

**COUNTY OF YUBA**

**AUDIT REPORT**

**JUNE 30, 2011**

**COUNTY OF YUBA  
AUDIT REPORT  
JUNE 30, 2011**

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## INDEPENDENT AUDITOR'S REPORT

Board of Supervisors  
County of Yuba  
Marysville, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component 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, 2011, 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 97%, 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, 2011, 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

In accordance with *Government Auditing Standards*, we have also issued under separate cover, our report dated March 28, 2012, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as whole.



Roseville, California  
March 28, 2012

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**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

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## COUNTY OF YUBA

### Management's Discussion and Analysis June 30, 2011

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, 2011. 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 \$157.0 million. Of this amount, \$43.2 million is restricted for specific purpose (restricted net assets), and \$188.3 million is invested in capital assets, net of related debt. Unrestricted net assets is deficit by \$74.5 million because the cost of levee improvements, a state-owned asset, is expensed as project costs rather than as a capital asset. Unrestricted net assets also includes a reduction of \$78.4 million for the 2008 revenue bonds issued by the Yuba County Financing Authority to fund these levee improvements.
- During the year, the County's total net assets increased by \$3.9 million. The majority of the increase in total net assets is due to a reclassification of the HHS building lease from a capital to an operating lease and an increase in beginning capital assets. As a result of the lease reclassification, net capital assets decreased by \$34.7 million and capital lease liabilities decreased by \$36.6 million, resulting in a net increase in beginning net assets of \$1.9 million. The remaining increase in capital assets was to include acquisitions from a prior year totaling \$1.7.
- As of June 30, 2011, the County's governmental funds reported combined fund balances of \$62.2 million. Of this amount, approximately \$8.1 million dollars are designated as assigned and unassigned in accordance with GASB 54 pronouncements.
- At the end of the fiscal year, unrestricted fund balance for the General Fund was \$4.3 million, an increase of \$0.62 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.

## COUNTY OF YUBA

### Management's Discussion and Analysis June 30, 2011

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). 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 a 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, and capital projects). Major funds are presented separately in the governmental funds balance sheet and in the governmental funds

## COUNTY OF YUBA

### Management's Discussion and Analysis June 30, 2011

statement of revenues, expenditures, and changes in fund balances. Major governmental funds include the *General Fund, Public Works Fund, Social Services Fund, Public Safety Fund, Grants, and the debt service 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 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 *enterprise fund (business-type activities)* and *internal service funds (governmental activities)*. The *proprietary fund statements* present the County's *enterprise fund* (County Airport) separately, 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 the County's general fund and for each of the major governmental special revenue 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, 2011

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

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Assets:</b>						
Current and other assets	\$ 116,839	\$ 131,678	\$ 328	\$ 305	\$ 117,167	\$ 131,983
Capital assets	187,132	215,724	3,294	2,340	190,426	218,064
Total assets	303,971	347,402	3,622	2,645	307,593	350,047
<b>Liabilities:</b>						
Current and other liabilities	52,845	73,060	143	86	52,988	73,146
Long-term liabilities	97,451	123,737	179	167	97,630	123,904
Total liabilities	150,296	196,797	322	253	150,618	197,050
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	185,055	178,836	3,295	2,310	188,350	181,146
Restricted net assets	43,160	42,438	--	--	43,160	42,438
Unrestricted net assets	(74,540)	(70,669)	5	82	(74,535)	(70,587)
Total net assets	\$ 153,675	\$ 150,605	\$ 3,300	\$ 2,392	\$ 156,975	\$ 152,997

#### *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 \$157.0 million at the close of the most recent fiscal year. With a continuing levee project costing a total of \$307 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 (\$188.4 million) 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. In determining net assets invested in capital assets, the County's net cost of \$190.4 million to acquire these assets has been reduced by \$2 million of debt proceeds used to fund acquisition costs. Net assets invested in capital assets net of debt increased \$7.2 million, or 4%, from the prior year because of current year additions for infrastructure and recreational facilities. Additional information is included in note 12 in the notes to the basic financial statements.

Another portion of the County's net assets, \$43.2 million is comprised of resources the use of which is restricted by either external creditors, other governmental entities or by law through constitutional provisions and enabling legislation. Restricted net assets increased slightly by \$0.7 million or 1.7% from the prior year.

# COUNTY OF YUBA

## Management's Discussion and Analysis June 30, 2011

The County's deficit of \$74.5 million in unrestricted net assets increased by \$3.9 million, or 5.6%. The deficit position is the result of Yuba County's contribution of \$307 million toward levee improvements financed in part with the issuance of \$78.4 million in revenue bonds. Also contributing to the County's deficit net assets is the unfunded other post employment benefit liability now at \$3.7 million. This liability is expected to increase by \$1.1 million every year because the County doesn't have sufficient resources to pay for post employment benefits on any other basis except pay-as-you-go.

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	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues:						
Charges for services	\$ 24,838	\$ 19,942	\$ 308	\$ 319	\$ 25,146	\$ 20,261
Operating grants and contributions	74,064	73,419	1,143	55	75,207	73,474
Capital grants and contributions	5,624	364	--	--	5,624	364
General Revenues:						
Property taxes	11,468	11,813	--	--	11,468	11,813
Property taxes in lieu of sales taxes	7,386	7,741	--	--	7,386	7,741
Sales and use taxes	2,732	2,239	--	--	2,732	2,239
Other	1,645	1,627	--	--	1,645	1,627
Unrestricted interest and investment earnings	1,383	2,474	2	8	1,385	2,482
Miscellaneous	--	--	10	--	10	--
Total revenues	129,140	119,619	1,463	382	130,603	120,001
Expenses:						
General government	9,622	11,451	--	--	9,622	11,451
Public safety	42,005	42,797	--	--	42,005	42,797
Public ways and facilities	16,172	30,013	--	--	16,172	30,013
Health and sanitation	8,416	6,211	--	--	8,416	6,211
Public assistance	50,233	51,717	--	--	50,233	51,717
Education	563	725	--	--	563	725
Interest on long-term debt	2,580	3,962	--	--	2,580	3,962
Airport	--	--	555	489	555	489
Total expenses	129,591	146,876	555	489	130,146	147,365
Change in net assets	(451)	(27,257)	908	(107)	457	(27,364)
Net assets at beginning year	150,605	176,980	2,392	2,499	152,997	179,479
Prior period adjustment	3,521	882	--	--	3,521	882
Net assets at end of year	\$ 153,675	\$ 150,605	\$ 3,300	\$ 2,392	\$ 156,975	\$ 152,997

Governmental activities increased the County's net assets by \$3 million. \$1.9 million of this increase resulted from reclassifying the County's HHS building lease from capital to an operating lease. Another \$1.7 million of this increase was to include acquisitions from a prior year. The remaining decrease of \$0.4 million represents the County's current year contribution to on-going levee improvements net of interest earnings and other miscellaneous revenues.

The County's only business-type activity, its Airport, increased County net assets by \$0.9 million, or 37.9%. The increase is the result of FAA grants received to fund runway and other improvements.

## COUNTY OF YUBA

### Management's Discussion and Analysis June 30, 2011

#### *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.

As of June 30, 2011, the County's governmental funds reported a combined ending fund balance of \$62.2 million, compared to \$57.1 million of the previous year. The majority of the fund balance is restricted (\$53.0 million).

The General Fund is the chief operating fund of the County. As of June 30, 2011, the General Fund had an assigned balance of \$4.3 million. The County has included a contingency allocation for the Fifth Street Bridge project of \$140,000 and a general contingency balance of \$583,975 for inclusion in the budget for FY2011-12.

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

The Public Works fund is used for the planning, design, construction, maintenance and administration of the County's roads and infrastructure. The Public Works fund recorded \$13.6 million in revenues in 2011, compared to \$12.6 million in 2010. Expenditures increased to \$13.4 million in 2011 from \$11.0 million in 2010. The increased expenditures are due to utilizing the \$1.7 million in fund balance at the end of 2010 to fund projects.

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 \$45.7 million in revenues in 2011, compared to \$43.7 million in 2010. Expenditures were slightly higher in 2011 at \$45.3 million compared to \$44.5 million in 2010.

The Public Safety fund accounts for the operations of public safety departments that include sheriff, district attorney, jail and juvenile hall. In 2011, revenues were \$12.2 million compared to \$11.2 million in 2010. Expenditures in 2011 and 2010 were \$26.2 million. Public safety funds received an annual General Fund allocation to assist in funding operations.

# COUNTY OF YUBA

## Management's Discussion and Analysis June 30, 2011

The Yuba Levee Financing Authority Debt Service fund is used to account for the bonds issued by the Yuba Levee Financing Authority. At June 30, 2011, the fund held unspent debt proceeds of \$20.5 million, a decrease of \$3.5 million from the prior year.

The Grant fund is used to account for activity related to grant monies received from other entities. In 2011, revenues were \$2.7 million, the same as the prior year. Expenditures in 2011 were \$2.4 million, a decrease of \$0.5 million.

**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 increased to \$3.3 million in 2011, up from a balance of \$2.4 million in 2010.

### GENERAL FUND BUDGETARY HIGHLIGHTS

Budgetary Comparison Schedule  
General Fund  
For the Year Ended June 30, 2011  
(in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	(On Budgetary Basis)	
Budgetary fund balances, Beginning	\$ 3,723	\$ 3,723	\$ 3,723	\$ --
Resources (inflows):	38,229	43,625	41,848	(1,777)
Total charges to appropriations	(39,300)	(45,435)	(41,223)	4,212
Budgetary fund balances, Ending	<u>\$ 2,652</u>	<u>\$ 1,913</u>	<u>\$ 4,348</u>	<u>\$ 2,435</u>

Final budgeted amounts for both revenues and expenditures increased by 14% to 16% when compared to the original budget mostly due to mid-year anticipating grant funding. Actual revenues were less than budgeted because anticipated revenues for licenses, permits and transfers were less than expected. Expenditures were less than final budgeted amounts generally across all departments as a result of cost-cutting measures to balance expenditures with reductions in revenues.

**Capital assets:** The County of Yuba's investment in capital assets for its governmental and business-type activities as of June 30, 2011, amounted to \$190.4 million (net of accumulated depreciation) compared to \$218.1 million reported in 2010. 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.

## COUNTY OF YUBA

### Management's Discussion and Analysis June 30, 2011

***Debt Administration:*** At the end of the current fiscal year, the County had total long-term obligations outstanding of \$98.5 million. The long-term obligations are as follows:

- \$ 10.7 million – compensated absences
- \$ 0.7 million – liability for self-insurance
- \$ 0.9 million – notes payable
- \$ 9.4 million – capital lease
- \$ 76.8 million – bonds payable

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

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

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

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**BASIC FINANCIAL STATEMENTS**  
**Government-Wide Financial Statements**

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**COUNTY OF YUBA**

Statement of Net Assets  
June 30, 2011

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Totals	First Five Commission	Yuba County Water Agency
<b>Assets</b>					
Cash and investments	\$ 64,154,572	\$ 136,747	\$ 64,291,319	\$ 2,776,547	\$ 59,772,468
Cash with fiscal agent	35,793,446	--	35,793,446	--	1,377,848
Deposits	657,802	--	657,802	--	1,389,817
Imprest cash	11,480	--	11,480	--	525
Accounts receivable	2,301,688	6,171	2,307,859	--	4,355,838
Interest receivable	258,472	271	258,743	9,897	--
Taxes receivable	396,563	--	396,563	--	223,006
Due from other agencies	4,746,904	--	4,746,904	155,182	5,169,381
Inventories	97,615	--	97,615	--	--
Land held for resale	938,158	--	938,158	--	--
Prepaid expenses and other assets	5,408	--	5,408	--	1,732,474
Notes receivable	5,150,088	183,899	5,333,987	--	4,303,343
Issuance costs, net	2,326,819	--	2,326,819	--	--
Capital assets:					
Nondepreciable	14,608,997	1,426,444	16,035,441	--	35,646,740
Depreciable, net	172,522,997	1,868,170	174,391,167	1,571	125,725,350
Total assets	<u>\$ 303,971,009</u>	<u>\$ 3,621,702</u>	<u>\$ 307,592,711</u>	<u>\$ 2,943,197</u>	<u>\$ 239,696,790</u>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	\$ 1,794,568	\$ 103,997	\$ 1,898,565	\$ 1,721,016	\$ 2,083,658
Salaries & benefits payable	5,422,768	15,017	5,437,785	18,862	233,675
Interest payable	1,602,833	--	1,602,833	--	4,573,213
Deposits and other liabilities	97,143	--	97,143	--	20,600
Unearned revenue	39,394,100	--	39,394,100	--	21,707,763
Long-term liabilities					
Due within one year	4,533,523	24,009	4,557,532	--	6,793,561
Due in more than one year	93,767,031	178,935	93,945,966	20,669	4,773,223
Other post employment benefits	3,684,000	--	3,684,000	--	--
Total liabilities	<u>150,295,966</u>	<u>321,958</u>	<u>150,617,924</u>	<u>1,760,547</u>	<u>40,185,693</u>
<b>Net Assets</b>					
Invested in capital assets, net of related debt	185,054,949	3,294,614	188,349,563	1,571	147,146,627
Restricted for:					
Capital projects	15,292,307	--	15,292,307	--	--
Debt service	20,673,430	--	20,673,430	--	1,364,014
Other	7,195,271	--	7,195,271	--	--
Unrestricted	(74,540,914)	5,130	(74,535,784)	1,181,079	51,000,456
Total net assets	<u>153,675,043</u>	<u>3,299,744</u>	<u>156,974,787</u>	<u>1,182,650</u>	<u>199,511,097</u>
Total liabilities and net assets	<u>\$ 303,971,009</u>	<u>\$ 3,621,702</u>	<u>\$ 307,592,711</u>	<u>\$ 2,943,197</u>	<u>\$ 239,696,790</u>

