

**COUNTY OF YUBA**  
**AUDIT REPORT**  
**JUNE 30, 2015**

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**COUNTY OF YUBA  
AUDIT REPORT  
JUNE 30, 2015**

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## INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Supervisors  
County of Yuba  
Marysville, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate 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, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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 and the Yuba First Five Commission, which represents 100% of the assets, net position and revenues of the aggregate discretely presented component units. These financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion insofar as they relate to the amounts included in the aggregate discretely presented component units, is based solely on the report by 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

#### *Basis for Qualified Opinion*

The County was not able to determine the balance of its revolving loan receivable balances for its HOME and CDBG programs at June 30, 2016 as described in Note 8 due to the insufficiency of records supporting the individual loan balances.

#### *Qualified Opinion*

In our opinion, based on our audit and the report of other auditors, except for the possible effect of the matter described in the basis for qualified opinion paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely

To the Honorable Board of Supervisors  
County of Yuba

presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2015, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

#### *Implementation of New Accounting Pronouncements*

As discussed in Note 1 to the financial statements, the County adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, during the fiscal year 2015. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress for the retirement plan and retiree healthcare plan and budgetary comparison information, as listed in the table of contents, 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.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual fund statements and schedules is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 18, 2016 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County's internal control over financial reporting and compliance.



Roseville, California  
May 18, 2016

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**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

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## COUNTY OF YUBA

### Management's Discussion and Analysis June 30, 2015

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, 2015. 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 \$127.5 million. Of this amount, \$73.1 million is restricted for capital projects, debt service, and other public uses (restricted net position), and \$196.9 million is invested in capital assets, net of related debt. Unrestricted net position is deficit by \$142.5 million. Unrestricted net position consists of \$94.3 million attributed to the implementation of GASB 68, which relates to Net Pension Liability. This liability had been disclosed previously in the footnotes but is now presented as part of the balance sheet. Additional information on the Net Pension Liability can be found in Note 9. Additionally, Unrestricted Net Position consists of \$76.9 million representing the cost of levee improvements which is expensed as project costs rather than as a capital asset. Unrestricted Net Position is offset by approximately \$28.7 million in general fund resources committed to functions such as public protection, public works and education endeavors and other purposes as designated by the board.

As of June 30, 2015, the County's governmental funds reported combined fund balances of \$112.3 million. Of this amount, approximately \$11.6 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 \$17.7 million, an increase of approximately \$3.0 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 position presents information on all County assets and liabilities, with the difference between the two reported as net position. 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 position changed during the most recent fiscal year. All changes in net position 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, 2015

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 revenue, 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, 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.

**COUNTY OF YUBA**

Management's Discussion and Analysis  
June 30, 2015

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

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

County of Yuba's Net Position  
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Assets:</b>						
Current and other assets	\$ 127,720	\$ 120,357	\$ 135	\$ 174	\$ 127,855	\$ 120,531
Capital assets	205,573	194,862	2,394	2,615	207,967	197,477
Total assets	<u>333,293</u>	<u>315,219</u>	<u>2,529</u>	<u>2,789</u>	<u>335,822</u>	<u>318,008</u>
Deferred Outflows of Resources	<u>23,481</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>23,481</u>	<u>--</u>
<b>Liabilities:</b>						
Current and other liabilities	13,417	14,051	26	60	13,443	14,111
Long-term liabilities	198,814	96,932	75	61	198,889	96,993
Total liabilities	<u>212,231</u>	<u>110,983</u>	<u>101</u>	<u>121</u>	<u>212,332</u>	<u>111,104</u>
Deferred Inflows of Resources	<u>19,499</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>19,499</u>	<u>--</u>
<b>Net Position:</b>						
Net investment in capital assets	194,548	186,070	2,394	2,615	196,942	188,685
Restricted net position	73,070	58,443	--	--	73,070	58,443
Unrestricted net position	(142,574)	(40,277)	34	53	(142,540)	(40,224)
Total net position	<u>\$ 125,044</u>	<u>\$ 204,236</u>	<u>\$ 2,428</u>	<u>\$ 2,668</u>	<u>\$ 127,472</u>	<u>\$ 206,904</u>

**ANALYSIS OF NET POSITION**

As noted earlier, net position 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 \$127.5 million at the close of the fiscal year ending June 30, 2015. 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. Major work has been completed on levees in the southern portion of the county bringing increased flood protection to most of the citizens in that area. Since the creation of TRLIA in 2004 levee improvement projects totaling \$334.4 million have been completed, including \$3.1 million in levee improvement and maintenance costs for the fiscal year ending June 30, 2015. See Note 14 to the basic financial statements for additional information on the joint venture and the levee improvement projects.

