

COUNTY OF YUBA
AUDIT REPORT
JUNE 30, 2012

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**COUNTY OF YUBA
AUDIT REPORT
JUNE 30, 2012**

Table of Contents

	<u>Page</u>
Independent Auditor’s Report	1-2
Management’s Discussion and Analysis (M D & A)	3-8
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	9
Statement of Activities	10-11
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet.....	14-15
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets – Governmental Activities.....	16
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	18-19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of the Governmental Funds to the Government-Wide Statement of Activities – Governmental Activities.....	20
Proprietary Funds:	
Statement of Net Assets	21
Statement of Revenues, Expenses and Changes in Fund Net Assets	22
Statement of Cash Flows.....	23-24
Fiduciary Funds:	
Statement of Fiduciary Net Assets.....	25
Statement of Changes in Fiduciary Net Assets	26
Notes to Financial Statements.....	27-55
Required Supplementary Information:	
County Employee’s Retirement Plan (Defined Benefit Pension Plan):	
Schedule of Funding Progress	57
Budgetary Comparison Schedules:	
General Fund	58
Public Works	59
Social Service Fund	60
Public Safety	61
Grants	62
Notes to Required Supplementary Information:	
Budgetary Basis of Accounting.....	63
Supplementary Information:	
Combining and Individual Fund Statements and Schedules:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	65-69
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	70-74

COUNTY OF YUBA
AUDIT REPORT
JUNE 30, 2012

Table of Contents

	<u>Page</u>
Supplementary Information (continued):	
Internal Service Funds:	
Combining Balance Sheet	75-76
Combining Statement of Revenues, Expenses and Changes in Net Assets	77-78
Combining Statement of Cash Flows	79-82



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, 2012, 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 95%, 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.

Due to the inadequacy of accounting records for contributed land for the years prior to 2012, we were unable to form an opinion regarding the amount at which land is recorded in the Statement of Net Assets for Governmental Activities at June 30, 2012 (stated at \$9,637,341).

In our opinion, based on our audit and the report of other auditors, except for the effects of such adjustments as might have been determined to be necessary had the records concerning land been adequate, 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, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued under separate cover, our report dated March 28, 2013, 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.

Board of Supervisors
County of Yuba

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress, 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, 2013

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

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COUNTY OF YUBA

Management's Discussion and Analysis June 30, 2012

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, 2012. 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 \$193.1 million. Of this amount, \$41.0 million is restricted for specific purposes (restricted net assets), and \$191.4 million is invested in capital assets, net of related debt. Unrestricted net assets are deficit by \$39.4 million due to a combination of the cost of levee improvements totaling \$76.8 million, a state-owned asset, is expensed as project costs rather than as a capital asset and offset by a restatement of prior period revenues of \$46.7 million. The deficit in Unrestricted net assets includes approximately \$9.3 million in compensated absences, deferred charges and accrued interest.
- During the year, the County's total net assets increased by \$36.1 million. The majority of the increase in total net assets is due to a recognition of \$46.7 million in revenue recorded as deferred revenue in prior periods as revenue in the current year.
- As of June 30, 2012, the County's governmental funds reported combined fund balances of \$88.8 million. Of this amount, approximately \$11.3 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 \$15.2 million, an increase of \$11.9 million from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

COUNTY OF YUBA

Management's Discussion and Analysis June 30, 2012

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 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 Fund, 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.

COUNTY OF YUBA

Management's Discussion and Analysis
June 30, 2012

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's Net Assets
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets:						
Current and other assets	\$ 111,384	\$ 116,839	\$ 176	\$ 328	\$ 111,560	\$ 117,167
Capital assets	196,917	187,132	2,841	3,294	199,758	190,426
Total assets	<u>308,301</u>	<u>303,971</u>	<u>3,017</u>	<u>3,622</u>	<u>311,318</u>	<u>307,593</u>
Liabilities:						
Current and other liabilities	18,012	52,845	58	143	18,070	52,988
Long-term liabilities	100,016	97,451	170	179	100,186	97,630
Total liabilities	<u>118,028</u>	<u>150,296</u>	<u>228</u>	<u>322</u>	<u>118,256</u>	<u>150,618</u>
Net Assets:						
Invested in capital assets, net of related debt	188,599	185,055	2,841	3,295	191,440	188,350
Restricted net assets	41,032	43,160	--	--	41,032	43,160
Unrestricted net assets	(39,358)	(74,540)	(52)	5	(39,410)	(74,535)
Total net assets	<u>\$ 190,273</u>	<u>\$ 153,675</u>	<u>\$ 2,789</u>	<u>\$ 3,300</u>	<u>\$ 193,062</u>	<u>\$ 156,975</u>

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 \$193.1 million at the close of the fiscal year ending June 30, 2012. The County continues work in conjunction with Three Rivers Levee Improvement Authority (TRLIA), a joint venture formed by the County and Reclamation District No. 784, to improve the levee system protecting the citizens of the county and their property. Since the creation of TRLIA in 2004 levee improvement projects totaling \$320.5 million have been completed, including \$13.5 million in the fiscal year ending June 30, 2012. See Note 14 to the basic financial statements for additional information on the joint venture and the levee improvement projects.

By far, the largest portion of the County's net assets (\$191.4 million) is invested in capital assets. The bulk of the assets are infrastructure used to protect and serve the citizens of Yuba County. In determining net assets invested in capital assets, the County's net cost of \$199.8 million to acquire these assets has been reduced by \$8.3 million of debt proceeds used to fund acquisitions specifically related to the solar and energy efficiency project costs. During the fiscal year ending June 30, 2012, the County completed a series of solar energy, energy efficiency, and infrastructure projects. The solar and energy efficiency projects installed solar energy generation panels at major County installations plus electrical and HVAC system upgrades at select County buildings. These projects were financed by non-General Obligation debt, the payment of which is projected to be funded by the reduction in energy expenditures. Of the total debt, \$1.1 million remains unspent and will be used to finalize projects and reduce related debt obligations. Net assets invested in capital assets net of debt increased \$3.1 million, or 1.6%, from the prior year. Additional information is included in note 12 in the notes to the basic financial statements.

Restricted Net Assets, the use of which is restricted by entities external to the County (i.e. external creditors, other governmental agencies, or by law through constitutional powers or enabling legislation) comprise \$41.0 million for the current fiscal year, an decrease of \$2.1 million, or 5.0% from the prior year total of \$43.2 million.

COUNTY OF YUBA

Management's Discussion and Analysis June 30, 2012

The County's deficit of \$39.4 million in unrestricted net assets decreased by \$35.1 million, or 47.1%. The deficit position is the result of Yuba County's contribution of \$307 million toward levee improvements financed in part with the issuance of revenue bonds totaling \$76.8 million for the fiscal year ended June 30, 2012. In the current year the recognition of revenue classified as deferred in prior years, revenue totaling \$46.7 million, contributed to the significant decrease in deficit unrestricted net assets. Also contributing to the County's deficit net assets is the unfunded other post employment benefit liability now at \$4.9 million. This liability is expected to increase by \$1.2 million per year as the County has elected to contribute to other post-employment benefits on a pay-as-you-go basis.

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	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program Revenues:						
Charges for services	\$ 16,282	\$ 24,838	\$ 297	\$ 308	\$ 16,579	\$ 25,146
Operating grants and contributions	65,505	74,064	67	1,143	65,572	75,207
Capital grants and contributions	9,638	5,624	--	--	9,638	5,624
General Revenues:						
Property taxes	11,821	11,468	--	--	11,821	11,468
Property taxes in lieu of sales taxes	7,229	7,386	--	--	7,229	7,386
Sales and use taxes	2,751	2,732	--	--	2,751	2,732
Other	1,670	1,645	--	--	1,670	1,645
Unrestricted interest and investment earnings	2,113	1,383	1	2	2,114	1,385
Miscellaneous	1,055	--	--	10	1,055	10
Total revenues	118,064	129,140	365	1,463	118,429	130,603
Expenses:						
General government	8,567	9,622	--	--	8,567	9,622
Public safety	40,701	42,005	--	--	40,701	42,005
Public ways and facilities	19,463	16,172	--	--	19,463	16,172
Health and sanitation	6,575	8,416	--	--	6,575	8,416
Public assistance	48,407	50,233	--	--	48,407	50,233
Education	679	563	--	--	679	563
Interest on long-term debt	4,491	2,580	--	--	4,491	2,580
Airport	--	--	520	555	520	555
Total expenses	128,883	129,591	520	555	129,403	130,146
Change in net assets before transfers and extraordinary items	(10,819)	(451)	(155)	908	(10,974)	457
Transfers	(63)	--	63	--	--	--
Extraordinary item	811	--	--	--	811	--
Change in net assets	(10,071)	(451)	(92)	908	(10,163)	457
Net assets at beginning year	153,675	150,605	3,300	2,392	156,975	152,997
Prior period adjustment	46,669	3,521	(419)	--	46,250	3,521
Net assets at end of year	\$ 190,273	\$ 153,675	\$ 2,789	\$ 3,300	\$ 193,062	\$ 156,975

Overall, activities increased the County's net assets by \$36.1 million. \$46.7 million of this increase resulted from reclassifying revenue deferred in prior years to revenue in the current year. The increase due to reclassification of revenues was offset by expenses exceeding revenues by \$10.2 million in the current fiscal year. The County saw an overall reduction of \$12.2 million in revenues or 9.3% from \$130.6 million in 2011 to \$118.4 million in 2012. The reduction in revenue was accompanied by a reduction \$0.7 million in expenditures, from \$130.1 million to \$129.4 million, or 0.6%.

COUNTY OF YUBA

Management's Discussion and Analysis June 30, 2012

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, 2012, the County's governmental funds reported a combined ending fund balance of \$88.8 million, compared to \$62.2 million of the previous year, an increase of 42.9%. Of the \$88.8 million in fund balance, \$41.0 million is classified as restricted under GASB 54.

The General Fund is the chief operating fund of the County. As of June 30, 2012, the General Fund had an overall unrestricted fund balance of \$15.2 million. Of the \$15.2 million, \$9.0 million is committed to activities related to Public Protection, Education, Capital Projects, and other governmental functions. The County has also assigned \$4.5 million of the overall unrestricted fund balance for General Contingencies and Capital Projects.

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 fund.

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 \$9.0 million in revenues for 2012 compared to \$13.6 million in revenues in 2011. Expenditures increased to \$14.8 million in 2012 from \$13.4 million in 2011. The reduction in revenue for Public Works resulted from a decrease of \$2.0 million of intergovernmental revenues and \$3.2 million in charges for related services (both revenue sources resulting from services provided by the County to various agencies within county boundaries).

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 \$37.2 million in revenues for 2012 compared to \$45.7 million in revenues for 2011. Expenditures were slightly lower in 2012, \$43.7 million compared to \$45.3 million for 2011.

The Public Safety fund accounts for the operations of public safety departments that include sheriff, district attorney, jail and juvenile hall. In 2012, revenues were \$13.2 million compared to \$12.2 million in 2011. Expenditures in 2012 increased by \$1.2 million over 2011, from \$26.2 in 2011 to \$27.4 in 2012. Public safety funds receive an annual General Fund allocation to assist in funding operations.

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, 2012, the fund held unspent debt proceeds of \$16.9 million, a decrease of \$3.6 million from the prior year.

The Grant fund is used to account for activity related to grant monies received from other entities. In 2012, revenues were \$1.0 million, a decrease from the prior year of \$1.6 million from \$2.7 million in 2011. Expenditures in 2012 also decreased from 2011, from \$2.4 million to \$1.2 million in 2012.

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

COUNTY OF YUBA

Management's Discussion and Analysis
June 30, 2012

governmental activities (internal service funds) and business-type activities (enterprise funds) using these types of funds.

The County's enterprise funds consisted of the County Airport. Net assets decreased to \$2.8 million in 2012, down from a balance of \$3.3 million in 2011.

GENERAL FUND BUDGETARY HIGHLIGHTS

Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2012
(in thousands)

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(On Budgetary Basis)	Final Budget
Budgetary fund balances, Beginning	\$ 857	\$ 857	\$ 857	\$ --
Resources (inflows)	35,554	36,799	36,227	(572)
Total charges to appropriations	<u>(36,411)</u>	<u>(38,041)</u>	<u>(35,226)</u>	<u>2,815</u>
Budgetary fund balances, Ending	<u>\$ --</u>	<u>\$ (385)</u>	<u>\$ 1,858</u>	<u>\$ 2,243</u>

Final amounts budgeted for revenues increased by 3.5% and expenditures increased by 4.5% when compared to the original budget. Actual revenues were less than budgeted because anticipated revenues for licenses, permits and transfers were less than expected accompanied by reduced grant funding from state and federal agencies. Budgeted expenditures increased due to the rising costs of health care and pension contributions that took effect in January of 2012.

Capital assets: The County of Yuba's investment in capital assets for its governmental and business-type activities as of June 30, 2012, amounted to \$199.8 million (net of accumulated depreciation) compared to \$190.4 million reported in 2011. This investment in capital assets includes land, buildings and improvements, machinery and equipment, roads, highways, and bridges. Additional information on the County's capital assets can be found in Note 5 of the Notes to the Basic Financial Statements.