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

**COUNTY OF YUBA**

Statement of Activities  
For the Year Ended June 30, 2011

<b>Functions/Programs</b>	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$ 9,622,197	\$ 3,386,212	\$ 3,393,568	\$ --
Public safety	42,005,160	11,234,356	11,362,135	--
Public ways and facilities	16,171,711	7,720,432	4,486,383	5,623,898
Health and sanitation	8,416,248	1,715,428	4,913,320	--
Public assistance	50,233,381	767,358	49,848,308	--
Education	562,402	13,885	60,249	--
Interest on long-term debt	2,580,169	--	--	--
Total governmental activities	<u>129,591,268</u>	<u>24,837,671</u>	<u>74,063,963</u>	<u>5,623,898</u>
Business-Type Activities:				
Airport	554,685	308,113	54	1,143,181
Total business-type activities	<u>554,685</u>	<u>308,113</u>	<u>54</u>	<u>1,143,181</u>
Total primary government	<u>\$ 130,145,953</u>	<u>\$ 27,449,340</u>	<u>\$ 74,064,017</u>	<u>\$ 6,767,079</u>
<b>Component Units:</b>				
First Five Commission	\$ 1,253,083	\$ --	\$ 927,185	\$ --
Yuba County Water Agency	<u>17,451,079</u>	<u>22,848,469</u>	<u>4,586,176</u>	<u>--</u>
Total component units	<u>\$ 18,704,162</u>	<u>\$ 22,848,469</u>	<u>\$ 5,513,361</u>	<u>\$ --</u>

General Revenues:

Taxes:

  Property taxes

  Property taxes in lieu of sales taxes

  Sales and use taxes

  Transient occupancy taxes

  Transfer taxes

  Other

Franchise fees

Unrestricted interest and investment earnings

Miscellaneous

Special item

    Total general revenues and special item

Change in net assets

Net assets, beginning of year

Prior period adjustments

Net assets, end of year

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

Net (Expense) Revenue and  
Changes in Net Assets

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	First Five Commission	Yuba County Water Agency
\$ (2,842,417)	\$ --	\$ (2,842,417)		
(19,408,669)	--	(19,408,669)		
1,659,002	--	1,659,002		
(1,787,500)	--	(1,787,500)		
382,285	--	382,285		
(488,268)	--	(488,268)		
(2,580,169)	--	(2,580,169)		
<u>(25,065,736)</u>	<u>--</u>	<u>(25,065,736)</u>		
--	896,663	896,663		
--	896,663	896,663		
<u>(25,065,736)</u>	<u>896,663</u>	<u>(24,169,073)</u>		
			\$ (325,898)	\$ --
			<u>--</u>	<u>9,983,566</u>
			(325,898)	9,983,566
11,468,352	--	11,468,352	--	400,683
7,386,466	--	7,386,466	--	--
2,732,397	--	2,732,397	--	--
250,930	--	250,930	--	--
247,701	--	247,701	--	--
26,096	--	26,096	--	--
1,119,643	--	1,119,643	--	--
1,383,291	1,283	1,384,574	45,370	568,886
--	10,000	10,000	240	--
--	--	--	(1,476,677)	--
<u>24,614,876</u>	<u>11,283</u>	<u>24,626,159</u>	<u>(1,431,067)</u>	<u>969,569</u>
(450,860)	907,946	457,086	(1,756,965)	10,953,135
150,605,540	2,391,798	152,997,338	2,939,615	188,557,962
3,520,363	--	3,520,363	--	--
<u>\$ 153,675,043</u>	<u>\$ 3,299,744</u>	<u>\$ 156,974,787</u>	<u>\$ 1,182,650</u>	<u>\$ 199,511,097</u>

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

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**COUNTY OF YUBA**

Balance Sheet  
Governmental Funds  
June 30, 2011

	<u>General Fund</u>	<u>Public Works</u>	<u>Social Services</u>
<b>ASSETS</b>			
Cash and investments	\$ 17,768,576	\$ 19,427,193	\$ 8,161,812
Cash with fiscal agents	--	--	--
Accounts receivable	454,109	--	--
Taxes receivable	396,563	--	--
Interest receivable	154,365	68,663	--
Notes receivable	--	--	--
Due from other agencies	853,893	1,584,619	654,342
Due from other funds	89,685	6,405	--
Prepays	--	--	--
Inventory	--	97,615	--
Property held for resale	--	--	--
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 19,717,191</u>	<u>\$ 21,184,495</u>	<u>\$ 8,816,154</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 637,403	\$ 338,013	\$ 187,474
Salaries & benefits payable	1,675,487	240,812	1,320,194
Short-term debt	--	--	--
Due to other funds	6,405	57,107	560
Deposits and other liabilities	--	--	--
Unearned revenues	13,050,440	16,126,788	1,679,100
Total liabilities	<u>15,369,735</u>	<u>16,762,720</u>	<u>3,187,328</u>
Fund balances:			
Nonspendable	--	97,615	--
Restricted	--	4,324,160	5,628,826
Assigned	4,347,456	--	--
Unassigned	--	--	--
Total fund balances	<u>4,347,456</u>	<u>4,421,775</u>	<u>5,628,826</u>
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total liabilities and fund balances	<u>\$ 19,717,191</u>	<u>\$ 21,184,495</u>	<u>\$ 8,816,154</u>

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

Public Safety	Yuba Levee Financing Authority Debt Service Fund	Grants	Other Governmental Funds	Total
\$ 5,716,359	\$ 157,824	\$ 786,595	\$ 7,859,804	\$ 59,878,163
--	20,515,098	--	15,278,348	35,793,446
893,619	--	--	14,816	1,362,544
--	--	--	--	396,563
1,674	508	2,277	21,622	249,109
--	--	5,150,088	--	5,150,088
1,005,816	--	135,279	512,955	4,746,904
6,533	--	--	560	103,183
--	--	--	5,408	5,408
--	--	--	--	97,615
--	--	938,158	--	938,158
<u>\$ 7,624,001</u>	<u>\$ 20,673,430</u>	<u>\$ 7,012,397</u>	<u>\$ 23,693,513</u>	<u>\$ 108,721,181</u>

\$ 151,223	\$ --	\$ 297,337	\$ 30,078	\$ 1,641,528
1,658,200	--	--	522,576	5,417,269
--	--	--	89,850	89,850
--	--	8,004	31,107	103,183
--	--	--	7,293	7,293
2,140,887	--	6,088,246	217,786	39,303,247
<u>3,950,310</u>	<u>--</u>	<u>6,393,587</u>	<u>898,690</u>	<u>46,562,370</u>

--	--	938,158	5,408	1,041,181
--	20,673,430	--	22,388,225	53,014,641
3,673,691	--	--	401,190	8,422,337
--	--	(319,348)	--	(319,348)
<u>3,673,691</u>	<u>20,673,430</u>	<u>618,810</u>	<u>22,794,823</u>	<u>62,158,811</u>
<u>\$ 7,624,001</u>	<u>\$ 20,673,430</u>	<u>\$ 7,012,397</u>	<u>\$ 23,693,513</u>	<u>\$ 108,721,181</u>

## COUNTY OF YUBA

### Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets - Governmental Activities June 30, 2011

Fund Balance - total governmental funds	\$ 62,158,811
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.	186,488,649
Issuance costs on long-term debt is capitalized and amortized over the life of the related debt issue.	2,326,819
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.	(1,602,833)
Long-term liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds.	
Bonds payable	(76,779,829)
Loan payable	(885,049)
Capital leases	(9,389,969)
Compensated absences	(10,539,707)
Other post employment benefits	(3,684,000)
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>5,582,151</u>
Net assets of governmental activities	<u><u>\$ 153,675,043</u></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, 2011

	General Fund	Public Works	Social Services
<b>Revenues</b>			
Taxes	\$ 22,630,394	\$ 455,489	\$ --
Licenses and permits	1,795,910	65,747	--
Fines, forfeitures and penalties	687,586	41,583	--
Use of money and property	671,163	31,837	--
Intergovernmental	7,105,369	9,140,130	44,939,199
Charges for services	7,062,452	3,778,310	716,228
Other revenues	379,980	41,186	49,347
Total revenues	<u>40,332,854</u>	<u>13,554,282</u>	<u>45,704,774</u>
<b>Expenditures</b>			
Current:			
General government	12,577,216	--	--
Public protection	12,038,707	--	--
Public ways and facilities	--	13,399,087	--
Health and sanitation	1,523,569	--	--
Public assistance	522,336	--	45,344,151
Education	568,125	--	--
Debt Service:			
Principal	297,356	--	--
Interest	7,154	--	--
Capital outlay	--	--	--
Total expenditures	<u>27,534,463</u>	<u>13,399,087</u>	<u>45,344,151</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>12,798,391</u>	<u>155,195</u>	<u>360,623</u>
<b>Other Financing Sources (Uses)</b>			
Inception of capital lease	--	--	--
Transfers in	1,515,079	87,983	378,247
Transfers out	<u>(13,688,617)</u>	<u>--</u>	<u>--</u>
Total other financing sources (uses)	<u>(12,173,538)</u>	<u>87,983</u>	<u>378,247</u>
Net change in fund balances	624,853	243,178	738,870
Fund balances, beginning of year	<u>3,722,603</u>	<u>4,178,597</u>	<u>4,889,956</u>
Fund balances, end of year	<u>\$ 4,347,456</u>	<u>\$ 4,421,775</u>	<u>\$ 5,628,826</u>

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

Public Safety	Yuba Levee Financing Authority Debt Service Fund	Grants	Other Governmental	Total
\$ --	\$ --	\$ --	\$ 145,702	\$ 23,231,585
24,101	--	--	--	1,885,758
--	--	--	4,564	733,733
397,069	90,992	12,125	148,773	1,351,959
4,504,257	--	2,711,061	10,318,959	78,718,975
7,154,307	--	--	1,221,285	19,932,582
88,240	487,789	--	270,327	1,316,869
<u>12,167,974</u>	<u>578,781</u>	<u>2,723,186</u>	<u>12,109,610</u>	<u>127,171,461</u>
--	--	--	54,614	12,631,830
26,188,092	--	353,290	3,298,123	41,878,212
--	--	--	1,162,184	14,561,271
--	1,818,845	--	4,920,524	8,262,938
--	--	2,076,345	2,182,730	50,125,562
--	--	--	--	568,125
--	--	--	--	297,356
--	2,228,738	--	161,816	2,397,708
--	--	--	1,918,484	1,918,484
<u>26,188,092</u>	<u>4,047,583</u>	<u>2,429,635</u>	<u>13,698,475</u>	<u>132,641,486</u>
<u>(14,020,118)</u>	<u>(3,468,802)</u>	<u>293,551</u>	<u>(1,588,865)</u>	<u>(5,470,025)</u>
--	--	--	9,389,969	9,389,969
13,091,003	--	--	276,384	15,348,696
(173,664)	--	(149,304)	(160,000)	(14,171,585)
<u>12,917,339</u>	<u>--</u>	<u>(149,304)</u>	<u>9,506,353</u>	<u>10,567,080</u>
(1,102,779)	(3,468,802)	144,247	7,917,488	5,097,055
<u>4,776,470</u>	<u>24,142,232</u>	<u>474,563</u>	<u>14,877,335</u>	<u>57,061,756</u>
<u>\$ 3,673,691</u>	<u>\$ 20,673,430</u>	<u>\$ 618,810</u>	<u>\$ 22,794,823</u>	<u>\$ 62,158,811</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, 2011

Net change to fund balance - total governmental funds \$ 5,097,055

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	\$ 14,522,001	
The net effect of various transactions involving capital assets such as sales, retirements, trade-ins and donations	(82,636)	
Capital asset contributions	968,886	
Less: current year depreciation	<u>(10,737,309)</u>	4,670,942

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.

