17,050,069	14,063,556	2,986,513
Health and sanitation	1,717,532	1,644,414	1,274,725	369,689
Public assistance	487,123	534,272	459,529	74,743
Education	864,121	974,869	817,140	157,729
Debt service	308,000	308,000	318,353	(10,353)
Transfers out	18,048,620	18,048,620	18,080,940	(32,320)
Contingencies and reserves	6,162,778	327,625	--	327,625
Total charges to appropriations	<u>55,444,015</u>	<u>54,508,665</u>	<u>45,661,458</u>	<u>8,847,207</u>
Net change in fund balance	<u>(10,834,500)</u>	<u>(9,866,931)</u>	<u>(4,280,808)</u>	<u>5,586,123</u>
Budgetary fund balances, Ending	<u>\$ --</u>	<u>\$ 967,569</u>	<u>\$ 10,060,125</u>	<u>\$ 9,092,556</u>

continued

COUNTY OF YUBA

Budgetary Comparison Schedule  
General Fund (continued)  
For the Year Ended June 30, 2009

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule \$ 45,661,458

Differences - budget to GAAP:

Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes (18,080,940)

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 27,580,518

Sources/inflows of resources

Actual amounts (budgetary basis) "amounts available for appropriation" from the budgetary comparison schedule \$ 41,380,650

Differences - budget to GAAP:

Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes (377,320)

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 41,003,330

**COUNTY OF YUBA**

Budgetary Comparison Schedule  
Public Works  
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(On Budgetary Basis)	Final Budget
Budgetary fund balances, Beginning	\$ 2,724,996	\$ 2,724,996	\$ 2,724,996	\$ --
Resources (inflows):				
Taxes	434,048	191,706	200,399	8,693
Licenses and permits	89,000	72,503	69,651	(2,852)
Fines, forfeitures and penalties	40,000	40,000	36,700	(3,300)
Use of money and property	60,000	60,000	60,145	145
Intergovernmental	14,586,657	14,621,580	8,773,277	(5,848,303)
Charges for services	8,044,599	7,937,912	2,934,972	(5,002,940)
Other revenues	--	805,073	113,029	(692,044)
Transfers in	457,078	462,478	462,078	(400)
Amounts available for appropriation	<u>23,711,382</u>	<u>24,191,252</u>	<u>12,650,251</u>	<u>(11,541,001)</u>
Charges to appropriations (outflows):				
Public ways and facilities	23,942,744	25,216,510	12,926,990	12,289,520
Total charges to appropriations	<u>23,942,744</u>	<u>25,216,510</u>	<u>12,926,990</u>	<u>12,289,520</u>
Net change in fund balances	<u>(231,362)</u>	<u>(1,025,258)</u>	<u>(276,739)</u>	<u>748,519</u>
Budgetary fund balances, Ending	<u>\$ 2,493,634</u>	<u>\$ 1,699,738</u>	<u>\$ 2,448,257</u>	<u>\$ 748,519</u>

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/inflows of resources

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule \$ 12,650,251

Differences - budget to GAAP:

Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes (462,078)

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 12,188,173

**COUNTY OF YUBA**

Budgetary Comparison Schedule  
Social Services Fund  
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts (On Budgetary Basis)	Variance with Final Budget
	Original	Final		
Budgetary fund balances, Beginning	\$ 4,384,341	\$ 4,384,341	\$ 4,384,341	\$ --
Resources (inflows):				
Intergovernmental	43,605,668	49,505,067	46,090,248	(3,414,819)
Charges for services	976,018	357,500	397,238	39,738
Other revenues	--	803,518	190,995	(612,523)
Transfers in	878,247	946,647	882,247	(64,400)
Amounts available for appropriation	<u>45,459,933</u>	<u>51,612,732</u>	<u>47,560,728</u>	<u>(4,052,004)</u>
Charges to appropriations (outflows):				
Public assistance	<u>52,212,050</u>	<u>53,164,696</u>	<u>47,181,205</u>	<u>5,983,491</u>
Total charges to appropriations	<u>52,212,050</u>	<u>53,164,696</u>	<u>47,181,205</u>	<u>5,983,491</u>
Net change in fund balances	<u>(6,752,117)</u>	<u>(1,551,964)</u>	<u>379,523</u>	<u>1,931,487</u>
Budgetary fund balances, Ending	<u>\$ (2,367,776)</u>	<u>\$ 2,832,377</u>	<u>\$ 4,763,864</u>	<u>\$ 1,931,487</u>