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

- \$ 11.4 million – compensated absences
- \$ 0.8 million – liability for self-insurance
- \$ 9.4 million – capital lease
- \$ 76.9 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 8th Street, Suite 105, Marysville, California 95901.

BASIC FINANCIAL STATEMENTS
Government-Wide Financial Statements

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COUNTY OF YUBA

Statement of Net Assets
June 30, 2012

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Totals	First Five Commission	Yuba County Water Agency
ASSETS					
Cash and investments	\$ 69,114,616	\$ 57,360	\$ 69,171,976	\$ 2,878,677	\$ 54,589,730
Cash with fiscal agent	25,944,244	--	25,944,244	--	1,069,128
Accounts receivable	1,842,085	6,171	1,848,256	--	4,392,518
Interest receivable	247,147	278	247,425	17,452	--
Taxes receivable	67,893	--	67,893	--	200,256
Due from other governments	5,857,465	--	5,857,465	157,705	1,151,469
Inventories	119,721	--	119,721	--	--
Land held for resale	682,075	--	682,075	--	--
Prepaid expenses	5,839	--	5,839	--	1,530,610
Notes receivable	5,276,909	112,946	5,389,855	--	5,323,861
Issuance costs, net	2,224,794	--	2,224,794	--	--
Capital assets:					
Nondepreciable	28,943,626	281,939	29,225,565	--	43,284,119
Depreciable, net	167,973,784	2,559,235	170,533,019	655	122,513,385
Total Assets	<u>\$ 308,300,198</u>	<u>\$ 3,017,929</u>	<u>\$ 311,318,127</u>	<u>\$ 3,054,489</u>	<u>\$ 234,055,076</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ 2,876,088	\$ 30,459	\$ 2,906,547	\$ 94,814	\$ 3,305,707
Salaries and benefits payable	5,439,758	12,855	5,452,613	12,749	73,647
Interest payable	1,454,831	--	1,454,831	--	1,524,973
Deposits and other liabilities	8,161	--	8,161	--	20,000
Unearned revenue	5,076,208	--	5,076,208	--	21,748,909
Long-Term Liabilities:					
Due within one year	3,156,757	14,591	3,171,348	3,777	3,285,873
Due in more than one year	95,109,742	170,413	95,280,155	19,598	3,492,396
Other post employment benefits	4,906,000	--	4,906,000	--	--
Total Liabilities	<u>118,027,545</u>	<u>228,318</u>	<u>118,255,863</u>	<u>130,938</u>	<u>33,451,505</u>
NET ASSETS					
Invested in capital assets, net of related debt	188,598,991	2,841,174	191,440,165	655	159,142,508
Restricted for:					
Capital projects	9,244,401	--	9,244,401	--	--
Debt service	17,124,985	--	17,124,985	--	1,055,294
Other	14,662,287	--	14,662,287	--	--
Unrestricted	(39,358,011)	(51,563)	(39,409,574)	2,922,896	40,405,769
Total Net Assets	<u>190,272,653</u>	<u>2,789,611</u>	<u>193,062,264</u>	<u>2,923,551</u>	<u>200,603,571</u>
Total Liabilities and Net Assets	<u>\$ 308,300,198</u>	<u>\$ 3,017,929</u>	<u>\$ 311,318,127</u>	<u>\$ 3,054,489</u>	<u>\$ 234,055,076</u>

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

COUNTY OF YUBA

Statement of Activities
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 8,567,137	\$ 1,743,957	\$ 963,269	\$ --
Public protection	40,701,426	10,679,137	11,980,641	--
Public ways and facilities	19,462,863	2,373,656	3,951,062	9,638,480
Health and sanitation	6,575,320	850,848	4,378,348	--
Public assistance	48,407,353	598,368	44,222,759	--
Education	678,804	36,002	9,420	--
Interest on long-term debt	4,491,271	--	--	--
Total Governmental Activities	<u>128,884,174</u>	<u>16,281,968</u>	<u>65,505,499</u>	<u>9,638,480</u>
Business-Type Activities:				
Airport	519,992	297,165	66,600	--
Total Business-type Activities	<u>519,992</u>	<u>297,165</u>	<u>66,600</u>	<u>--</u>
Total Primary Government	<u>\$ 129,404,166</u>	<u>\$ 16,579,133</u>	<u>\$ 65,572,099</u>	<u>\$ 9,638,480</u>
Component Units:				
First Five Commission	\$ 676,664	\$ --	\$ 893,001	\$ --
Yuba County Water Agency	18,665,111	17,173,015	1,441,043	--
Total component units	<u>\$ 19,341,775</u>	<u>\$ 17,173,015</u>	<u>\$ 2,334,044</u>	<u>\$ --</u>

General Revenues:

 Taxes:

 Property taxes
 Property taxes in lieu of sales taxes
 Sales and use taxes
 Franchise taxes
 Transient occupancy tax
 Other
 Unrestricted interest and investment earnings
 Miscellaneous

 Transfers

 Total General Revenues and Transfers

Change in Net Assets before Special and Extraordinary Items

 Special item

 Extraordinary item - RDA Dissolution

Change in Net Assets

 Net Assets - Beginning of Year, restated

 Net Assets - End of Year

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

Net (Expense) Revenue and Changes in Net Assets			Component Units	
Primary Government			First Five Commission	Yuba County Water Agency
Governmental Activities	Business-Type Activities	Total		
\$ (5,859,911)	\$ --	\$ (5,859,911)		
(18,041,648)	--	(18,041,648)		
(3,499,665)	--	(3,499,665)		
(1,346,124)	--	(1,346,124)		
(3,586,226)	--	(3,586,226)		
(633,382)	--	(633,382)		
(4,491,271)	--	(4,491,271)		
<u>(37,458,227)</u>	<u>--</u>	<u>(37,458,227)</u>		
--	(156,227)	(156,227)		
--	(156,227)	(156,227)		
<u>(37,458,227)</u>	<u>(156,227)</u>	<u>(37,614,454)</u>		
			\$ 216,337	\$ --
			--	(51,053)
			216,337	(51,053)
11,820,996	--	11,820,996	--	392,829
7,228,554	--	7,228,554	--	--
2,751,389	--	2,751,389	--	--
1,128,486	--	1,128,486	--	--
245,477	--	245,477	--	--
295,677	--	295,677	--	--
2,112,845	1,102	2,113,947	47,124	746,882
1,055,096	22	1,055,118	763	3,816
(62,900)	62,900	--	--	--
<u>26,575,620</u>	<u>64,024</u>	<u>26,639,644</u>	<u>47,887</u>	<u>1,143,527</u>
(10,882,607)	(92,203)	(10,974,810)	264,224	1,092,474
--	--	--	1,476,677	--
<u>810,948</u>	<u>--</u>	<u>810,948</u>	<u>--</u>	<u>--</u>
(10,071,659)	(92,203)	(10,163,862)	1,740,901	1,092,474
<u>200,344,312</u>	<u>2,881,814</u>	<u>203,226,126</u>	<u>1,182,650</u>	<u>199,511,097</u>
<u>\$ 190,272,653</u>	<u>\$ 2,789,611</u>	<u>\$ 193,062,264</u>	<u>\$ 2,923,551</u>	<u>\$ 200,603,571</u>

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

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BASIC FINANCIAL STATEMENTS
Fund Financial Statements

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COUNTY OF YUBA

Balance Sheet
Governmental Funds
June 30, 2012

	<u>General</u>	<u>Public Works</u>	<u>Social Services</u>
<u>ASSETS</u>			
Cash and investments	\$ 16,365,245	\$ 27,799,273	\$ 2,818,630
Cash with fiscal agents	--	--	--
Accounts receivable	702,176	31,457	195,576
Taxes receivable	67,893	--	--
Interest receivable	167,990	52,927	--
Notes receivable	204,918	--	--
Due from other agencies	861,890	1,092,310	696,592
Due from other funds	55,970	27,138	16,937
Prepays	--	--	--
Inventory	--	119,721	--
Property held for resale	--	--	--
Total Assets	<u>\$ 18,426,082</u>	<u>\$ 29,122,826</u>	<u>\$ 3,727,735</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 489,904	\$ 797,634	\$ 1,148,841
Salaries and benefits payable	1,675,431	233,604	1,316,068
Due to other funds	5,778	--	27,062
Deposits and other liabilities	--	--	--
Unearned revenues	--	--	--
Total Liabilities	<u>2,171,113</u>	<u>1,031,238</u>	<u>2,491,971</u>
<u>FUND BALANCES</u>			
Nonspendable	204,918	119,721	--
Restricted	802,197	1,500,139	1,235,764
Committed	8,996,269	26,471,728	--
Assigned	4,455,408	--	--
Unassigned	1,796,177	--	--
Total Fund Balances	<u>16,254,969</u>	<u>28,091,588</u>	<u>1,235,764</u>
Total Liabilities and Fund Balances	<u>\$ 18,426,082</u>	<u>\$ 29,122,826</u>	<u>\$ 3,727,735</u>

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

Public Safety	Grants	Yuba Levee Financing Authority Debt Service Fund	Other Governmental	Total
\$ 4,589,033	\$ 590,220	\$ 233,325	\$ 10,576,121	\$ 62,971,847
--	--	16,891,660	9,052,584	25,944,244
5,637	--	--	20,901	955,747
--	--	--	--	67,893
1,866	2,235	--	7,650	232,668
--	5,071,991	--	--	5,276,909
1,982,573	47,067	--	1,177,033	5,857,465
--	--	--	27,062	127,107
--	--	--	5,839	5,839
--	--	--	--	119,721
--	682,075	--	--	682,075
<u>\$ 6,579,109</u>	<u>\$ 6,393,588</u>	<u>\$ 17,124,985</u>	<u>\$ 20,867,190</u>	<u>\$ 102,241,515</u>
\$ 186,447	\$ 81,436	\$ --	\$ 82,187	\$ 2,786,449
1,700,586	--	--	514,069	5,439,758
804	80,684	--	12,779	127,107
--	--	--	8,161	8,161
--	5,071,991	--	4,217	5,076,208
<u>1,887,837</u>	<u>5,234,111</u>	<u>--</u>	<u>621,413</u>	<u>13,437,683</u>
--	--	--	5,839	330,478
19,595	1,159,477	17,124,985	19,871,591	41,713,748
--	--	--	--	35,467,997
4,671,677	--	--	368,347	9,495,432
--	--	--	--	1,796,177
<u>4,691,272</u>	<u>1,159,477</u>	<u>17,124,985</u>	<u>20,245,777</u>	<u>88,803,832</u>
<u>\$ 6,579,109</u>	<u>\$ 6,393,588</u>	<u>\$ 17,124,985</u>	<u>\$ 20,867,190</u>	<u>\$ 102,241,515</u>

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

COUNTY OF YUBA

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets - Governmental Activities For the Year Ended June 30, 2012

Fund Balance - total governmental funds (page 14)	\$ 88,803,832
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.	196,231,565
Issuance costs on long-term debt is capitalized and amortized over the life of the related debt issue.	2,224,794
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.	(1,454,831)
Long-term liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds.	
Bonds payable	(76,846,946)
Capital leases	(9,389,969)
Compensated absences	(11,195,584)
Other post employment benefits	(4,906,000)
Internal service funds are used by the County 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.	<u>6,805,792</u>
Net assets of governmental activities (page 9)	<u><u>\$ 190,272,653</u></u>

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

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COUNTY OF YUBA

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012

	<u>General</u>	<u>Public Works</u>	<u>Social Services</u>
Revenues:			
Taxes	\$ 22,964,434	\$ 401,576	\$ --
Licenses, permits, and fees	210,841	604,403	--
Fines, forfeitures and penalties	554,311	19,609	--
Use of money and property	627,935	376,232	--
Intergovernmental	4,518,799	7,105,174	36,482,711
Charges for services	5,367,419	457,050	535,539
Other revenues	213,527	83,764	221,337
Total Revenues	<u>34,457,266</u>	<u>9,047,808</u>	<u>37,239,587</u>
Expenditures:			
Current:			
General government	7,635,066	--	--
Public protection	11,355,032	--	--
Public ways and facilities	--	14,825,680	--
Health and sanitation	1,427,690	--	--
Public assistance	548,433	--	43,663,101
Education	680,017	--	--
Debt Service:			
Interest	--	--	--
Capital outlay	--	--	--
Total Expenditures	<u>21,646,238</u>	<u>14,825,680</u>	<u>43,663,101</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>12,811,028</u>	<u>(5,777,872)</u>	<u>(6,423,514)</u>
Other Financing Sources (Uses):			
Transfers in	219,813	87,983	378,247
Transfers out	<u>(14,380,236)</u>	--	<u>(32,119)</u>
Total Other Financing Sources (Uses)	<u>(14,160,423)</u>	<u>87,983</u>	<u>346,128</u>
Extraordinary Item - RDA Dissolution	<u>--</u>	<u>--</u>	<u>--</u>
Net Changes in Fund Balances	(1,349,395)	(5,689,889)	(6,077,386)
Fund Balances, Beginning of Year, restated	<u>17,604,364</u>	<u>33,781,477</u>	<u>7,313,150</u>
Fund Balances, End of Year	<u>\$ 16,254,969</u>	<u>\$ 28,091,588</u>	<u>\$ 1,235,764</u>