Inception of capital lease		(9,389,969)
Principal repayments:		
Certificates or participation		297,356

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	(171,498)	
Change in compensated absences	(14,433)	
Change in interest payable	(10,963)	
Change in OPEB liability	<u>(1,127,000)</u>	(1,323,894)

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.

		<u>197,650</u>
Change in net assets of governmental activities		<u><u>\$ (450,860)</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, 2011

	Business-Type Activities - Enterprise Fund	Governmental Activities
	Nonmajor Enterprise Fund - County Airport	Internal Service Funds
<b>Assets</b>		
Current assets:		
Cash and investments	\$ 136,747	\$ 4,945,691
Accounts receivable	6,171	939,144
Interest receivable	271	9,363
Total current assets	143,189	5,894,198
Noncurrent assets:		
Long-term receivables	183,899	--
Capital assets:		
Nondepreciable	1,426,444	--
Depreciable, net	1,868,170	643,345
Total assets	\$ 3,621,702	\$ 6,537,543
<b>Liabilities</b>		
Current Liabilities:		
Accounts payable	\$ 103,997	\$ 153,040
Salaries & benefits payable	15,017	5,499
Unearned revenue	--	90,853
Compensated absences, current portion	24,009	--
Claims liability, current portion	--	335,000
Total current liabilities	143,023	584,392
Noncurrent liabilities:		
Compensated absences	178,935	--
Claims liability	--	371,000
Total liabilities	321,958	955,392
<b>Net Assets</b>		
Invested in capital assets, net of related debt	3,294,614	643,345
Unrestricted	5,130	4,938,806
Total net assets	3,299,744	5,582,151
Total liabilities and net assets	\$ 3,621,702	\$ 6,537,543

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, 2011

	Business-Type Activities - Enterprise Fund	Governmental Activities
	Nonmajor Enterprise Fund County Airport	Internal Service Funds
<b>Operating Revenues:</b>		
User fees and charges	\$           --	\$   15,344,429
Rents and concession	308,113	--
Total operating revenues	308,113	15,344,429
<b>Operating Expenses:</b>		
Salaries and benefits	186,360	--
Services and supplies	255,364	13,783,957
Depreciation	133,256	214,757
Total operating expenses	574,980	13,998,714
 Operating income (loss)	 (266,867)	 1,345,715
<b>Nonoperating Revenues (Expenses):</b>		
Intergovernmental revenue	54	--
Other revenue	10,000	--
Gain (loss) on disposition of capital assets	22,115	(2,286)
Interest revenue	1,283	31,332
Interest expense	(1,820)	--
Total nonoperating revenues (expenses)	31,632	29,046
 Income (loss) before capital contributions and transfers	 (235,235)	 1,374,761
Capital contributions	1,143,181	--
Transfers in	--	15,000
Transfers out	--	(1,192,111)
 Change in net assets	 907,946	 197,650
Net assets, beginning of year	2,391,798	5,384,501
Net assets, end of year	\$   3,299,744	\$   5,582,151

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, 2011

	Business-Type Activities - Enterprise Fund	Governmental Activities
	Nonmajor Enterprise Fund County Airport	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash receipts from customers and users	\$ 308,113	\$ 15,237,289
Cash paid to suppliers for goods and services	(164,017)	(13,863,937)
Cash paid to employees for salaries and benefits	(179,188)	--
	<u>(35,092)</u>	<u>1,373,352</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Noncapital grants received from other agencies	54	--
Miscellaneous inflows	10,000	--
Transfers to other funds	--	(1,192,111)
Transfers from other funds	--	15,000
	<u>10,054</u>	<u>(1,177,111)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Capital grants received from other agencies	1,143,181	--
Principal payments for capital financing	(30,026)	--
Interest payments for capital financing	(1,820)	--
Acquisition of capital assets	(1,087,976)	(26,527)
Proceeds from sale of capital assets	22,115	--
Net cash provided (used) by capital and related financing activities	<u>45,474</u>	<u>(26,527)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	1,481	35,839
Net cash provided by investing activities	<u>1,481</u>	<u>35,839</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	21,917	205,553
Cash and cash equivalents, beginning of year	<u>114,830</u>	<u>4,740,138</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 136,747</u>	<u>\$ 4,945,691</u>

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

continued

**COUNTY OF YUBA**

Statement of Cash Flows (continued)  
 Proprietary Funds  
 For the Year Ended June 30, 2011

	Business-Type Activities - Enterprise Fund	Governmental Activities
	Nonmajor Enterprise Fund County Airport	Internal Service Funds
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>		
Operating income (loss)	\$ (266,867)	\$ 1,345,715
Adjustments to reconcile operating income (loss) to cash flows from operating activities:		
Depreciation	133,256	214,757
Changes in assets and liabilities:		
Accounts receivable	--	(107,140)
Accounts payable	91,347	63,293
Accrued salaries and benefits	1,776	5,499
Compensated absences	5,396	--
Claims liability	--	(163,000)
Unearned revenue	--	17,792
Due to other funds	--	(3,564)
	<u>          </u>	<u>          </u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ (35,092)</u>	<u>\$ 1,373,352</u>

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

**COUNTY OF YUBA**

Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2011

	Agency Funds	Investment Trust Fund
	<u>                    </u>	<u>                    </u>
<b>Assets</b>		
Current Assets:		
Cash and investments	\$ 5,824,546	\$ 205,001,210
Taxes receivable	<u>10,299,789</u>	<u>                    --</u>
Total assets	<u><u>\$ 16,124,335</u></u>	<u><u>\$ 205,001,210</u></u>
<b>Liabilities</b>		
Current Liabilities:		
Agency obligations	\$ 16,124,335	\$                   --
<b>Net Assets</b>		
Net assets held in trust for other purposes	<u>                    --</u>	<u>          205,001,210</u>
Total liabilities and net assets	<u><u>\$ 16,124,335</u></u>	<u><u>\$ 205,001,210</u></u>

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

**COUNTY OF YUBA**

Statement of Changes in Fiduciary Net Assets  
For the Year Ended June 30, 2011

	<u>Investment Trust Fund</u>
<b>ADDITIONS:</b>	
Interest and investment income	\$ 2,630,067
Contributions from participants	<u>20,876,266</u>
Total Additions	23,506,333
<b>DEDUCTIONS:</b>	
Distributions to participants	<u>62,763,143</u>
Change in net assets	(39,256,810)
Net assets, beginning of year	<u>244,258,020</u>
Net assets, end of year	<u><u>\$ 205,001,210</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  
For the Year Ended June 30, 2011

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 30<sup>th</sup> year-end.

**Blended Component Units**

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

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

## COUNTY OF YUBA

Notes to Basic Financial Statements  
For the Year Ended June 30, 2011

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 For the Year Ended June 30, 2011

#### 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.

## COUNTY OF YUBA

### Notes to Basic Financial Statements For the Year Ended June 30, 2011

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 For the Year Ended June 30, 2011

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

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

*Fund Financial Statements* (continued)

- The *Grants Funds* is used to account for the revenues and expenditures of various grants obtained by the County.
- 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 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 For the Year Ended June 30, 2011

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 For the Year Ended June 30, 2011

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 corresponding nonspendable portion of fund balance to indicate that they are not available spendable financial resources.

### G. **Property Held for Resale**

Property held for resale represents land and residential homes purchased and held while rehabilitated under the Neighborhood Stabilization Program. Once rehabilitated, homes will be resold.

# COUNTY OF YUBA

## Notes to Basic Financial Statements For the Year Ended June 30, 2011

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

### H. Capital Assets and Depreciation

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

The estimated lives are as follows:

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

### I. 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.

# COUNTY OF YUBA

## Notes to Basic Financial Statements For the Year Ended June 30, 2011

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

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

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.

#### J. **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.

#### K. **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.

#### L. **Interfund Transactions**

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

# COUNTY OF YUBA

## Notes to Basic Financial Statements For the Year Ended June 30, 2011

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

#### L. **Interfund Transactions** (continued)

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

#### M. **New Accounting Pronouncements**

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

The GASB has issued Statement No. 54, *Fund Balance Reporting and Governmental 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. These classifications are described in the fund equity section of this footnote. 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. The requirements of the statement are effective for financial statements with 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.

#### N. **Net Assets**

The government-wide and business-type activities financial statements utilize a net assets presentation. Net assets represent the difference between assets and liabilities and are displayed in three components:

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

## COUNTY OF YUBA

### Notes to Basic Financial Statements For the Year Ended June 30, 2011

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

##### N. **Net Assets** (continued)

*Restricted Net Assets* – This category represents net assets that are subject to constraints either (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (2) 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.

When both restricted and unrestricted net assets are available, restricted resources are used first, then unrestricted resources as they are needed.

##### O. **Fund Balance**

In the fund financial statements, the following classifications describe the relative strength of the spending constraints placed on the purposes for which governmental fund resources can be used:

*Nonspendable fund balance* – This category represents amounts that cannot be spent because they are either not spendable in form or legally or contractually required to remain intact.

*Restricted fund balance* – This category represents amounts with constraints placed on their use by those external to the County, including creditors, grantors, contributors or laws and regulations of other governments. It also includes constraints imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance* – This category represents amounts that can only be used for specific purposes determined by formal action of the County's highest level of decision-making authority (the Board of Supervisors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

## COUNTY OF YUBA

### Notes to Basic Financial Statements For the Year Ended June 30, 2011

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

##### O. **Fund Balance** (continued)

*Assigned fund balance* – This category represents amounts that are constrained by the County’s intent to be used for specific purposes. The intent can be established at either the highest level of decision making or by a body or an official designated for that purpose.

*Unassigned fund balance* – This category represents the residual classification that includes amounts not contained in the other classifications.

The County’s board establishes, modifies or rescinds fund balance commitments and assignments by passage of a resolution. When restricted and unrestricted resources are available for use, it is the County’s policy to use restricted resources first, followed by the unrestricted resources that are committed, assigned and unassigned, in this order as they are needed.

##### *Fund Balance Policy*

The County has established the following goals and policies for fund balance:

1. The General Fund’s Committed fund balances for economic uncertainties should be accumulated over time until 6% of the annual operating budget reserve level is achieved (appropriations less capital outlay, assigned and committed fund balances).
2. The General Fund’s Committed fund balances for contingencies should be set at a level to provide for unanticipated increases to the County budget. An analysis to determine potential increases will be completed to determine appropriate level of funding.
3. Commitments for self-insurance funds shall be actuarially determined at least every other year. Balances should be maintained at the 80% confidence level or net estimated losses.
4. Loans or transfers to or from internal services and enterprise funds shall be limited to meeting one-time funding requirements in County operating funds, and shall require repayment with interest.

**COUNTY OF YUBA**

Notes to Basic Financial Statements  
For the Year Ended June 30, 2011

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

**P. 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 Lease* – During the year, the County determined that the HHS building lease should be reported as an operating lease. As a result, capital assets, net of accumulated depreciation, decreased \$34,728,113, and capital lease liabilities decreased \$36,592,907. The net effect on beginning net assets of the governmental activities was an increase of \$1,864,794.

*Capital Assets* – Beginning net assets of governmental activities was increased by \$1,655,659 to include acquisitions incurred in a prior year.

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

	Government-Wide Statement of Activities
	Governmental Activities
Fund balances/net assets, June 30, 2010, as previously reported	\$ 150,605,540
Restatements and corrections:	
Capital lease	1,864,794
Prior year capital asset acquisitions	1,655,569
Total restatements and corrections	3,520,363
Fund balances/net assets, June 30, 2010, as restated	\$ 154,125,903

## COUNTY OF YUBA

### Notes to Basic Financial Statements For the Year Ended June 30, 2011

#### 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.

At June 30, 2011, total County cash and investments were as follows:

<i>Cash:</i>	
Cash on hand	\$ 80,221
Deposits	5,375,898
Outstanding warrants	(7,186,780)
Total cash overdrafts	<u>(1,730,661)</u>
 <i>Investments:</i>	
Investment pool	341,456,375
Held with fiscal agents	37,171,294
Total investments	<u>378,627,669</u>
Total cash and investments	<u>\$ 376,897,008</u>

# COUNTY OF YUBA

## Notes to Basic Financial Statements For the Year Ended June 30, 2011

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

Total cash and investments at June 30, 2011 were presented on the County's financial statements as follows:

Primary government	\$ 100,754,047
Discretely presented component units	65,317,205
Investment trust fund	205,001,210
Agency fund	<u>5,824,546</u>
Total	<u>\$ 376,897,008</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, 2011, none of the County's deposits was exposed to custodial risk.