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/inflows of resources

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule \$ 47,560,728

Differences - budget to GAAP:

Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes (882,247)

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 46,678,481

**COUNTY OF YUBA**

Budgetary Comparison Schedule  
Public Safety  
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(On Budgetary Basis)	Final Budget
Budgetary fund balances, Beginning	\$ 2,805,936	\$ 2,805,936	\$ 2,805,936	\$ --
Resources (inflows):				
Use of money and property	276,000	276,000	313,673	37,673
Licenses and permits	7,530	7,530	11,285	3,755
Intergovernmental	564,302	5,500,962	4,777,966	(722,996)
Charges for services	499,123	4,898,888	5,759,564	860,676
Other revenues	--	213,842	166,443	(47,399)
Transfers in	16,559,142	16,643,792	16,559,142	(84,650)
Amounts available for appropriation	<u>17,906,097</u>	<u>27,541,014</u>	<u>27,588,073</u>	<u>47,059</u>
Charges to appropriations (outflows):				
Public protection	27,777,296	27,317,055	26,213,758	1,103,297
Transfers out	--	--	377,320	(377,320)
Total charges to appropriations	<u>27,777,296</u>	<u>27,317,055</u>	<u>26,591,078</u>	<u>725,977</u>
Net change in fund balances	<u>(9,871,199)</u>	<u>223,959</u>	<u>996,995</u>	<u>773,036</u>
Budgetary fund balances, Ending	<u><u>\$ (7,065,263)</u></u>	<u><u>\$ 3,029,895</u></u>	<u><u>\$ 3,802,931</u></u>	<u><u>\$ 773,036</u></u>

continued

**COUNTY OF YUBA**

Budgetary Comparison Schedule  
Public Safety (continued)  
For the Year Ended June 30, 2009

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule \$ 26,591,078

Differences - budget to GAAP:

Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes (377,320)

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 26,213,758

Sources/inflows of resources

Actual amounts (budgetary basis) "amounts available for appropriation" from the budgetary comparison schedule \$ 27,588,073

Differences - budget to GAAP:

Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes (16,559,142)

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 11,028,931

## **COUNTY OF YUBA**

Notes to Required Supplementary Information  
For the Fiscal Year Ended June 30, 2009

### **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.

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, 2009

	Special Revenue				
	Fish & Game	Health Service Fund	Child Support Services	County IHSS Authority	Health Bio- Terrorism
<b>Assets</b>					
Cash and investments	\$ 8,221	\$ 1,379,580	\$ 884,436	\$ --	\$ 92,423
Other revolving accounts	--	--	--	--	--
Imprest cash	--	150	--	--	--
Accounts receivable	--	--	--	--	--
Due from other agencies	156	800,610	330	66,590	75,236
Interest receivable	--	2,133	5,688	--	754
Notes receivable	--	--	--	--	--
Due from other funds	--	10,588	--	--	--
<b>Total Assets</b>	<u>\$ 8,377</u>	<u>\$ 2,193,061</u>	<u>\$ 890,454</u>	<u>\$ 66,590</u>	<u>\$ 168,413</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 4	\$ 14,768	\$ 5,405	\$ 22,658	\$ --
Salaries and benefits payable	--	309,674	218,261	--	--
Due to other funds	--	--	--	8,543	--
Advances from other funds	--	--	--	--	--
Deposits and other liabilities	--	--	--	--	--
Unearned revenue	--	432,910	30	--	--
<b>Total Liabilities</b>	<u>4</u>	<u>757,352</u>	<u>223,696</u>	<u>31,201</u>	<u>--</u>
<b>Fund Balances:</b>					
Reserved:					
Imprest cash	--	150	--	--	--
Unreserved:					
Undesignated	<u>8,373</u>	<u>1,435,559</u>	<u>666,758</u>	<u>35,389</u>	<u>168,413</u>
<b>Total Fund Balances</b>	<u>8,373</u>	<u>1,435,709</u>	<u>666,758</u>	<u>35,389</u>	<u>168,413</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 8,377</u>	<u>\$ 2,193,061</u>	<u>\$ 890,454</u>	<u>\$ 66,590</u>	<u>\$ 168,413</u>

continued

**COUNTY OF YUBA**

Combining Balance Sheet  
 Nonmajor Governmental Funds (continued)  
 June 30, 2009

