

COUNTY OF YUBA

AUDIT REPORT

JUNE 30, 2010

**COUNTY OF YUBA
AUDIT REPORT
JUNE 30, 2010**

Table of Contents

	<u>Page</u>
Independent Auditor’s Report	1-2
Management’s Discussion and Analysis (M D & A)	3-10
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	11
Statement of Activities.....	12
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	13
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets – Governmental Activities	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Government-Wide Statement of Activities – Governmental Activities.....	16
Proprietary Funds:	
Statement of Net Assets	17
Statement of Revenues, Expenses and Changes in Fund Net Assets	18
Statement of Cash Flows	19-20
Fiduciary Funds:	
Statement of Fiduciary Net Assets	21
Statement of Changes in Fiduciary Net Assets	22
Notes to Financial Statements.....	23-58
Required Supplementary Information:	
County Employee’s Retirement Plan (Defined Benefit Pension Plan):	
Schedule of Funding Progress	59-60
Budgetary Comparison Schedules:	
General Fund.....	61-62
Public Works.....	63
Social Service Fund	64
Public Safety	65-66
Notes to Required Supplementary Information:	
Budgetary Basis of Accounting	67

**COUNTY OF YUBA
AUDIT REPORT
JUNE 30, 2010**

Table of Contents

	<u>Page</u>
Supplementary Information:	
Combining and Individual Fund Statements and Schedules:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	68-71
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	72-75
Internal Service Funds:	
Combining Balance Sheet	76-77
Combining Statement of Revenues, Expenses and Changes in Net Assets	78-79
Combining Statement of Cash Flows	80-83



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 units, 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, 2010, 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 Yuba County Water Agency, which represents 99% and 96%, respectively, of assets and revenues of the discretely presented component units. Those basic financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as they related to the amounts included for the Yuba County Water Agency are based 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.

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 units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2010, 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.

Board of Supervisors
County of Yuba

As discussed in Note 1 to the financial statements, management has elected to early implement Governmental Accounting Standards Board Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*.

As also discussed in Note 1 to the financial statements, the County reclassified the Yuba County Water Agency as a discretely presented component unit. In the previous year, the Water Agency was shown blended.

In accordance with *Government Auditing Standards*, we have also issued under separate cover, our report dated February 11, 2011, 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
February 11, 2011

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

COUNTY OF YUBA

Management's Discussion and Analysis June 30, 2010

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, 2010. 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 \$153.0 million. Of this amount, \$42.4 million is restricted for specific purpose (restricted net assets), and \$181.1 million is invested in capital assets, net of related debt.
- During the year, the County's total net assets decreased by \$202.8 million. Most of this decrease was attributable to an adjustment relative to the Yuba County Water Agency that was included in net assets last fiscal year, but is excluded during FY 09-10 due to a change in accounting requirements promulgated by the Government Accounting Standards Board.
- As of June 30, 2010, the County's governmental funds reported combined fund balances of \$57.1 million. Of this amount, \$42.7 million is unreserved.
- At the end of the fiscal year, unreserved fund balance for the General Fund was \$3.7 million, a decrease of \$6.3 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, 2010

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. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally

COUNTY OF YUBA

Management's Discussion and Analysis June 30, 2010

among the County's various functions. The County uses internal service funds for its self-insurance (Risk Management Authority), which includes general liability, workers' compensation, employee health benefits, and for its fleet operations and maintenance (Fleet Management). Because these services predominantly benefit government rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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

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

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

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

COUNTY OF YUBA

Management's Discussion and Analysis June 30, 2010

County of Yuba's Net Assets (in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009*	2010	2009
Assets:						
Current and other assets	\$ 131,678	\$ 141,342	\$ 305	\$ 387	\$ 131,983	\$ 141,729
Capital assets	215,724	218,749	2,340	2,420	218,064	221,169
Total assets	<u>347,402</u>	<u>360,091</u>	<u>2,645</u>	<u>2,807</u>	<u>350,047</u>	<u>362,898</u>
Liabilities:						
Current and other liabilities	73,060	56,838	86	126	73,146	56,964
Long-term liabilities	123,737	126,272	167	182	123,904	126,454
Total liabilities	<u>196,797</u>	<u>183,110</u>	<u>253</u>	<u>308</u>	<u>197,050</u>	<u>183,418</u>
Net Assets:						
Invested in capital assets, net of related debt	178,836	181,128	2,310	2,346	181,146	183,474
Restricted net assets	42,438	58,352	--	--	42,438	58,352
Unrestricted net assets	(70,669)	(62,499)	82	153	(70,587)	(62,346)
Total net assets	<u>\$ 150,605</u>	<u>\$ 176,981</u>	<u>\$ 2,392</u>	<u>\$ 2,499</u>	<u>\$ 152,997</u>	<u>\$ 179,480</u>

* Restated to remove Yuba County Water Agency. *County reclassified component unit as discretely presented in accordance with GASB Statement No. 61.*

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 \$153 million at the close of the most recent fiscal year. With a continuing levee project costing a total of \$293 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 (118 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. It should also be emphasized that net assets also include long term liabilities for current debt.

COUNTY OF YUBA

Management's Discussion and Analysis June 30, 2010

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	
	2010	2009	2010	2009*	2010	2009
Revenues:						
Program Revenues:						
Charges for services	\$ 19,942	\$ 20,710	\$ 319	\$ 299	\$ 20,261	\$ 21,009
Operating grants and contributions	73,419	75,787	55	10	73,474	75,797
Capital grants and contributions	364	3,503	--	--	364	3,503
General Revenues:						
Property taxes	11,813	13,124	--	--	11,813	13,124
Property taxes in lieu of sales taxes	7,741	8,361	--	--	7,741	8,361
Sales and use taxes	2,239	3,193	--	--	2,239	3,193
Other	1,627	1,717	--	--	1,627	1,717
Unrestricted interest and investment earnings	2,474	3,989	8	5	2,482	3,994
Miscellaneous	--	--	--	60	--	60
Total revenues	<u>119,619</u>	<u>130,384</u>	<u>382</u>	<u>374</u>	<u>120,001</u>	<u>130,758</u>
Expenses:						
General government	11,451	12,720	--	--	11,451	12,720
Public safety	42,797	41,221	--	--	42,797	41,221
Public ways and facilities	30,013	43,144	--	--	30,013	43,144
Health and sanitation	6,211	5,843	--	--	6,211	5,843
Public assistance	51,717	54,963	--	--	51,717	54,963
Education	725	820	--	--	725	820
Interest on long-term debt	3,962	3,261	--	7	3,962	3,268
Airport	--	--	489	603	489	603
Total expenses	<u>146,876</u>	<u>161,972</u>	<u>489</u>	<u>610</u>	<u>147,365</u>	<u>162,582</u>
Change in net assets	(27,257)	(31,588)	(107)	(236)	(27,364)	(31,824)
Net assets at beginning year	176,980	173,799	2,499	2,735	179,479	176,534
Prior period adjustment	882	34,770	--	--	882	34,770
Net assets at end of year	<u>\$ 150,605</u>	<u>\$ 176,981</u>	<u>\$ 2,392</u>	<u>\$ 2,499</u>	<u>\$ 152,997</u>	<u>\$ 179,480</u>

* Restated to remove Yuba County Water Agency. County reclassified component unit as discretely presented in accordance with GASB Statement No. 61.

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, 2010

As of June 30, 2010, the County's governmental funds reported a combined ending fund balance of \$57.1 million, compared to \$77.8 million of the previous year. The majority of the fund balance is undesignated (\$42.7 million).

The General Fund is the chief operating fund of the County. As of June 30, 2010, the General Fund had an unreserved, undesignated balance of \$830,009. The County has included a contingency allocation for the Fifth Street Bridge project of \$ 135,000 and a general contingency balance of \$460,467 for inclusion in the budget for FY2010-11.

In addition to the General Fund, the County maintains five major governmental funds: the Public Works fund, Social Services fund, the Public Safety fund and the Yuba County Financing Authority Debt Service and Capital Projects funds.

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 \$12.6 million in revenues in 2010, compared to \$12.2 million last year. Expenditures decreased from \$12.9 million in 2009 to \$11 million in 2010. Decreased 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 \$43.7 million in revenues in 2010, compared to \$47 million last year. Expenditures were slightly lower in 2010 at \$44.5 million compared to \$47.2 million in 2009.

The Public Safety fund accounts for the operations of public safety departments that include sheriff, district attorney, jail and juvenile hall. In 2010, revenues were \$11.2 million compared to \$11 million in 2009. Expenditures in 2010 and 2009 were \$26.2 million. Public safety funds received an annual General Fund allocation.

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. Net assets decreased from \$2.5 million in 2009 to a balance of \$2.4 million in 2010.

COUNTY OF YUBA

Management's Discussion and Analysis June 30, 2010

GENERAL FUND BUDGETARY HIGHLIGHTS

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(On Budgetary Basis)	Final Budget
Budgetary fund balances, Beginning	\$ 10,474,500	\$ 10,474,500	\$ 10,474,500	\$ --
Resources (inflows):				
Taxes	24,377,842	26,065,000	23,065,458	(2,999,542)
Licenses and permits	4,224,813	2,976,412	1,788,453	(1,187,959)
Fines, forfeitures and penalties	508,500	508,500	923,228	414,728
Use of money and property	755,500	755,500	693,081	(62,419)
Intergovernmental	4,760,451	5,049,826	4,607,633	(442,193)
Charges for services	5,223,798	5,283,124	4,191,427	(1,091,697)
Other revenues	196,000	409,690	286,142	(123,548)
Transfers in	496,470	760,178	59,312	(700,866)
Amounts available for appropriation	<u>40,543,374</u>	<u>41,808,230</u>	<u>35,614,734</u>	<u>(6,193,496)</u>
Charges to appropriations (outflows):				
General government	12,232,082	12,834,012	9,930,592	2,903,420
Public protection	13,162,075	15,914,458	12,143,194	3,771,264
Health and sanitation	1,577,015	1,663,670	1,271,031	392,639
Public assistance	522,040	576,040	438,402	137,638
Education	728,185	832,582	710,315	122,267
Debt service	95,000	95,000	297,187	(202,187)
Transfers out	17,198,389	17,198,389	17,161,535	36,854
Contingencies and reserves	5,503,088	5,503,088	--	5,503,088
Total charges to appropriations	<u>51,017,874</u>	<u>54,617,239</u>	<u>41,952,256</u>	<u>12,664,983</u>
Net change in fund balance	<u>(10,474,500)</u>	<u>(12,809,009)</u>	<u>(6,337,522)</u>	<u>6,471,487</u>
Budgetary fund balances, Ending	<u>\$ --</u>	<u>\$ (2,334,509)</u>	<u>\$ 4,136,978</u>	<u>\$ 6,471,487</u>

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

- o General government - \$2,903,420.

Components – BOS Special (\$460,721); Human Resources (\$223,462); Assessor (\$258,843); Elections (\$294,268); Information Technology (\$344,072).

COUNTY OF YUBA

Management's Discussion and Analysis June 30, 2010

- Public protection - \$3,771,264

Components – Probation (\$1,138,462); Building Inspection (\$1,287,971); Planning (\$527,312); Environmental Health (\$379,270)

- Contingencies and Reserves - \$ 5,503,088

Contingency and reserve appropriations were cancelled in order to provide budgetary resources for fiscal year 2009-2010.

Capital assets. The County of Yuba's investment in capital assets for its governmental and business-type activities as of June 30, 2010, amounted to \$218 million (net of accumulated depreciation) compared to \$221 million (excluding capital assets of the Yuba County Water Agency which has been reclassified to a discretely presented component unit) 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 \$128.43 million. The long-term obligations are as follows:

- \$ 10.72 million – compensated absences
- \$ 0.87 million – liability for self-insurance
- \$ 0.92 million – notes payable
- \$ 36.59 million – capital lease
- \$ 0.29 million – refunding certificates of participation
- \$ 76.71 million – bonds payable
- \$ 2.56 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.