### 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 \$52 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.

## COUNTY OF YUBA

### Notes to Basic Financial Statements For the Year Ended June 30, 2011

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
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	5 Years	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

At June 30, 2011, the County had the following investments:

	Interest Rates	Maturities	Par	Fair Value	Carrying Value	Weighted Average Maturity (Years)
<b>Primary Investment Pool:</b>						
Federal Agency Obligations	1.00 - 5.00%	3/9/12 - 6/30/16	\$ 138,075,000	\$ 139,002,208	\$ 138,165,578	3.51
Medium Term Corporate Notes	0.367 - 5.720%	8/22/11 - 3/23/16	85,130,000	85,926,882	85,607,310	2.70
Negotiable Certificates of Deposit	0.524 - 1.007%	4/26/12 - 11/30/12	25,000,000	25,075,350	25,000,000	1.17
Money Market Mutual Funds	Variable	On Demand	1,007,432	1,007,533	1,007,432	0.00
Local Agency Issue - Coupon	5.500%	8/1/12	100,000	102,440	100,000	1.09
Local Agency Investment Fund	Variable	On Demand	40,000,000	40,000,000	40,000,000	0.00
California Asset Management Pool	Variable	On Demand	51,576,055	51,580,875	51,576,055	0.00
Total			\$ 340,888,487	\$ 342,695,288	\$ 341,456,375	2.19
<b>Investments outside Investment Pool</b>						
<i>Cash held with fiscal agent</i>						
Money Market Mutual Funds	Variable	On Demand	\$ 10,780,700	\$ 10,780,700	\$ 10,780,697	0.00
Federal Agency Obligations	1.5% - 7.1%	8/19/11 - 2/11/15	22,270,000	23,515,863	23,516,033	2.49
California Asset Management Pool	Variable	On Demand	869,878	869,878	869,878	0.00
Medium Term Corporate Notes	2.5% - 4.8%	6/1/11 - 8/11/15	2,000,000	2,004,686	2,004,686	4.11
			\$ 35,920,578	\$ 37,171,127	\$ 37,171,294	1.80

At June 30, 2011 the difference between the carrying value and fair value of pooled cash and investments was not materially different (fair value was 100.54% of carrying value).

# COUNTY OF YUBA

## Notes to Basic Financial Statements For the Year Ended June 30, 2011

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

#### Interest Rate Risk

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

#### Credit Risk

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

#### Concentration of Credit Risk

At June 30, 2011, 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	\$ 35,999,024
Federal Home Loan Mortgage Corporation	Federal Agency	34,785,768
Federal National Mortgage Association (Fannie Mae)	Federal Agency	53,147,116
General Electric Capital Corporation	Medium Term Note	35,100,332

## COUNTY OF YUBA

### Notes to Basic Financial Statements For the Year Ended June 30, 2011

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, 2011.

	<b>Moody's</b>	<b>% of Portfolio</b>
Federal Agency Obligations	AAA	40.58%
Medium Term Corporate Notes	AA	13.35%
Medium Term Corporate Notes	A	11.72%
Negotiable Certificates of Deposit	AA	2.92%
Negotiable Certificates of Deposit	Unrated	4.39%
California Asset Management Pool	AAA	15.05%
Money Market Mutual Fund	Unrated	0.29%
Local Agency Obligation	Unrated	0.03%
Local Agency Investment Fund (LAIF)	Unrated	11.67%
Total		100.00%

Custodial Credit Risk

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

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.

# COUNTY OF YUBA

## Notes to Basic Financial Statements For the Year Ended June 30, 2011

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

#### Local Agency Investment Fund (continued)

At June 30, 2011, the County's investment position in the State of California Local Agency Investment Fund (LAIF) was \$40 million, which approximates fair value and is the same as the value of the pool shares which is determined on an amortized cost basis. The total amount invested by all public agencies in PMIA on that day was \$66.4 billion. Of that amount, 5.01% was invested in structured notes and asset-backed securities with the remaining 94.99% 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, 2011:

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

Net assets held for pool participants	<u>\$ 337,666,090</u>
Equity of internal pool participants	\$ 70,115,865
Equity of external pool participants	<u>267,550,225</u>
Total net assets	<u>\$ 337,666,090</u>

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

Net assets at July 1, 2010	\$ 399,013,041
Net changes in investments by pool participants	<u>(61,346,951)</u>
Net assets at June 30, 2011	<u>\$ 337,666,090</u>

## COUNTY OF YUBA

### Notes to Basic Financial Statements For the Year Ended June 30, 2011

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, 2011 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Public Works Grants Other Governmental Funds	\$ 57,107 1,471 <u>31,107</u> 89,685
Public Works	General Fund	6,405
Public Safety	Grants	6,533
Other Governmental Funds	Social Services Fund	<u>560</u>
		<u>\$ 103,183</u>

***Transfers:***

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

Transfer From	Transfer To	Amount
General Fund	Social Services Public Works Public Safety Other Governmental Funds Internal Service Fund	\$ 378,247 87,983 12,931,003 276,384 <u>15,000</u> 13,688,617
Public Safety	General Fund	173,664
Grants Fund	General Fund	149,304
Internal Service Funds	General Fund	1,192,111
Other Governmental funds	Public Safety	<u>160,000</u>
		<u>\$ 15,363,696</u>

## COUNTY OF YUBA

### Notes to Basic Financial Statements For the Year Ended June 30, 2011

#### Note 5: Capital Assets

Capital asset activity for the year ended June 30, 2011, was as follows:

	Restated Balance July 1, 2010	Additions	Deletions	Transfers & Adjustments	Balance June 30, 2011
<b>Governmental Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 5,333,953	\$ 902,590	\$ --	\$ --	\$ 6,236,543
Construction in progress	7,118,458	8,642,956	(40,451)	(7,348,509)	8,372,454
Total capital assets, not being depreciated	<u>12,452,411</u>	<u>9,545,546</u>	<u>(40,451)</u>	<u>(7,348,509)</u>	<u>14,608,997</u>
Capital assets, being depreciated:					
Infrastructure	249,963,601	968,886	--	7,348,509	258,280,996
Structures and improvements	32,763,189	4,267,156	--	--	37,030,345
Equipment	15,965,987	735,826	(496,585)	--	16,205,228
Total capital assets, being depreciated	<u>298,692,777</u>	<u>5,971,868</u>	<u>(496,585)</u>	<u>7,348,509</u>	<u>311,516,569</u>
Less accumulated depreciation for:					
Infrastructure	(96,162,238)	(8,866,070)	--	--	(105,028,308)
Structures and improvements	(19,447,949)	(582,146)	--	--	(20,030,095)
Equipment	(12,883,432)	(1,503,850)	452,113	--	(13,935,169)
Total accumulated depreciation	<u>(128,493,619)</u>	<u>(10,952,066)</u>	<u>452,113</u>	<u>--</u>	<u>(138,993,572)</u>
Total capital assets, being depreciated, net	<u>170,199,158</u>	<u>(4,980,198)</u>	<u>(44,472)</u>	<u>7,348,509</u>	<u>172,522,997</u>
Governmental activities capital assets, net	<u>\$ 182,651,569</u>	<u>\$ 4,565,348</u>	<u>\$ (84,923)</u>	<u>\$ --</u>	<u>\$ 187,131,994</u>
	Balance July 1, 2010	Additions	Deletions	Transfers & Adjustments	Balance June 30, 2011
<b>Business-Type Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 280,168	\$ --	\$ --	\$ --	\$ 280,168
Construction in progress	58,300	1,087,976	--	--	1,146,276
Total capital assets, not being depreciated	<u>338,468</u>	<u>1,087,976</u>	<u>--</u>	<u>--</u>	<u>1,426,444</u>
Capital assets, being depreciated:					
Structures and improvements	5,235,438	--	--	--	5,235,438
Equipment	279,613	--	--	--	279,613
Total capital assets, being depreciated	<u>5,515,051</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>5,515,051</u>
Less accumulated depreciation for:					
Structures and improvements	(3,342,833)	(131,730)	--	--	(3,474,563)
Equipment	(170,792)	(1,526)	--	--	(172,318)
Total accumulated depreciation	<u>(3,513,625)</u>	<u>(133,256)</u>	<u>--</u>	<u>--</u>	<u>(3,646,881)</u>
Total capital assets, being depreciated, net	<u>2,001,426</u>	<u>(133,256)</u>	<u>--</u>	<u>--</u>	<u>1,868,170</u>
Business-type activities capital assets, net	<u>\$ 2,339,894</u>	<u>\$ 954,720</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 3,294,614</u>

# COUNTY OF YUBA

## Notes to Basic Financial Statements For the Year Ended June 30, 2011

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

The beginning balance of structures and improvements of the governmental activities was restated to remove leased property of \$34,728,113, net of accumulated depreciation of \$3,157,100. The lease was reclassified as an operating lease.

The beginning balance of land, infrastructure, structures and equipment of the governmental activities was restated to include \$1,655,570, net of accumulated depreciation of \$82,100, for acquisitions incurred in a prior year.

Depreciation expense was charged to governmental functions as follows:

General government	\$ 1,005,407
Public protection	162,779
Public ways	9,060,310
Health and sanitation	18,037
Public assistance	490,776
Depreciation on capital assets held by the County's internal service funds are charged to various functions based on their usage of the assets	214,757
Total	\$10,952,066

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

Airport	\$ 133,256
---------	------------

Note 6: **Long-Term Liabilities**

Long-term debt at June 30, 2011 consisted of the following:

<u>Governmental Activities</u>	Date of Issue	Date of Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2011
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					\$ 79,281,192	\$ 79,255,049

## COUNTY OF YUBA

### Notes to Basic Financial Statements For the Year Ended June 30, 2011

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

The following is a summary of long-term liability transactions for the year ended June 30, 2011:

	Restated Balance July 1, 2010	Additions	Retirements	June 30, 2011 Adjustments	Balance June 30, 2011	Amounts Due Within One Year
<b>Governmental Activities</b>						
Refunding certificates of participation	\$ 295,000	\$ --	\$ (295,000)	\$ --	\$ --	\$ --
Bonds payable	78,370,000	--	--	--	78,370,000	--
Less: unamortized discount	(1,657,288)	--	67,117	--	(1,590,171)	--
Notes payable	885,049	--	--	--	885,049	--
Capital leases	36,592,907	9,389,969	--	(36,592,907)	9,389,969	475,579
Compensated absences	10,525,274	5,055,968	(5,041,535)	--	10,539,707	3,722,944
Liability for self-insurance	869,000	168,000	(331,000)	--	706,000	335,000
	<u>\$ 125,879,942</u>	<u>\$ 14,613,937</u>	<u>\$ (5,600,418)</u>	<u>\$ (36,592,907)</u>	<u>\$ 98,300,554</u>	<u>\$ 4,533,523</u>
Total Governmental Activities Long-term liabilities						
<b>Business-type Activities</b>						
Notes payable	\$ 30,026	\$ --	\$ (30,026)	\$ --	\$ --	\$ --
Compensated absences	197,548	28,553	(23,157)	--	202,944	24,009
	<u>\$ 227,574</u>	<u>\$ 28,553</u>	<u>\$ (53,183)</u>	<u>\$ --</u>	<u>\$ 202,944</u>	<u>\$ 24,009</u>
Total Business-type Activities Long-term liabilities						

As of June 30, 2011, annual debt service requirements of governmental activities to maturity are as follows:

Year Ending June 30:	Governmental Activities			
	Notes Payable <sup>1</sup>		Bonds Payable	
	Principal	Interest	Principal	Interest
2012	\$ --	\$ --	\$ --	\$ 4,047,583
2013	--	--	--	4,047,583
2014	--	--	--	4,047,583
2015	--	--	--	4,047,583
2016	--	--	--	4,047,583
2017-2021	146,107	229,179	2,245,000	20,237,913
2022-2026	--	--	13,530,000	17,937,425
2027-2031	--	--	17,755,000	13,778,830
2032-2037	--	--	22,475,000	9,060,561
3038-2042	--	--	22,365,000	2,863,500
	<u>\$ 146,107</u>	<u>\$ 229,179</u>	<u>\$ 78,370,000</u>	<u>\$ 84,116,144</u>

<sup>1</sup>At June 30, 2011, negotiations over revised payment terms were ongoing and the outcome uncertain.

## COUNTY OF YUBA

### Notes to Basic Financial Statements For the Year Ended June 30, 2011

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

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.

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.

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.

Annual debt service payments to maturity as of June 30, 2011, are not determinable.

## COUNTY OF YUBA

### Notes to Basic Financial Statements For the Year Ended June 30, 2011

Note 7: **Leases**

**Capital Leases**

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

The following is a summary of equipment leased under capital lease agreements by the County as of June 30, 2011:

	Stated Interest Rate	Present Value of Remaining Payments as of June 30, 2011
Governmental Activities:		
Solar panels	4.50%	\$ 9,389,969

The equipment is currently under construction.