	Special Revenue				
	Micro Enterprise (Yubasut)	RDA Low Income Housing	Grants	County Service Areas	Gledhill Landscape & Lighting
<b>Assets</b>					
Cash and investments	\$ 38,963	\$ 21,780	\$ 617,460	\$ 3,402,038	\$ 77,839
Other revolving accounts	--	--	--	--	--
Imprest cash	--	--	--	--	--
Accounts receivable	--	--	--	--	--
Due from other agencies	--	--	--	--	--
Interest receivable	241	113	3,357	16,629	421
Notes receivable	--	--	5,104,855	--	--
Due from other funds	10,824	--	--	--	--
<b>Total Assets</b>	<u>\$ 50,028</u>	<u>\$ 21,893</u>	<u>\$ 5,725,672</u>	<u>\$ 3,418,667</u>	<u>\$ 78,260</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ --	\$ --	\$ 3,507	\$ 141,536	\$ --
Salaries and benefits payable	--	--	--	--	--
Due to other funds	--	--	5,477	18,463	2,123
Advances from other funds	--	--	--	--	--
Deposits and other liabilities	--	--	--	--	--
Unearned revenue	--	--	5,104,855	--	--
<b>Total Liabilities</b>	<u>--</u>	<u>--</u>	<u>5,113,839</u>	<u>159,999</u>	<u>2,123</u>
<b>Fund Balances:</b>					
Reserved:					
Imprest cash	--	--	--	--	--
Unreserved:					
Undesignated	50,028	21,893	611,833	3,258,668	76,137
<b>Total Fund Balances</b>	<u>50,028</u>	<u>21,893</u>	<u>611,833</u>	<u>3,258,668</u>	<u>76,137</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 50,028</u>	<u>\$ 21,893</u>	<u>\$ 5,725,672</u>	<u>\$ 3,418,667</u>	<u>\$ 78,260</u>

continued

**COUNTY OF YUBA**

Combining Balance Sheet  
 Nonmajor Governmental Funds (continued)  
 June 30, 2009

	Special Revenue			
	Linda Lighting	Housing Programs	Yuba Housing Authority	Special Revenue Total
<b>Assets</b>				
Cash and investments	\$ 198,006	\$ 23,677	\$ --	\$ 6,744,423
Other revolving accounts	--	--	354,221	354,221
Imprest cash	--	--	--	150
Accounts receivable	--	--	3,979	3,979
Due from other agencies	--	--	--	942,922
Interest receivable	1,054	123	--	30,513
Notes receivable	--	--	--	5,104,855
Due from other funds	--	--	--	21,412
	<u>\$ 199,060</u>	<u>\$ 23,800</u>	<u>\$ 358,200</u>	<u>\$ 13,202,475</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ --	\$ --	\$ 4,658	\$ 192,536
Salaries and benefits payable	--	--	22,747	550,682
Due to other funds	261	--	--	34,867
Advances from other funds	--	--	--	--
Deposits and other liabilities	--	--	5,662	5,662
Unearned revenue	--	--	--	5,537,795
	<u>261</u>	<u>--</u>	<u>33,067</u>	<u>6,321,542</u>
Fund Balances:				
Reserved:				
Imprest cash	--	--	--	150
Unreserved:				
Undesignated	198,799	23,800	325,133	6,880,783
	<u>198,799</u>	<u>23,800</u>	<u>325,133</u>	<u>6,880,933</u>
Total Fund Balances	<u>198,799</u>	<u>23,800</u>	<u>325,133</u>	<u>6,880,933</u>
Total Liabilities and Fund Balances	<u>\$ 199,060</u>	<u>\$ 23,800</u>	<u>\$ 358,200</u>	<u>\$ 13,202,475</u>

continued

**COUNTY OF YUBA**

Combining Balance Sheet  
 Nonmajor Governmental Funds (continued)  
 June 30, 2009