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

Public Safety	Grants	Yuba Levee Financing Authority Debt Service Fund	Other Governmental	Total
\$ --	\$ --	\$ --	\$ 104,569	\$ 23,470,579
173,773	--	--	--	989,017
199,907	--	--	6,691	780,518
537,698	9,483	426,248	93,189	2,070,785
5,419,493	931,736	--	14,202,925	68,660,838
6,712,766	--	--	1,439,659	14,512,433
195,903	32	72,890	267,643	1,055,096
<u>13,239,540</u>	<u>941,251</u>	<u>499,138</u>	<u>16,114,676</u>	<u>111,539,266</u>
--	11,955	--	39,157	7,686,178
27,397,574	261,263	--	3,467,889	42,481,758
--	--	--	974,855	15,800,535
--	--	--	4,953,915	6,381,605
--	900,845	--	3,079,339	48,191,718
--	--	--	--	680,017
--	--	4,047,583	422,548	4,470,131
--	--	--	6,631,038	6,631,038
<u>27,397,574</u>	<u>1,174,063</u>	<u>4,047,583</u>	<u>19,568,741</u>	<u>132,322,980</u>
<u>(14,158,034)</u>	<u>(232,812)</u>	<u>(3,548,445)</u>	<u>(3,454,065)</u>	<u>(20,783,714)</u>
13,057,202	--	--	1,259,100	15,002,345
--	(164,679)	--	(488,211)	(15,065,245)
<u>13,057,202</u>	<u>(164,679)</u>	<u>--</u>	<u>770,889</u>	<u>(62,900)</u>
--	--	--	(74,101)	(74,101)
(1,100,832)	(397,491)	(3,548,445)	(2,757,277)	(20,920,715)
<u>5,792,104</u>	<u>1,556,968</u>	<u>20,673,430</u>	<u>23,003,054</u>	<u>109,724,547</u>
<u>\$ 4,691,272</u>	<u>\$ 1,159,477</u>	<u>\$ 17,124,985</u>	<u>\$ 20,245,777</u>	<u>\$ 88,803,832</u>

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

COUNTY OF YUBA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2012

Net change to fund balance - total governmental funds (page 18) \$ (20,920,715)

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	\$ 15,346,745	
The net effect of various transactions involving capital assets such as sales, retirements, trade-ins and donations	6,454,072	
Less: current year depreciation	<u>(11,032,787)</u>	10,768,030

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	(169,142)	
Change in compensated absences	(655,877)	
Change in interest payable	148,002	
Change in OPEB liability	<u>(1,222,000)</u>	(1,899,017)

Extraordinary item from dissolution of Redevelopment Agency		885,049
---	--	---------

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenues (expense) of of the internal service funds is reported with governmental activities.

<u>1,094,994</u>

Change in net assets of governmental activities (page 10) \$ (10,071,659)

COUNTY OF YUBA

Statement of Fund Net Assets
Proprietary Funds
June 30, 2012

	Business-Type Activities - Enterprise Fund Nonmajor Enterprise Fund County Airport	Governmental Activities Internal Service Funds
ASSETS		
Current Assets:		
Cash and investments	\$ 57,360	\$ 6,142,769
Accounts receivable	6,171	886,338
Interest receivable	278	14,479
Total Current Assets	<u>63,809</u>	<u>7,043,586</u>
Noncurrent Assets:		
Long-term receivables	112,946	--
Capital assets:		
Non-depreciable	281,939	--
Depreciable, net	2,559,235	685,845
Total Noncurrent Assets	<u>2,954,120</u>	<u>685,845</u>
Total Assets	<u>\$ 3,017,929</u>	<u>\$ 7,729,431</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	30,459	89,639
Salaries and benefits payable	12,855	--
Compensated absences, current portion	14,591	--
Claims liability, current portion	--	376,000
Total Current Liabilities	<u>57,905</u>	<u>465,639</u>
Noncurrent Liabilities:		
Compensated absences	170,413	--
Claims liability	--	458,000
Total Noncurrent Liabilities	<u>170,413</u>	<u>458,000</u>
Total Liabilities	<u>228,318</u>	<u>923,639</u>
NET ASSETS		
Invested in capital assets, net of related debt	2,841,174	685,845
Unrestricted	(51,563)	6,119,947
Total Net Assets	<u>2,789,611</u>	<u>6,805,792</u>
Total Liabilities and Net Assets	<u>\$ 3,017,929</u>	<u>\$ 7,729,431</u>

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

COUNTY OF YUBA

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2012

	Business-Type Activities - Enterprise Fund	Governmental Activities
	Nonmajor Enterprise Fund County Airport	Internal Service Funds
Operating Revenues:		
User fees and charges	\$ --	\$ 14,907,723
Rents and concession	297,165	--
Total Operating Revenues	297,165	14,907,723
Operating Expenses:		
Salaries and benefits	165,008	--
Services and supplies	253,980	13,769,461
Depreciation	101,004	288,263
Total Operating Expenses	519,992	14,057,724
Operating Income (Loss)	(222,827)	849,999
Non-Operating Revenue (Expenses):		
Intergovernmental revenue	66,600	--
Other revenue	22	202,935
Interest revenue	1,102	42,060
Total Non-Operating Revenue (Expenses)	67,724	244,995
Income (Loss) Before Transfers	(155,103)	1,094,994
Transfers in	62,900	--
Change in Net Assets	(92,203)	1,094,994
Net Assets - Beginning of Year	2,881,814	5,710,798
Net Assets - End of Year	\$ 2,789,611	\$ 6,805,792

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, 2012

	<u>Business-Type Activities - Enterprise Fund Nonmajor Enterprise Fund County Airport</u>	<u>Governmental Activities Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from customers and users	\$ 297,165	\$ 14,960,529
Cash paid to suppliers for goods and services	(185,110)	--
Cash paid to employees for salaries and benefits	<u>(327,518)</u>	<u>(13,710,361)</u>
Net Cash Provided (Used) by Operating Activities	<u>(215,463)</u>	<u>1,250,168</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Loan payments received	70,953	--
Miscellaneous inflows	22	202,935
Transfers from other funds	<u>62,900</u>	<u>--</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>133,875</u>	<u>202,935</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital grants received from other agencies	66,600	--
Acquisition of capital assets	<u>(65,494)</u>	<u>(292,968)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>1,106</u>	<u>(292,968)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	<u>1,095</u>	<u>36,943</u>
Net Cash Provided (Used) by Investing Activities	<u>1,095</u>	<u>36,943</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(79,387)	1,197,078
Cash and Cash Equivalents, Beginning of Year	<u>136,747</u>	<u>4,945,691</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 57,360</u></u>	<u><u>\$ 6,142,769</u></u>

continued

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

COUNTY OF YUBA

Statement of Cash Flows (continued)
 Proprietary Funds
 For the Year Ended June 30, 2012

	<u>Business-Type Activities - Enterprise Fund Nonmajor Enterprise Fund County Airport</u>	<u>Governmental Activities Internal Service Funds</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ (222,827)	\$ 849,999
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	101,004	288,263
Changes in assets and liabilities:		
Accounts receivable	--	52,806
Accounts payable	(73,538)	(63,401)
Accrued salaries and benefits	(2,162)	(5,499)
Compensated absences	(17,940)	--
Claims liability	--	128,000
	<u> </u>	<u> </u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (215,463)</u>	<u>\$ 1,250,168</u>

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

COUNTY OF YUBA

Statement of Fiduciary Net Assets
June 30, 2012

	<u>Agency Funds</u>	<u>Investment Trust Fund</u>	<u>Private Purpose Trust Fund</u>
<u>ASSETS</u>			
Cash and investments	\$ 11,076,242	\$ 181,100,773	\$ 194,850
Interest receivable	--	--	104
Taxes receivable	<u>8,677,267</u>	<u>--</u>	<u>--</u>
Total Assets	<u><u>\$ 19,753,509</u></u>	<u><u>\$ 181,100,773</u></u>	<u><u>\$ 194,954</u></u>
<u>LIABILITIES</u>			
Accrued interest	\$ --	\$ --	\$ 262,308
Due to other governments	--	--	89,850
Notes payable, due within one year	--	--	885,049
Agency obligations	<u>19,753,509</u>	<u>--</u>	<u>--</u>
Total Liabilities	<u>19,753,509</u>	<u>--</u>	<u>1,237,207</u>
<u>NET ASSETS</u>			
Net assets held in trust for other purposes	<u>--</u>	<u>181,100,773</u>	<u>(1,042,253)</u>
Total Net Assets	<u><u>\$ --</u></u>	<u><u>\$ 181,100,773</u></u>	<u><u>\$ (1,042,253)</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, 2012

	Investment Trust Fund	Private Purpose Trust Fund
<u>Additions</u>		
Property tax revenue	\$ --	\$ 31,003
Interest and investment income	1,647,351	--
Contributions from participants	26,320,177	--
Total Additions	<u>27,967,528</u>	<u>31,003</u>
<u>Deductions</u>		
Distributions to participants	<u>51,867,965</u>	<u>--</u>
Change in net assets before extraordinary item	(23,900,437)	31,003
<u>Extraordinary item</u>		
Dissolution of County Redevelopment Agency	<u>--</u>	<u>(1,073,256)</u>
Change in net assets	(23,900,437)	(1,042,253)
Net Assets - Beginning of Year	<u>205,001,210</u>	<u>--</u>
Net Assets - End of Year	<u>\$ 181,100,773</u>	<u>\$ (1,042,253)</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, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. **The Reporting Entity**

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

The accounting methods and procedures adopted by the County conform to generally accepted accounting principles as applied to governmental entities. These financial statements present the government and its component units, entities for which the government is considered to be financially accountable under the criteria set by Governmental Accounting Standards Board (GASB) Statement No. 61.

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

Blended Component Units

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

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

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 has issued separate component unit financial statements which is 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

COUNTY OF YUBA

Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

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

Discretely Presented Component Units (continued)

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.

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, 2012

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.
- The *Grants Fund* 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.

COUNTY OF YUBA

Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (continued)

Fund Financial Statements (continued)

- 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.
- The *Private Purpose Trust Fund* accounts for assets and liabilities of the Successor Agency to the Redevelopment Agency.

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, 2012

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.

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

COUNTY OF YUBA

Notes to Basic Financial Statements For the Year Ended June 30, 2012

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

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.

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, 2012

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. **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.

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.

N. **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.

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.

COUNTY OF YUBA

Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

N. **Fund Balance** (continued)

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.

O. **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.

Governmental Trust Funds – The County modified the financial reporting of its governmental trust funds to better comply with the provisions of GASB 34.

Classification of Agency Funds – The County determined that two funds previously classified as investment trust funds should be part of the primary government under GASB 34.

Capital Assets – The County made various corrections to the beginning balance to include acquisitions incurred in a prior year and correct depreciation expense calculation errors.

COUNTY OF YUBA

Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 2: RESTATEMENT OF FUND EQUITY/NET ASSETS FUND RECLASSIFICATIONS
(CONTINUED)

Property Held for Resale – The County determined that the method of accounting used was incorrect.

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

	Government-Wide Statement of Activities							
	Governmental Activities	General Fund	Public Works	Social Services	Public Safety	Grants	Other Governmental Funds	Internal Service Funds
Fund balances/net assets, June 30, 2011, as previously reported	\$ 153,675,043	\$ 4,347,456	\$ 4,421,775	\$ 5,628,826	\$ 3,673,691	\$ 618,810	\$ 22,794,823	\$ 5,582,151
Restatements and corrections:								
Governmental trust funds	33,462,516	13,256,908	16,103,787	1,684,324	2,118,413	--	208,231	90,853
Correct classifications of agency funds	13,255,915	--	13,255,915	--	--	--	--	--
Capital assets	(987,320)	--	--	--	--	--	--	37,794
Property held for resale	938,158	--	--	--	--	938,158	--	--
Total restatements and corrections	46,669,269	13,256,908	29,359,702	1,684,324	2,118,413	938,158	208,231	128,647
Fund balances/net assets, June 30, 2011, as restated	\$ 200,344,312	\$ 17,604,364	\$ 33,781,477	\$ 7,313,150	\$ 5,792,104	\$ 1,556,968	\$ 23,003,054	\$ 5,710,798

	Government-Wide Statement of Activities Business-Type Activities
Fund balances/net assets, June 30, 2011, as previously reported	\$ 3,299,744
Restatements and corrections:	
Correct classifications of agency funds	(417,930)
Total restatements and corrections	(417,930)
Fund balances/net assets, June 30, 2011, as restated	\$ 2,881,814

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.

COUNTY OF YUBA

Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 3: **CASH AND INVESTMENTS** (CONTINUED)

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, 2012, total County cash and investments were as follows:

<i>Cash:</i>	
Cash on hand	\$ 32,514
Deposits	5,004,639
Outstanding warrants	(7,998,298)
Total cash overdrafts	<u>(2,961,145)</u>
 <i>Investments:</i>	
Investment pool	321,973,393
Held with fiscal agents	27,013,372
Total investments	<u>348,986,765</u>
 Total cash and investments	 <u>\$ 346,025,620</u>

Total cash and investments at June 30, 2012 were presented on the County’s financial statements as follows:

Primary government	\$ 95,116,220
Discretely presented component units	58,537,535
Investment trust fund	181,100,773
Agency fund	11,076,242
Private purpose trust fund	<u>194,850</u>
 Total	 <u>\$ 346,025,620</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, 2012, 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.