As of June 30, 2011, future minimum lease payments under capital leases was as follows:

Year Ending June 30:	Governmental Activities
2012	\$ 422,549
2013	604,678
2014	992,887
2015	902,018
2016	925,936
2017-2021	4,195,031
2022-2026	4,473,820
2027-2031	1,013,721
Total Future Minimum Lease Payments	13,530,640
Less: Interest	(4,140,671)
Present Value of Minimal Lease Payments	\$ 9,389,969

**COUNTY OF YUBA**

Notes to Basic Financial Statements  
For the Year Ended June 30, 2011

Note 7: **Leases** (continued)

**Operating Leases**

The County has commitments under long-term operating lease agreements. During the fiscal year ended June 30, 2011, the County paid rents on these leases of \$2,294,424. Future minimum lease payments are as follows:

<u>Year Ending June 30:</u>	<u>Governmental Activities</u>
2012	\$ 2,294,424
2013	2,294,424
2014	2,294,424
2015	2,294,424
2016	2,294,424
2017-2021	11,472,120
2022-2026	11,472,120
2027-2031	11,472,120
2032-2036	11,472,120
2037-2041	11,472,120
2042-2046	<u>2,294,424</u>
Total Minimum Lease Payments	<u>\$ 71,127,144</u>

Note 8: **Revolving Notes Receivable**

At June 30, 2011, the County had \$5,150,088 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	\$3,987,821
HOME Investment Partnerships Program	836,367
CDBG Economic Development Initiative	<u>325,900</u>
	<u>\$5,150,088</u>

## COUNTY OF YUBA

### Notes to Basic Financial Statements For the Year Ended June 30, 2011

#### Note 9: **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, 2011, the employer contribution rate was 12.782% for the miscellaneous plan and 15.476% 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 2010-2011, the County's annual pension cost of \$6,685,079 for PERS was equal to the County's required and actual contributions. The required contribution was determined as part of the June 30, 2008 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, 2008 was thirty-two years.

**COUNTY OF YUBA**

Notes to Basic Financial Statements  
For the Year Ended June 30, 2011

Note 9: **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>
06/30/09	\$ 7,027,724	100%	\$ --
06/30/10	6,941,909	100%	--
06/30/11	6,685,079	100%	--

Funded Status and Funding Progress

The following is the funded status information for each plan as of June 30, 2010, 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	\$ 219,046,740	\$ 174,143,449	\$ 44,903,291	79.5%	\$ 39,947,417	112.4%
Safety	72,135,411	56,596,999	15,538,412	78.5%	12,701,667	122.3%

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 10: **Risk Management**

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

# COUNTY OF YUBA

## Notes to Basic Financial Statements For the Year Ended June 30, 2011

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

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

The County currently reports its risk management activities in the internal services funds, which include general liability, workers' compensation, health, unemployment and short-term disability. All of the County funds participate in the County self-insured programs and make payments to the corresponding internal service fund based on estimated costs to pay prior and current years' claims. The estimated claims liability of \$706,000 as reported in the internal service funds at June 30, 2011, 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, 2011 and 2010 were as follows:

	<u>2011</u>	<u>2010</u>
Unpaid claims, beginning of year	\$ 869,000	\$ 869,000
Estimated claims incurred and adjustments	168,000	507,629
Claims payments	<u>(331,000)</u>	<u>(507,629)</u>
Unpaid claims, end of year	<u>\$ 706,000</u>	<u>\$ 869,000</u>

## COUNTY OF YUBA

### Notes to Basic Financial Statements For the Year Ended June 30, 2011

Note 11: **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, 2011:

Annual required contribution	\$	1,364,000
Interest on net OPEB obligation		115,000
Adjustments to ARC		(194,000)
Annual OPEB cost (expense)		1,285,000
Contributions made		(158,000)
Increase in net OPEB obligation		1,127,000
Net OPEB obligation, beginning of year		2,557,000
Net OPEB obligation, end of year		\$ 3,684,000

***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 2010/11 and the prior two fiscal years is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/11	\$1,285,000	12.3%	\$3,684,000
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 For the Year Ended June 30, 2011

Note 11: **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 For the Year Ended June 30, 2011

Note 12: **Net Assets/Fund Balances**

Net Assets

The components of net assets for governmental activities was determined as follows:

	Invested in Capital Assets Net of Debt	Restricted Net Assets	Unrestricted Net Assets
Governmental fund balances	\$ --	\$ 53,014,641	\$ 9,144,170
Internal service fund net assets	643,345	--	4,938,806
Capital Assets	186,488,649	--	--
Other assets	--	--	2,326,819
Other liabilities	--	--	(1,602,833)
Compensated absences	--	(7,879,540)	(2,660,167)
Other post employment benefits	--	(1,974,093)	(1,709,907)
Notes payable	--	--	(885,049)
Long-Term Debt			
Bonds payable, net of discount	--	--	(76,779,829)
Capital lease	(9,389,969)	--	--
Adjustment for unspent proceeds	7,312,924	--	(7,312,924)
	\$ 185,054,949	\$ 43,161,008	\$ (74,540,914)

Net assets were restricted for the following purposes:

Capital projects	\$ 15,292,307
Debt service	20,673,430
Other Restrictions:	
Public assistance programs	3,324,857
Public facilities	3,870,414
	\$43,161,008

**COUNTY OF YUBA**

Notes to Basic Financial Statements  
For the Year Ended June 30, 2011

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

**Fund Balances**

Details of the fund balance classifications of the governmental funds as of June 30, 2011, are as follows:

	General Fund	Public Works	Social Services	Public Safety	Yuba Levee Financing Authority Debt Ser.	Grants	Other Governmental Funds	Total
<b>Nonspendable:</b>								
Inventory	\$ --	\$ 97,615	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 97,615
Property held for resale	--	--	--	--	--	938,158	--	938,158
Prepays	--	--	--	--	--	--	5,408	5,408
Total Nonspendable	--	97,615	--	--	--	938,158	5,408	1,041,181
<b>Restricted for:</b>								
Public protection	--	--	--	--	--	--	1,293,185	1,293,185
Public assistance	--	--	5,628,826	--	--	--	696,080	6,324,906
Health and sanitation	--	--	--	--	--	--	792,893	792,893
Public ways and facilities	--	4,324,160	--	--	--	--	4,313,760	8,637,920
Debt service	--	--	--	--	20,673,430	--	--	20,673,430
Capital projects	--	--	--	--	--	--	15,292,307	15,292,307
Total Restricted	--	4,324,160	5,628,826	--	20,673,430	--	22,388,225	53,014,641
<b>Assigned to:</b>								
Appropriation in subsequent year	749,490	--	--	--	--	--	--	749,490
General contingencies	1,400,000	--	--	--	--	--	--	1,400,000
Public safety	--	--	--	3,673,691	--	--	--	3,673,691
Capital projects	2,197,966	--	--	--	--	--	401,190	2,599,156
Total Assigned	4,347,456	--	--	3,673,691	--	--	401,190	8,422,337
Unassigned	--	--	--	--	--	--	(319,348)	(319,348)
<b>Total Fund Balances</b>	<b>\$ 4,347,456</b>	<b>\$ 4,421,775</b>	<b>\$ 5,628,826</b>	<b>\$ 3,673,691</b>	<b>\$ 20,673,430</b>	<b>\$ 938,158</b>	<b>\$ 22,475,475</b>	<b>\$ 62,158,811</b>

Note 13: **Contingent Liabilities**

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

Note 14: **Joint Venture**

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

## COUNTY OF YUBA

### Notes to Basic Financial Statements For the Year Ended June 30, 2011

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

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.

Condensed financial information of the Authority for the fiscal year ended June 30, 2011 is as follows:

Cash and investments in the County of Yuba's	
Investment Pool	\$ 12,403,190
Other current assets	2,599,883
Deposit - Condemnation Fund	<u>252,558</u>
Total Assets	15,255,631
Accounts payable	<u>(1,731,211)</u>
Net Assets	<u><u>\$ 13,524,420</u></u>
Revenues	15,666,986
Levee improvement costs	(14,111,717)
Maintenance	(782,124)
Administration	<u>(794,359)</u>
Changes in net assets	(21,214)
Net Assets, beginning of year	<u>13,545,634</u>
Net assets, end of year	<u><u>\$ 13,524,420</u></u>

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

**COUNTY OF YUBA**

Notes to Basic Financial Statements  
For the Year Ended June 30, 2011

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

Levee improvement costs incurred to date through June 30, 2011, 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
2011	<u>14,111,717</u>
	<u>\$ 307,035,879</u>

During the year ended June 30, 2011, the County of Yuba transferred a total of \$15.7 million to the Authority to fund ongoing levee improvements. At June 30, 2011, the Authority's investment account in the County's investment pool had a balance of \$12,403,190.

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.

## COUNTY OF YUBA

### Notes to Basic Financial Statements For the Year Ended June 30, 2011

#### Note 15: **Subsequent Event**

On June 28, 2011, the California Legislature adopted Assembly Bill X1 26 (Dissolution Act) and Assembly Bill X1 27 (Voluntary Program Act) which taken together are known as the Redevelopment Restructuring Act. The Dissolution Act provides for the elimination of redevelopment agencies by appointing successor agencies to direct the orderly distribution of a redevelopment agency's assets and liabilities. The Voluntary Program Act provides a voluntary alternative for local governments to continue redevelopment activities by the enactment of an ordinance agreeing to comply with the program requirements and agreeing to make certain annual "Community Remittance" payments into a special fund established for the benefit of other governments. The Yuba County Redevelopment Agency (Agency) may use available funds for this purpose and the Agency and County have approved an agreement to accomplish this objective. The Agency's "Community Remittance" payment is estimated to be \$10,822 for fiscal year 2011-12, with one half due on January 15, 2012 and the other half due May 15, 2012.

The Redevelopment Restructuring Act requires the Agency and its sponsoring government (the County) to take several legislative actions to implement the various provisions of each assembly bill.

The California Redevelopment Association along with others has filed suit challenging the constitutionality of Assembly Bill X1 26 (Dissolution Act) and Assembly Bill X1 27 (Voluntary Program Act). In August 2011, the Court agreed to hear the case on an expedited basis so that a decision could be reached before January 15, 2012, when the first payments under the Voluntary Program Act are due. Until a decision is reached, the California Supreme Court has issued a partial stay of AB X1 26, delaying the effectiveness of the statute. Because the stay only affects enforcement, each agency must adopt an Enforceable Obligation Payment Schedule and draft Recognized Obligation Payment Schedule prior to September 30, as required by the statute. Enforceable obligations include bonds, loans and payments required by the federal or state government; legally binding and enforceable agreements or contracts; and contracts or agreements necessary for the continued administration or operation of the agency that are permitted for purposes set forth in the Dissolution Act.

On August 23, 2011, the Agency's Board met and considered possible actions related to the legislation described above. The Board determined to take no action. Unless the courts find Assembly Bill XI 26 (Dissolution Act) to be unconstitutional, the Agency expects and is prepared to dissolve and its debt to be administered by the County of Yuba as the successor agency.

On December 29, 2011, the California Supreme Court issued its decision. The Court upheld the Dissolution Act (AB X1 26) and invalidated the Voluntary Program Act (AB X1 27).