	Capital Projects				Total Nonmajor Governmental Funds
	Minimum Security Construction	Jail Improvement Construction	RDA Capital Projects	Capital Projects Total	
<b>Assets</b>					
Cash and investments	\$ 9,178	\$ 261,731	\$ 41,440	\$ 312,349	\$ 7,056,772
Other revolving accounts	--	--	--	--	354,221
Imprest cash	--	--	--	--	150
Accounts receivable	--	--	--	--	3,979
Due from other agencies	--	26,147	--	26,147	969,069
Interest receivable	--	--	209	209	30,722
Notes receivable	--	--	--	--	5,104,855
Due from other funds	--	--	--	--	21,412
<b>Total Assets</b>	<u>\$ 9,178</u>	<u>\$ 287,878</u>	<u>\$ 41,649</u>	<u>\$ 338,705</u>	<u>\$ 13,541,180</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ --	\$ --	\$ --	\$ --	\$ 192,536
Salaries and benefits payable	--	--	--	--	550,682
Due to other funds	--	--	--	--	34,867
Advances from other funds	--	--	738,942	738,942	738,942
Deposits and other liabilities	--	--	89,850	89,850	95,512
Unearned revenue	--	--	--	--	5,537,795
<b>Total Liabilities</b>	<u>--</u>	<u>--</u>	<u>828,792</u>	<u>828,792</u>	<u>7,150,334</u>
<b>Fund Balances:</b>					
Reserved:					
Imprest cash	--	--	--	--	150
Unreserved:					
Undesignated	<u>9,178</u>	<u>287,878</u>	<u>(787,143)</u>	<u>(490,087)</u>	<u>6,390,696</u>
<b>Total Fund Balances</b>	<u>9,178</u>	<u>287,878</u>	<u>(787,143)</u>	<u>(490,087)</u>	<u>6,390,846</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 9,178</u>	<u>\$ 287,878</u>	<u>\$ 41,649</u>	<u>\$ 338,705</u>	<u>\$ 13,541,180</u>

**COUNTY OF YUBA**

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2009

	Special Revenue				
	Fish & Game	Health Service Fund	Child Support Services	County IHSS Authority	Health Bio- Terrorism
<b>Revenues</b>					
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --
Use of money and property	--	--	167,287	--	1,631
Intergovernmental	--	5,054,725	3,843,130	468,099	--
Fines and forfeitures	4,013	--	--	--	--
Charges for services	--	--	--	--	--
Other revenues	1,000	61,645	26,126	15	155,994
<b>Total Revenues</b>	<u>5,013</u>	<u>5,116,370</u>	<u>4,036,543</u>	<u>468,114</u>	<u>157,625</u>
<b>Expenditures</b>					
Current:					
General government	--	--	--	--	--
Public safety	6,362	--	--	--	--
Public ways and means	--	--	--	--	--
Health and sanitation	--	4,262,549	--	594,076	--
Public assistance	--	--	3,747,542	--	--
<b>Total Expenditures</b>	<u>6,362</u>	<u>4,262,549</u>	<u>3,747,542</u>	<u>594,076</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,349)</u>	<u>853,821</u>	<u>289,001</u>	<u>(125,962)</u>	<u>157,625</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	--	187,701	--	129,772	--
Transfers out	--	--	--	--	--
<b>Total Other Financing     Sources (Uses)</b>	<u>--</u>	<u>187,701</u>	<u>--</u>	<u>129,772</u>	<u>--</u>
Net Change in Fund Balances	<u>(1,349)</u>	<u>1,041,522</u>	<u>289,001</u>	<u>3,810</u>	<u>157,625</u>
Fund Balances, Beginning of Year	9,722	394,187	377,757	31,579	10,788
Prior Period Adjustment	--	--	--	--	--
Fund Balances, Beginning of Year Restated	<u>9,722</u>	<u>394,187</u>	<u>377,757</u>	<u>31,579</u>	<u>10,788</u>
Fund Balances, End of Year	<u>\$ 8,373</u>	<u>\$ 1,435,709</u>	<u>\$ 666,758</u>	<u>\$ 35,389</u>	<u>\$ 168,413</u>

**COUNTY OF YUBA**

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds (continued)  
For the Year Ended June 30, 2009