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 8th Street, Suite 105, Marysville, California 95901.

BASIC FINANCIAL STATEMENTS
Government-Wide Financial Statements

COUNTY OF YUBA

Statement of Net Assets
June 30, 2010

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Totals	First Five Commission	Yuba County Water Agency
Assets					
Cash and investments	\$ 82,922,252	\$ 114,830	\$ 83,037,082	\$ 3,142,284	\$ 62,843,689
Cash with fiscal agent	32,181,410	--	32,181,410	--	1,312,230
Deposits	630,824	--	630,824	--	1,976,380
Imprest cash	11,480	--	11,480	--	525
Accounts receivable	1,343,251	6,171	1,349,422	--	4,188,680
Interest receivable	354,531	469	355,000	14,174	363,186
Taxes receivable	63,583	--	63,583	--	--
Due from other agencies	5,826,172	--	5,826,172	162,568	3,741,086
Inventories	149,525	--	149,525	--	--
Prepaid expenses and other assets	--	--	--	--	1,205,881
Notes receivable	5,766,320	183,899	5,950,219	--	3,830,507
Issuance costs, net	2,428,844	--	2,428,844	--	--
Capital assets:					
Nondepreciable	12,067,659	338,468	12,406,127	--	26,778,229
Depreciable, net	203,656,453	2,001,426	205,657,879	866	133,232,379
Total assets	<u>\$ 347,402,304</u>	<u>\$ 2,645,263</u>	<u>\$ 350,047,567</u>	<u>\$ 3,319,892</u>	<u>\$ 239,472,772</u>
Liabilities					
Accounts payable and accrued liabilities	\$ 2,931,118	\$ 12,650	\$ 2,943,768	\$ 346,565	\$ 2,552,671
Salaries & benefits payable	5,743,779	13,241	5,757,020	19,108	231,947
Interest payable	1,591,870	--	1,591,870	--	1,526,207
Deposits and other liabilities	13,484,542	--	13,484,542	--	20,600
Unearned revenue	44,608,513	--	44,608,513	--	25,758,070
Long-term liabilities					
Due within one year	4,699,496	60,291	4,759,787	--	6,516,709
Due in more than one year	121,180,446	167,283	121,347,729	3,259	15,006,769
Other post employment benefits	2,557,000	--	2,557,000	11,345	--
Total liabilities	<u>196,796,764</u>	<u>253,465</u>	<u>197,050,229</u>	<u>380,277</u>	<u>51,612,973</u>
Net Assets					
Invested in capital assets, net of related debt	178,836,205	2,309,868	181,146,073	866	138,868,839
Restricted for:					
Capital projects	8,226,720	--	8,226,720	--	--
Debt service	24,142,232	--	24,142,232	--	1,298,396
Other	10,069,411	--	10,069,411	2,938,749	--
Unrestricted	(70,669,028)	81,930	(70,587,098)	--	47,692,564
Total net assets	<u>150,605,540</u>	<u>2,391,798</u>	<u>152,997,338</u>	<u>2,939,615</u>	<u>187,859,799</u>
Total liabilities and net assets	<u>\$ 347,402,304</u>	<u>\$ 2,645,263</u>	<u>\$ 350,047,567</u>	<u>\$ 3,319,892</u>	<u>\$ 239,472,772</u>

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

COUNTY OF YUBA

Statement of Activities For the Year Ended June 30, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 11,450,869	\$ 2,773,427	\$ 793,362	\$ --
Public safety	42,796,643	9,210,864	11,626,501	--
Public ways and facilities	30,013,120	5,845,534	7,829,662	363,847
Health and sanitation	6,211,147	1,847,791	4,908,259	--
Public assistance	51,716,947	248,649	48,197,220	--
Education	724,487	16,203	63,630	--
Interest on long-term debt	3,961,789	--	--	--
Total governmental activities	<u>146,875,002</u>	<u>19,942,468</u>	<u>73,418,634</u>	<u>363,847</u>
Business-Type Activities:				
Airport	489,533	318,704	55,385	--
Total business-type activities	<u>489,533</u>	<u>318,704</u>	<u>55,385</u>	<u>--</u>
Total primary government	<u>\$ 147,364,535</u>	<u>\$ 27,449,340</u>	<u>\$ 73,474,019</u>	<u>\$ 363,847</u>
Component Units:				
First Five Commission	\$ 1,506,354	\$ --	\$ 1,114,694	\$ --
Yuba County Water Agency	18,026,129	24,794,135	541,160	334,293
Total component units	<u>\$ 19,532,483</u>	<u>\$ 24,794,135</u>	<u>\$ 1,655,854</u>	<u>\$ 334,293</u>
General Revenues:				
Taxes:				
Property taxes				
Property taxes in lieu of sales taxes				
Sales and use taxes				
Transient occupancy taxes				
Transfer taxes				
Other				
Franchise fees				
Unrestricted interest and investment earnings				
Miscellaneous				
Total general revenues				
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.

BASIC FINANCIAL STATEMENTS
Fund Financial Statements

COUNTY OF YUBA

Balance Sheet
Governmental Funds
June 30, 2010

	General Fund	Public Works	Social Services
ASSETS			
Cash and investments	\$ 36,219,999	\$ 20,550,794	\$ 6,831,119
Cash with fiscal agent	303,104	--	--
Deposits	--	8,900	--
Imprest cash	8,530	50	250
Accounts receivable	498,783	735	60
Taxes receivable	63,583	--	--
Interest receivable	221,591	87,354	--
Notes receivable	--	--	--
Due from other agencies	1,322,550	628,133	1,102,720
Due from other funds	127,886	17,047	--
Inventory	--	149,525	--
	<u>\$ 38,766,026</u>	<u>\$ 21,442,538</u>	<u>\$ 7,934,149</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 846,054	\$ 1,143,139	\$ 46,984
Salaries & benefits payable	1,930,410	223,424	1,444,741
Short-term debt	13,387,099	--	--
Due to other funds	12,828	48,823	31,227
Deposits and other liabilities	--	--	--
Unearned revenues	18,867,032	15,848,555	1,521,241
Total liabilities	<u>35,043,423</u>	<u>17,263,941</u>	<u>3,044,193</u>
Fund balances:			
Reserved:			
Imprest cash	8,530	50	250
Inventory	--	149,525	--
Debt service	--	--	--
Capital projects	--	--	--
Unreserved:			
Designated for:			
Encumbrances	686,098	14,149	119,184
Capital projects	2,197,966	--	--
Undesignated and reported in:			
General fund	830,009	--	--
Special revenue funds	--	4,014,873	4,770,522
Capital projects funds	--	--	--
Debt service funds	--	--	--
Total fund balances	<u>3,722,603</u>	<u>4,178,597</u>	<u>4,889,956</u>
Total liabilities and fund balances	<u>\$ 38,766,026</u>	<u>\$ 21,442,538</u>	<u>\$ 7,934,149</u>

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

Public Safety	Yuba Levee Financing Authority Debt Service Fund	Yuba Levee Financing Authority Capital Projects Fund	Other Governmental Funds	Total
\$ 6,558,169	\$ 123,840	\$ --	\$ 7,898,193	\$ 78,182,114
--	24,017,849	7,860,457	--	32,181,410
68,379	--	--	553,545	630,824
2,500	--	--	150	11,480
--	--	--	11,669	511,247
--	--	--	--	63,583
1,489	543	--	29,684	340,661
--	--	--	5,766,320	5,766,320
2,220,087	--	--	552,682	5,826,172
6,533	--	--	31,657	183,123
--	--	--	--	149,525
<u>\$ 8,857,157</u>	<u>\$ 24,142,232</u>	<u>\$ 7,860,457</u>	<u>\$ 14,843,900</u>	<u>\$ 123,846,459</u>

\$ 206,992	\$ --	\$ --	\$ 598,202	\$ 2,841,371
1,621,933	--	--	523,271	5,743,779
--	--	--	89,850	13,476,949
--	--	--	86,681	179,559
--	--	--	7,593	7,593
2,251,762	--	--	6,046,862	44,535,452
<u>4,080,687</u>	<u>--</u>	<u>--</u>	<u>7,352,459</u>	<u>66,784,703</u>

2,500	--	--	150	11,480
--	--	--	--	149,525
--	6,309,750	--	--	6,309,750
--	--	7,860,457	--	7,860,457
132,000	--	--	205,645	1,157,076
--	--	--	--	2,197,966
--	--	--	--	830,009
4,641,970	--	--	6,971,980	20,399,345
--	--	--	313,666	313,666
--	17,832,482	--	--	17,832,482
<u>4,776,470</u>	<u>24,142,232</u>	<u>7,860,457</u>	<u>7,491,441</u>	<u>57,061,756</u>
<u>\$ 8,857,157</u>	<u>\$ 24,142,232</u>	<u>\$ 7,860,457</u>	<u>\$ 14,843,900</u>	<u>\$ 123,846,459</u>

COUNTY OF YUBA

Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets - Governmental Activities
June 30, 2010

Fund Balance - total governmental funds	\$ 57,061,756
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.	214,890,251
Issuance costs on long-term debt is capitalized and amortized over the life of the related debt issue.	2,428,844
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.	(1,591,870)
Long-term liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds.	
Certificates of participation	(295,000)
Bonds payable	(76,712,712)
Loan payable	(885,049)
Capital leases	(36,592,907)
Compensated absences	(10,525,274)
Other post employment benefits	(2,557,000)
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>5,384,501</u>
Net assets of governmental activities	<u>\$ 150,605,540</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, 2010

	General Fund	Public Works	Social Services
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Taxes	\$ 23,065,458	\$ 253,386	\$ --
Licenses and permits	1,788,453	57,973	--
Fines, forfeitures and penalties	923,228	37,683	--
Use of money and property	693,081	30,323	--
Intergovernmental	4,607,633	7,828,456	43,489,262
Charges for services	4,191,427	3,836,337	208,201
Other revenues	286,142	597,244	28,582
Total revenues	<u>35,555,422</u>	<u>12,641,402</u>	<u>43,726,045</u>
Expenditures			
Current:			
General government	9,930,592	--	--
Public protection	12,143,194	--	--
Public ways and facilities	--	10,955,907	--
Health and sanitation	1,271,031	--	--
Public assistance	438,402	--	44,478,200
Education	710,315	--	--
Debt Service:			
Principal	297,187	--	--
Interest	--	--	--
Capital outlay	--	--	--
Total expenditures	<u>24,790,721</u>	<u>10,955,907</u>	<u>44,478,200</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>10,764,701</u>	<u>1,685,495</u>	<u>(752,155)</u>
Other Financing Sources (Uses)			
Transfers in	59,312	44,845	878,247
Transfers out	<u>(17,161,535)</u>	<u>--</u>	<u>--</u>
Total other financing sources (uses)	<u>(17,102,223)</u>	<u>44,845</u>	<u>878,247</u>
Net change in fund balances	(6,337,522)	1,730,340	126,092
Fund balances, beginning of year	10,060,125	2,448,257	4,763,864
Prior period adjustments	<u>--</u>	<u>--</u>	<u>--</u>
Fund balances, end of year	<u>\$ 3,722,603</u>	<u>\$ 4,178,597</u>	<u>\$ 4,889,956</u>