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**REQUIRED  
SUPPLEMENTARY INFORMATION**

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**COUNTY OF YUBA**

Required Supplementary Information  
For the Fiscal Year Ended June 30, 2011

**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:

Funded Status of Miscellaneous Plan

<b>Valuation Date</b>	<b>Entry Age Normal Accrued Liability</b>	<b>Actuarial Value of Assets</b>	<b>Unfunded/ (Overfunded) Liability</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>UAAL as a % of Payroll</b>
June 30, 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%
June 30, 2010	219,046,740	174,143,449	44,903,291	79.5%	39,947,417	112.4%

Funded Status of Safety Plan

<b>Valuation Date</b>	<b>Entry Age Normal Accrued Liability</b>	<b>Actuarial Value of Assets</b>	<b>Unfunded/ (Overfunded) Liability</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>UAAL as a % of Payroll</b>
June 30, 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%
June 30, 2010	72,135,411	56,596,999	15,538,412	78.5%	12,701,667	122.3%

**COUNTY OF YUBA**

Required Supplementary Information  
For the Fiscal Year Ended June 30, 2011

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

Funded Status

<b>Valuation Date</b>	<b>Entry Age Normal Accrued Liability</b>	<b>Actuarial Value of Assets</b>	<b>Unfunded/ (Overfunded) Liability</b>	<b>Funded Ratio</b>	<b>Annual Covered Payroll</b>	<b>UAAL as a % of Payroll</b>
June 30, 2007	\$ 9,908,000	\$ --	\$ 9,908,000	0.0%	\$ 51,987,000	19.06%
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, 2011

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(On Budgetary Basis)	Final Budget
Budgetary fund balances, Beginning	\$ 3,722,603	\$ 3,722,603	\$ 3,722,603	\$ --
Resources (inflows):				
Taxes	22,378,614	22,378,614	22,630,394	251,780
Licenses and permits	2,515,118	2,521,327	1,795,910	(725,417)
Fines, forfeitures and penalties	897,595	897,595	687,586	(210,009)
Use of money and property	684,550	684,550	671,163	(13,387)
Intergovernmental	4,845,097	5,289,120	7,105,369	1,816,249
Charges for services	6,092,695	6,146,788	7,062,452	915,664
Other revenues	240,000	262,994	379,980	116,986
Transfers in	575,700	5,444,607	1,515,079	(3,929,528)
Amounts available for appropriation	<u>38,229,369</u>	<u>43,625,595</u>	<u>41,847,933</u>	<u>(1,777,662)</u>
Charges to appropriations (outflows):				
General government	8,080,917	13,610,352	12,577,216	1,033,136
Public protection	14,102,902	14,835,035	12,038,707	2,796,328
Health and sanitation	1,583,721	1,716,964	1,523,569	193,395
Public assistance	538,468	543,868	522,336	21,532
Education	581,950	607,480	568,125	39,355
Debt service	95,000	95,000	304,510	(209,510)
Transfers out	14,317,058	14,026,217	13,688,617	337,600
Total charges to appropriations	<u>39,300,016</u>	<u>45,434,916</u>	<u>41,223,080</u>	<u>4,211,836</u>
Net change in fund balance	<u>(1,070,647)</u>	<u>(1,809,321)</u>	<u>624,853</u>	<u>2,434,174</u>
Budgetary fund balances, Ending	<u>\$ 2,651,956</u>	<u>\$ 1,913,282</u>	<u>\$ 4,347,456</u>	<u>\$ 2,434,174</u>

continued

COUNTY OF YUBA

Budgetary Comparison Schedule  
General Fund (continued)  
For the Year Ended June 30, 2011

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

Sources/inflows of resources

Actual amounts (budgetary basis) "amounts available for appropriation" from the budgetary comparison schedule \$ 41,847,933

Differences - budget to GAAP:

Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes (1,515,079)

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 40,332,854

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule \$ 41,223,080

Differences - budget to GAAP:

Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes (13,688,617)

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 27,534,463

**COUNTY OF YUBA**

Budgetary Comparison Schedule  
Public Works  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(On Budgetary Basis)	Final Budget
Budgetary fund balances, Beginning	\$ 4,178,597	\$ 4,178,597	\$ 4,178,597	\$ --
Resources (inflows):				
Taxes	316,262	316,262	455,489	139,227
Licenses and permits	65,000	67,000	65,747	(1,253)
Fines, forfeitures and penalties	40,000	40,000	41,583	1,583
Use of money and property	35,000	35,000	31,837	(3,163)
Intergovernmental	13,431,807	14,174,998	9,140,130	(5,034,868)
Charges for services	4,337,524	6,617,824	3,778,310	(2,839,514)
Other revenues	751,051	853,662	41,186	(812,476)
Transfers in	87,983	94,283	87,983	(6,300)
Amounts available for appropriation	<u>19,064,627</u>	<u>22,199,029</u>	<u>13,642,265</u>	<u>(8,556,764)</u>
Charges to appropriations (outflows):				
Public ways and facilities	20,686,580	24,023,443	13,399,087	10,624,356
Total charges to appropriations	<u>20,686,580</u>	<u>24,023,443</u>	<u>13,399,087</u>	<u>10,624,356</u>
Net change in fund balances	<u>(1,621,953)</u>	<u>(1,824,414)</u>	243,178	2,067,592
Budgetary fund balances, Ending	<u>\$ 2,556,644</u>	<u>\$ 2,354,183</u>	<u>\$ 4,421,775</u>	<u>\$ 2,067,592</u>
Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:				
<u>Sources/inflows of resources</u>				
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule				\$ 13,642,265
Differences - budget to GAAP:				
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes				<u>(87,983)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds				<u>\$ 13,554,282</u>

**COUNTY OF YUBA**

Budgetary Comparison Schedule  
Social Services Fund  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(On Budgetary Basis)	Final Budget
Budgetary fund balances, Beginning	\$ 4,889,956	\$ 4,889,956	\$ 4,889,956	\$ --
Resources (inflows):				
Intergovernmental	48,422,147	48,422,147	44,939,199	(3,482,948)
Charges for services	190,350	190,350	716,228	525,878
Other revenues	432,771	432,771	49,347	(383,424)
Transfers in	378,247	425,197	378,247	(46,950)
Amounts available for appropriation	<u>49,423,515</u>	<u>49,470,465</u>	<u>46,083,021</u>	<u>(3,387,444)</u>
Charges to appropriations (outflows):				
Public assistance	50,515,590	50,682,992	45,344,151	5,338,841
Total charges to appropriations	<u>50,515,590</u>	<u>50,682,992</u>	<u>45,344,151</u>	<u>5,338,841</u>
Net change in fund balances	<u>(1,092,075)</u>	<u>(1,212,527)</u>	738,870	1,951,397
Budgetary fund balances, Ending	<u>\$ 3,797,881</u>	<u>\$ 3,677,429</u>	<u>\$ 5,628,826</u>	<u>\$ 1,951,397</u>
Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:				
<u>Sources/inflows of resources</u>				
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule				\$ 46,083,021
Differences - budget to GAAP:				
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes				<u>(378,247)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds				<u>\$ 45,704,774</u>

**COUNTY OF YUBA**

Budgetary Comparison Schedule  
Public Safety  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(On Budgetary Basis)	Final Budget
Budgetary fund balances, Beginning	\$ 4,776,470	\$ 4,776,470	\$ 4,776,470	\$ --
Resources (inflows):				
Licenses and permits	20,030	20,030	24,101	4,071
Use of money and property	226,000	226,000	397,069	171,069
Intergovernmental	4,850,139	4,792,694	4,504,257	(288,437)
Charges for services	6,754,500	6,782,925	7,154,307	371,382
Other revenues	219,450	238,800	88,240	(150,560)
Transfers in	12,965,313	12,991,789	13,091,003	99,214
Amounts available for appropriation	<u>25,035,432</u>	<u>25,052,238</u>	<u>25,258,977</u>	<u>206,739</u>
Charges to appropriations (outflows):				
Public protection	26,726,218	26,875,524	26,188,092	687,432
Transfers out	--	--	173,664	(173,664)
Total charges to appropriations	<u>26,726,218</u>	<u>26,875,524</u>	<u>26,361,756</u>	<u>513,768</u>
Net change in fund balances	<u>(1,690,786)</u>	<u>(1,823,286)</u>	<u>(1,102,779)</u>	<u>720,507</u>
Budgetary fund balances, Ending	<u>\$ 3,085,684</u>	<u>\$ 2,953,184</u>	<u>\$ 3,673,691</u>	<u>\$ 720,507</u>

continued

**COUNTY OF YUBA**

Budgetary Comparison Schedule  
Public Safety (continued)  
For the Year Ended June 30, 2011

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

Sources/inflows of resources

Actual amounts (budgetary basis) "amounts available for appropriation" from the budgetary comparison schedule \$ 25,258,977

Differences - budget to GAAP:

Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes (13,091,003)

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 12,167,974

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule \$ 26,361,756

Differences - budget to GAAP:

Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes (173,664)

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 26,188,092

**COUNTY OF YUBA**

Budgetary Comparison Schedule  
Grants  
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(On Budgetary Basis)	Final Budget
Budgetary fund balances, Beginning	\$ 474,563	\$ 474,563	\$ 474,563	\$ --
Resources (inflows):				
Use of money and property	2,000	2,000	12,125	10,125
Intergovernmental	1,379,638	2,788,791	2,711,061	(77,730)
Amounts available for appropriation	<u>1,381,638</u>	<u>2,790,791</u>	<u>2,723,186</u>	<u>(67,605)</u>
Charges to appropriations (outflows):				
Public protection	292,305	566,412	353,290	213,122
Public assistance	1,044,252	2,311,446	2,076,345	235,101
Transfers out	--	--	149,304	149,304
Total charges to appropriations	<u>1,336,557</u>	<u>2,877,858</u>	<u>2,578,939</u>	<u>597,527</u>
Net change in fund balances	<u>45,081</u>	<u>(87,067)</u>	<u>144,247</u>	<u>529,922</u>
Budgetary fund balances, Ending	<u>\$ 519,644</u>	<u>\$ 387,496</u>	<u>\$ 618,810</u>	<u>\$ 529,922</u>

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 \$ 2,578,939

Differences - budget to GAAP:

Transfers from other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes (149,304)

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 2,429,635

## **COUNTY OF YUBA**

### **Notes to Required Supplementary Information For the Fiscal Year Ended June 30, 2011**

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

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

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

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

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## **SUPPLEMENTARY INFORMATION**

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## **Nonmajor Governmental Funds**

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*Special Revenue Funds* are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

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

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**COUNTY OF YUBA**

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2011

	Special Revenue				
	Fish & Game	Health Service Fund	Child Support Services	County IHSS Authority	Health Bio- Terrorism
<b>Assets</b>					
Cash and investments	\$ 10,110	\$ 881,229	\$ 1,105,685	\$ 70,556	\$ 363,228
Cash with fiscal agent	--	--	--	--	--
Other revolving accounts	--	--	--	--	--
Imprest cash	--	150	--	--	--
Accounts receivable	--	--	--	--	--
Due from other agencies	435	440,738	70	--	34,356
Interest receivable	--	125	4,469	--	1,030
Due from other funds	--	560	--	--	--
Prepays	--	--	--	--	--
<b>Total Assets</b>	<u>\$ 10,545</u>	<u>\$ 1,322,802</u>	<u>\$ 1,110,224</u>	<u>\$ 70,556</u>	<u>\$ 398,614</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 34	\$ 13,776	\$ 6,815	\$ 21	\$ --
Salaries and benefits payable	--	288,854	209,206	--	--
Due to other funds	--	19,086	10,105	--	--
Deposits and other liabilities	--	--	--	--	--
Unearned revenue	--	208,193	38	--	--
<b>Total Liabilities</b>	<u>34</u>	<u>529,909</u>	<u>226,164</u>	<u>21</u>	<u>--</u>
<b>Fund Balances:</b>					
Nonspendable	--	--	--	--	--
Restricted	10,511	792,893	884,060	70,535	398,614
Assigned	--	--	--	--	--
<b>Total Fund Balances</b>	<u>10,511</u>	<u>792,893</u>	<u>884,060</u>	<u>70,535</u>	<u>398,614</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 10,545</u>	<u>\$ 1,322,802</u>	<u>\$ 1,110,224</u>	<u>\$ 70,556</u>	<u>\$ 398,614</u>

continued

**COUNTY OF YUBA**

Combining Balance Sheet  
 Nonmajor Governmental Funds (continued)  
 June 30, 2011

	Special Revenue				
	Micro Enterprise (Yubasut)	RDA Low Income Housing	County Service Areas	Gledhill Landscape & Lighting	Linda Lighting
<b>Assets</b>					
Cash and investments	\$ 56,188	\$ 28,029	\$ 3,951,882	\$ 67,708	\$ 252,715
Cash with fiscal agent	--	--	--	--	--
Other revolving accounts	--	--	--	--	--
Imprest cash	--	--	--	--	--
Accounts receivable	--	--	--	--	--
Due from other agencies	--	--	--	--	--
Interest receivable	214	99	14,038	274	931
Due from other funds	--	--	--	--	--
Prepays	--	--	--	--	--
<b>Total Assets</b>	<u>\$ 56,402</u>	<u>\$ 28,128</u>	<u>\$ 3,965,920</u>	<u>\$ 67,982</u>	<u>\$ 253,646</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 5,181	\$ --	\$ --	\$ --	\$ --
Salaries and benefits payable	--	--	--	--	--
Due to other funds	--	--	--	958	958
Deposits and other liabilities	--	--	--	--	--
Unearned revenue	--	--	--	--	--
<b>Total Liabilities</b>	<u>5,181</u>	<u>--</u>	<u>--</u>	<u>958</u>	<u>958</u>
<b>Fund Balances:</b>					
Nonspendable	--	--	--	--	--
Restricted	51,221	28,128	3,965,920	67,024	252,688
Assigned	--	--	--	--	--
<b>Total Fund Balances</b>	<u>51,221</u>	<u>28,128</u>	<u>3,965,920</u>	<u>67,024</u>	<u>252,688</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 56,402</u>	<u>\$ 28,128</u>	<u>\$ 3,965,920</u>	<u>\$ 67,982</u>	<u>\$ 253,646</u>

continued

**COUNTY OF YUBA**

Combining Balance Sheet  
Nonmajor Governmental Funds (continued)  
June 30, 2011