Restricted Net Position, 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 \$73.1 million for the current fiscal year, an increase of \$14.7 million, or 25.2% from the prior year total of \$58.4 million.

**COUNTY OF YUBA**

Management's Discussion and Analysis  
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The following table indicates the changes in net position for governmental and business-type activities:

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
<b>Program Revenues:</b>						
Charges for services	\$ 30,866	\$ 20,928	\$ 391	\$ 404	\$ 31,257	\$ 21,332
Operating grants and contributions	83,503	79,770	66	10	83,569	79,780
Capital grants and contributions	8,922	3,365	--	--	8,922	3,365
<b>General Revenues:</b>						
Property taxes	10,708	11,870	--	--	10,708	11,870
Property taxes in lieu of sales taxes	--	7,179	--	--	--	7,179
Sales and use taxes	3,682	3,292	--	--	3,682	3,292
Other	646	1,827	--	--	646	1,827
Unrestricted interest and investment earnings	1,004	1,322	3	1	1,007	1,323
Miscellaneous	1,352	2,301	--	6	1,352	2,307
<b>Total revenues</b>	<b>140,683</b>	<b>131,854</b>	<b>460</b>	<b>421</b>	<b>141,143</b>	<b>132,275</b>
<b>Expenses:</b>						
General government	14,472	14,799	--	--	14,472	14,799
Public safety	46,746	42,900	--	--	46,746	42,900
Public ways and facilities	18,541	14,749	--	--	18,541	14,749
Health and sanitation	6,211	6,439	--	--	6,211	6,439
Public assistance	55,127	53,591	--	--	55,127	53,591
Education	471	542	--	--	471	542
Recreation and culture	172	--	--	--	172	--
Interest on long-term debt	4,104	4,497	--	--	4,104	4,497
Airport	--	--	700	670	700	670
<b>Total expenses</b>	<b>145,844</b>	<b>137,517</b>	<b>700</b>	<b>670</b>	<b>146,544</b>	<b>138,187</b>
Change in net position before transfers and special items	(5,161)	(5,663)	(240)	(249)	(5,401)	(5,912)
Transfers	--	--	--	--	--	--
Special item	(268)	--	--	--	(268)	--
Change in net position	(5,429)	(5,663)	(240)	(249)	(5,669)	(5,912)
Net position at beginning year, restated	130,473	209,899	2,668	2,917	133,141	212,816
Net position at end of year	<u>\$ 125,044</u>	<u>\$ 204,236</u>	<u>\$ 2,428</u>	<u>\$ 2,668</u>	<u>\$ 127,472</u>	<u>\$ 206,904</u>

Overall, activities in the current year decreased the County's net position by \$79.4 million. The County saw an overall increase of \$8.8 million in revenues or 6.7% from \$132.3 million in 2014 to \$141.1 million in 2015. The increase in revenue was accompanied by an increase of \$8.3 million in expenditures, from \$138.2 million to \$146.5 million, or 6.0%.

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

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

**Governmental funds:** Governmental activities are generally accounted for under the General Fund, special revenue, debt service and capital project funds. Included in these funds are the special districts governed by the Board of Supervisors. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances as spendable resources. Such information is useful in assessing the County's short-term financing requirements, in particular, unreserved fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

## COUNTY OF YUBA

### Management's Discussion and Analysis June 30, 2015

As of June 30, 2015, the County's governmental funds reported a combined ending fund balance of \$112.3 million, compared to \$103.5 million of the previous year, an increase of 8.5%. Of the \$112.3 million in fund balance, \$73.2 million is classified as restricted and non-spendable under GASB 54.

The General Fund is the chief operating fund of the County. As of June 30, 2015, the General Fund had an overall unrestricted fund balance of \$17.7 million. Of the \$17.7 million, \$8.8 million is committed to activities related to Public Protection, Education, Capital Projects, and other governmental functions. The County has also assigned \$6.9 million of the overall unrestricted fund balance for General Contingencies and Capital Projects.

In addition to the General Fund, the County maintains four major governmental funds: the Public Works fund, Social Services fund, the Public Safety fund, and the Yuba Levee Financing Authority Debt Service 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 \$17.5 million in revenues for 2015 compared to \$12.4 million in revenues in 2014. Expenditures increased to \$25.8 million in 2015 from \$8.9 million in 2014.