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

Public Safety	Yuba Levee Financing Authority Debt Service Fund	Yuba Levee Financing Authority Capital Projects Fund	Other Governmental	Total
\$ --	\$ --	\$ --	\$ 100,686	\$ 23,419,530
18,110	--	--	--	1,864,536
--	--	--	4,241	965,152
179,840	1,383,987	40,332	100,647	2,428,210
4,597,599	--	--	12,895,684	73,418,634
6,224,274	--	--	1,321,230	15,781,469
136,252	--	--	283,091	1,331,311
<u>11,156,075</u>	<u>1,383,987</u>	<u>40,332</u>	<u>14,705,579</u>	<u>\$ 119,208,842</u>
--	--	--	168,032	10,098,624
26,217,376	--	--	3,745,471	42,106,041
--	--	--	898,295	11,854,202
--	--	--	5,279,463	6,550,494
--	--	--	4,420,619	49,337,221
--	--	--	--	710,315
--	--	--	--	297,187
--	4,047,583	--	27,500	4,075,083
--	--	15,703,893	--	15,703,893
<u>26,217,376</u>	<u>4,047,583</u>	<u>15,703,893</u>	<u>14,539,380</u>	<u>140,733,060</u>
<u>(15,061,301)</u>	<u>(2,663,596)</u>	<u>(15,663,561)</u>	<u>166,199</u>	<u>(21,524,218)</u>
16,094,152	--	--	270,265	17,346,821
(59,312)	--	--	(125,974)	(17,346,821)
<u>16,034,840</u>	<u>--</u>	<u>--</u>	<u>144,291</u>	<u>--</u>
973,539	(2,663,596)	(15,663,561)	310,490	(21,524,218)
3,802,931	26,805,828	23,524,018	6,390,846	77,795,869
--	--	--	790,105	790,105
<u>\$ 4,776,470</u>	<u>\$ 24,142,232</u>	<u>\$ 7,860,457</u>	<u>\$ 7,491,441</u>	<u>\$ 57,061,756</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, 2010

Net change to fund balance - total governmental funds \$ (21,524,218)

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

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	\$ 7,173,600	
The net effect of various transactions involving capital assets such as sales, retirements, trade-ins and donations	(3,314)	
Capital asset contributions	363,847	
Less: current year depreciation	<u>(11,613,368)</u>	(4,079,235)

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		297,187
Capital lease		452,433

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	(186,329)	
Change in compensated absences	466,105	
Change in interest payable	299,623	
Change in OPEB liability	<u>(1,344,000)</u>	(764,601)

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.

(1,638,285)

Change in net assets of governmental activities		<u><u>\$ (27,256,719)</u></u>
---	--	-------------------------------

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

COUNTY OF YUBA

Statement of Fund Net Assets
Proprietary Funds
June 30, 2010

	Business-Type Activities - Enterprise Fund	Governmental Activities
	Nonmajor Enterprise Fund - County Airport	Internal Service Funds
Assets		
Current assets:		
Cash and investments	\$ 114,830	\$ 4,740,138
Accounts receivable	6,171	832,004
Interest receivable	469	13,870
	<hr/>	<hr/>
Total current assets	121,470	5,586,012
Noncurrent assets:		
Long-term receivables	183,899	--
Capital assets:		
Nondepreciable	338,468	--
Depreciable, net	2,001,426	833,861
	<hr/>	<hr/>
Total assets	<u>\$ 2,645,263</u>	<u>\$ 6,419,873</u>
Liabilities		
Current Liabilities:		
Accounts payable	\$ 12,650	\$ 89,747
Salaries & benefits payable	13,241	--
Due to other funds	--	3,564
Unearned revenue	--	73,061
Compensated absences, current portion	30,265	--
Claims liability, current portion	--	507,629
Notes payable, current portion	30,026	--
	<hr/>	<hr/>
Total current liabilities	86,182	674,001
Noncurrent liabilities:		
Compensated absences	167,283	--
Claims liability	--	361,371
	<hr/>	<hr/>
Total liabilities	253,465	1,035,372
Net Assets		
Invested in capital assets, net of related debt	2,309,868	833,861
Unrestricted	81,930	4,550,640
	<hr/>	<hr/>
Total net assets	2,391,798	5,384,501
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 2,645,263</u>	<u>\$ 6,419,873</u>

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

COUNTY OF YUBA

Statement of Revenues, Expenses and Changes in Fund Net Assets
 Proprietary Funds
 For the Year Ended June 30, 2010

	Business-Type Activities - Enterprise Fund	Governmental Activities
	Nonmajor Enterprise Fund County Airport	Internal Service Funds
Operating Revenues:		
User fees and charges	\$ --	\$ 11,595,376
Rents and concession	318,704	--
Total operating revenues	<u>318,704</u>	<u>11,595,376</u>
Operating Expenses:		
Salaries and benefits	161,084	--
Services and supplies	185,036	13,077,311
Depreciation	138,893	201,944
Total operating expenses	<u>485,013</u>	<u>13,279,255</u>
 Operating income (loss)	 <u>(166,309)</u>	 <u>(1,683,879)</u>
Nonoperating Revenues (Expenses):		
Intergovernmental revenue	55,385	--
Interest revenue	8,449	45,594
Interest expense	(4,520)	--
Total nonoperating revenues (expenses)	<u>59,314</u>	<u>45,594</u>
 Change in net assets	 (106,995)	 (1,638,285)
 Net assets, beginning of year	 <u>2,498,793</u>	 <u>7,022,786</u>
 Net assets, end of year	 <u>\$ 2,391,798</u>	 <u>\$ 5,384,501</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, 2010

	Business-Type Activities - Enterprise Fund	Governmental Activities
	Nonmajor Enterprise Fund County Airport	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from customers and users	\$ 318,704	\$ 11,615,445
Cash paid to suppliers for goods and services	(202,910)	(13,071,263)
Cash paid to employees for salaries and benefits	(153,647)	--
	(37,853)	(1,455,818)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Repayments received on notes receivable	14,568	--
Noncapital grants received from other agencies	55,385	--
Miscellaneous inflows	--	222,000
Miscellaneous outflows	--	(222,000)
	69,953	--
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal paid for capital financing	(44,521)	--
Interest payments for capital financing	(4,520)	--
Acquisition of capital assets	(58,300)	(192,100)
Proceeds from sale of capital assets	--	14,196
Net cash provided (used) by capital and related financing activities	(107,341)	(177,904)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	8,791	54,257
Net cash provided by investing activities	8,791	54,257
Net Increase (Decrease) in Cash and Cash Equivalents	(66,450)	(1,579,465)
Cash and cash equivalents, beginning of year	181,280	6,319,603
Cash and cash equivalents, end of year	\$ 114,830	\$ 4,740,138

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, 2010

	Business-Type Activities - Enterprise Fund	Governmental Activities
	Nonmajor Enterprise Fund County Airport	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (166,309)	\$ (1,683,879)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:		
Depreciation	138,893	201,944
Changes in assets and liabilities:		
Accounts receivable	--	20,069
Accounts payable	(4,750)	(846)
Accrued salaries and benefits	130	--
Compensated absences	7,307	--
Deferred income	--	10,045
Due to other funds	(13,124)	(3,151)
	\$ (37,853)	\$ (1,455,818)
Net Cash Provided (Used) by Operating Activities		

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

COUNTY OF YUBA

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	Agency Funds	Investment Trust Fund
Assets		
Current Assets:		
Cash and investments	\$ 5,731,966	\$ 244,258,020
Taxes receivable	11,912,242	--
Total assets	\$ 17,644,208	\$ 244,258,020
Liabilities		
Current Liabilities:		
Agency obligations	\$ 17,644,208	\$ --
Net Assets		
Net assets held in trust for other purposes	--	244,258,020
Total liabilities and net assets	\$ 17,644,208	\$ 244,258,020

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, 2010

	<u>Investment Trust Fund</u>
ADDITIONS:	
Interest and investment income	\$ 1,010,426
Contributions from participants	<u>46,678,111</u>
Total Additions	47,688,537
DEDUCTIONS:	
Distributions to participants	<u>90,919,726</u>
Change in net assets	(43,231,189)
Net assets, beginning of year	<u>287,489,209</u>
Net assets, end of year	<u><u>\$ 244,258,020</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, 2010

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. 61.

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 30th 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, 2010

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

Discretely Presented Component Units

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 five members of the County's Board of Supervisors collectively form a majority of the Water Agency's seven member Board of Directors.

Since there is not a financial benefit or burden relationship between the County and the Water Agency and the County does not have operational responsibility for the Agency, the Water Agency is considered a discretely presented component unit of the County in accordance with GASB Statement No. 61. 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.

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, 2010

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, 2010

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, 2010

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 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, 2010

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, 2010

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, 2010

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, 2010

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, 2010

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

L. 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.

Governmental Accounting Standards Board (GASB) Statement No. 61

In December 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*. Certain requirements for inclusion of component units in the financial reporting entity were modified. This statement, among other modifications, amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. For component units that currently are blended based on the “substantively the same governing body” criterion, it additionally requires that (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government have operational responsibility for the activities of the component unit. New criteria also are added to require blending of component units whose total debt outstanding is expected to be repaid entirely or almost entirely with resources of the primary government. Any component unit not meeting these additional criteria is required to be shown discretely in the financial statements of the primary government.

For the fiscal year ended June 30, 2010, the County has elected to early implement Government GASB Statement No. 61 and these statements are presented according to those requirements.

COUNTY OF YUBA

Notes to Basic Financial Statements June 30, 2010

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

M. Use of Estimates

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

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.

Capital Assets – During the year, the County increased the beginning balances of capital assets to correct prior year errors. Accordingly, beginning net assets for governmental activities were increased by \$1,078,781.

Notes and Interest Payable – During the year, the Water Agency's presentation was changed to discretely presented component unit. This required the County to reclassify previously reported advances of \$738,942 owed by the County Redevelopment Agency as notes payable in the Government-Wide statements. Prior year accrued interest payable on the debt was also included. The effect of these adjustments was to increase beginning fund balance of other government funds by \$738,942, and decrease the beginning balance of net assets for governmental activities by \$248,171.

Yuba County Water Agency – The County elected to early implement GASB 61, resulting in the Water Agency being shown as a discretely presented component unit. As a result, beginning net assets of the business-type activities were restated by \$176,323,195.

External Cash Account – During the year, the County increased the beginning balance of cash and investments by \$51,163 to properly include a bank account belonging to the Housing Authority.

COUNTY OF YUBA

Notes to Basic Financial Statements June 30, 2010

Note 2: **Restatement of Fund Equity/Net Assets Fund Reclassifications** (continued)

The impact of the restatements on the fund balances/net assets as previously reported is presented below:

	Government-Wide		Fund Statements	
	Statement of Activities		Governmental	Enterprise
	Governmental	Business-Type	Funds	Funds
	Governmental	Business-Type	Other	Yuba County
	Activities	Activities	Governmental	Water Agency
Fund balances/net assets, June 30, 2009, as previously reported	\$ 176,980,486	\$ 178,821,988	\$ 6,390,846	\$ 176,323,195
Restatements and corrections:				
Capital assets	1,078,781	--	--	--
Notes and interest payable	(248,171)	--	738,942	--
Yuba County Water Agency	--	(176,323,195)	--	(176,323,195)
External Cash Account	51,163	--	51,163	--
Total restatements and corrections	881,773	(176,323,195)	790,105	(176,323,195)
Fund balances/net assets, June 30, 2009, as restated	\$ 177,862,259	\$ 2,498,793	\$ 7,180,951	\$ --

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.