	Special Revenue			Capital Projects	
	Housing Programs	Yuba Housing Authority	Special Revenue Total	Minimum Security Construction	Jail Improvement Construction
<b>Assets</b>					
Cash and investments	\$ 24,513	\$ --	\$ 6,811,843	\$ 9,178	\$ 354,656
Cash with fiscal agent	--	--	--	--	--
Other revolving accounts	--	580,523	580,523	--	--
Imprest cash	--	--	150	--	--
Accounts receivable	--	14,816	14,816	--	--
Due from other agencies	--	--	475,599	--	37,356
Interest receivable	87	--	21,267	--	--
Due from other funds	--	--	560	--	--
Prepays	--	5,408	5,408	--	--
<b>Total Assets</b>	<u>\$ 24,600</u>	<u>\$ 600,747</u>	<u>\$ 7,910,166</u>	<u>\$ 9,178</u>	<u>\$ 392,012</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ --	\$ 4,251	\$ 30,078	\$ --	\$ --
Salaries and benefits payable	--	24,516	522,576	--	--
Due to other funds	--	--	31,107	--	--
Deposits and other liabilities	--	7,293	7,293	--	--
Unearned revenue	--	9,555	217,786	--	--
<b>Total Liabilities</b>	<u>--</u>	<u>45,615</u>	<u>808,840</u>	<u>--</u>	<u>--</u>
<b>Fund Balances:</b>					
Nonspendable	--	5,408	5,408	--	--
Restricted	24,600	549,724	7,095,918	--	--
Assigned	--	--	--	9,178	392,012
<b>Total Fund Balances</b>	<u>24,600</u>	<u>555,132</u>	<u>7,101,326</u>	<u>9,178</u>	<u>392,012</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 24,600</u>	<u>\$ 600,747</u>	<u>\$ 7,910,166</u>	<u>\$ 9,178</u>	<u>\$ 392,012</u>

continued

**COUNTY OF YUBA**

Combining Balance Sheet  
 Nonmajor Governmental Funds (continued)  
 June 30, 2011

	Capital Projects			Capital Projects Total	Total Nonmajor Governmental Funds
	RDA Capital Projects	Solar Panels	YLFA Bond Construction		
<b>Assets</b>					
Cash and investments	\$ 103,454	\$ --	\$ --	\$ 467,288	\$ 7,279,131
Cash with fiscal agent	--	7,312,924	7,965,424	15,278,348	15,278,348
Other revolving accounts	--	--	--	--	580,523
Imprest cash	--	--	--	--	150
Accounts receivable	--	--	--	--	14,816
Due from other agencies	--	--	--	37,356	512,955
Interest receivable	355	--	--	355	21,622
Due from other funds	--	--	--	--	560
Prepays	--	--	--	--	5,408
<b>Total Assets</b>	<u>\$ 103,809</u>	<u>\$7,312,924</u>	<u>\$ 7,965,424</u>	<u>\$15,783,347</u>	<u>\$ 23,693,513</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ --	\$ --	\$ --	\$ --	\$ 30,078
Salaries and benefits payable	--	--	--	--	522,576
Due to other funds	--	--	--	--	31,107
Deposits and other liabilities	89,850	--	--	89,850	97,143
Unearned revenue	--	--	--	--	217,786
<b>Total Liabilities</b>	<u>89,850</u>	<u>--</u>	<u>--</u>	<u>89,850</u>	<u>898,690</u>
<b>Fund Balances:</b>					
Nonspendable	--	--	--	--	5,408
Restricted	13,959	7,312,924	7,965,424	15,292,307	22,388,225
Assigned	--	--	--	401,190	401,190
<b>Total Fund Balances</b>	<u>13,959</u>	<u>7,312,924</u>	<u>7,965,424</u>	<u>15,693,497</u>	<u>22,794,823</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 103,809</u>	<u>\$7,312,924</u>	<u>\$ 7,965,424</u>	<u>\$15,783,347</u>	<u>\$ 23,693,513</u>

**COUNTY OF YUBA**

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2011

	Special Revenue				
	Fish & Game	Health Service Fund	Child Support Services	County IHSS Authority	Health Bio- Terrorism
<b>Revenues</b>					
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --
Use of money and property	--	--	19,905	--	3,900
Intergovernmental	--	4,130,858	3,253,749	458,372	201,314
Fines and forfeitures	4,564	--	--	--	--
Charges for services	--	--	--	--	--
Other revenues	3,568	12,402	70	--	1,266
Total Revenues	<u>8,132</u>	<u>4,143,260</u>	<u>3,273,724</u>	<u>458,372</u>	<u>206,480</u>
<b>Expenditures</b>					
Current:					
General government	--	--	--	--	--
Public safety	7,617	--	3,284,017	--	--
Public ways and facilities	--	--	--	--	--
Health and sanitation	--	4,414,900	--	505,624	--
Public assistance	--	--	--	--	--
Debt service:					
Interest	--	--	--	--	--
Capital outlay	--	--	--	--	--
Total Expenditures	<u>7,617</u>	<u>4,414,900</u>	<u>3,284,017</u>	<u>505,624</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>515</u>	<u>(271,640)</u>	<u>(10,293)</u>	<u>(47,252)</u>	<u>206,480</u>
<b>Other Financing Sources (Uses)</b>					
Inception of capital lease	--	--	--	--	--
Transfers in	--	187,701	--	88,683	--
Transfers out	--	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>187,701</u>	<u>--</u>	<u>88,683</u>	<u>--</u>
Net Change in Fund Balances	<u>515</u>	<u>(83,939)</u>	<u>(10,293)</u>	<u>41,431</u>	<u>206,480</u>
Fund Balances, Beginning of Year	<u>9,996</u>	<u>876,832</u>	<u>894,353</u>	<u>29,104</u>	<u>192,134</u>
Fund Balances, End of Year	<u>\$ 10,511</u>	<u>\$ 792,893</u>	<u>\$ 884,060</u>	<u>\$ 70,535</u>	<u>\$ 398,614</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, 2011

	Special Revenue				
	Micro Enterprise (Yubasut)	RDA Low Income Housing	County Service Areas	Gledhill Landscape & Lighting	Linda Lighting
<b>Revenues</b>					
Taxes	\$ --	\$ 1,796	\$ 6,736	\$ --	\$ 63,051
Use of money and property	801	411	59,449	1,204	3,522
Intergovernmental	68,291	--	123	--	1,142
Fines and forfeitures	--	--	--	--	--
Charges for services	--	--	1,126,786	47,957	46,542
Other revenues	--	--	5,463	2,622	--
Total Revenues	<u>69,092</u>	<u>2,207</u>	<u>1,198,557</u>	<u>51,783</u>	<u>114,257</u>
<b>Expenditures</b>					
Current:					
General government	54,614	--	--	--	--
Public safety	--	--	--	--	--
Public ways and facilities	--	--	1,016,659	66,927	78,598
Health and sanitation	--	--	--	--	--
Public assistance	--	--	--	--	--
Debt service:					
Interest	--	--	--	--	--
Capital outlay	--	--	--	--	--
Total Expenditures	<u>54,614</u>	<u>--</u>	<u>1,016,659</u>	<u>66,927</u>	<u>78,598</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>14,478</u>	<u>2,207</u>	<u>181,898</u>	<u>(15,144)</u>	<u>35,659</u>
<b>Other Financing Sources (Uses)</b>					
Inception of capital lease	--	--	--	--	--
Transfers in	--	--	--	--	--
Transfers out	--	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	<u>14,478</u>	<u>2,207</u>	<u>181,898</u>	<u>(15,144)</u>	<u>35,659</u>
Fund Balances, Beginning of Year	<u>36,743</u>	<u>25,921</u>	<u>3,784,022</u>	<u>--</u>	<u>217,029</u>
Fund Balances, End of Year	<u>\$ 51,221</u>	<u>\$ 28,128</u>	<u>\$ 3,965,920</u>	<u>\$ (15,144)</u>	<u>\$ 252,688</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, 2011

	Special Revenue			Capital Projects	
	Housing Programs	Yuba Housing Authority	Special Revenue Total	Minimum Security Construction	Jail Improvement Construction
<b>Revenues</b>					
Taxes	\$ --	\$ --	\$ 71,583	\$ --	\$ --
Use of money and property	381	278	89,851	--	--
Intergovernmental	--	2,205,110	10,318,959	--	--
Fines and forfeitures	--	--	4,564	--	--
Charges for services	--	--	1,221,285	--	--
Other revenues	--	1,783	27,174	--	194,927
<b>Total Revenues</b>	<b>381</b>	<b>2,207,171</b>	<b>11,733,416</b>	<b>--</b>	<b>194,927</b>
<b>Expenditures</b>					
Current:					
General government	--	--	54,614	--	--
Public safety	--	--	3,291,634	--	--
Public ways and facilities	--	--	1,162,184	--	--
Health and sanitation	--	--	4,920,524	--	--
Public assistance	--	2,182,730	2,182,730	--	--
Debt service:					
Interest	--	--	--	--	--
Capital outlay	--	--	--	--	--
<b>Total Expenditures</b>	<b>--</b>	<b>2,182,730</b>	<b>11,611,686</b>	<b>--</b>	<b>--</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	381	24,441	121,730	--	194,927
<b>Other Financing Sources (Uses)</b>					
Inception of capital lease	--	--	--	--	--
Transfers in	--	--	276,384	--	--
Transfers out	--	--	--	--	(160,000)
<b>Total Other Financing Sources (Uses)</b>	<b>--</b>	<b>--</b>	<b>276,384</b>	<b>--</b>	<b>(160,000)</b>
<b>Net Change in Fund Balances</b>	<b>381</b>	<b>24,441</b>	<b>398,114</b>	<b>--</b>	<b>34,927</b>
Fund Balances, Beginning of Year	24,219	530,691	6,621,044	9,178	357,085
Fund Balances, End of Year	<u>\$ 24,600</u>	<u>\$ 555,132</u>	<u>\$ 7,019,158</u>	<u>\$ 9,178</u>	<u>\$ 392,012</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, 2011

	Capital Projects			Capital Projects Total	Total Nonmajor Governmental Funds
	RDA Capital Projects	Solar Panels	YLFA Bond Construction		
<b>Revenues</b>					
Taxes	\$ 74,119	\$ --	\$ --	\$ 74,119	\$ 145,702
Use of money and property	926	1,255	56,741	58,922	148,773
Intergovernmental	--	--	--	--	10,318,959
Fines and forfeitures	--	--	--	--	4,564
Charges for services	--	--	--	--	1,221,285
Other revenues	--	--	48,226	243,153	270,327
Total Revenues	<u>75,045</u>	<u>1,255</u>	<u>104,967</u>	<u>376,194</u>	<u>12,109,610</u>
<b>Expenditures</b>					
Current:					
General government	--	--	--	--	54,614
Public safety	6,489	--	--	6,489	3,298,123
Public ways and facilities	--	--	--	--	1,162,184
Health and sanitation	--	--	--	--	4,920,524
Public assistance	--	--	--	--	2,182,730
Debt service:					
Interest	2,000	159,816	--	161,816	161,816
Capital outlay	--	1,918,484	--	1,918,484	1,918,484
Total Expenditures	<u>8,489</u>	<u>2,078,300</u>	<u>--</u>	<u>2,086,789</u>	<u>13,698,475</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>66,556</u>	<u>(2,077,045)</u>	<u>104,967</u>	<u>(1,710,595)</u>	<u>(1,588,865)</u>
<b>Other Financing Sources (Uses)</b>					
Inception of capital lease	--	9,389,969	--	9,389,969	9,389,969
Transfers in	--	--	--	--	276,384
Transfers out	--	--	--	(160,000)	(160,000)
Total Other Financing Sources (Uses)	<u>--</u>	<u>9,389,969</u>	<u>--</u>	<u>9,229,969</u>	<u>9,506,353</u>
Net Change in Fund Balances	<u>66,556</u>	<u>7,312,924</u>	<u>104,967</u>	<u>7,519,374</u>	<u>7,917,488</u>
Fund Balances, Beginning of Year	<u>(52,597)</u>	<u>--</u>	<u>7,860,457</u>	<u>8,174,123</u>	<u>14,795,167</u>
Fund Balances, End of Year	<u>\$ 13,959</u>	<u>\$ 7,312,924</u>	<u>\$ 7,965,424</u>	<u>\$ 15,693,497</u>	<u>\$ 22,712,655</u>