	Special Revenue				
	Micro Enterprise (Yubasut)	RDA Low Income Housing	Grants	County Service Areas	Gledhill Landscape & Lighting
<b>Revenues</b>					
Taxes	\$ --	\$ 4,649	\$ --	\$ 3,227	\$ --
Use of money and property	1,625	533	16,906	78,059	2,063
Intergovernmental	31,299	--	1,328,475	61	--
Fines and forfeitures	--	--	--	--	--
Charges for services	--	--	--	1,192,031	47,456
Other revenues	21,199	--	--	63,496	--
<b>Total Revenues</b>	<u>54,123</u>	<u>5,182</u>	<u>1,345,381</u>	<u>1,336,874</u>	<u>49,519</u>
<b>Expenditures</b>					
Current:					
General government	49,158	--	10,402	--	--
Public safety	--	--	251,070	--	--
Public ways and means	--	--	--	667,365	55,214
Health and sanitation	--	--	--	--	--
Public assistance	--	--	854,717	--	--
<b>Total Expenditures</b>	<u>49,158</u>	<u>--</u>	<u>1,116,189</u>	<u>667,365</u>	<u>55,214</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,965</u>	<u>5,182</u>	<u>229,192</u>	<u>669,509</u>	<u>(5,695)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	--	--	--	--	--
Transfers out	--	--	--	--	--
<b>Total Other Financing     Sources (Uses)</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	<u>4,965</u>	<u>5,182</u>	<u>229,192</u>	<u>669,509</u>	<u>(5,695)</u>
Fund Balances, Beginning of Year	45,063	16,711	382,641	2,589,159	81,832
Prior Period Adjustment	--	--	--	--	--
Fund Balances, Beginning of Year Restated	<u>45,063</u>	<u>16,711</u>	<u>382,641</u>	<u>2,589,159</u>	<u>81,832</u>
Fund Balances, End of Year	<u>\$ 50,028</u>	<u>\$ 21,893</u>	<u>\$ 611,833</u>	<u>\$ 3,258,668</u>	<u>\$ 76,137</u>

**COUNTY OF YUBA**

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds (continued)  
For the Year Ended June 30, 2009

	Special Revenue			Special Revenue Total
	Linda Lighting	Housing Programs	Yuba Housing Authority	
<b>Revenues</b>				
Taxes	\$ 69,433	\$ --	\$ --	\$ 77,309
Use of money and property	4,642	675	2,768	276,189
Intergovernmental	1,104	--	1,746,462	12,473,355
Fines and forfeitures	--	--	--	4,013
Charges for services	46,567	--	--	1,286,054
Other revenues	--	--	--	329,475
<b>Total Revenues</b>	<u>121,746</u>	<u>675</u>	<u>1,749,230</u>	<u>14,446,395</u>
<b>Expenditures</b>				
Current:				
General government	--	--	--	59,560
Public safety	--	--	--	257,432
Public ways and means	75,372	--	--	797,951
Health and sanitation	--	--	--	4,856,625
Public assistance	--	--	2,141,813	6,744,072
<b>Total Expenditures</b>	<u>75,372</u>	<u>--</u>	<u>2,141,813</u>	<u>12,715,640</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>46,374</u>	<u>675</u>	<u>(392,583)</u>	<u>1,730,755</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	--	--	--	317,473
Transfers out	--	--	--	--
<b>Total Other Financing Sources (Uses)</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>317,473</u>
Net Change in Fund Balances	<u>46,374</u>	<u>675</u>	<u>(392,583)</u>	<u>2,048,228</u>
Fund Balances, Beginning of Year	152,425	23,125	717,716	4,832,705
Prior Period Adjustment	--	--	--	--
Fund Balances, Beginning of Year Restated	<u>152,425</u>	<u>23,125</u>	<u>717,716</u>	<u>4,832,705</u>
Fund Balances, End of Year	<u>\$ 198,799</u>	<u>\$ 23,800</u>	<u>\$ 325,133</u>	<u>\$ 6,880,933</u>

**COUNTY OF YUBA**

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds (continued)  
For the Year Ended June 30, 2009