COUNTY OF YUBA

Notes to Basic Financial Statements June 30, 2010

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

At June 30, 2010, total County cash and investments were as follows:

<i>Cash:</i>	
Cash on hand	\$ 44,361
Deposits	6,450,177
Outstanding warrants	(10,124,831)
Total cash overdrafts	<u>(3,630,293)</u>
 <i>Investments:</i>	
Investment pool	405,262,543
Held with fiscal agents	33,493,640
Total investments	<u>438,756,183</u>
 Total cash and investments	 <u><u>\$ 435,125,890</u></u>

Total cash and investments at June 30, 2010 were presented on the County's financial statements as follows:

Primary government	\$115,860,796
Discretely presented component units	69,275,108
Investment trust fund	244,258,020
Agency fund	<u>5,731,966</u>
 Total	 <u><u>\$435,125,890</u></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, 2010, none of the County's deposits was exposed to custodial risk.

COUNTY OF YUBA

Notes to Basic Financial Statements June 30, 2010

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 \$106 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, 2010

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

Investments (continued)

At June 30, 2010, the County had the following investments:

	Interest Rates	Maturities	Par	Fair Value	Carrying Value	Weighted Average Maturity (Years)
Primary Investment Pool:						
Federal Agency Obligations	0.750% - 5.000%	3/11/11 - 6/17/15	\$145,250,000	\$147,729,707	\$145,430,291	3.23
Medium Term Corporate Notes	0.419% - 5.720%	7/6/10 - 6/20/14	76,590,000	76,852,346	75,641,906	1.79
Negotiable Certificates of Deposit	0.566% - 1.239%	4/26/12 - 11/30/12	25,000,000	25,047,385	25,000,000	2.17
Local Agency Issues	5.500%	8/1/12	100,000	102,429	100,000	2.09
Money Market Mutual Funds	Variable	On Demand	3,135,764	3,136,294	3,135,764	0.00
Local Agency Investment Fund (LAIF)	Variable	On Demand	50,000,000	50,023,350	50,000,000	0.00
California Asset Management Pool	Variable	On Demand	105,954,582	105,973,304	105,954,582	0.00
Total			\$406,030,346	\$408,864,815	\$405,262,543	1.64
Investments outside Investment Pool						
<i>Cash held with fiscal agent</i>						
Federal Agency Obligations	1.000% - 7.100%	8/18/10 - 2/11/15	\$ 25,370,000	\$ 26,967,278	\$ 26,967,276	2.82
Medium Term Corporate Notes	4.800%	6/1/11	296,000	296,000	296,000	0.92
Money market mutual funds	Variable	On Demand	1,369,907	1,369,907	1,369,907	0.00
California Asset Management Pool	Variable	On Demand	4,860,457	4,860,457	4,860,457	0.00
			\$ 31,896,364	\$ 33,493,642	\$ 33,493,640	2.28

At June 30, 2010 the difference between the carrying value and fair value of pooled cash and investments was not materially different (fair value was 100.89% 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.

COUNTY OF YUBA

Notes to Basic Financial Statements June 30, 2010

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, 2010, in accordance with state law and the County's investment policy, the County did not have 10% or more of its net investment in any one mutual fund. Investments in any one issuer (other than U.S. Treasury securities, money market mutual funds, and external investment pools) that represent 5% or more of the total county investments are as follows:

Federal Home Loan Bank	Federal Agency	\$ 40,246,657
Federal Home Loan Mortgage Corporation	Federal Agency	55,102,037
Federal National Mortgage Association (Fannie Mae)	Federal Agency	30,250,610
General Electric Capital Corporation	Medium Term Note	52,292,490

COUNTY OF YUBA

Notes to Basic Financial Statements June 30, 2010

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, 2010.

	<u>Moody's</u>	<u>% of Portfolio</u>
Federal Agency Obligations	AAA	27.53%
Federal Agency Obligations	Aaa	8.59%
Medium Term Corporate Notes	AAA	1.31%
Medium Term Corporate Notes	Aa2	11.13%
Medium Term Corporate Notes	A1	3.95%
Medium Term Corporate Notes	A2	2.41%
Negotiable Certificates of Deposit	Aa1	2.45%
Negotiable Certificates of Deposit	Aa2	1.22%
Negotiable Certificates of Deposit	A1	2.46%
California Asset Management Pool	AAA	25.92%
Money Market Mutual Fund	Unrated	0.77%
Local Agency Obligation	Unrated	0.03%
Local Agency Investment Fund (LAIF)	Unrated	12.23%
Total		<u>100.00%</u>

Custodial Credit Risk

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

COUNTY OF YUBA

Notes to Basic Financial Statements June 30, 2010

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, 2010, the County's investment position in the State of California Local Agency Investment Fund (LAIF) was \$50 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 \$69.4 billion. Of that amount, 5.42% was invested in structured notes and asset-backed securities with the remaining 94.58% 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, 2010:

Statement of Net Assets

Net assets held for pool participants	<u>\$ 399,013,041</u>
Equity of internal pool participants	\$ 88,769,048
Equity of external pool participants	<u>310,243,993</u>
Total net assets	<u>\$ 399,013,041</u>

Statement of Changes in Net Assets

Net assets at July 1, 2009	\$ 437,402,852
Net changes in investments by pool participants	<u>(38,389,811)</u>
Net assets at June 30, 2010	<u>\$ 399,013,041</u>

COUNTY OF YUBA

Notes to Basic Financial Statements
June 30, 2010

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, 2010 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Public Works	\$ 48,393
	Internal Service Funds	3,564
	Other Governmental Funds	75,929
Public Works	General Fund	12,828
	Other Governmental Funds	4,219
Public Safety	Other Governmental Funds	6,533
Other Governmental Funds	Social Services Fund	31,227
	Public Works	<u>430</u>
		<u>\$ 183,123</u>

Transfers:

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Social Services	\$ 878,247
	Public Works	44,845
	Public Safety	15,968,178
	Other Governmental Funds	270,265
Public Safety	General Fund	59,312
Internal Service Fund	Internal Service Fund	222,000
Other Governmental funds	Public Safety	<u>125,974</u>
		<u>\$ 17,568,821</u>

COUNTY OF YUBA

Notes to Basic Financial Statements June 30, 2010

Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2010, was as follows:

	Balance July 1, 2009	Additions	Deletions	Transfers & Adjustments	Balance June 30, 2010
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 4,427,029	\$ 582,172	\$ --	\$ (60,000)	\$ 4,949,201
Construction in progress	20,015,950	5,581,003	--	(18,478,495)	7,118,458
Total capital assets, not being depreciated	<u>24,442,979</u>	<u>6,163,175</u>	<u>--</u>	<u>(18,538,495)</u>	<u>12,067,659</u>
Capital assets, being depreciated:					
Infrastructure	227,863,926	363,847	--	20,661,478	248,889,251
Structures and improvements	75,281,484	214,746	--	(4,998,286)	70,497,944
Equipment	15,076,067	987,779	(213,666)	(12,303)	15,837,877
Total capital assets, being depreciated	<u>318,221,477</u>	<u>1,566,372</u>	<u>(213,666)</u>	<u>15,650,889</u>	<u>335,225,072</u>
Less accumulated depreciation for:					
Infrastructure	(90,784,540)	(8,403,404)	--	3,025,706	(96,162,238)
Structures and improvements	(20,958,369)	(1,770,690)	--	126,110	(22,602,949)
Equipment	(12,172,941)	(1,641,218)	210,352	800,375	(12,803,432)
Total accumulated depreciation	<u>(123,915,850)</u>	<u>(11,815,312)</u>	<u>210,352</u>	<u>3,952,191</u>	<u>(131,568,619)</u>
Total capital assets, being depreciated, net	<u>194,305,627</u>	<u>(10,248,940)</u>	<u>(3,314)</u>	<u>19,603,080</u>	<u>203,656,453</u>
Government activities capital assets, net	<u>\$ 218,748,606</u>	<u>\$ (4,085,765)</u>	<u>\$ (3,314)</u>	<u>\$ 1,064,585</u>	<u>\$ 215,724,112</u>
	Restated Balance July 1, 2009	Additions	Deletions	Transfers & Adjustments	Balance June 30, 2010
Business-Type Activities					
Capital assets, not being depreciated:					
Land	\$ 280,168	\$ --	\$ --	\$ --	\$ 280,168
Construction in progress	663,477	58,300	--	(663,477)	58,300
Total capital assets, not being depreciated	<u>943,645</u>	<u>58,300</u>	<u>--</u>	<u>(663,477)</u>	<u>338,468</u>
Capital assets, being depreciated:					
Structures and improvements	4,571,961	--	--	663,477	5,235,438
Equipment	288,385	--	(8,772)	--	279,613
Total capital assets, being depreciated	<u>4,860,346</u>	<u>--</u>	<u>(8,772)</u>	<u>663,477</u>	<u>5,515,051</u>
Less accumulated depreciation for:					
Structures and improvements	(3,222,427)	(117,742)	--	(2,664)	(3,342,833)
Equipment	(161,077)	(21,151)	8,772	2,664	(170,792)
Total accumulated depreciation	<u>(3,383,504)</u>	<u>(138,893)</u>	<u>8,772</u>	<u>--</u>	<u>(3,513,625)</u>
Total capital assets, being depreciated, net	<u>1,476,842</u>	<u>(138,893)</u>	<u>--</u>	<u>663,477</u>	<u>2,001,426</u>
Business-type activities capital assets, net	<u>\$ 2,420,487</u>	<u>\$ (80,593)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,339,894</u>

COUNTY OF YUBA

Notes to Basic Financial Statements June 30, 2010

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

Depreciation expense was charged to governmental functions as follows:

General government	\$ 1,118,661
Public protection	157,742
Public ways	8,572,096
Health and sanitation	14,823
Public assistance	1,750,046
Depreciation on capital assets held by the County's internal service funds are charged to various functions based on their usage of the assets	201,944
Total	\$11,815,312

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

Airport	\$ 138,893
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Note 6: **Long-Term Liabilities**

Long-term debt at June 30, 2010 consisted of the following:

	Date of Issue	Date of Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2010
<u>Governmental Activities</u>						
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	\$ 295,000
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 - Yuba County Water Agency <i>road and drainage improvements</i>	2000	2019	Variable	\$2,000	765,085	738,942
Note payable - CDBG Program <i>road and drainage improvements</i>	2000	2019	0.00%	\$0	146,107	146,107
Total Governmental Activities					\$ 82,241,192	\$ 79,550,049
<u>Business-Type Activities</u>						
Notes payable <i>Construct airport hangar complex</i>	1995	2012	6.08%	\$30,026-\$40,380	\$ 465,922	\$ 30,026

COUNTY OF YUBA

Notes to Basic Financial Statements June 30, 2010

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

The following is a summary of long-term liability transactions for the year ended June 30, 2010:

	Restated Balance July 1, 2009	Additions	Retirements	Balance June 30, 2010	Amounts Due Within One Year
Governmental Activities					
Refunding certificates of participation	\$ 575,000	\$ --	\$ (280,000)	\$ 295,000	\$ 295,000
Bonds payable	78,370,000	--	--	78,370,000	--
Less: unamortized discount	(1,724,405)	--	67,117	(1,657,288)	--
Notes payable	885,049	--	--	885,049	--
Capital leases	37,045,340	--	(452,433)	36,592,907	475,579
Compensated absences	10,991,379	5,431,144	(5,897,249)	10,525,274	3,421,288
Liability for self-insurance	869,000	507,329	(507,329)	869,000	507,629
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Governmental Activities					
Long-term liabilities	<u>\$ 127,011,363</u>	<u>\$ 5,938,473</u>	<u>\$ (7,069,894)</u>	<u>\$ 125,879,942</u>	<u>\$ 4,699,496</u>
Business-type Activities					
Notes payable	\$ 74,547	\$ --	\$ (44,521)	\$ 30,026	\$ 30,026
Compensated absences	190,241	29,100	(21,793)	197,548	30,265
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Business-type Activities					
Long-term liabilities	<u>\$ 264,788</u>	<u>\$ 29,100</u>	<u>\$ (66,314)</u>	<u>\$ 227,574</u>	<u>\$ 60,291</u>

As of June 30, 2010, annual debt service requirements of governmental activities to maturity are as follows:

Year Ending June 30:	Governmental Activities					
	Refunding					
	Certificates of Participation	Notes Payable ¹		Bonds Payable		
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 295,000	\$ 14,308	\$ --	\$ --	\$ --	\$ 4,047,583
2012	--	--	--	--	--	4,047,583
2013	--	--	--	--	--	4,047,583
2014	--	--	--	--	--	4,047,583
2015	--	--	--	--	--	4,047,583
2016-2020	--	--	146,107	229,179	2,245,000	20,237,913
2021-2025	--	--	--	--	13,530,000	17,937,425
2026-2030	--	--	--	--	17,755,000	13,778,830
2031-2035	--	--	--	--	22,475,000	9,060,561
2036-2039	--	--	--	--	22,365,000	2,863,500
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	<u>\$ 295,000</u>	<u>\$ 14,308</u>	<u>\$ 146,107</u>	<u>\$ 229,179</u>	<u>\$ 78,370,000</u>	<u>\$ 84,116,144</u>

¹Currently, the County is attempting to renegotiate the payment terms on the note held by the Yuba County Water Agency. The outcome of these negotiations was uncertain at June 30, 2010.