COUNTY OF YUBA

Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

Investments (continued)

The County held approximately \$32 million in the California Asset Management Pool (CAMP). The investment policy has a limit of 25% of the investment pool for this investment. However, the majority of the funds in CAMP is invested in accordance with bond agreements. The amount invested in CAMP not related to bond agreements is in compliance with the investment policy. As a result, the County is deemed to be in compliance with the investment policy in this instance.

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

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	30%	None
Repurchase Agreements	1 Year	None	None
Reverse Repurchase Agreements	92 Days	20%	None
Medium-Term Corporate Notes	5 Years	30%	None
Money Market Mutual Funds	N/A	20%	10%
Local Agency Investment Fund (LAIF)	N/A	None	None
California Asset Management Program (CAMP)	N/A	None	None

At June 30, 2012, the County had the following investments:

	Interest Rates	Maturities	Par	Fair Value	Carrying Value	Weighted Average Maturity (Years)
Yuba County Investment Pool						
Federal Agency Obligations	0.500% - 7.500%	3/9/12 - 6/30/16	\$ 172,500,000	\$ 173,249,215	\$ 172,779,063	4.08
Medium Term Corporate Notes	0.857% - 5.125%	9/23/12 - 11/21/16	70,130,000	68,861,942	70,116,816	3.18
Negotiable Certificates of Deposit	0.500% - 1.167%	7/6/12 - 1/18/13	27,600,000	27,690,028	27,577,558	0.32
Local Agency Issue - Coupon	0.500% - 5.500%	8/1/12 - 11/21/14	100,000	100,000	100,000	0.09
California Local Agency Investment Fund	Variable	On Demand	19,750,000	19,767,538	19,750,000	0.00
California Asset Management Pool	Variable	On Demand	31,649,957	31,655,904	31,649,956	0.00
Total			<u>\$ 321,729,957</u>	<u>\$ 321,324,627</u>	<u>\$ 321,973,393</u>	2.91
Investments outside Investment Pool						
<i>Cash held with fiscal agent</i>						
Money Market Mutual Funds	Variable	On Demand	\$ 2,140,677	\$ 2,140,677	\$ 2,140,677	0.00
Federal Agency Obligations	0.45% - 7.100%	8/20/12 - 2/11/15	17,860,000	18,833,840	18,757,117	1.72
California Asset Management Pool	Variable	On Demand	4,117,963	4,118,760	4,115,578	0.00
Medium Term Corporate Notes	1.260%	8/11/2015	2,000,000	1,985,992	2,000,000	3.11
			<u>\$ 26,118,640</u>	<u>\$ 27,079,269</u>	<u>\$ 27,013,372</u>	1.42

At June 30, 2012 the difference between the carrying value and fair value of pooled cash and investments was not materially different (fair value was 99.80% of carrying value).

COUNTY OF YUBA

Notes to Basic Financial Statements
For the Year Ended June 30, 2012

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, 2012, in accordance with state law and the County's investment policy, the County did not have 10% or more of its net investment in any one mutual fund. Investments in any one issuer (other than U.S. Treasury securities, money market mutual funds, and external investment pools) that represent 5% or more of the total county investments are as follows:

Federal Home Loan Bank	Federal Agency	\$ 40,081,715
Federal National Mortgage Association (Fannie Mae)	Federal Agency	123,115,600
General Electric Capital Corporation	Medium Term Note	25,114,822
Goldman Sachs	Medium Term Note	18,868,780

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, 2012.

	<u>Moody's</u>	<u>% of Portfolio</u>
Federal Agency Obligations	AAA	53.91%
Medium Term Corporate Notes	AA	9.41%
Medium Term Corporate Notes	A	12.03%
Negotiable Certificates of Deposit	AA	6.24%
Negotiable Certificates of Deposit	A	2.38%
Local Agency Issue - Coupon	Unrated	0.03%
California Local Agency Investment Fund	Unrated	6.15%
California Asset Management Pool	AAA	9.85%
Total		<u>100.00%</u>

COUNTY OF YUBA

Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

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.

At June 30, 2012, the County's investment position in the State of California Local Agency Investment Fund (LAIF) was \$19.8 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 \$60.5 billion. Of that amount, 3.47% was invested in structured notes and asset-backed securities with the remaining 96.53% invested in other non-derivative financial products.

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

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, 2012:

Statement of Net Assets

Net assets held for pool participants	<u>\$ 317,611,032</u>
Equity of internal pool participants	\$ 79,702,794
Equity of external pool participants	<u>237,908,238</u>
Total net assets	<u>\$ 317,611,032</u>

Statement of Changes in Net Assets

Net assets at July 1, 2011	\$ 337,666,090
Net changes in investments by pool participants	<u>(20,055,058)</u>
Net assets at June 30, 2012	<u>\$ 317,611,032</u>

COUNTY OF YUBA

Notes to Basic Financial Statements
For the Year Ended June 30, 2012

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, 2012 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Public Safety	\$ 804
	Grants	42,387
	Other Governmental Funds	12,779
		<u>55,970</u>
Public Works	General Fund	5,778
	Grants	21,360
		<u>27,138</u>
Social Services	Grants	<u>16,937</u>
Other Governmental Funds	Social Services Fund	<u>27,062</u>
		<u><u>\$ 127,107</u></u>

Transfers:

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Social Services	\$ 378,247
	Public Works	87,983
	Public Safety	12,837,202
	Other Governmental Funds	1,076,804
		<u>14,380,236</u>
Social Services	Other Governmental Funds	<u>32,119</u>
Grants	General Fund	<u>164,679</u>
Other Governmental Funds	Public Safety	220,000
	General Fund	55,134
	Other Enterprise Fund	62,900
	Other Governmental Funds	150,177
		<u>488,211</u>
		<u><u>\$ 14,900,566</u></u>

COUNTY OF YUBA

Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012, was as follows:

	Restated Balance July 1, 2011	Additions	Deletions	Transfers & Adjustments	Balance June 30, 2012
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 7,390,287	\$ 2,247,054	\$ --	\$ --	\$ 9,637,341
Construction in progress	8,646,464	12,043,851	(29,069)	(1,354,961)	19,306,285
Total capital assets, not being depreciated	<u>16,036,751</u>	<u>14,290,905</u>	<u>(29,069)</u>	<u>(1,354,961)</u>	<u>28,943,626</u>
Capital assets, being depreciated:					
Infrastructure	257,181,966	6,483,141	--	1,281,775	264,946,882
Structures and improvements	36,991,557	187,526	--	--	37,179,083
Equipment	17,350,545	1,161,283	(258,700)	73,186	18,326,314
Total capital assets, being depreciated	<u>311,524,068</u>	<u>7,831,950</u>	<u>(258,700)</u>	<u>1,354,961</u>	<u>320,452,279</u>
Less accumulated depreciation for:					
Infrastructure	(106,571,960)	(9,547,036)	--	--	(116,118,996)
Structures and improvements	(19,874,928)	(733,690)	--	--	(20,608,618)
Equipment	(14,969,257)	(1,040,324)	258,700	--	(15,750,881)
Total accumulated depreciation	<u>(141,416,145)</u>	<u>(11,321,050)</u>	<u>258,700</u>	<u>--</u>	<u>(152,478,495)</u>
Total capital assets, being depreciated, net	<u>170,107,923</u>	<u>(3,489,100)</u>	<u>--</u>	<u>1,354,961</u>	<u>167,973,784</u>
Governmental activities capital assets, net	<u>\$ 186,144,674</u>	<u>\$ 10,801,805</u>	<u>\$ (29,069)</u>	<u>\$ --</u>	<u>\$ 196,917,410</u>
	Restated Balance July 1, 2011	Additions	Deletions	Transfers & Adjustments	Balance June 30, 2012
Business-Type Activities					
Capital assets, not being depreciated:					
Land	\$ 280,168	\$ --	\$ --	\$ 1,771	\$ 281,939
Construction in progress	1,146,276	--	--	(1,146,276)	--
Total capital assets, not being depreciated	<u>1,426,444</u>	<u>--</u>	<u>--</u>	<u>(1,144,505)</u>	<u>281,939</u>
Capital assets, being depreciated:					
Structures and improvements	4,641,526	65,494	--	1,144,505	5,851,525
Equipment	279,613	--	--	--	279,613
Total capital assets, being depreciated	<u>4,921,139</u>	<u>65,494</u>	<u>--</u>	<u>1,144,505</u>	<u>6,131,138</u>
Less accumulated depreciation for:					
Structures and improvements	(3,278,930)	(85,620)	--	--	(3,364,550)
Equipment	(191,969)	(15,384)	--	--	(207,353)
Total accumulated depreciation	<u>(3,470,899)</u>	<u>(101,004)</u>	<u>--</u>	<u>--</u>	<u>(3,571,903)</u>
Total capital assets, being depreciated, net	<u>1,450,240</u>	<u>(35,510)</u>	<u>--</u>	<u>1,144,505</u>	<u>2,559,235</u>
Business-type activities capital assets, net	<u>\$ 2,876,684</u>	<u>\$ (35,510)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,841,174</u>

COUNTY OF YUBA

Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 5: CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to governmental functions as follows:

General government	\$ 715,079
Public protection	365,235
Public ways and facilities	9,771,179
Health and sanitation	21,551
Public assistance	159,152
Education	591
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	288,263
Total	<u>\$ 11,321,050</u>

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

Airport	<u>\$ 101,004</u>
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NOTE 6: LONG-TERM LIABILITIES

Long-term debt at June 30, 2012 consisted of the following:

	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2012</u>
<u>Governmental Activities</u>						
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	<u>14,195,000</u>	<u>14,195,000</u>
Total Governmental Activities					<u>\$ 78,370,000</u>	<u>\$ 78,370,000</u>

COUNTY OF YUBA

Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

The following is a summary of long-term liability transactions for the year ended June 30, 2012:

	Balance July 1, 2011	Additions	Retirements	Adjustments	Balance June 30, 2012	Amounts Due Within One Year
Governmental Activities						
Bonds payable	\$ 78,370,000	\$ --	\$ --	\$ --	\$ 78,370,000	\$ --
Less: unamortized discount	(1,590,171)	--	67,117	--	(1,523,054)	--
Notes payable	885,049	--	--	(885,049)	--	--
Capital leases	9,389,969	--	--	--	9,389,969	184,178
Compensated absences	10,539,707	4,466,986	(3,811,109)	--	11,195,584	2,596,579
Liability for self-insurance	706,000	751,000	(623,000)	--	834,000	376,000
Total Governmental Activities						
Long-term liabilities	<u>\$ 98,300,554</u>	<u>\$ 5,217,986</u>	<u>\$ (4,366,992)</u>	<u>\$ (885,049)</u>	<u>\$ 98,266,499</u>	<u>\$ 3,156,757</u>
Business-type Activities						
Compensated absences	<u>\$ 202,944</u>	<u>\$ 18,012</u>	<u>\$ (35,952)</u>	<u>\$ --</u>	<u>\$ 185,004</u>	<u>\$ 14,591</u>
Total Business-type Activities						
Long-term liabilities	<u>\$ 202,944</u>	<u>\$ 18,012</u>	<u>\$ (35,952)</u>	<u>\$ --</u>	<u>\$ 185,004</u>	<u>\$ 14,591</u>

As of June 30, 2012, annual debt service requirements of governmental activities to maturity are as follows:

Year Ending June 30:	Governmental Activities	
	Bonds Payable	
	Principal	Interest
2013	\$ --	\$ 4,047,583
2014	--	4,047,583
2015	--	4,047,583
2016	--	4,047,583
2017	--	4,047,583
2018-2022	7,155,000	19,591,781
2023-2027	15,240,000	15,841,644
2028-2032	19,480,000	11,584,225
2033-2037	24,770,000	6,148,250
2038-2042	11,725,000	593,375
	<u>\$ 78,370,000</u>	<u>\$ 73,997,190</u>

COUNTY OF YUBA

Notes to Basic Financial Statements
For the Year Ended June 30, 2012

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.

Notes Payable – CDBG Program and Yuba County Water Agency

As a result of the dissolution of the County's Redevelopment Agency (See Note 15), liabilities of the Agency have been removed from the County's financial statements.

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, 2012:

	<u>Stated Interest Rate</u>	<u>Present Value of Remaining Payments as of June 30, 2012</u>
Governmental Activities:		
Solar panels	4.50%	<u>\$ 9,389,969</u>

The equipment is currently under construction.