	Capital Projects				Total Nonmajor Governmental Funds
	Minimum Security Construction	Jail Improvement Construction	RDA Capital Projects	Capital Projects Total	
<b>Revenues</b>					
Taxes	\$ --	\$ --	\$ 20,102	\$ 20,102	\$ 97,411
Use of money and property	--	--	1,043	1,043	277,232
Intergovernmental	--	--	--	--	12,473,355
Fines and forfeitures	--	--	--	--	4,013
Charges for services	--	--	--	--	1,286,054
Other revenues	--	164,809	--	164,809	494,284
<b>Total Revenues</b>	<u>--</u>	<u>164,809</u>	<u>21,145</u>	<u>185,954</u>	<u>14,632,349</u>
<b>Expenditures</b>					
Current:					
General government	--	--	--	--	59,560
Public safety	407	--	--	407	257,839
Public ways and means	--	--	--	--	797,951
Health and sanitation	--	--	--	--	4,856,625
Public assistance	--	--	14,024	14,024	6,758,096
<b>Total Expenditures</b>	<u>407</u>	<u>--</u>	<u>14,024</u>	<u>14,431</u>	<u>12,730,071</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(407)</u>	<u>164,809</u>	<u>7,121</u>	<u>171,523</u>	<u>1,902,278</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	--	--	--	--	317,473
Transfers out	--	(140,000)	--	(140,000)	(140,000)
<b>Total Other Financing     Sources (Uses)</b>	<u>--</u>	<u>(140,000)</u>	<u>--</u>	<u>(140,000)</u>	<u>177,473</u>
Net Change in Fund Balances	<u>(407)</u>	<u>24,809</u>	<u>7,121</u>	<u>31,523</u>	<u>2,079,751</u>
Fund Balances, Beginning of Year	9,585	263,069	(55,322)	217,332	5,050,037
Prior Period Adjustment	--	--	(738,942)	(738,942)	(738,942)
Fund Balances, Beginning of Year Restated	<u>9,585</u>	<u>263,069</u>	<u>(794,264)</u>	<u>(521,610)</u>	<u>4,311,095</u>
Fund Balances, End of Year	<u>\$ 9,178</u>	<u>\$ 287,878</u>	<u>\$ (787,143)</u>	<u>\$ (490,087)</u>	<u>\$ 6,390,846</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, 2009

	<u>Automotive Service</u>	<u>Workers Comp Insurance</u>	<u>Liability Insurance</u>	<u>Health Insurance</u>
<b>Assets</b>				
Current Assets:				
Cash and investments	\$ 1,256,113	\$ 284,355	\$ 1,855,383	\$ 2,682,504
Accounts receivable	4,259	948	--	837,692
Interest receivable	<u>51</u>	<u>589</u>	<u>8,005</u>	<u>12,695</u>
 Total Current Assets	 1,260,423	 285,892	 1,863,388	 3,532,891
Capital Assets:				
Depreciable, net	<u>856,243</u>	<u>--</u>	<u>--</u>	<u>1,658</u>
 Total assets	 <u>\$ 2,116,666</u>	 <u>\$ 285,892</u>	 <u>\$ 1,863,388</u>	 <u>\$ 3,534,549</u>
<b>Liabilities and Net Assets</b>				
Current Liabilities				
Accounts payable	65,284	41	5,363	--
Due to other funds	6,715	--	--	--
Unearned revenue	63,016	--	--	--
Claims liability, current portion	<u>--</u>	<u>--</u>	<u>289,000</u>	<u>--</u>
 Total Current Liabilities	 135,015	 41	 294,363	 --
Long-term Liabilities:				
Claims liability	<u>--</u>	<u>--</u>	<u>580,000</u>	<u>--</u>
 Total Liabilities	 <u>135,015</u>	 <u>41</u>	 <u>874,363</u>	 <u>--</u>
Net Assets:				
Invested in capital assets, net of related debt	856,243	--	--	1,658
Unrestricted	<u>269,165</u>	<u>285,851</u>	<u>989,025</u>	<u>3,531,233</u>
 Total Net Assets	 <u>1,125,408</u>	 <u>285,851</u>	 <u>989,025</u>	 <u>3,532,891</u>
 Total Liabilities and Net Assets	 <u>\$ 1,260,423</u>	 <u>\$ 285,892</u>	 <u>\$ 1,863,388</u>	 <u>\$ 3,532,891</u>