COUNTY OF YUBA

Notes to Basic Financial Statements June 30, 2010

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

As of June 30, 2010, annual debt service requirements of business-type activities to maturity are as follows:

Year Ending June 30:	Business-Type Activities	
	Loans Payable	
	Principal	Interest
2011	\$ 30,026	\$ 1,820

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.

Notes Payable – Yuba County Water Agency

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

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

Revenue projections for the Olivehurst Avenue Redevelopment Project Area were not realized as anticipated and by 2003, the Agency defaulted on the note. Repayment provisions were revised to suspend the original repayment terms for five years beginning August 2003.

COUNTY OF YUBA

Notes to Basic Financial Statements
June 30, 2010

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

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

Currently, the RDA and the Water Agency are attempting to renegotiate the obligation and develop a payment plan that is within the RDA's current projected cash flow. As of June 30, 2010, the outcome of these negotiations is uncertain.

Annual debt service payments to maturity as of June 30, 2010, are not determinable.

Note 7: **Short-Term Debt**

On July 1, 2009, the county issued a Tax and Revenue Anticipation Note (TRAN) in the amount of \$13.2 million with an interest rate of 4.00% and a maturity date of October 30, 2010. Proceeds of the funds were used for cash flow purposes as needed by the County. The balance of the note was \$13.2 million at June 30, 2010 and was paid in full as of October 29, 2010.

Note 8: **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, 2010:

	<u>Stated Interest Rate</u>	<u>Present Value of Remaining Payments as of June 30, 2010</u>
HHS Building	5.00%	<u>\$ 36,592,907</u>

The cost of buildings under capital leases are as follows:

HHS Building	\$ 37,885,213
Less: Accumulated amortization	<u>(3,157,101)</u>
Total	<u>\$ 34,728,112</u>

COUNTY OF YUBA

Notes to Basic Financial Statements
June 30, 2010

Note 8: **Leases** (continued)

As of June 30, 2010, future minimum lease payments under capital leases was as follows:

Year Ending June 30:	
2011	\$ 2,294,424
2012	2,294,424
2013	2,294,424
2014	2,294,424
2015	2,294,424
2016-2020	11,472,120
2021-2025	11,472,120
2026-2030	11,472,120
2031-2035	11,472,120
2036-2040	11,472,120
2041-2044	<u>4,861,922</u>
Total Future Minimum Lease Payments	73,694,642
Less: Interest	<u>(37,101,735)</u>
Present Value of Minimal Lease Payments	<u>\$ 36,592,907</u>

Note 9: **Revolving Notes Receivable**

At June 30, 2010, the County had \$5,766,320 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	\$3,984,217
HOME Investment Partnerships Program	836,367
CDBG Economic Development Initiative	221,755
Neighborhood Stabilization Program	723,981
	<u>\$5,766,320</u>

COUNTY OF YUBA

Notes to Basic Financial Statements June 30, 2010

Note 10: **Public Employee Retirement System**

Plan Description

The County contributes to the California Public Employees' Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute. Copies of PERS' annual financial reports may be obtained from their Executive Office located at 400 P Street, Sacramento, California 95814.

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, 2010, the employer contribution rate was 12.016% for the miscellaneous plan and 15.313% 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 2009-2010, the County's annual pension cost of \$6,941,909 for PERS was equal to the County's required and actual contributions. The required contribution was determined as part of the June 30, 2007 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, 2007 was thirty years.

COUNTY OF YUBA

Notes to Basic Financial Statements
June 30, 2010

Note 10: **Public Employee Retirement System** (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>
06/30/08	\$ 6,720,164	100%	\$ --
06/30/09	7,027,724	100%	--
06/30/10	6,941,909	100%	--

Funded Status and Funding Progress

The following is the funded status information for each plan as of June 30, 2009, 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	\$ 207,447,759	\$ 163,971,476	\$ 43,476,283	79.0%	\$ 41,466,564	104.8%
Safety	67,470,123	52,403,054	15,067,069	77.7%	12,785,500	117.8%

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.

Note 11: **Early Termination Benefits**

In September 2009, the County offered employees eligible for retirement under CalPERS' policies an early retirement incentive. Employees who chose to retire in December 2009 or January 2010 were offered cash payments of \$500 per full-time equivalent years worked. Nineteen employees accepted the offer and early termination benefits of \$239,100 were paid.

COUNTY OF YUBA

Notes to Basic Financial Statements June 30, 2010

Note 12: Risk Management

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

The County is a member of the County Supervisors Association of California Excess Insurance Authority (CSAC-EIA), a public entity risk pool currently operating as a common risk manager and insurance program for counties. Should actual losses among pool participants be greater than anticipated, the County will be assessed its prorata share of the deficiency. Conversely, if the actual pool losses are less than anticipated, the County will be refunded its 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, 2010, 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, 2010 and 2009 were as follows:

	<u>2010</u>	<u>2009</u>
Unpaid claims, beginning of year	\$ 869,000	\$ 1,127,000
Estimated claims incurred and adjustments	507,629	31,000
Claims payments	<u>(507,629)</u>	<u>(289,000)</u>
Unpaid claims, end of year	<u>\$ 869,000</u>	<u>\$ 869,000</u>

COUNTY OF YUBA

Notes to Basic Financial Statements
June 30, 2010

Note 13: **Other Post Employment Benefits**

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. Retiree medical benefits are provided 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 following are the components of the County’s annual OPEB cost for the fiscal year ended June 30, 2010:

Annual required contribution	\$ 1,482,000
Interest on net OPEB obligation	56,000
Adjustments to ARC	<u>(92,000)</u>
Annual OPEB cost (expense)	1,446,000
Contributions made	<u>(102,000)</u>
Increase in net OPEB obligation	1,344,000
Net OPEB obligation, beginning of year	<u>1,213,000</u>
Net OPEB obligation, end of year	<u><u>\$ 2,557,000</u></u>

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 2009/10 and 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>
6/30/10	\$1,446,000	7.1%	\$2,557,000
6/30/09	1,347,000	9.9	1,213,000

COUNTY OF YUBA

Notes to Basic Financial Statements June 30, 2010

Note 13: **Other Post Employment Benefits** (continued)

Funded Status and Funding Progress. The funded status of the plan as of June 30, 2009, the plan's most recent actuarial valuation date, was as follows (dollar amounts in thousands):

Actuarial accrued liability (AAL)	\$ 9,813,000
Actuarial value of plan assets	<u> --</u>
Unfunded actuarial accrued liability (UAAL)	<u> 9,813,000</u>
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active Plan members)	\$53,677,000
UAAL as a percentage of covered payroll	18.28%

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, 2009 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, 2009 was 28 years.

COUNTY OF YUBA

Notes to Basic Financial Statements June 30, 2010

Note 14: Net Assets/Fund Balances

Net Assets

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

- *Invested in Capital Assets, Net of Related Debt* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *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.
- *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, 2010, is \$(70,669,028). 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	\$ --	\$ 52,880,444	\$ 4,181,312
Internal service fund net assets	833,861	--	4,550,640
Capital Assets	214,890,251	--	--
Other assets	--	--	2,428,844
Other liabilities	--	--	(1,591,870)
Compensated absences	--	(8,761,608)	(1,763,666)
Other post employment benefits	--	(1,680,473)	(876,527)
Notes payable	--	--	(885,049)
Long-Term Debt			
Certificates of Participation	(295,000)	--	--
Bonds payable, net of discount	--	--	(76,712,712)
Capital lease	(36,592,907)	--	--
	\$ 178,836,205	\$ 42,438,363	\$ (70,669,028)

COUNTY OF YUBA

Notes to Basic Financial Statements June 30, 2010

Note 14: Net Assets/Fund Balances (continued)

Net Assets (continued)

Net assets were restricted for the following purposes:

Capital projects	\$ 8,226,720
Debt service	24,142,232
Other Restrictions:	
Public assistance programs	2,272,933
Public facilities	7,796,478
	<u>\$42,438,363</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, 2010

Note 14: **Net Assets/Fund Balances** (continued)

Deficit Fund Balances

The following funds have fund balance deficits as of June 30, 2010:

Nonmajor Governmental Funds:		
Yuba County RDA Capital Projects	\$	52,597

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

Note 15: **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 16: **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, 2010

Note 16: **Joint Venture** (continued)

Condensed financial information of the Authority for the fiscal year ended June 30, 2010 is as follows:

Cash and investments in the County of Yuba's	
Investment Pool	\$ 16,444,956
Other current assets	2,992,545
Deposit - Condemnation Fund	351,435
Total Assets	19,788,936
Accounts payable	(6,243,302)
Net Assets	\$ 13,545,634
Revenues	53,656,665
Levee improvement costs	(54,496,111)
Administration	(812,105)
Changes in net assets	(1,651,551)
Net Assets, beginning of year	15,197,185
Net assets, end of year	\$ 13,545,634

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, 2010, were as follows:

Fiscal Year Ending	
June 30:	
2004	\$ 701,774
2005	5,603,384
2006	50,572,148
2007	74,257,632
2008	24,376,482
2009	82,916,631
2010	54,496,111
	\$ 292,924,162

COUNTY OF YUBA

Notes to Basic Financial Statements June 30, 2010

Note 16: **Joint Venture** (continued)

During the year ended June 30, 2010, the County of Yuba transferred a total of \$15.7 million to the Authority to fund ongoing levee improvements. At June 30, 2010, the Authority's investment account in the County's investment pool had a balance of \$16,444,956.

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.