As of June 30, 2012, future minimum lease payments under capital leases was as follows:

<u>Year Ending June 30:</u>	<u>Governmental Activities</u>
2013	\$ 604,678
2014	992,887
2015	902,018
2016	925,936
2017	951,028
2018-2022	4,065,088
2023-2027	<u>4,666,457</u>
Total Future Minimum Lease Payments	13,108,092
Less: Interest	<u>(3,718,123)</u>
Present Value of Minimum Lease Payments	<u>\$ 9,389,969</u>

COUNTY OF YUBA

Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 7: LEASES (CONTINUED)

Operating Leases

The County has commitments under long-term operating lease agreements. During the fiscal year ended June 30, 2012, 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>
2013	\$ 2,294,424
2014	2,294,424
2015	2,294,424
2016	2,294,424
2017	2,294,424
2018-2022	11,472,120
2023-2027	11,472,120
2028-2032	11,472,120
2033-2037	11,472,120
2038-2042	<u>11,472,120</u>
Total Minimum Lease Payments	<u>\$ 68,832,720</u>

NOTE 8: REVOLVING NOTES RECEIVABLE

At June 30, 2012, the County had \$5,071,991 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 to 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	\$ 3,958,154
HOME Investment Partnerships Program	836,367
CDBG Economic Development Initiative	<u>277,470</u>
	<u>\$ 5,071,991</u>

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.

COUNTY OF YUBA

Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 9: PUBLIC EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Funding Policy

County employees are required by state statute to contribute 7% for miscellaneous employees and 9% for safety employees of their annual covered salary. The County is required to contribute remaining amounts necessary to fund the benefits for the 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, 2012, the employer contribution rate was 13.901% for the miscellaneous plan and 18.666% 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 2011-2012, the County's annual pension cost of \$7,332,922 for PERS was equal to the County's required and actual contributions. The required contribution was determined as part of the June 30, 2009 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, 2009 was thirty-one years.

Three-Year Trend Information for PERS

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06/30/10	\$ 6,941,909	100%	\$ --
06/30/11	6,685,079	100%	--
06/30/12	7,332,922	100%	--

Funded Status and Funding Progress

The following is the funded status information for each plan as of June 30, 2011, 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	\$ 231,937,885	\$ 184,292,484	\$ 47,645,401	79.5%	\$ 37,731,847	126.3%
Safety	76,163,284	61,116,610	15,046,674	80.2%	12,445,480	120.9%

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.

COUNTY OF YUBA

Notes to Basic Financial Statements
For the Year Ended June 30, 2012

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.

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 \$834,000 as reported in the internal service funds at June 30, 2012, 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, 2012 and 2011 were as follows:

	2012	2011
Unpaid claims, beginning of year	\$ 706,000	\$ 869,000
Estimated claims incurred and adjustments	751,000	168,000
Claims payments	(623,000)	(331,000)
Unpaid claims, end of year	\$ 834,000	\$ 706,000

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.

COUNTY OF YUBA

Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 11: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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, 2012:

Annual required contribution	\$ 1,497,000
Interest on net OPEB obligation	166,000
Adjustments to ARC	<u>(288,000)</u>
Annual OPEB cost (expense)	1,375,000
Contributions made	<u>(153,000)</u>
Increase in net OPEB obligation	1,222,000
Net OPEB obligation, beginning of year	<u>3,684,000</u>
Net OPEB obligation, end of year	<u><u>\$ 4,906,000</u></u>

Annual OPEB Cost and Net OPEB Obligation

The County's Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the Plan (as described in the funding policy above), and the Net OPEB Obligation for 2011/12 and the prior two fiscal years is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/12	\$1,375,000	11.1%	\$4,906,000
6/30/11	1,285,000	12.3%	3,684,000
6/30/10	1,446,000	7.1	2,557,000

Funded Status and Funding Progress. The funded status of the plan as of June 30, 2011, the plan's most recent actuarial valuation date, was as follows (dollar amounts in thousands):

Actuarial accrued liability (AAL)	\$ 11,859,000
Actuarial value of plan assets	<u> --</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>11,859,000</u></u>
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active Plan members)	\$ 55,422,000
UAAL as a percentage of covered payroll	21.40%

COUNTY OF YUBA

Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 11: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. 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, 2011 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 7.25% 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% 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, 2011 was 26 years.

NOTE 12: NET ASSETS/FUND BALANCES

Net Assets

The government-wide statement of net assets reports \$41 million of restricted net assets, none of which is restricted by enabling legislation. Net assets invested in capital assets, net of related debt, was comprised of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets, net of accumulated depreciation	\$ 196,917,410	\$ 2,841,174
Outstanding principal of capital-related debt	(9,389,969)	-
Unspent debt proceeds	<u>1,071,550</u>	<u>-</u>
 Net assets, invested in capital assets, net of related debt	 <u>\$ 188,598,991</u>	 <u>\$ 2,841,174</u>

COUNTY OF YUBA

Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 12: NET ASSETS/FUND BALANCES (CONTINUED)

Net Assets (continued)

Net assets were restricted for the following purposes:

Capital projects	\$ 9,244,401
Debt service	17,124,985
Other restrictions:	
Public assistance programs	2,161,246
Public facilities	6,237,917
Public safety	3,062,856
Public health	<u>3,200,268</u>
	<u>\$ 41,031,673</u>

Fund Balances

Details of the fund balance classifications of the governmental funds as of June 30, 2012, are as follows:

	General Fund	Public Works	Social Services	Public Safety	Grants	Yuba Levee Financing Authority Debt Ser.	Other Governmental Funds	Total
Nonspendable:								
Inventory	\$ --	\$ 119,721	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 119,721
Property held for resale	--	--	--	--	--	--	--	--
Loans receivable	204,918	--	--	--	--	--	--	204,918
Prepays	--	--	--	--	--	--	5,839	5,839
Total Nonspendable	<u>204,918</u>	<u>119,721</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>5,839</u>	<u>330,478</u>
Restricted for:								
Public protection	802,195	--	--	19,595	--	--	2,241,066	3,062,856
Public assistance	--	--	1,235,764	--	1,159,477	--	448,080	2,843,321
Health and sanitation	2	--	--	--	--	--	3,200,266	3,200,268
Public ways and facilities	--	1,500,139	--	--	--	--	4,737,778	6,237,917
Debt service	--	--	--	--	--	17,124,985	--	17,124,985
Capital projects	--	--	--	--	--	--	9,244,401	9,244,401
Total Restricted	<u>802,197</u>	<u>1,500,139</u>	<u>1,235,764</u>	<u>19,595</u>	<u>1,159,477</u>	<u>17,124,985</u>	<u>19,871,591</u>	<u>41,713,748</u>
Committed:								
Public protection	6,357,720	--	--	--	--	--	--	6,357,720
Health and sanitation	411,886	--	--	--	--	--	--	411,886
Public ways and facilities	--	26,471,728	--	--	--	--	--	26,471,728
Education	1,506,864	--	--	--	--	--	--	1,506,864
Capital projects	685,905	--	--	--	--	--	--	685,905
Other	33,894	--	--	--	--	--	--	33,894
Total Committed	<u>8,996,269</u>	<u>26,471,728</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>35,467,997</u>
Assigned to:								
General contingencies	1,350,630	--	--	--	--	--	--	1,350,630
Public protection	--	--	--	4,671,677	--	--	--	4,671,677
Capital projects	2,911,233	--	--	--	--	--	368,347	3,279,580
Other	193,545	--	--	--	--	--	--	193,545
Total Assigned	<u>4,455,408</u>	<u>--</u>	<u>--</u>	<u>4,671,677</u>	<u>--</u>	<u>--</u>	<u>368,347</u>	<u>9,495,432</u>
Unassigned	<u>1,796,177</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,796,177</u>
Total Fund Balances	<u>\$ 16,254,969</u>	<u>\$ 28,091,588</u>	<u>\$ 1,235,764</u>	<u>\$ 4,691,272</u>	<u>\$ 1,159,477</u>	<u>\$ 17,124,985</u>	<u>\$ 20,245,777</u>	<u>\$ 88,803,832</u>

COUNTY OF YUBA

Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 13: CONTINGENT LIABILITIES

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

NOTE 14: JOINT VENTURE

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

Four work phases have been identified with the goal of achieving 200 year flood protection. The cost to complete the four phases is estimated to be \$400 million and will be funded mostly by local development fees and State funding.

Condensed financial information of the Authority for the fiscal year ended June 30, 2012 is as follows:

Cash and investments in the County of Yuba's Investment Pool	\$ 7,126,308
Other current assets	2,700,350
Deposit - Condemnation Fund	41,641
Total Assets	9,868,299
Accounts payable	(511,257)
Net Assets	\$ 9,357,042
Revenues	10,966,871
Levee improvement costs	(13,487,570)
Maintenance	(839,081)
Administration	(807,598)
Changes in net assets	(4,167,378)
Net Assets, beginning of year	13,524,420
Net assets, end of year	\$ 9,357,042

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, 2012

NOTE 14: **JOINT VENTURE** (CONTINUED)

Levee improvement costs incurred to date through June 30, 2012, 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		14,111,717
2012		<u>13,487,570</u>
	<u>\$</u>	<u>320,523,449</u>

During the year ended June 30, 2012, the County of Yuba transferred a total of \$11 million to the Authority to fund ongoing levee improvements. At June 30, 2012, the Authority's investment account in the County's investment pool had a balance of \$7,126,308.

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

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

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

NOTE 15: **EXTRAORDINARY ITEM**

Successor Agency Trust for Assets of Former Redevelopment Agency

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (Bill) that provides for the dissolution of all redevelopment agencies in the State of California. This action impacted the reporting entity of the County that previously had reported a redevelopment agency blended component unit.

The Bill provides that upon dissolution of a redevelopment agency, either the County or another unit of local government will agree to serve as the "successor agency" to hold the assets until they are distributed to other units of state and local government. On March 27, 2012, the County Board of Supervisors elected to become the Successor Agency for the former Redevelopment Agency (RDA) in accordance with the Bill as part of County resolution number 2012-20.

COUNTY OF YUBA

Notes to Basic Financial Statements For the Year Ended June 30, 2012

NOTE 15: **EXTRAORDINARY ITEM** (CONTINUED)

Successor Agency Trust for Assets of Former Redevelopment Agency (continued)

After enactment of the law, which occurred on June 28, 2011, redevelopment agencies in the State of California cannot enter into new projects, obligations or commitments. Subject to the control of a newly established oversight board, remaining assets can only be used to pay enforceable obligations in existence at the date of dissolution (including the completion of any unfinished projects that were subject to legally enforceable contractual commitments).

In future fiscal years, successor agencies will only be allocated revenue in the amount that is necessary to pay the estimated annual installment payments on enforceable obligations of the former redevelopment agency until all enforceable obligations of the prior redevelopment agency have been paid in full and all assets have been liquidated.

The Bill directs the State Controller to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by the Bill.

Management believes, in consultation with legal counsel, that the obligations of the former RDA due to the County are valid enforceable obligations payable by the Successor Agency trust under the requirements of the Bill. The County's position on this issue is not a position of settled law and there is considerable legal uncertainty regarding this issue. It is reasonably possible that a legal determination may be made at a later date by an appropriate judicial authority that would resolve this issue unfavorably to the County.

In accordance with the timeline set forth in the Bill (as modified by the California Supreme Court on December 29, 2011), all redevelopment agencies in the State of California were dissolved and ceased to operate as a legal entity as of February 1, 2012.

Prior to that date, the final seven months of the activity of the RDA are reported in the governmental funds of the County. After the date of dissolution, as allowed under Section 34176(a) of the Bill, the County elected to retain the housing assets and functions previously performed by the former RDA. The assets, liabilities, and activities of the dissolved RDA, are reported in the Successor Agency fiduciary fund (private purpose trust fund) in the financial statements of the County.

The transfer of the assets and liabilities of the former RDA as of February 1, 2012 (effectively the same date as January 31, 2012) from governmental funds of the County to fiduciary funds was reported as an extraordinary loss in the governmental fund financial statements and an extraordinary gain in the government wide statement of activities. The receipt of these assets and liabilities as of January 31, 2012 was reported in the private-purpose trust fund financial statements as an extraordinary loss.

NOTE 15: **NEW ACCOUNTING PRONOUNCEMENTS**

GASB recently released several new accounting and financial reporting standards. The following new standards may have a significant impact on the County's financial reporting process.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 189 FASB and AICPA Pronouncements*, is effective in financial statements for periods beginning after December 15, 2011. It establishes accounting and financial reporting standards for the financial statements of state and local governments.

COUNTY OF YUBA

Notes to Basic Financial Statements
For the Year Ended June 30, 2012

NOTE 15: **NEW ACCOUNTING PRONOUNCEMENTS** (CONTINUED)

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, is effective for periods beginning after December 15, 2011. It provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, is effective for periods beginning after December 15, 2012. It improves financial reporting for state and local governments by reclassifying, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

GASB Statement No. 66, *Technical Corrections – 2012*, effective for periods beginning after December 15, 2012. It improves financial reporting for state and local governments by resolving conflicting guidance that resulted from issuance of GASB Statements Nos. 54 and 62.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, is effective for periods beginning after June 15, 2014. The principal objective of this statements is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports of governments whose employees – both active employees and inactive employees – are provided with pensions. An additional objective is to improve the information provided in government financial reports about pension-related financial support provided by certain non-employer entities that make contributions to pension plans that are used to provide benefits to the employees of other entities.