## **Internal Service Funds**

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

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**COUNTY OF YUBA**

Combining Balance Sheet  
Internal Service Funds  
June 30, 2011

	<u>Automotive Service</u>	<u>Workers Comp Insurance</u>	<u>Liability Insurance</u>	<u>Health Insurance</u>
<b>Assets</b>				
Current Assets:				
Cash and investments	\$ 1,443,385	\$ 492,647	\$ 1,949,061	\$ 693,158
Accounts receivable	--	811	79,000	851,551
Interest receivable	<u>62</u>	<u>405</u>	<u>5,956</u>	<u>2,433</u>
 Total Current Assets	 1,443,447	 493,863	 2,034,017	 1,547,142
Capital Assets:				
Depreciable, net	<u>643,345</u>	<u>--</u>	<u>--</u>	<u>--</u>
 Total assets	 <u>\$ 2,086,792</u>	 <u>\$ 493,863</u>	 <u>\$ 2,034,017</u>	 <u>\$ 1,547,142</u>
 <b>Liabilities and Net Assets</b>				
Current Liabilities				
Accounts payable	\$ 66,310	\$ 63,615	\$ 3,786	\$ --
Salaries & benefits payable	5,499	--	--	--
Unearned revenue	90,853	--	--	--
Claims liability, current portion	<u>--</u>	<u>--</u>	<u>335,000</u>	<u>--</u>
 Total Current Liabilities	 162,662	 63,615	 338,786	 --
Long-term Liabilities:				
Claims liability	<u>--</u>	<u>--</u>	<u>371,000</u>	<u>--</u>
 Total Liabilities	 <u>162,662</u>	 <u>63,615</u>	 <u>709,786</u>	 <u>--</u>
Net Assets:				
Invested in capital assets, net of related debt	643,345	--	--	--
Unrestricted	<u>1,280,785</u>	<u>430,248</u>	<u>1,324,231</u>	<u>1,547,142</u>
 Total Net Assets	 <u>1,924,130</u>	 <u>430,248</u>	 <u>1,324,231</u>	 <u>1,547,142</u>
 Total Liabilities and Net Assets	 <u>\$ 2,086,792</u>	 <u>\$ 493,863</u>	 <u>\$ 2,034,017</u>	 <u>\$ 1,547,142</u>

continued

**COUNTY OF YUBA**

Combining Balance Sheet (continued)  
Internal Service Funds  
June 30, 2011

	<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Short Term Disability Insurance</u>	<u>Total</u>
<b>Assets</b>				
Current Assets:				
Cash and investments	\$ 60,133	\$ 207,356	\$ 99,951	\$ 4,945,691
Accounts receivable	--	--	7,782	939,144
Interest receivable	148	(31)	390	9,363
	<hr/>	<hr/>	<hr/>	<hr/>
Total Current Assets	60,281	207,325	108,123	5,894,198
Capital Assets:				
Depreciable, net	--	--	--	643,345
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 60,281</u>	<u>\$ 207,325</u>	<u>\$ 108,123</u>	<u>\$ 6,537,543</u>
<b>Liabilities and Net Assets</b>				
Current Liabilities				
Accounts payable	\$ 19,039	\$ 111	\$ 179	\$ 153,040
Salaries & benefits payable	--	--	--	5,499
Unearned revenue	--	--	--	90,853
Claims liability, current portion	--	--	--	335,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Current Liabilities	19,039	111	179	584,392
Long-term Liabilities:				
Claims liability	--	--	--	371,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>19,039</u>	<u>111</u>	<u>179</u>	<u>955,392</u>
Net Assets:				
Invested in capital assets, net of related debt	--	--	--	643,345
Unrestricted	41,242	207,214	107,944	4,938,806
	<hr/>	<hr/>	<hr/>	<hr/>
Total Net Assets	<u>41,242</u>	<u>207,214</u>	<u>107,944</u>	<u>5,582,151</u>
Total Liabilities and Net Assets	<u>\$ 60,281</u>	<u>\$ 207,325</u>	<u>\$ 108,123</u>	<u>\$ 6,537,543</u>

**COUNTY OF YUBA**

Combining Statement of Revenues, Expenses  
and Changes in Net Assets

Internal Service Funds

For the Year Ended June 30, 2011

	Automotive Service	Workers Comp Insurance	Liability Insurance	Health Insurance
<b>Operating Revenues:</b>				
Charges for services	\$ 1,179,957	\$ 1,808,687	\$ 1,637,429	\$ 10,112,900
Total Operating Revenues	<u>1,179,957</u>	<u>1,808,687</u>	<u>1,637,429</u>	<u>10,112,900</u>
<b>Operating Expenses:</b>				
Services and supplies	825,520	1,409,356	993,959	10,067,842
Depreciation	214,757	--	--	--
Total Operating Expenses	<u>1,040,277</u>	<u>1,409,356</u>	<u>993,959</u>	<u>10,067,842</u>
Net Operating Income (Loss)	<u>139,680</u>	<u>399,331</u>	<u>643,470</u>	<u>45,058</u>
<b>Non-Operating Revenues and Expenses:</b>				
Interest income	5,733	(7,958)	20,314	10,685
Loss on sale of capital assets	(2,286)	--	--	--
Total Non-Operating Revenues and Expenses	<u>3,447</u>	<u>(7,958)</u>	<u>20,314</u>	<u>10,685</u>
Income before Transfers	143,127	391,373	663,784	55,743
Transfers In	--	--	15,000	--
Transfers Out	(542,111)	--	(500,000)	(150,000)
Change in net assets	(398,984)	391,373	178,784	(94,257)
Net Assets, Beginning of Year	<u>2,323,114</u>	<u>38,875</u>	<u>1,145,447</u>	<u>1,641,399</u>
Net Assets, End of Year	<u>\$ 1,924,130</u>	<u>\$ 430,248</u>	<u>\$ 1,324,231</u>	<u>\$ 1,547,142</u>

continued

**COUNTY OF YUBA**

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

Internal Service Funds

For the Year Ended June 30, 2011

	General Insurance	Unemployment Insurance	Short Term Disability Insurance	Total
<b>Operating Revenues:</b>				
Charges for services	\$ 77,562	\$ 445,397	\$ 82,497	\$ 15,344,429
Total Operating Revenues	<u>77,562</u>	<u>445,397</u>	<u>82,497</u>	<u>15,344,429</u>
<b>Operating Expenses:</b>				
Services and supplies	85,158	335,050	67,072	13,783,957
Depreciation	--	--	--	214,757
Total Operating Expenses	<u>85,158</u>	<u>335,050</u>	<u>67,072</u>	<u>13,998,714</u>
Net Operating Income (Loss)	<u>(7,596)</u>	<u>110,347</u>	<u>15,425</u>	<u>1,345,715</u>
<b>Non-Operating Revenues and Expenses:</b>				
Interest income	117	871	1,570	31,332
Loss on sale of capital assets	--	--	--	(2,286)
Total Non-Operating Revenues and Expenses	<u>117</u>	<u>871</u>	<u>1,570</u>	<u>29,046</u>
Income before Transfers	(7,479)	111,218	16,995	1,374,761
Transfers In	--	--	--	15,000
Transfers Out	--	--	--	(1,192,111)
Change in net assets	(7,479)	111,218	16,995	197,650
Net Assets, Beginning of Year	<u>48,721</u>	<u>95,996</u>	<u>90,949</u>	<u>5,384,501</u>
Net Assets, End of Year	<u>\$ 41,242</u>	<u>\$ 207,214</u>	<u>\$ 107,944</u>	<u>\$ 5,582,151</u>

**COUNTY OF YUBA**

Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2011

	<u>Automotive Services</u>	<u>Workers Comp Insurance</u>	<u>Liability Insurance</u>	<u>Health Insurance</u>
<b>Cash Flows from Operating Activities:</b>				
Receipts from interfund services provided	\$ 1,179,957	\$ 1,808,538	\$ 1,558,429	\$ 10,083,570
Cash paid to suppliers for goods and services	<u>(806,425)</u>	<u>(1,345,745)</u>	<u>(1,175,523)</u>	<u>(10,068,293)</u>
Net Cash Provided (Used) by Operating Activities	<u>373,532</u>	<u>462,793</u>	<u>382,906</u>	<u>15,277</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Transfers to other funds	(542,111)	--	(500,000)	(150,000)
Transfers from other funds	<u>--</u>	<u>--</u>	<u>15,000</u>	<u>--</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(542,111)</u>	<u>--</u>	<u>(485,000)</u>	<u>(150,000)</u>
<b>Cash Flows from Investing Activities:</b>				
Interest received (paid)	<u>5,732</u>	<u>(8,201)</u>	<u>23,231</u>	<u>11,914</u>
Net Cash Provided (Used) by Investing Activities	<u>5,732</u>	<u>(8,201)</u>	<u>23,231</u>	<u>11,914</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition of capital assets	<u>(26,527)</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(26,527)</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(189,374)	454,592	(78,863)	(122,809)
Cash and Cash Equivalents, Beginning of Year	<u>1,632,759</u>	<u>38,055</u>	<u>2,027,924</u>	<u>815,967</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 1,443,385</u></u>	<u><u>\$ 492,647</u></u>	<u><u>\$ 1,949,061</u></u>	<u><u>\$ 693,158</u></u>

continued

**COUNTY OF YUBA**

Combining Statement of Cash Flows (continued)  
Internal Service Funds  
For the Year Ended June 30, 2011

	<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Short-Term Disability Insurance</u>	<u>Total</u>
<b>Cash Flows from Operating Activities:</b>				
Receipts from interfund services provided	\$ 77,562	\$ 445,397	\$ 83,836	\$ 15,237,289
Cash paid to suppliers for goods and services	(66,119)	(334,939)	(66,893)	(13,863,937)
Net Cash Provided (Used) by Operating Activities	<u>11,443</u>	<u>110,458</u>	<u>16,943</u>	<u>1,373,352</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Transfers to other funds	--	--	--	(1,192,111)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>--</u>	<u>--</u>	<u>--</u>	<u>15,000</u> <u>(1,177,111)</u>
<b>Cash Flows from Investing Activities:</b>				
Interest received (paid)	177	1,386	1,600	35,839
Net Cash Provided (Used) by Investing Activities	<u>177</u>	<u>1,386</u>	<u>1,600</u>	<u>35,839</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition of capital assets	--	--	--	(26,527)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>--</u>	<u>--</u>	<u>--</u>	<u>(26,527)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	11,620	111,844	18,543	205,553
Cash and Cash Equivalents, Beginning of Year	<u>48,513</u>	<u>95,512</u>	<u>81,408</u>	<u>4,740,138</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 60,133</u>	<u>\$ 207,356</u>	<u>\$ 99,951</u>	<u>\$ 4,945,691</u>

continued

**COUNTY OF YUBA**

Combining Statement of Cash Flows (continued)  
Internal Service Funds  
For the Year Ended June 30, 2011

	<u>Automotive Services</u>	<u>Workers Comp Insurance</u>	<u>Liability Insurance</u>	<u>Health Insurance</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ 139,680	\$ 399,331	\$ 643,470	\$ 45,058
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation	214,757	--	--	--
Changes in assets and liabilities:				
Accounts receivable	--	(149)	(79,000)	(29,330)
Accounts payable	(632)	63,611	(18,564)	(451)
Accrued salaries	5,499	--	--	--
Due to other funds	(3,564)	--	--	--
Claims liability	--	--	(163,000)	--
Unearned revenue	17,792	--	--	--
	<u>17,792</u>	<u>--</u>	<u>--</u>	<u>--</u>
 Net Cash Provided (Used) by Operating Activities	 <u>\$ 373,532</u>	 <u>\$ 462,793</u>	 <u>\$ 382,906</u>	 <u>\$ 15,277</u>

continued

**COUNTY OF YUBA**

Combining Statement of Cash Flows (continued)  
Internal Service Funds  
For the Year Ended June 30, 2011

	General Insurance	Unemployment Insurance	Short-Term Disability Insurance	Total
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (7,596)	\$ 110,347	\$ 15,425	\$ 1,345,715
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation	--	--	--	214,757
Changes in assets and liabilities:				
Accounts receivable	--	--	1,339	(107,140)
Accounts payable	19,039	111	179	63,293
Accrued salaries	--	--	--	5,499
Due to other funds	--	--	--	(3,564)
Claims liability	--	--	--	(163,000)
Unearned revenue	--	--	--	17,792
	<u>\$ 11,443</u>	<u>\$ 110,458</u>	<u>\$ 16,943</u>	<u>\$ 1,373,352</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 11,443</u>	<u>\$ 110,458</u>	<u>\$ 16,943</u>	<u>\$ 1,373,352</u>