**REQUIRED
SUPPLEMENTARY INFORMATION**

COUNTY OF YUBA

Required Supplementary Information
For the Fiscal Year Ended June 30, 2010

SCHEDULE OF FUNDING PROGRESS – RETIREMENT PLAN

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

Fund Status of Miscellaneous Plan

Validation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded/ (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
June 30, 2007	\$ 171,576,680	\$ 141,794,902	\$ 29,781,778	82.6%	\$ 39,446,065	75.5%
June 30, 2008	188,074,879	154,275,050	33,799,829	82.0%	40,716,433	83.0%
June 30, 2009	207,447,759	163,971,476	43,476,283	79.0%	41,466,564	104.8%

Fund Status of Safety Plan

Validation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded/ (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
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%
June 30, 2009	67,470,123	52,403,054	15,067,069	77.7%	12,785,500	117.8%

COUNTY OF YUBA

Required Supplementary Information
For the Fiscal Year Ended June 30, 2010

SCHEDULE OF FUNDING PROGRESS – RETIREE HEALTHCARE PLAN

Funded Status

<u>Validation Date</u>	<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>
June 30, 2007	\$ 9,908,000	\$ --	\$ 9,908,000	0.0%	\$ 51,987,000	19.06%
June 30, 2009	9,813,000	--	9,813,000	0.0%	53,677,000	18.28%

COUNTY OF YUBA

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(On Budgetary Basis)	Final Budget
Budgetary fund balances, Beginning	\$ 10,474,500	\$ 10,474,500	\$ 10,474,500	\$ --
Resources (inflows):				
Taxes	24,377,842	26,065,000	23,065,458	(2,999,542)
Licenses and permits	4,224,813	2,976,412	1,788,453	(1,187,959)
Fines, forfeitures and penalties	508,500	508,500	923,228	414,728
Use of money and property	755,500	755,500	693,081	(62,419)
Intergovernmental	4,760,451	5,049,826	4,607,633	(442,193)
Charges for services	5,223,798	5,283,124	4,191,427	(1,091,697)
Other revenues	196,000	409,690	286,142	(123,548)
Transfers in	496,470	760,178	59,312	(700,866)
Amounts available for appropriation	<u>40,543,374</u>	<u>41,808,230</u>	<u>35,614,734</u>	<u>(6,193,496)</u>
Charges to appropriations (outflows):				
General government	12,232,082	12,834,012	9,930,592	2,903,420
Public protection	13,162,075	15,914,458	12,143,194	3,771,264
Health and sanitation	1,577,015	1,663,670	1,271,031	392,639
Public assistance	522,040	576,040	438,402	137,638
Education	728,185	832,582	710,315	122,267
Debt service	95,000	95,000	297,187	(202,187)
Transfers out	17,198,389	17,198,389	17,161,535	36,854
Contingencies and reserves	5,503,088	5,503,088	--	5,503,088
Total charges to appropriations	<u>51,017,874</u>	<u>54,617,239</u>	<u>41,952,256</u>	<u>12,664,983</u>
Net change in fund balance	<u>(10,474,500)</u>	<u>(12,809,009)</u>	<u>(6,337,522)</u>	<u>6,471,487</u>
Budgetary fund balances, Ending	<u>\$ --</u>	<u>\$ (2,334,509)</u>	<u>\$ 4,136,978</u>	<u>\$ 6,471,487</u>

continued

COUNTY OF YUBA

**Budgetary Comparison Schedule
General Fund (continued)
For the Year Ended June 30, 2010**

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 \$ 41,952,256

Differences - budget to GAAP:

Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes (17,161,535)

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 24,790,721

Sources/inflows of resources

Actual amounts (budgetary basis) "amounts available for appropriation" from the budgetary comparison schedule \$ 35,614,734

Differences - budget to GAAP:

Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes (59,312)

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 35,555,422

COUNTY OF YUBA

Budgetary Comparison Schedule
Public Works
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(On Budgetary Basis)	Final Budget
Budgetary fund balances, Beginning	\$ 727,901	\$ 727,901	\$ 727,901	\$ --
Resources (inflows):				
Taxes	422,042	402,127	253,386	(148,741)
Licenses and permits	68,000	68,000	57,973	(10,027)
Fines, forfeitures and penalties	40,000	40,000	37,683	(2,317)
Use of money and property	60,000	40,000	30,323	(9,677)
Intergovernmental	12,658,020	14,135,636	7,828,456	(6,307,180)
Charges for services	5,904,578	8,895,537	3,836,337	(5,059,200)
Other revenues	394,704	780,769	597,244	(183,525)
Transfers in	44,845	120,400	44,845	(75,555)
Amounts available for appropriation	<u>19,592,189</u>	<u>24,482,469</u>	<u>12,686,247</u>	<u>(11,796,222)</u>
Charges to appropriations (outflows):				
Public ways and facilities	20,320,090	21,291,741	10,955,907	10,335,834
Total charges to appropriations	<u>20,320,090</u>	<u>21,291,741</u>	<u>10,955,907</u>	<u>10,335,834</u>
Net change in fund balances	<u>(727,901)</u>	<u>3,190,728</u>	<u>1,730,340</u>	<u>(1,460,388)</u>
Budgetary fund balances, Ending	<u>\$ --</u>	<u>\$ 3,918,629</u>	<u>\$ 2,458,241</u>	<u>\$ (1,460,388)</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 \$ 12,686,247

Differences - budget to GAAP:

Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes (44,845)

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 12,641,402

COUNTY OF YUBA

Budgetary Comparison Schedule
Social Services Fund
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(On Budgetary Basis)	Final Budget
Budgetary fund balances, Beginning	\$ 1,348,146	\$ 1,348,146	\$ 1,348,146	\$ --
Resources (inflows):				
Intergovernmental	46,743,554	46,743,554	43,489,262	(3,254,292)
Charges for services	377,713	377,713	208,201	(169,512)
Other revenues	477,131	477,131	28,582	(448,549)
Transfers in	878,247	1,378,072	878,247	(499,825)
Amounts available for appropriation	<u>48,476,645</u>	<u>48,976,470</u>	<u>44,604,292</u>	<u>(4,372,178)</u>
Charges to appropriations (outflows):				
Public assistance	<u>49,824,791</u>	<u>51,532,712</u>	<u>44,478,200</u>	<u>7,054,512</u>
Total charges to appropriations	<u>49,824,791</u>	<u>51,532,712</u>	<u>44,478,200</u>	<u>7,054,512</u>
Net change in fund balances	<u>(1,348,146)</u>	<u>(2,556,242)</u>	<u>126,092</u>	<u>2,682,334</u>
Budgetary fund balances, Ending	<u>\$ --</u>	<u>\$ (1,208,096)</u>	<u>\$ 1,474,238</u>	<u>\$ 2,682,334</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 \$ 44,604,292

Differences - budget to GAAP:

Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes (878,247)

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 43,726,045

COUNTY OF YUBA

Budgetary Comparison Schedule Public Safety For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(On Budgetary Basis)	Final Budget
Budgetary fund balances, Beginning	\$ 241,061	\$ 241,061	\$ 241,061	\$ --
Resources (inflows):				
Licenses and permits	8,530	8,530	18,110	9,580
Use of money and property	276,000	276,000	179,840	(96,160)
Intergovernmental	5,493,984	5,488,333	4,597,599	(890,734)
Charges for services	5,149,200	5,318,550	6,224,274	905,724
Other revenues	162,700	--	136,252	136,252
Transfers in	16,093,178	16,738,735	16,094,152	(644,583)
Amounts available for appropriation	<u>27,183,592</u>	<u>27,830,148</u>	<u>27,250,227</u>	<u>(579,921)</u>
Charges to appropriations (outflows):				
Public protection	27,424,653	29,713,481	26,217,376	3,496,105
Transfers out	--	--	59,312	(59,312)
Total charges to appropriations	<u>27,424,653</u>	<u>29,713,481</u>	<u>26,276,688</u>	<u>3,436,793</u>
Net change in fund balances	<u>(241,061)</u>	<u>(1,883,333)</u>	<u>973,539</u>	<u>2,856,872</u>
Budgetary fund balances, Ending	<u>\$ --</u>	<u>\$ (1,642,272)</u>	<u>\$ 1,214,600</u>	<u>\$ 2,856,872</u>

continued

COUNTY OF YUBA

Budgetary Comparison Schedule
Public Safety (continued)
For the Year Ended June 30, 2010

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 \$ 26,276,688

Differences - budget to GAAP:

Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes (59,312)

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 26,217,376

Sources/inflows of resources

Actual amounts (budgetary basis) "amounts available for appropriation" from the budgetary comparison schedule \$ 27,250,227

Differences - budget to GAAP:

Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes (16,094,152)

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 11,156,075

COUNTY OF YUBA

Notes to Required Supplementary Information For the Fiscal Year Ended June 30, 2010

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.

SUPPLEMENTARY INFORMATION

Nonmajor Governmental Funds

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).

COUNTY OF YUBA

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010

	Special Revenue				
	Fish & Game	Health Service Fund	Child Support Services	County IHSS Authority	Health Bio- Terrorism
Assets					
Cash and investments	\$ 9,706	\$ 1,239,695	\$ 1,104,533	\$ --	\$ 191,083
Other revolving accounts	--	--	--	--	--
Imprest cash	--	150	--	--	--
Accounts receivable	--	64	--	--	--
Due from other agencies	295	238,676	--	119,751	--
Interest receivable	--	884	5,052	--	1,051
Notes receivable	--	--	--	--	--
Due from other funds	--	31,227	--	--	--
Total Assets	<u>\$ 10,001</u>	<u>\$ 1,510,696</u>	<u>\$ 1,109,585</u>	<u>\$ 119,751</u>	<u>\$ 192,134</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 5	\$ 61,800	\$ 7,777	\$ 38,480	\$ --
Salaries and benefits payable	--	298,253	207,421	--	--
Due to other funds	--	--	--	52,167	--
Deposits and other liabilities	--	--	--	--	--
Unearned revenue	--	273,811	34	--	--
Total Liabilities	<u>5</u>	<u>633,864</u>	<u>215,232</u>	<u>90,647</u>	<u>--</u>
Fund Balances:					
Reserved:					
Imprest cash	--	150	--	--	--
Unreserved:					
Designated for encumbrances	1,200	31,752	--	--	--
Undesignated	8,796	844,930	894,353	29,104	192,134
Total Fund Balances	<u>9,996</u>	<u>876,832</u>	<u>894,353</u>	<u>29,104</u>	<u>192,134</u>
Total Liabilities and Fund Balances	<u>\$ 10,001</u>	<u>\$ 1,510,696</u>	<u>\$ 1,109,585</u>	<u>\$ 119,751</u>	<u>\$ 192,134</u>

continued

COUNTY OF YUBA

Combining Balance Sheet
 Nonmajor Governmental Funds (continued)
 June 30, 2010

Special Revenue

	Micro Enterprise (Yubasut)	RDA Low Income Housing	Grants	County Service Areas	Gledhill Landscape & Lighting
Assets					
Cash and investments	\$ 54,108	\$ 24,899	\$ 828,642	\$ 3,768,352	\$ 85,386
Other revolving accounts	--	--	--	--	--
Imprest cash	--	--	--	--	--
Accounts receivable	--	--	--	--	--
Due from other agencies	--	912	141,105	--	--
Interest receivable	226	110	4,646	16,021	415
Notes receivable	--	--	5,766,320	--	--
Due from other funds	--	--	--	430	--
Total Assets	\$ 54,334	\$ 25,921	\$ 6,740,713	\$ 3,784,803	\$ 85,801
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 17,591	\$ --	\$ 469,977	\$ --	\$ --
Salaries and benefits payable	--	--	--	--	--
Due to other funds	--	--	29,853	781	3,633
Deposits and other liabilities	--	--	--	--	--
Unearned revenue	--	--	5,766,320	--	--
Total Liabilities	17,591	--	6,266,150	781	3,633
Fund Balances:					
Reserved:					
Imprest cash	--	--	--	--	--
Unreserved:					
Designated for encumbrances	--	--	172,693	--	--
Undesignated	36,743	25,921	301,870	3,784,022	82,168
Total Fund Balances	36,743	25,921	474,563	3,784,022	82,168
Total Liabilities and Fund Balances	\$ 54,334	\$ 25,921	\$ 6,740,713	\$ 3,784,803	\$ 85,801