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REQUIRED SUPPLEMENTARY INFORMATION

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COUNTY OF YUBA

Required Supplementary Information
For the Fiscal Year Ended June 30, 2012

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

<u>Valuation Date</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded/ (Overfunded) Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
June 30, 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%
June 30, 2011	231,937,885	184,292,484	47,645,401	79.5%	37,731,847	126.3%

Funded Status of Safety Plan

<u>Valuation Date</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded/ (Overfunded) Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
June 30, 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%
June 30, 2011	76,163,284	61,116,610	15,046,674	80.2%	12,445,480	120.9%

SCHEDULE OF FUNDING PROGRESS – RETIREE HEALTHCARE PLAN

Funded Status

<u>Valuation Date</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded/ (Overfunded) Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
June 30, 2007	\$ 9,908,000	\$ --	\$ 9,908,000	0.0%	\$ 51,987,000	19.06%
June 30, 2009	9,813,000	--	9,813,000	0.0%	53,677,000	18.28%
June 30, 2011	11,859,000	--	11,859,000	0.0%	55,422,000	21.40%

COUNTY OF YUBA

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 22,035,901	\$ 22,035,901	\$ 22,964,434	\$ 928,533
Licenses, permits, and fees	1,764,639	1,764,639	1,999,833	235,194
Fines, forfeits and penalties	563,250	563,250	554,311	(8,939)
Use of money and property	324,674	334,574	531,578	197,004
Intergovernmental	4,618,778	4,818,653	4,580,515	(238,138)
Charges for services	5,120,727	5,837,186	4,904,695	(932,491)
Other revenues	470,957	487,524	422,024	(65,500)
Amounts available for appropriation	<u>34,898,926</u>	<u>35,841,727</u>	<u>35,957,390</u>	<u>115,663</u>
Charges to appropriations (outflows):				
General government	7,793,532	8,785,024	7,635,066	1,149,958
Public protection	12,037,035	12,660,078	11,355,032	1,305,046
Health and sanitation	1,667,092	1,697,162	1,427,690	269,472
Public assistance	572,801	578,201	548,433	29,768
Education	760,613	740,671	680,017	60,654
Total charges for appropriations	<u>22,831,073</u>	<u>24,461,136</u>	<u>21,646,238</u>	<u>2,814,898</u>
Other Financing Sources (Uses):				
Transfers in	654,988	957,142	269,182	(687,960)
Transfers out	<u>(13,579,812)</u>	<u>(13,579,812)</u>	<u>(13,580,236)</u>	<u>(424)</u>
Total Other Financing Sources (Uses)	<u>(12,924,824)</u>	<u>(12,622,670)</u>	<u>(13,311,054)</u>	<u>(688,384)</u>
Net Change in Fund Balances	(856,971)	(1,242,079)	1,000,098	(3,387,619)
Fund Balances - Beginning of Year	<u>856,648</u>	<u>856,648</u>	<u>856,648</u>	<u>--</u>
Fund Balances - End of Year	<u>\$ (323)</u>	<u>\$ (385,431)</u>	<u>\$ 1,856,746</u>	<u>\$ (3,387,619)</u>

Explanation of differences between statement of revenues, expenditures and changes in fund balance:

Total revenues from the budgetary comparison schedule:	\$ 35,957,390
Receipts from funds reclassified from County Agency Funds, not budgeted	<u>(1,500,124)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (page 18)	<u>\$ 34,457,266</u>
Total other financing sources (uses) from the budgetary comparison schedule:	\$ (13,311,054)
Transfers from funds reclassified from County Agency Funds, not budgeted	<u>(849,369)</u>
Total other financing sources (uses) as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (page 18)	<u>\$ (14,160,423)</u>

COUNTY OF YUBA

Budgetary Comparison Schedule
Public Works
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 86,802	\$ 351,488	\$ 351,488	\$ --
Licenses, permits, and fees	65,000	58,000	3,722,548	3,664,548
Fines, forfeits and penalties	40,000	40,000	19,609	(20,391)
Use of money and property	40,000	40,000	27,708	(12,292)
Intergovernmental	10,217,352	12,051,016	7,105,174	(4,945,842)
Charges for services	3,223,500	4,643,000	625,491	(4,017,509)
Other revenues	881,970	2,474,517	83,764	(2,390,753)
Total Revenues	<u>14,554,624</u>	<u>19,658,021</u>	<u>11,935,782</u>	<u>(7,722,239)</u>
Expenditures:				
Current:				
Public way and facilities	<u>16,612,698</u>	<u>21,881,040</u>	<u>14,825,680</u>	<u>7,055,360</u>
Total Expenditures	<u>16,612,698</u>	<u>21,881,040</u>	<u>14,825,680</u>	<u>7,055,360</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,058,074)</u>	<u>(2,223,019)</u>	<u>(2,889,898)</u>	<u>(666,879)</u>
Other Financing Sources (Uses):				
Transfers in	<u>87,983</u>	<u>96,083</u>	<u>87,983</u>	<u>(8,100)</u>
Total Other Financing Sources (Uses)	<u>87,983</u>	<u>96,083</u>	<u>87,983</u>	<u>(8,100)</u>
Net Change in Fund Balances	(1,970,091)	(2,126,936)	(2,801,915)	(674,979)
Fund Balances - Beginning of Year	<u>4,421,775</u>	<u>4,421,775</u>	<u>4,421,775</u>	<u>--</u>
Fund Balances - End of Year	<u>\$ 2,451,684</u>	<u>\$ 2,294,839</u>	<u>\$ 1,619,860</u>	<u>\$ (674,979)</u>

Explanation of differences between statement of revenues, expenditures and changes in fund balance:

Sources/inflows of resources

Total revenues from the budgetary comparison schedule:	\$ 11,935,782
Receipts from funds reclassified from County Agency Funds, not budgeted	<u>(2,887,974)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (page 18)	<u>\$ 9,047,808</u>

COUNTY OF YUBA

Budgetary Comparison Schedule
Social Services Fund
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
Revenues:				
Intergovernmental	\$ 45,480,434	\$ 45,480,434	\$ 37,850,946	\$ (7,629,488)
Charges for services	160,728	160,728	535,539	374,811
Other revenues	576,937	576,937	221,337	(355,600)
Total Revenues	<u>46,218,099</u>	<u>46,218,099</u>	<u>38,607,822</u>	<u>(7,610,277)</u>
Expenditures:				
Current:				
Public assistance	<u>48,677,710</u>	<u>48,762,717</u>	<u>43,669,640</u>	<u>5,093,077</u>
Total Expenditures	<u>48,677,710</u>	<u>48,762,717</u>	<u>43,669,640</u>	<u>5,093,077</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,459,611)</u>	<u>(2,544,618)</u>	<u>(5,061,818)</u>	<u>(2,517,200)</u>
Other Financing Sources (Uses):				
Transfers in	378,247	427,447	378,247	(49,200)
Transfers out	--	--	(32,119)	(32,119)
Total Other Financing Sources (Uses)	<u>378,247</u>	<u>427,447</u>	<u>346,128</u>	<u>(81,319)</u>
Net Change in Fund Balances	(2,081,364)	(2,117,171)	(4,715,690)	(2,598,519)
Fund Balances - Beginning of Year	<u>5,628,826</u>	<u>5,628,826</u>	<u>5,628,826</u>	<u>--</u>
Fund Balances - End of Year	<u>\$ 3,547,462</u>	<u>\$ 3,511,655</u>	<u>\$ 913,136</u>	<u>\$ (2,598,519)</u>

Explanation of differences between statement of revenues, expenditures and changes in fund balance:

Sources/inflows of resources

Total revenues from the budgetary comparison schedule:	\$ 38,607,822
Receipts from funds reclassified from County Agency Funds, not budgeted	<u>(1,368,235)</u>

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (page 18)	<u>\$ 37,239,587</u>
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Uses/outflows of resources

Total expenditures from the budgetary comparison schedule:	\$ 43,669,640
Disbursements from funds reclassified from County Agency Funds, not budgeted	<u>(6,539)</u>

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (page 18)	<u>\$ 43,663,101</u>
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COUNTY OF YUBA

Budgetary Comparison Schedule
Public Safety
For the Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses, permits, and fees	\$ 20,030	\$ 20,030	\$ 173,773	\$ 153,743
Fines, forfeitures and penalties	--	--	254,322	254,322
Use of money and property	588,000	588,000	530,889	(57,111)
Intergovernmental	5,013,702	5,547,102	5,666,118	119,016
Charges for services	6,600,820	6,253,070	6,613,528	360,458
Other revenues	249,793	305,653	195,903	(109,750)
Total Revenues	<u>12,472,345</u>	<u>12,713,855</u>	<u>13,434,533</u>	<u>720,678</u>
Expenditures:				
Current:				
Public protection	<u>27,059,159</u>	<u>27,881,001</u>	<u>27,397,574</u>	<u>483,427</u>
Total Expenditures	<u>27,059,159</u>	<u>27,881,001</u>	<u>27,397,574</u>	<u>483,427</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(14,586,814)</u>	<u>(15,167,146)</u>	<u>(13,963,041)</u>	<u>1,204,105</u>
Other Financing Sources (Uses):				
Transfers in	<u>13,237,202</u>	<u>13,321,352</u>	<u>13,057,202</u>	<u>(264,150)</u>
Total Other Financing Sources (Uses)	<u>13,237,202</u>	<u>13,321,352</u>	<u>13,057,202</u>	<u>(264,150)</u>
Net Change in Fund Balances	(1,349,612)	(1,845,794)	(905,839)	939,955
Fund Balances - Beginning of Year	<u>3,785,877</u>	<u>3,785,877</u>	<u>3,785,877</u>	--
Fund Balances - End of Year	<u>\$ 2,436,265</u>	<u>\$ 1,940,083</u>	<u>\$ 2,880,038</u>	<u>\$ 939,955</u>

Explanation of differences between statement of revenues, expenditures and changes in fund balance:

Sources/inflows of resources

Total revenues from the budgetary comparison schedule:	\$ 13,434,533
Receipts from funds reclassified from County Agency Funds, not budgeted	<u>(194,993)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (page 18)	<u>\$ 13,239,540</u>

COUNTY OF YUBA

Budgetary Comparison Schedule
Grants
For the Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	\$ 2,000	\$ 2,000	\$ 9,483	\$ 7,483
Intergovernmental	3,675,157	4,095,783	931,736	(3,164,047)
Other revenues	--	--	32	32
Total Revenues	<u>3,677,157</u>	<u>4,097,783</u>	<u>941,251</u>	<u>(3,156,532)</u>
Expenditures:				
Current:				
General government	5,205	305,205	11,955	293,250
Public protection	346,250	334,024	261,263	72,761
Public assistance	3,261,408	3,429,258	900,845	2,528,413
Total Expenditures	<u>3,612,863</u>	<u>4,068,487</u>	<u>1,174,063</u>	<u>2,894,424</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>64,294</u>	<u>29,296</u>	<u>(232,812)</u>	<u>(262,108)</u>
Other Financing Sources (Uses):				
Transfers out	<u>(164,679)</u>	<u>(164,679)</u>	<u>(164,679)</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>(164,679)</u>	<u>(164,679)</u>	<u>(164,679)</u>	<u>--</u>
Net Change in Fund Balances	(100,385)	(135,383)	(397,491)	(262,108)
Fund Balances - Beginning of Year, restated	<u>1,556,968</u>	<u>1,556,968</u>	<u>1,556,968</u>	<u>--</u>
Fund Balances - End of Year	<u>\$ 1,456,583</u>	<u>\$ 1,421,585</u>	<u>\$ 1,159,477</u>	<u>\$ (262,108)</u>

COUNTY OF YUBA

Notes to Required Supplementary Information For the Fiscal Year Ended June 30, 2012