continued

**COUNTY OF YUBA**

Combining Balance Sheet (continued)  
Internal Service Funds  
June 30, 2009

	<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Short Term Disability Insurance</u>	<u>Total</u>
<b>Assets</b>				
Current Assets:				
Cash and investments	\$ 27,415	\$ 133,885	\$ 79,948	\$ 6,319,603
Accounts receivable	--	--	9,174	852,073
Interest receivable	50	577	566	22,533
	<hr/>	<hr/>	<hr/>	<hr/>
Total Current Assets	27,465	134,462	89,688	7,194,209
Capital Assets:				
Depreciable, net	--	--	--	857,901
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 27,465</u>	<u>\$ 134,462</u>	<u>\$ 89,688</u>	<u>\$ 8,052,110</u>
<b>Liabilities and Net Assets</b>				
Current Liabilities				
Accounts payable	19,737	168	--	90,593
Due to other funds	--	--	--	6,715
Unearned revenue	--	--	--	63,016
Claims liability, current portion	--	--	--	289,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Current Liabilities	19,737	168	--	449,324
Long-term Liabilities:				
Claims liability	--	--	--	580,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	19,737	168	--	1,029,324
Net Assets:				
Invested in capital assets, net of related debt	--	--	--	857,901
Unrestricted	7,728	134,294	89,688	5,306,984
	<hr/>	<hr/>	<hr/>	<hr/>
Total Net Assets	7,728	134,294	89,688	6,164,885
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Net Assets	<u>\$ 27,465</u>	<u>\$ 134,462</u>	<u>\$ 89,688</u>	<u>\$ 7,194,209</u>

**COUNTY OF YUBA**

Combining Statement of Revenues, Expenses  
and Changes in Net Assets  
Internal Service Funds  
For the Year Ended June 30, 2009

	<u>Automotive Service</u>	<u>Workers Comp Insurance</u>	<u>Liability Insurance</u>	<u>Health Insurance</u>
<b>Operating Revenues:</b>				
Charges for services	\$ 1,584,720	\$ 883,553	\$ 1,759,769	\$ 11,167,898
Total Operating Revenues	<u>1,584,720</u>	<u>883,553</u>	<u>1,759,769</u>	<u>11,167,898</u>
<b>Operating Expenses:</b>				
Services and supplies	1,631,831	1,633,944	1,190,926	9,881,906
Depreciation	<u>181,078</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Operating Expenses	<u>1,812,909</u>	<u>1,633,944</u>	<u>1,190,926</u>	<u>9,881,906</u>
Net Operating Income (Loss)	<u>(228,189)</u>	<u>(750,391)</u>	<u>568,843</u>	<u>1,285,992</u>
<b>Non-Operating Revenues and Expenses:</b>				
Interest income	<u>292</u>	<u>(2,158)</u>	<u>32,637</u>	<u>51,836</u>
Total Non-Operating Revenues and Expenses	<u>292</u>	<u>(2,158)</u>	<u>32,637</u>	<u>51,836</u>
Change in net assets	(227,897)	(752,549)	601,480	1,337,828
Net Assets, Beginning of Year	<u>1,353,305</u>	<u>1,038,400</u>	<u>387,545</u>	<u>2,195,063</u>
Net Assets, End of Year	<u>\$ 1,125,408</u>	<u>\$ 285,851</u>	<u>\$ 989,025</u>	<u>\$ 3,532,891</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, 2009

	<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Short Term Disability Insurance</u>	<u>Total</u>
<b>Operating Revenues:</b>				
Charges for services	\$ 115,625	\$ 278,375	\$ 95,966	\$ 15,885,906
Total Operating Revenues	<u>115,625</u>	<u>278,375</u>	<u>95,966</u>	<u>15,885,906</u>
<b>Operating Expenses:</b>				
Services and supplies	147,867	311,719	105,497	14,903,690
Depreciation	--	--	--	181,078
Total Operating Expenses	<u>147,867</u>	<u>311,719</u>	<u>105,497</u>	<u>15,084,768</u>
Net Operating Income (Loss)	<u>(32,242)</u>	<u>(33,344)</u>	<u>(9,531)</u>	<u>801,138</u>
<b>Non-Operating Revenues and Expenses:</b>				
Interest income	<u>(315)</u>	<u>4,293</u>	<u>2,794</u>	<u>89,379</u>
Total Non-Operating Revenues and Expenses	<u>(315)</u>	<u>4,293</u>	<u>2,794</u>	<u>89,379</u>
Change in net assets	(32,557)	(29,051)	(6,737)	890,517
Net Assets, Beginning of Year	<u>40,285</u>	<u>163,345</u>	<u>96,425</u>	<u>5,274,368</u>
Net Assets, End of Year	<u>\$ 7,728</u>	<u>\$ 134,294</u>	<u>\$ 89,688</u>	<u>\$ 6,164,885</u>