continued

COUNTY OF YUBA

Combining Balance Sheet
 Nonmajor Governmental Funds (continued)
 June 30, 2010

	Special Revenue			
	Linda Lighting	Housing Programs	Yuba Housing Authority	Special Revenue Total
Assets				
Cash and investments	\$ 216,262	\$ 24,108	\$ --	\$ 7,546,774
Other revolving accounts	--	--	553,545	553,545
Imprest cash	--	--	--	150
Accounts receivable	--	--	11,605	11,669
Due from other agencies	--	--	--	500,739
Interest receivable	1,014	111	--	29,530
Notes receivable	--	--	--	5,766,320
Due from other funds	--	--	--	31,657
	<u>\$ 217,276</u>	<u>\$ 24,219</u>	<u>\$ 565,150</u>	<u>\$ 14,440,384</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ --	\$ --	\$ 2,572	\$ 598,202
Salaries and benefits payable	--	--	17,597	523,271
Due to other funds	247	--	--	86,681
Deposits and other liabilities	--	--	7,593	7,593
Unearned revenue	--	--	6,697	6,046,862
	<u>247</u>	<u>--</u>	<u>34,459</u>	<u>7,262,609</u>
Fund Balances:				
Reserved:				
Imprest cash	--	--	--	150
Unreserved:				
Designated for encumbrances	--	--	--	205,645
Undesignated	217,029	24,219	530,691	6,971,980
	<u>217,029</u>	<u>24,219</u>	<u>530,691</u>	<u>7,177,775</u>
Total Fund Balances	<u>217,029</u>	<u>24,219</u>	<u>530,691</u>	<u>7,177,775</u>
Total Liabilities and Fund Balances	<u>\$ 217,276</u>	<u>\$ 24,219</u>	<u>\$ 565,150</u>	<u>\$ 14,440,384</u>

continued

COUNTY OF YUBA

Combining Balance Sheet
 Nonmajor Governmental Funds (continued)
 June 30, 2010

	Capital Projects				Total Nonmajor Governmental Funds
	Minimum Security Construction	Jail Improvement Construction	RDA Capital Projects	Capital Projects Total	
Assets					
Cash and investments	\$ 9,178	\$ 308,788	\$ 33,453	\$ 351,419	\$ 7,898,193
Other revolving accounts	--	--	--	--	553,545
Imprest cash	--	--	--	--	150
Accounts receivable	--	--	--	--	11,669
Due from other agencies	--	48,297	3,646	51,943	552,682
Interest receivable	--	--	154	154	29,684
Notes receivable	--	--	--	--	5,766,320
Due from other funds	--	--	--	--	31,657
Total Assets	<u>\$ 9,178</u>	<u>\$ 357,085</u>	<u>\$ 37,253</u>	<u>\$ 403,516</u>	<u>\$ 14,843,900</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ --	\$ --	\$ --	\$ --	\$ 598,202
Salaries and benefits payable	--	--	--	--	523,271
Due to other funds	--	--	--	--	86,681
Deposits and other liabilities	--	--	89,850	89,850	97,443
Unearned revenue	--	--	--	--	6,046,862
Total Liabilities	<u>--</u>	<u>--</u>	<u>89,850</u>	<u>89,850</u>	<u>7,352,459</u>
Fund Balances:					
Reserved:					
Imprest cash	--	--	--	--	150
Unreserved:					
Designated for encumbrances	--	--	--	--	205,645
Undesignated	9,178	357,085	(52,597)	313,666	7,285,646
Total Fund Balances	<u>9,178</u>	<u>357,085</u>	<u>(52,597)</u>	<u>313,666</u>	<u>7,491,441</u>
Total Liabilities and Fund Balances	<u>\$ 9,178</u>	<u>\$ 357,085</u>	<u>\$ 37,253</u>	<u>\$ 403,516</u>	<u>\$ 14,843,900</u>

COUNTY OF YUBA

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2010

	Special Revenue				
	Fish & Game	Health Service Fund	Child Support Services	County IHSS Authority	Health Bio- Terrorism
Revenues					
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --
Use of money and property	--	--	19,541	--	2,974
Intergovernmental	--	3,903,680	3,698,210	456,824	--
Fines and forfeitures	4,241	--	--	--	--
Charges for services	--	--	--	--	--
Other revenues	1,000	83,532	(25,234)	--	20,747
Total Revenues	<u>5,241</u>	<u>3,987,212</u>	<u>3,692,517</u>	<u>456,824</u>	<u>23,721</u>
Expenditures					
Current:					
General government	--	--	--	--	--
Public safety	3,618	--	3,464,922	--	--
Public ways and means	--	--	--	--	--
Health and sanitation	--	4,733,790	--	545,673	--
Public assistance	--	--	--	--	--
Debt service:					
Interest	--	--	--	--	--
Total Expenditures	<u>3,618</u>	<u>4,733,790</u>	<u>3,464,922</u>	<u>545,673</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,623</u>	<u>(746,578)</u>	<u>227,595</u>	<u>(88,849)</u>	<u>23,721</u>
Other Financing Sources (Uses)					
Transfers in	--	187,701	--	82,564	--
Transfers out	--	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>187,701</u>	<u>--</u>	<u>82,564</u>	<u>--</u>
Net Change in Fund Balances	<u>1,623</u>	<u>(558,877)</u>	<u>227,595</u>	<u>(6,285)</u>	<u>23,721</u>
Fund Balances, Beginning of Year	8,373	1,435,709	666,758	35,389	168,413
Prior Period Adjustment	--	--	--	--	--
Fund Balances, Beginning of Year Restated	<u>8,373</u>	<u>1,435,709</u>	<u>666,758</u>	<u>35,389</u>	<u>168,413</u>
Fund Balances, End of Year	<u>\$ 9,996</u>	<u>\$ 876,832</u>	<u>\$ 894,353</u>	<u>\$ 29,104</u>	<u>\$ 192,134</u>

continued

COUNTY OF YUBA

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds (continued)
For the Year Ended June 30, 2010

	Special Revenue				
	Micro Enterprise (Yubasut)	RDA Low Income Housing	Grants	County Service Areas	Gledhill Landscape & Lighting
Revenues					
Taxes	\$ --	\$ 3,620	\$ --	\$ 3,228	\$ --
Use of money and property	970	408	12,482	57,681	1,452
Intergovernmental	73,396	--	2,734,622	72	--
Fines and forfeitures	--	--	--	--	--
Charges for services	--	--	--	1,227,407	47,932
Other revenues	932	--	--	2,163	(3,548)
Total Revenues	<u>75,298</u>	<u>4,028</u>	<u>2,747,104</u>	<u>1,290,551</u>	<u>45,836</u>
Expenditures					
Current:					
General government	88,583	--	79,449	--	--
Public safety	--	--	270,072	--	--
Public ways and means	--	--	--	765,197	39,805
Health and sanitation	--	--	--	--	--
Public assistance	--	--	2,534,853	--	--
Debt service:					
Interest	--	--	--	--	--
Total Expenditures	<u>88,583</u>	<u>--</u>	<u>2,884,374</u>	<u>765,197</u>	<u>39,805</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(13,285)</u>	<u>4,028</u>	<u>(137,270)</u>	<u>525,354</u>	<u>6,031</u>
Other Financing Sources (Uses)					
Transfers in	--	--	--	--	--
Transfers out	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	<u>(13,285)</u>	<u>4,028</u>	<u>(137,270)</u>	<u>525,354</u>	<u>6,031</u>
Fund Balances, Beginning of Year	50,028	21,893	611,833	3,258,668	76,137
Prior Period Adjustment	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund Balances, Beginning of Year Restated	<u>50,028</u>	<u>21,893</u>	<u>611,833</u>	<u>3,258,668</u>	<u>76,137</u>
Fund Balances, End of Year	<u>\$ 36,743</u>	<u>\$ 25,921</u>	<u>\$ 474,563</u>	<u>\$ 3,784,022</u>	<u>\$ 82,168</u>

continued

COUNTY OF YUBA

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds (continued)
For the Year Ended June 30, 2010

	Special Revenue			Special Revenue Total
	Linda Lighting	Housing Programs	Yuba Housing Authority	
Revenues				
Taxes	\$ 64,498	\$ --	\$ --	\$ 71,346
Use of money and property	3,548	419	549	100,024
Intergovernmental	1,134	--	2,027,746	12,895,684
Fines and forfeitures	--	--	--	4,241
Charges for services	45,891	--	--	1,321,230
Other revenues	(3,548)	--	11,866	87,910
Total Revenues	<u>111,523</u>	<u>419</u>	<u>2,040,161</u>	<u>14,480,435</u>
Expenditures				
Current:				
General government	--	--	--	168,032
Public safety	--	--	--	3,738,612
Public ways and means	93,293	--	--	898,295
Health and sanitation	--	--	--	5,279,463
Public assistance	--	--	1,885,766	4,420,619
Debt service:				
Interest	--	--	--	--
Total Expenditures	<u>93,293</u>	<u>--</u>	<u>1,885,766</u>	<u>14,505,021</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>18,230</u>	<u>419</u>	<u>154,395</u>	<u>(24,586)</u>
Other Financing Sources (Uses)				
Transfers in	--	--	--	270,265
Transfers out	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>270,265</u>
Net Change in Fund Balances	<u>18,230</u>	<u>419</u>	<u>154,395</u>	<u>245,679</u>
Fund Balances, Beginning of Year	198,799	23,800	325,133	6,880,933
Prior Period Adjustment	--	--	51,163	51,163
Fund Balances, Beginning of Year Restated	<u>198,799</u>	<u>23,800</u>	<u>376,296</u>	<u>6,932,096</u>
Fund Balances, End of Year	<u>\$ 217,029</u>	<u>\$ 24,219</u>	<u>\$ 530,691</u>	<u>\$ 7,177,775</u>

continued

COUNTY OF YUBA

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds (continued)
For the Year Ended June 30, 2010

	Capital Projects				Total Nonmajor Governmental Funds
	Minimum Security Construction	Jail Improvement Construction	RDA Capital Projects	Capital Projects Total	
Revenues					
Taxes	\$ --	\$ --	\$ 29,340	\$ 29,340	\$ 100,686
Use of money and property	--	--	623	623	100,647
Intergovernmental	--	--	--	--	12,895,684
Fines and forfeitures	--	--	--	--	4,241
Charges for services	--	--	--	--	1,321,230
Other revenues	--	195,181	--	195,181	283,091
Total Revenues	<u>--</u>	<u>195,181</u>	<u>29,963</u>	<u>225,144</u>	<u>14,705,579</u>
Expenditures					
Current:					
General government	--	--	--	--	168,032
Public safety	--	--	6,859	6,859	3,745,471
Public ways and means	--	--	--	--	898,295
Health and sanitation	--	--	--	--	5,279,463
Public assistance	--	--	--	--	4,420,619
Debt service:					
Interest	--	--	27,500	27,500	27,500
Total Expenditures	<u>--</u>	<u>--</u>	<u>34,359</u>	<u>34,359</u>	<u>14,539,380</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>--</u>	<u>195,181</u>	<u>(4,396)</u>	<u>190,785</u>	<u>166,199</u>
Other Financing Sources (Uses)					
Transfers in	--	--	--	--	270,265
Transfers out	--	(125,974)	--	(125,974)	(125,974)
Total Other Financing Sources (Uses)	<u>--</u>	<u>(125,974)</u>	<u>--</u>	<u>(125,974)</u>	<u>144,291</u>
Net Change in Fund Balances	<u>--</u>	<u>69,207</u>	<u>(4,396)</u>	<u>64,811</u>	<u>310,490</u>
Fund Balances, Beginning of Year	9,178	287,878	(787,143)	(490,087)	6,390,846
Prior Period Adjustment	--	--	738,942	738,942	790,105
Fund Balances, Beginning of Year Restated	<u>9,178</u>	<u>287,878</u>	<u>(48,201)</u>	<u>248,855</u>	<u>7,180,951</u>
Fund Balances, End of Year	<u>\$ 9,178</u>	<u>\$ 357,085</u>	<u>\$ (52,597)</u>	<u>\$ 313,666</u>	<u>\$ 7,491,441</u>

Internal Service Funds

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.