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

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, 2012

	Special Revenue			
	Fish & Game	Health Service Fund	Child Support Services	County IHSS Authority
<u>Assets</u>				
Cash and investments	\$ 10,149	\$ 630,168	\$ 1,132,963	\$ 73,855
Cash with fiscal agent	--	--	--	--
Accounts receivable	315	9,632	--	--
Interest receivable	--	224	4,628	--
Due from other agencies	--	351,128	--	--
Due from other funds	--	27,062	--	--
Prepays	--	--	--	--
Total Assets	\$ 10,464	\$ 1,018,214	\$ 1,137,591	\$ 73,855
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable	\$ --	\$ 62,477	\$ 7,399	\$ --
Salaries and benefits payable	--	283,531	213,192	--
Due to other funds	--	12,779	--	--
Deposits and other liabilities	--	--	--	--
Unearned revenue	--	--	--	--
Total Liabilities	--	358,787	220,591	--
Fund Balance				
Nonspendable	--	--	--	--
Restricted	10,464	659,427	917,000	73,855
Assigned	--	--	--	--
Total Fund Balances	10,464	659,427	917,000	73,855
Total Liabilities and Fund Balances	\$ 10,464	\$ 1,018,214	\$ 1,137,591	\$ 73,855

continued

COUNTY OF YUBA

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2012

	Special Revenue				
	Health Bio- Terrorism	Micro Enterprise (Yubasut)	RDA Low Income Housing	County Service Areas	Local Revenue Fund
<u>Assets</u>					
Cash and investments	\$ 171,900	\$ 4,278	\$ --	\$ 4,449,324	\$ 2,831,020
Cash with fiscal agent	--	--	--	--	--
Accounts receivable	--	--	--	--	--
Interest receivable	568	74	--	--	--
Due from other agencies	--	--	--	--	777,098
Due from other funds	--	--	--	--	--
Prepays	--	--	--	--	--
Total Assets	\$ 172,468	\$ 4,352	\$ --	\$ 4,449,324	\$ 3,608,118
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ --	\$ 2,730	\$ --	\$ 5	\$ --
Salaries and benefits payable	--	--	--	--	--
Due to other funds	--	--	--	--	--
Deposits and other liabilities	--	--	--	--	--
Unearned revenue	--	--	--	--	--
Total Liabilities	--	2,730	--	5	--
Fund Balance					
Nonspendable	--	--	--	--	--
Restricted	172,468	1,622	--	4,449,319	3,608,118
Assigned	--	--	--	--	--
Total Fund Balances	172,468	1,622	--	4,449,319	3,608,118
Total Liabilities and Fund Balances	\$ 172,468	\$ 4,352	\$ --	\$ 4,449,324	\$ 3,608,118

continued

COUNTY OF YUBA

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2012

	Special Revenue				Special Revenue Total
	Gledhill Landscape & Lighting	Linda Lighting	Housing Programs	Yuba Housing Authority	
<u>Assets</u>					
Cash and investments	\$ 21,617	\$ 266,842	\$ 24,867	\$ 449,846	\$ 10,066,829
Cash with fiscal agent	--	--	--	--	--
Accounts receivable	--	--	--	10,954	20,901
Interest receivable	--	--	91	--	5,585
Due from other agencies	--	--	--	--	1,128,226
Due from other funds	--	--	--	--	27,062
Prepays	--	--	--	5,839	5,839
Total Assets	<u>\$ 21,617</u>	<u>\$ 266,842</u>	<u>\$ 24,958</u>	<u>\$ 466,639</u>	<u>\$ 11,254,442</u>
<u>Liabilities and Fund Balances</u>					
Liabilities:					
Accounts payable	\$ --	\$ --	\$ --	\$ 9,576	\$ 82,187
Salaries and benefits payable	--	--	--	17,346	514,069
Due to other funds	--	--	--	--	12,779
Deposits and other liabilities	--	--	--	8,161	8,161
Unearned revenue	--	--	--	4,217	4,217
Total Liabilities	<u>--</u>	<u>--</u>	<u>--</u>	<u>39,300</u>	<u>621,413</u>
Fund Balance					
Nonspendable	--	--	--	5,839	5,839
Restricted	21,617	266,842	24,958	421,500	10,627,190
Assigned	--	--	--	--	--
Total Fund Balances	<u>21,617</u>	<u>266,842</u>	<u>24,958</u>	<u>427,339</u>	<u>10,633,029</u>
Total Liabilities and Fund Balances	<u>\$ 21,617</u>	<u>\$ 266,842</u>	<u>\$ 24,958</u>	<u>\$ 466,639</u>	<u>\$ 11,254,442</u>

continued

COUNTY OF YUBA

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2012

	Capital Projects			
	Minimum Security Construction	Jail Improvement Construction	RDA Capital Projects	Solar Panels
<u>Assets</u>				
Cash and investments	\$ 7,844	\$ 311,696	\$ --	\$ 189,752
Cash with fiscal agent	--	--	--	1,071,550
Accounts receivable	--	--	--	--
Interest receivable	--	--	--	2,065
Due from other agencies	--	48,807	--	--
Due from other funds	--	--	--	--
Prepays	--	--	--	--
Total Assets	\$ 7,844	\$ 360,503	\$ --	\$ 1,263,367
<u>Liabilities and Fund Balances</u>				
<u>Liabilities:</u>				
Accounts payable	\$ --	\$ --	\$ --	\$ --
Salaries and benefits payable	--	--	--	--
Due to other funds	--	--	--	--
Deposits and other liabilities	--	--	--	--
Unearned revenue	--	--	--	--
Total Liabilities	--	--	--	--
<u>Fund Balance</u>				
Nonspendable	--	--	--	--
Restricted	--	--	--	1,263,367
Assigned	7,844	360,503	--	--
Total Fund Balances	7,844	360,503	--	1,263,367
Total Liabilities and Fund Balances	\$ 7,844	\$ 360,503	\$ --	\$ 1,263,367

continued

COUNTY OF YUBA

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2012

	Capital Projects		Total Nonmajor Governmental Funds
	YLFA Bond Construction	Capital Projects Total	
<u>Assets</u>			
Cash and investments	\$ --	\$ 509,292	\$ 10,576,121
Cash with fiscal agent	7,981,034	9,052,584	9,052,584
Accounts receivable	--	--	20,901
Interest receivable	--	2,065	7,650
Due from other agencies	--	48,807	1,177,033
Due from other funds	--	--	27,062
Prepays	--	--	5,839
	<u>\$ 7,981,034</u>	<u>\$ 9,612,748</u>	<u>\$ 20,867,190</u>
<u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	\$ --	\$ --	\$ 82,187
Salaries and benefits payable	--	--	514,069
Due to other funds	--	--	12,779
Deposits and other liabilities	--	--	8,161
Unearned revenue	--	--	4,217
	<u>--</u>	<u>--</u>	<u>621,413</u>
Fund Balance			
Nonspendable	--	--	5,839
Restricted	7,981,034	9,244,401	19,871,591
Assigned	--	368,347	368,347
	<u>7,981,034</u>	<u>9,612,748</u>	<u>20,245,777</u>
Total Fund Balances	<u>7,981,034</u>	<u>9,612,748</u>	<u>20,245,777</u>
Total Liabilities and Fund Balances	<u>\$ 7,981,034</u>	<u>\$ 9,612,748</u>	<u>\$ 20,867,190</u>

COUNTY OF YUBA

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2012

	Special Revenue			
	Fish & Game	Health Service Fund	Child Support Services	County IHSS Authority
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ --
Fines, forfeitures and penalties	3,682	3,009	--	--
Use of money and property	--	751	18,449	--
Intergovernmental	--	3,720,941	3,283,121	462,553
Charges for services	--	2,449	--	--
Other revenues	6,000	14,048	625	823
Total Revenues	<u>9,682</u>	<u>3,741,198</u>	<u>3,302,195</u>	<u>463,376</u>
Expenditures:				
Current:				
General government	--	--	--	--
Public protection	9,729	--	3,261,907	--
Public ways and facilities	--	--	--	--
Health and sanitation	--	4,405,180	--	548,735
Public assistance	--	--	--	--
Debt Service:				
Interest	--	--	--	--
Capital outlay	--	--	--	--
Total Expenditures	<u>9,729</u>	<u>4,405,180</u>	<u>3,261,907</u>	<u>548,735</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(47)</u>	<u>(663,982)</u>	<u>40,288</u>	<u>(85,359)</u>
Other Financing Sources (Uses):				
Transfers in	--	326,408	--	88,679
Transfers out	--	(4,085)	(7,386)	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>322,323</u>	<u>(7,386)</u>	<u>88,679</u>
Extraordinary Item - RDA Dissolution	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	(47)	(341,659)	32,902	3,320
Fund Balances - Beginning of Year, restated	<u>10,511</u>	<u>1,001,086</u>	<u>884,098</u>	<u>70,535</u>
Fund Balances - End of Year	<u>\$ 10,464</u>	<u>\$ 659,427</u>	<u>\$ 917,000</u>	<u>\$ 73,855</u>

continued

COUNTY OF YUBA

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2012

	Special Revenue				
	Health Bio- Terrorism	Micro Enterprise (Yubasut)	RDA Low Income Housing	County Service Areas	Local Revenue Fund
Revenues:					
Taxes	\$ --	\$ --	\$ --	\$ 6,589	\$ --
Fines, forfeitures and penalties	--	--	--	--	--
Use of money and property	3,436	612	410	42,578	--
Intergovernmental	68,278	106,980	--	124	4,530,758
Charges for services	--	--	--	1,198,209	--
Other revenues	37,099	--	--	20,174	--
Total Revenues	<u>108,813</u>	<u>107,592</u>	<u>410</u>	<u>1,267,674</u>	<u>4,530,758</u>
Expenditures:					
Current:					
General government	--	39,157	--	--	--
Public protection	196,253	--	--	--	--
Public ways and facilities	--	--	--	784,275	--
Health and sanitation	--	--	--	--	--
Public assistance	--	--	--	--	922,640
Debt Service:					
Interest	--	--	--	--	--
Capital outlay	--	--	--	--	--
Total Expenditures	<u>196,253</u>	<u>39,157</u>	<u>--</u>	<u>784,275</u>	<u>922,640</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(87,440)</u>	<u>68,435</u>	<u>410</u>	<u>483,399</u>	<u>3,608,118</u>
Other Financing Sources (Uses):					
Transfers in	--	--	--	--	--
Transfers out	(138,706)	(118,034)	--	--	--
Total Other Financing Sources (Uses)	<u>(138,706)</u>	<u>(118,034)</u>	<u>--</u>	<u>--</u>	<u>--</u>
Extraordinary Item - RDA Dissolution	--	--	(47,693)	--	--
Net Change in Fund Balances	(226,146)	(49,599)	(47,283)	483,399	3,608,118
Fund Balances - Beginning of Year, restated	<u>398,614</u>	<u>51,221</u>	<u>47,283</u>	<u>3,965,920</u>	<u>--</u>
Fund Balances - End of Year	<u>\$ 172,468</u>	<u>\$ 1,622</u>	<u>\$ --</u>	<u>\$ 4,449,319</u>	<u>\$ 3,608,118</u>

continued

COUNTY OF YUBA

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2012

	Special Revenue				Special Revenue Total
	Gledhill Landscape & Lighting	Linda Lighting	Housing Programs	Yuba Housing Authority	
Revenues:					
Taxes	\$ --	\$ 60,765	\$ --	\$ --	\$ 67,354
Fines, forfeitures and penalties	--	--	--	--	6,691
Use of money and property	677	2,657	358	127	70,055
Intergovernmental	--	1,103	--	2,028,396	14,202,254
Charges for services	47,931	46,194	--	--	1,294,783
Other revenues	--	--	--	383	79,152
Total Revenues	<u>48,608</u>	<u>110,719</u>	<u>358</u>	<u>2,028,906</u>	<u>15,720,289</u>
Expenditures:					
Current:					
General government	--	--	--	--	39,157
Public protection	--	--	--	--	3,467,889
Public ways and facilities	94,015	96,565	--	--	974,855
Health and sanitation	--	--	--	--	4,953,915
Public assistance	--	--	--	2,156,699	3,079,339
Debt Service:					
Interest	--	--	--	--	--
Capital outlay	--	--	--	--	--
Total Expenditures	<u>94,015</u>	<u>96,565</u>	<u>--</u>	<u>2,156,699</u>	<u>12,515,155</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(45,407)</u>	<u>14,154</u>	<u>358</u>	<u>(127,793)</u>	<u>3,205,134</u>
Other Financing Sources (Uses):					
Transfers in	--	--	--	--	415,087
Transfers out	--	--	--	--	(268,211)
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>146,876</u>
Extraordinary Item - RDA Dissolution	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(47,693)</u>
Net Change in Fund Balances	(45,407)	14,154	358	(127,793)	3,304,317
Fund Balances - Beginning of Year, restated	<u>67,024</u>	<u>252,688</u>	<u>24,600</u>	<u>555,132</u>	<u>7,328,712</u>
Fund Balances - End of Year	<u>\$ 21,617</u>	<u>\$ 266,842</u>	<u>\$ 24,958</u>	<u>\$ 427,339</u>	<u>\$10,633,029</u>

COUNTY OF YUBA

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2012

	Capital Projects			
	Minimum Security Construction	Jail Improvement Construction	RDA Capital Projects	Solar Panels
Revenues:				
Taxes	\$ --	\$ --	\$ 37,215	\$ --
Fines, forfeitures and penalties	--	--	--	--
Use of money and property	--	--	1,250	6,274
Intergovernmental	--	--	671	--
Charges for services	--	--	--	144,876
Other revenues	--	188,491	--	--
Total Revenues	<u>--</u>	<u>188,491</u>	<u>39,136</u>	<u>151,150</u>
Expenditures:				
Current:				
General government	--	--	--	--
Public protection	--	--	--	--
Public ways and facilities	--	--	--	--
Health and sanitation	--	--	--	--
Public assistance	--	--	--	--
Debt Service:				
Interest	--	--	--	422,548
Capital outlay	1,334	--	7,532	6,622,172
Total Expenditures	<u>1,334</u>	<u>--</u>	<u>7,532</u>	<u>7,044,720</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,334)</u>	<u>188,491</u>	<u>31,604</u>	<u>(6,893,570)</u>
Other Financing Sources (Uses):				
Transfers in	--	--	--	844,013
Transfers out	--	(220,000)	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>(220,000)</u>	<u>--</u>	<u>844,013</u>
Extraordinary Item - RDA Dissolution	--	--	(26,408)	--
Net Change in Fund Balances	(1,334)	(31,509)	5,196	(6,049,557)
Fund Balances - Beginning of Year, restated	<u>9,178</u>	<u>392,012</u>	<u>(5,196)</u>	<u>7,312,924</u>
Fund Balances - End of Year	<u>\$ 7,844</u>	<u>\$ 360,503</u>	<u>\$ --</u>	<u>\$ 1,263,367</u>