**COUNTY OF YUBA**

Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2009

	Automotive Services	Workers Comp Insurance	Liability Insurance	Health Insurance
<b>Cash Flows from Operating Activities:</b>				
Receipts from interfund services provided	\$ 1,598,076	\$ 883,314	\$ 1,501,769	\$ 11,312,097
Payments to suppliers	<u>(1,566,547)</u>	<u>(1,633,903)</u>	<u>(1,185,563)</u>	<u>(9,881,906)</u>
Net Cash Provided (Used) by Operating Activities	<u>31,529</u>	<u>(750,589)</u>	<u>316,206</u>	<u>1,430,191</u>
<b>Cash Flows from Investing Activities:</b>				
Interest received (paid)	<u>291</u>	<u>3,945</u>	<u>34,688</u>	<u>47,475</u>
Net Cash Provided (Used) by Investing Activities	<u>291</u>	<u>3,945</u>	<u>34,688</u>	<u>47,475</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Purchase of capital assets	<u>(99,780)</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(99,780)</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(67,960)	(746,644)	350,894	1,477,666
Cash and Cash Equivalents, Beginning of Year	<u>1,324,073</u>	<u>1,030,999</u>	<u>1,504,489</u>	<u>1,204,838</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 1,256,113</u></u>	<u><u>\$ 284,355</u></u>	<u><u>\$ 1,855,383</u></u>	<u><u>\$ 2,682,504</u></u>

continued

**COUNTY OF YUBA**

Combining Statement of Cash Flows (continued)  
Internal Service Funds  
For the Year Ended June 30, 2009

	<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Short-Term Disability Insurance</u>	<u>Total</u>
<b>Cash Flows from Operating Activities:</b>				
Receipts from interfund services provided	\$ 115,625	\$ 278,375	\$ 95,313	\$ 15,784,569
Payments to suppliers	<u>(128,130)</u>	<u>(311,551)</u>	<u>(105,497)</u>	<u>(14,813,097)</u>
Net Cash Provided (Used) by Operating Activities	<u>(12,505)</u>	<u>(33,176)</u>	<u>(10,184)</u>	<u>971,472</u>
<b>Cash Flows from Investing Activities:</b>				
Interest received (paid)	<u>(181)</u>	<u>4,767</u>	<u>2,889</u>	<u>93,874</u>
Net Cash Provided (Used) by Investing Activities	<u>(181)</u>	<u>4,767</u>	<u>2,889</u>	<u>93,874</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Purchase of capital assets	<u>--</u>	<u>--</u>	<u>--</u>	<u>(99,780)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>--</u>	<u>--</u>	<u>--</u>	<u>(99,780)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(12,686)	(28,409)	(7,295)	965,566
Cash and Cash Equivalents, Beginning of Year	<u>40,101</u>	<u>162,294</u>	<u>87,243</u>	<u>5,354,037</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 27,415</u></u>	<u><u>\$ 133,885</u></u>	<u><u>\$ 79,948</u></u>	<u><u>\$ 6,319,603</u></u>

continued

**COUNTY OF YUBA**

Combining Statement of Cash Flows (continued)  
 Internal Service Funds  
 For the Year Ended June 30, 2009

	<u>Automotive Services</u>	<u>Workers Comp Insurance</u>	<u>Liability Insurance</u>	<u>Health Insurance</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (228,189)	\$ (750,391)	\$ 568,843	\$ 1,285,992
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation	181,078	--	--	--
Changes in assets and liabilities:				
Accounts receivable	(4,259)	(239)	--	144,199
Accounts payable	65,284	41	5,363	--
Due to other funds	6,715	--	--	--
Unearned revenue	10,900	--	--	--
Claims liability	--	--	(258,000)	--
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 31,529</u>	<u>\$ (750,589)</u>	<u>\$ 316,206</u>	<u>\$ 1,430,191</u>

continued

**COUNTY OF YUBA**

Combining Statement of Cash Flows (continued)  
Internal Service Funds  
For the Year Ended June 30, 2009

	General Insurance	Unemployment Insurance	Short-Term Disability Insurance	Total
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (32,242)	\$ (33,344)	\$ (9,531)	\$ 801,138
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation	--	--	--	181,078
Changes in assets and liabilities:				
Accounts receivable	--	--	(653)	139,048
Accounts payable	19,737	168	--	90,593
Due to other funds	--	--	--	6,715
Unearned revenue	--	--	--	10,900
Claims liability	--	--	--	(258,000)
	--	--	--	(258,000)
 Net Cash Provided (Used) by Operating Activities	 <u>\$ (12,505)</u>	 <u>\$ (33,176)</u>	 <u>\$ (10,184)</u>	 <u>\$ 971,472</u>