COUNTY OF YUBA

Combining Balance Sheet
Internal Service Funds
June 30, 2010

	<u>Automotive Service</u>	<u>Workers Comp Insurance</u>	<u>Liability Insurance</u>	<u>Health Insurance</u>
Assets				
Current Assets:				
Cash and investments	\$ 1,632,759	\$ 38,055	\$ 2,027,924	\$ 815,967
Accounts receivable	--	662	--	822,221
Interest receivable	<u>61</u>	<u>162</u>	<u>8,873</u>	<u>3,662</u>
 Total Current Assets	 1,632,820	 38,879	 2,036,797	 1,641,850
Capital Assets:				
Depreciable, net	<u>833,861</u>	<u>--</u>	<u>--</u>	<u>--</u>
 Total assets	 <u>\$ 2,466,681</u>	 <u>\$ 38,879</u>	 <u>\$ 2,036,797</u>	 <u>\$ 1,641,850</u>
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	66,942	4	22,350	451
Due to other funds	3,564	--	--	--
Unearned revenue	73,061	--	--	--
Claims liability, current portion	<u>--</u>	<u>--</u>	<u>507,629</u>	<u>--</u>
 Total Current Liabilities	 143,567	 4	 529,979	 451
Long-term Liabilities:				
Claims liability	<u>--</u>	<u>--</u>	<u>361,371</u>	<u>--</u>
 Total Liabilities	 <u>143,567</u>	 <u>4</u>	 <u>891,350</u>	 <u>451</u>
Net Assets:				
Invested in capital assets, net of related debt	833,861	--	--	--
Unrestricted	<u>1,489,253</u>	<u>38,875</u>	<u>1,145,447</u>	<u>1,641,399</u>
 Total Net Assets	 <u>2,323,114</u>	 <u>38,875</u>	 <u>1,145,447</u>	 <u>1,641,399</u>
 Total Liabilities and Net Assets	 <u>\$ 2,466,681</u>	 <u>\$ 38,879</u>	 <u>\$ 2,036,797</u>	 <u>\$ 1,641,850</u>

continued

COUNTY OF YUBA

Combining Balance Sheet (continued)
Internal Service Funds
June 30, 2010

	<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Short Term Disability Insurance</u>	<u>Total</u>
Assets				
Current Assets:				
Cash and investments	\$ 48,513	\$ 95,512	\$ 81,408	\$ 4,740,138
Accounts receivable	--	--	9,121	832,004
Interest receivable	208	484	420	13,870
	<hr/>	<hr/>	<hr/>	<hr/>
Total Current Assets	48,721	95,996	90,949	5,586,012
Capital Assets:				
Depreciable, net	--	--	--	833,861
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 48,721</u>	<u>\$ 95,996</u>	<u>\$ 90,949</u>	<u>\$ 6,419,873</u>
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	--	--	--	89,747
Due to other funds	--	--	--	3,564
Unearned revenue	--	--	--	73,061
Claims liability, current portion	--	--	--	507,629
	<hr/>	<hr/>	<hr/>	<hr/>
Total Current Liabilities	--	--	--	674,001
Long-term Liabilities:				
Claims liability	--	--	--	361,371
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	--	--	--	1,035,372
Net Assets:				
Invested in capital assets, net of related debt	--	--	--	833,861
Unrestricted	48,721	95,996	90,949	4,550,640
	<hr/>	<hr/>	<hr/>	<hr/>
Total Net Assets	48,721	95,996	90,949	5,384,501
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Net Assets	<u>\$ 48,721</u>	<u>\$ 95,996</u>	<u>\$ 90,949</u>	<u>\$ 6,419,873</u>

COUNTY OF YUBA

Combining Statement of Revenues, Expenses
and Changes in Net Assets

Internal Service Funds

For the Year Ended June 30, 2010

	Automotive Service	Workers Comp Insurance	Liability Insurance	Health Insurance
Operating Revenues:				
Charges for services	\$ 1,496,968	\$ 992,057	\$ 1,696,493	\$ 7,042,073
Total Operating Revenues	1,496,968	992,057	1,696,493	7,042,073
Operating Expenses:				
Services and supplies	953,790	1,451,124	1,343,586	8,961,474
Depreciation	201,944	--	--	--
Total Operating Expenses	1,155,734	1,451,124	1,343,586	8,961,474
Net Operating Income (Loss)	341,234	(459,067)	352,907	(1,919,401)
Non-Operating Revenues and Expenses:				
Interest income	229	(9,909)	25,515	26,251
Total Non-Operating Revenues and Expenses	229	(9,909)	25,515	26,251
Other Financing Sources (Uses):				
Transfers In	--	222,000	--	--
Transfers Out	--	--	(222,000)	--
Total Other Financing Sources (Uses)	--	222,000	(222,000)	--
Change in net assets	341,463	(246,976)	156,422	(1,893,150)
Net Assets, Beginning of Year	1,981,651	285,851	989,025	3,534,549
Net Assets, End of Year	\$ 2,323,114	\$ 38,875	\$ 1,145,447	\$ 1,641,399

continued

COUNTY OF YUBA

Combining Statement of Revenues, Expenses
and Changes in Net Assets (continued)

Internal Service Funds

For the Year Ended June 30, 2010

	<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Short Term Disability Insurance</u>	<u>Total</u>
Operating Revenues:				
Charges for services	\$ 95,485	\$ 178,132	\$ 94,168	\$ 11,595,376
Total Operating Revenues	<u>95,485</u>	<u>178,132</u>	<u>94,168</u>	<u>11,595,376</u>
Operating Expenses:				
Services and supplies	54,366	218,394	94,577	13,077,311
Depreciation	--	--	--	201,944
Total Operating Expenses	<u>54,366</u>	<u>218,394</u>	<u>94,577</u>	<u>13,279,255</u>
Net Operating Income (Loss)	<u>41,119</u>	<u>(40,262)</u>	<u>(409)</u>	<u>(1,683,879)</u>
Non-Operating Revenues and Expenses:				
Interest income	(126)	1,964	1,670	45,594
Total Non-Operating Revenues and Expenses	<u>(126)</u>	<u>1,964</u>	<u>1,670</u>	<u>45,594</u>
Other Financing Sources (Uses):				
Transfers In	--	--	--	222,000
Transfers Out	--	--	--	(222,000)
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Change in net assets	40,993	(38,298)	1,261	(1,638,285)
Net Assets, Beginning of Year	<u>7,728</u>	<u>134,294</u>	<u>89,688</u>	<u>7,022,786</u>
Net Assets, End of Year	<u>\$ 48,721</u>	<u>\$ 95,996</u>	<u>\$ 90,949</u>	<u>\$ 5,384,501</u>

COUNTY OF YUBA

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2010

	<u>Automotive Services</u>	<u>Workers Comp Insurance</u>	<u>Liability Insurance</u>	<u>Health Insurance</u>
Cash Flows from Operating Activities:				
Receipts from interfund services provided	\$ 1,501,227	\$ 992,343	\$ 1,696,493	\$ 7,057,544
Payments to suppliers	<u>(945,238)</u>	<u>(1,451,161)</u>	<u>(1,326,599)</u>	<u>(8,961,023)</u>
Net Cash Provided (Used) by Operating Activities	<u>555,989</u>	<u>(458,818)</u>	<u>369,894</u>	<u>(1,903,479)</u>
Cash Flows from Non-Capital Financing Activities:				
Transfers to/from other funds	<u>--</u>	<u>222,000</u>	<u>(222,000)</u>	<u>--</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>--</u>	<u>222,000</u>	<u>(222,000)</u>	<u>--</u>
Cash Flows from Investing Activities:				
Interest received (paid)	<u>219</u>	<u>(9,482)</u>	<u>24,647</u>	<u>35,284</u>
Net Cash Provided (Used) by Investing Activities	<u>219</u>	<u>(9,482)</u>	<u>24,647</u>	<u>35,284</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition of capital assets	<u>(192,100)</u>	<u>--</u>	<u>--</u>	<u>--</u>
Proceeds from sale of capital assets	<u>12,538</u>	<u>--</u>	<u>--</u>	<u>1,658</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(179,562)</u>	<u>--</u>	<u>--</u>	<u>1,658</u>
Net Increase (Decrease) in Cash and Cash Equivalents	376,646	(246,300)	172,541	(1,866,537)
Cash and Cash Equivalents, Beginning of Year	<u>1,256,113</u>	<u>284,355</u>	<u>1,855,383</u>	<u>2,682,504</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,632,759</u>	<u>\$ 38,055</u>	<u>\$ 2,027,924</u>	<u>\$ 815,967</u>

continued

COUNTY OF YUBA

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2010

	<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Short-Term Disability Insurance</u>	<u>Total</u>
Cash Flows from Operating Activities:				
Receipts from interfund services provided	\$ 95,485	\$ 178,132	\$ 94,221	\$ 11,615,445
Payments to suppliers	<u>(74,103)</u>	<u>(218,562)</u>	<u>(94,577)</u>	<u>(13,071,263)</u>
Net Cash Provided (Used) by Operating Activities	<u>21,382</u>	<u>(40,430)</u>	<u>(356)</u>	<u>(1,455,818)</u>
Cash Flows from Non-Capital Financing Activities:				
Transfers to/from other funds	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Cash Flows from Investing Activities:				
Interest received (paid)	<u>(284)</u>	<u>2,057</u>	<u>1,816</u>	<u>54,257</u>
Net Cash Provided (Used) by Investing Activities	<u>(284)</u>	<u>2,057</u>	<u>1,816</u>	<u>54,257</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition of capital assets	<u>--</u>	<u>--</u>	<u>--</u>	<u>(192,100)</u>
Proceeds from sale of capital assets	<u>--</u>	<u>--</u>	<u>--</u>	<u>14,196</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>--</u>	<u>--</u>	<u>--</u>	<u>(177,904)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	21,098	(38,373)	1,460	(1,579,465)
Cash and Cash Equivalents, Beginning of Year	<u>27,415</u>	<u>133,885</u>	<u>79,948</u>	<u>6,319,603</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 48,513</u></u>	<u><u>\$ 95,512</u></u>	<u><u>\$ 81,408</u></u>	<u><u>\$ 4,740,138</u></u>

continued

COUNTY OF YUBA

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2010

	<u>Automotive Services</u>	<u>Workers Comp Insurance</u>	<u>Liability Insurance</u>	<u>Health Insurance</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 341,234	\$ (459,067)	\$ 352,907	\$ (1,919,401)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation	201,944	--	--	--
Changes in assets and liabilities:				
Accounts receivable	4,259	286	--	15,471
Accounts payable	1,658	(37)	16,987	451
Due to other funds	(3,151)	--	--	--
Unearned revenue	10,045	--	--	--
	<u>10,045</u>	<u>--</u>	<u>--</u>	<u>--</u>
 Net Cash Provided (Used) by Operating Activities	 <u>\$ 555,989</u>	 <u>\$ (458,818)</u>	 <u>\$ 369,894</u>	 <u>\$ (1,903,479)</u>

continued

COUNTY OF YUBA

Combining Statement of Cash Flows (continued)
 Internal Service Funds
 For the Year Ended June 30, 2010

	<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Short-Term Disability Insurance</u>	<u>Total</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 41,119	\$ (40,262)	\$ (409)	\$ (1,683,879)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation	--	--	--	201,944
Changes in assets and liabilities:				
Accounts receivable	--	--	53	20,069
Accounts payable	(19,737)	(168)	--	(846)
Due to other funds	--	--	--	(3,151)
Unearned revenue	--	--	--	10,045
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 21,382</u>	<u>\$ (40,430)</u>	<u>\$ (356)</u>	<u>\$ (1,455,818)</u>