COUNTY OF YUBA

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2012

	Capital Projects		Total
	YLFA Bond Construction	Capital Projects Total	Nonmajor Governmental Funds
Revenues:			
Taxes	\$ --	\$ 37,215	\$ 104,569
Fines, forfeitures and penalties	--	--	6,691
Use of money and property	15,610	23,134	93,189
Intergovernmental	--	671	14,202,925
Charges for services	--	144,876	1,439,659
Other revenues	--	188,491	267,643
Total Revenues	15,610	394,387	16,114,676
Expenditures:			
Current:			
General government	--	--	39,157
Public protection	--	--	3,467,889
Public ways and facilities	--	--	974,855
Health and sanitation	--	--	4,953,915
Public assistance	--	--	3,079,339
Debt Service:			
Interest	--	422,548	422,548
Capital outlay	--	6,631,038	6,631,038
Total Expenditures	--	7,053,586	19,568,741
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,610	(6,659,199)	(3,454,065)
Other Financing Sources (Uses):			
Transfers in	--	844,013	1,259,100
Transfers out	--	(220,000)	(488,211)
Total Other Financing Sources (Uses)	--	624,013	770,889
Extraordinary Item - RDA Dissolution	--	(26,408)	(74,101)
Net Change in Fund Balances	15,610	(6,061,594)	(2,757,277)
Fund Balances - Beginning of Year, restated	7,965,424	15,674,342	23,003,054
Fund Balances - End of Year	\$ 7,981,034	\$ 9,612,748	\$ 20,245,777

Internal Service Funds

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

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COUNTY OF YUBA

Combining Balance Sheet
Internal Service Funds
June 30, 2012

	<u>Automotive Service</u>	<u>Workers Comp Insurance</u>	<u>Liability Insurance</u>	<u>Health Insurance</u>
<u>ASSETS</u>				
Current Assets:				
Cash and investments	\$ 1,332,869	\$ 558,899	\$ 2,807,282	\$ 655,788
Accounts receivable	--	947	--	851,960
Interest receivable	<u>77</u>	<u>1,070</u>	<u>8,924</u>	<u>2,143</u>
Total Current Assets	<u>1,332,946</u>	<u>560,916</u>	<u>2,816,206</u>	<u>1,509,891</u>
Capital Assets:				
Depreciable, net	<u>685,845</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Assets	<u><u>\$ 2,018,791</u></u>	<u><u>\$ 560,916</u></u>	<u><u>\$ 2,816,206</u></u>	<u><u>\$ 1,509,891</u></u>
<u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities:				
Accounts payable	64,418	1,265	4,660	18
Salaries and benefits payable	--	--	--	--
Claims liability, current portion	<u>--</u>	<u>--</u>	<u>376,000</u>	<u>--</u>
Total Current Liabilities	64,418	1,265	380,660	18
Long-term Liabilities:				
Claims liability	<u>--</u>	<u>--</u>	<u>458,000</u>	<u>--</u>
Total Liabilities	<u>64,418</u>	<u>1,265</u>	<u>838,660</u>	<u>18</u>
Net Assets:				
Invested in capital assets, net of related debt	685,845	--	--	--
Unrestricted	<u>1,268,528</u>	<u>559,651</u>	<u>1,977,546</u>	<u>1,509,873</u>
Total Net Assets	<u>1,954,373</u>	<u>559,651</u>	<u>1,977,546</u>	<u>1,509,873</u>
Total Liabilities and Net Assets	<u><u>\$ 2,018,791</u></u>	<u><u>\$ 560,916</u></u>	<u><u>\$ 2,816,206</u></u>	<u><u>\$ 1,509,891</u></u>

continued

COUNTY OF YUBA

Combining Balance Sheet (continued)
Internal Service Funds
June 30, 2012

	<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Short-term Disability Insurance</u>	<u>Total</u>
<u>ASSETS</u>				
Current Assets:				
Cash and investments	\$ 66,465	\$ 630,724	\$ 90,742	\$ 6,142,769
Accounts receivable	--	--	33,431	886,338
Interest receivable	169	1,781	315	14,479
Total Current Assets	<u>66,634</u>	<u>632,505</u>	<u>124,488</u>	<u>7,043,586</u>
Capital Assets:				
Depreciable, net	--	--	--	685,845
Total Assets	<u>\$ 66,634</u>	<u>\$ 632,505</u>	<u>\$ 124,488</u>	<u>\$ 7,729,431</u>
<u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities:				
Accounts payable	19,278	--	--	89,639
Salaries and benefits payable	--	--	--	--
Claims liability, current portion	--	--	--	376,000
Total Current Liabilities	19,278	--	--	465,639
Long-term Liabilities:				
Claims liability	--	--	--	458,000
Total Liabilities	<u>19,278</u>	<u>--</u>	<u>--</u>	<u>923,639</u>
Net Assets:				
Invested in capital assets, net of related debt	--	--	--	685,845
Unrestricted	47,356	632,505	124,488	6,119,947
Total Net Assets	<u>47,356</u>	<u>632,505</u>	<u>124,488</u>	<u>6,805,792</u>
Total Liabilities and Net Assets	<u>\$ 66,634</u>	<u>\$ 632,505</u>	<u>\$ 124,488</u>	<u>\$ 7,729,431</u>

COUNTY OF YUBA

Combining Statement of Revenues, Expenses and
Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2012

	<u>Automotive Service</u>	<u>Workers Comp Insurance</u>	<u>Liability Insurance</u>	<u>Health Insurance</u>
Operating Revenues:				
Charges for services	<u>\$ 1,377,273</u>	<u>\$ 1,150,150</u>	<u>\$ 1,592,308</u>	<u>\$ 9,929,682</u>
Total Operating Revenues	<u>1,377,273</u>	<u>1,150,150</u>	<u>1,592,308</u>	<u>9,929,682</u>
Operating Expenses:				
Services and supplies	1,192,209	1,026,598	1,110,068	9,998,261
Depreciation	<u>288,263</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Operating Expenses	<u>1,480,472</u>	<u>1,026,598</u>	<u>1,110,068</u>	<u>9,998,261</u>
Net Operating Income (Loss)	<u>(103,199)</u>	<u>123,552</u>	<u>482,240</u>	<u>(68,579)</u>
Non-Operating Revenues (Expenses):				
Interest income (expense)	295	(1,114)	27,464	9,033
Other revenues	<u>4,500</u>	<u>6,965</u>	<u>143,611</u>	<u>22,277</u>
Total Non-Operating Revenue (Expense)	<u>4,795</u>	<u>5,851</u>	<u>171,075</u>	<u>31,310</u>
Change in Net Assets	(98,404)	129,403	653,315	(37,269)
Net Assets - Beginning of Year, Restated	<u>2,052,777</u>	<u>430,248</u>	<u>1,324,231</u>	<u>1,547,142</u>
Net Assets - End of Year	<u>\$ 1,954,373</u>	<u>\$ 559,651</u>	<u>\$ 1,977,546</u>	<u>\$ 1,509,873</u>

continued

COUNTY OF YUBA

Combining Statement of Revenues, Expenses and
Changes in Fund Net Assets (continued)
Internal Service Funds
For the Year Ended June 30, 2012

	<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Short-Term Disability Insurance</u>	<u>Total</u>
Operating Revenues:				
Charges for services	\$ 83,536	\$ 692,770	\$ 82,004	\$ 14,907,723
Total Operating Revenues	<u>83,536</u>	<u>692,770</u>	<u>82,004</u>	<u>14,907,723</u>
Operating Expenses:				
Services and supplies	77,698	272,320	92,307	13,769,461
Depreciation	--	--	--	288,263
Total Operating Expenses	<u>77,698</u>	<u>272,320</u>	<u>92,307</u>	<u>14,057,724</u>
Net Operating Income (Loss)	<u>5,838</u>	<u>420,450</u>	<u>(10,303)</u>	<u>849,999</u>
Non-Operating Revenues (Expenses):				
Interest income (expense)	276	4,841	1,265	42,060
Other revenues	--	--	25,582	202,935
Total Non-Operating Revenue (Expense)	<u>276</u>	<u>4,841</u>	<u>26,847</u>	<u>244,995</u>
Change in Net Assets	6,114	425,291	16,544	1,094,994
Net Assets - Beginning of Year, Restated	<u>41,242</u>	<u>207,214</u>	<u>107,944</u>	<u>5,710,798</u>
Net Assets - End of Year	<u>\$ 47,356</u>	<u>\$ 632,505</u>	<u>\$ 124,488</u>	<u>\$ 6,805,792</u>

COUNTY OF YUBA

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2012

	<u>Automotive Services</u>	<u>Workers Comp Insurance</u>	<u>Liability Insurance</u>	<u>Health Insurance</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipts from interfund services provided	\$1,377,273	\$ 1,150,014	\$1,671,308	\$ 9,929,273
Cash paid to suppliers for goods and services	<u>(1,199,600)</u>	<u>(1,088,948)</u>	<u>(981,194)</u>	<u>(9,998,243)</u>
Net Cash Provided (Used) by Operating Activities	<u>177,673</u>	<u>61,066</u>	<u>690,114</u>	<u>(68,970)</u>
CASH FLOWS FROM NONCAPITAL FINANCING				
Miscellaneous inflows	<u>4,500</u>	<u>6,965</u>	<u>143,611</u>	<u>22,277</u>
Net Cash Provided (Used) by Investing Activities	<u>4,500</u>	<u>6,965</u>	<u>143,611</u>	<u>22,277</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received (paid)	<u>279</u>	<u>(1,779)</u>	<u>24,496</u>	<u>9,323</u>
Net Cash Provided (Used) by Investing Activities	<u>279</u>	<u>(1,779)</u>	<u>24,496</u>	<u>9,323</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	<u>(292,968)</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(292,968)</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(110,516)</u>	<u>66,252</u>	<u>858,221</u>	<u>(37,370)</u>
Cash and Cash Equivalents, Beginning of Year	<u>1,443,385</u>	<u>492,647</u>	<u>1,949,061</u>	<u>693,158</u>
Cash and Cash Equivalents, End of Year	<u>\$1,332,869</u>	<u>\$ 558,899</u>	<u>\$2,807,282</u>	<u>\$ 655,788</u>

continued

COUNTY OF YUBA

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2012

	<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Short-Term Disability Insurance</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipts from interfund services provided	\$ 83,536	\$ 692,770	\$ 56,355	\$ 14,960,529
Cash paid to suppliers for goods and services	<u>(77,459)</u>	<u>(272,431)</u>	<u>(92,486)</u>	<u>(13,710,361)</u>
Net Cash Provided (Used) by Operating Activities	<u>6,077</u>	<u>420,339</u>	<u>(36,131)</u>	<u>1,250,168</u>
CASH FLOWS FROM NONCAPITAL FINANCING				
Miscellaneous inflows	--	--	25,582	202,935
Net Cash Provided (Used) by Investing Activities	<u>--</u>	<u>--</u>	<u>25,582</u>	<u>202,935</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received (paid)	255	3,029	1,340	36,943
Net Cash Provided (Used) by Investing Activities	<u>255</u>	<u>3,029</u>	<u>1,340</u>	<u>36,943</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	--	--	--	(292,968)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>--</u>	<u>--</u>	<u>--</u>	<u>(292,968)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>6,332</u>	<u>423,368</u>	<u>(9,209)</u>	<u>1,197,078</u>
Cash and Cash Equivalents, Beginning of Year	<u>60,133</u>	<u>207,356</u>	<u>99,951</u>	<u>4,945,691</u>
Cash and Cash Equivalents, End of Year	<u>\$ 66,465</u>	<u>\$ 630,724</u>	<u>\$ 90,742</u>	<u>\$ 6,142,769</u>

continued

COUNTY OF YUBA

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2012

	<u>Automotive Services</u>	<u>Workers Comp Insurance</u>	<u>Liability Insurance</u>	<u>Health Insurance</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (103,199)	\$ 123,552	\$ 482,240	\$ (68,579)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	288,263	--	--	--
Changes in assets and liabilities:				
Increase (decrease) in:				
Accounts receivable	--	(136)	79,000	(409)
Accounts payable	(1,892)	(62,350)	874	18
Accrued salaries and benefits	(5,499)	--	--	--
Claims liability	--	--	128,000	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 177,673</u>	<u>\$ 61,066</u>	<u>\$ 690,114</u>	<u>\$ (68,970)</u>

continued

COUNTY OF YUBA

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2012

	<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Short-Term Disability Insurance</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 5,838	\$ 420,450	\$ (10,303)	\$ 849,999
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	--	--	--	288,263
Changes in assets and liabilities:				
Increase (decrease) in:				
Accounts receivable	--	--	(25,649)	52,806
Accounts payable	239	(111)	(179)	(63,401)
Accrued salaries and benefits	--	--	--	(5,499)
Claims liability	--	--	--	128,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 6,077</u>	<u>\$ 420,339</u>	<u>\$ (36,131)</u>	<u>\$ 1,250,168</u>