The Social Services fund is used for providing services and assistance to County individuals and families, including foster care, medical services, general assistance for indigent adults, and time-limited benefit payment programs to help needy families. The Social Services fund reported \$43.2 million in revenues for 2015 compared to \$48.5 million in revenues for 2014. Expenditures for Social Service programs increase by \$1.6 million from \$47.6 million in 2014 to \$49.2 million in 2015.

The Public Safety fund accounts for the operations of public safety departments that include sheriff, district attorney, jail and juvenile hall. In 2015, revenues were \$12.3 million compared to \$13.9 million in 2014. Expenditures during 2015 increased by \$2.4 million to \$29.5 million; up from \$27.1 million in 2014. The Board of Supervisors places a high priority on public safety and allocated \$16.5 million of discretionary resources to Public Safety budgets in fiscal year ending June 30, 2015.

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, 2015, the fund held unspent debt proceeds of \$8.7 million, a decrease of \$2.4 million from the prior year.

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

The County's only enterprise fund is the County Airport. Net position for the Airport as of June 30, 2015 was \$2.4 million which was a decrease from a 2014 balance of \$2.4 million. For the fiscal year ended June 30, 2015 the Airport generated \$0.07 million, or \$70,000, in operating revenue to offset \$0.7 million, or \$700,000, in operating expenses.

**COUNTY OF YUBA**

Management's Discussion and Analysis  
June 30, 2015

*GENERAL FUND BUDGETARY HIGHLIGHTS*

Budgetary Comparison Schedule - General Fund  
For the Year Ended June 30, 2015  
(in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Budgetary fund balances, Beginning	\$ 1,201	\$ 1,201	\$ 1,201	\$ --
Resources (inflows)	51,165	52,074	40,308	(11,766)
Total charges to appropriations	<u>(51,991)</u>	<u>(52,971)</u>	<u>(39,811)</u>	<u>13,160</u>
Budgetary fund balances, Ending	<u>\$ 375</u>	<u>\$ 304</u>	<u>\$ 1,698</u>	<u>\$ 1,394</u>

Actual revenue for 2015 was lower than the final budgeted revenue by \$11.8 million or 22.6% due to an under realization of sales taxes, license and permits, fines, intergovernmental, and fee for service revenues. The county also had actual expenditures less than budgeted by \$13.2 million.

**Capital assets:** The County of Yuba's investment in capital assets for its governmental and business-type activities as of June 30, 2015, amounted to \$208.0 million (net of accumulated depreciation) compared to \$197.5 million reported in 2014. 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 \$100.1 million. The long-term obligations are as follows:

- \$ 77.0 million – bonds payable
- \$ 8.1 million – capital lease
- \$ 7.2 million – Certificates of Participation
- \$ 6.7 million – compensated absences
- \$ 1.1 million – liability for self-insurance

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

*REQUEST FOR INFORMATION*

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

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

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## COUNTY OF YUBA

### Statement of Net Position June 30, 2015

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Totals	First Five Commission	Yuba County Water Agency
<b>ASSETS</b>					
Cash and investments	\$ 80,391,029	\$ 75,962	\$ 80,466,991	\$ 2,855,934	\$ 56,158,805
Cash with fiscal agent	19,091,767	--	19,091,767	--	--
Accounts receivable	3,198,817	--	3,198,817	--	571,323
Interest receivable	143,273	125	143,398	4,888	--
Taxes receivable	--	--	--	--	91,453
Due from other governments	6,879,871	--	6,879,871	137,989	931,887
Inventories	74,858	--	74,858	--	--
Land held for resale	903,402	--	903,402	--	--
Prepaid expenses	--	--	--	53,618	648,588
Notes receivable	17,036,603	59,054	17,095,657	--	5,419,995
Capital assets:					
Nondepreciable	43,507,306	508,359	44,015,665	--	41,919,561
Depreciable, net	162,065,246	1,885,628	163,950,874	--	146,309,508
Total Assets	<u>333,292,172</u>	<u>2,529,128</u>	<u>335,821,300</u>	<u>3,052,429</u>	<u>252,051,120</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred pension	<u>23,481,324</u>	<u>--</u>	<u>23,481,324</u>	<u>--</u>	<u>548,810</u>
<b>LIABILITIES</b>					
Accounts payable and accrued liabilities	2,457,730	14,715	2,472,445	120,402	4,309,370
Salaries and benefits payable	5,555,708	11,381	5,567,089	20,128	170,141
Interest payable	1,440,328	--	1,440,328	--	--
Deposits and other liabilities	--	--	--	--	534,967
Unearned revenue	643,133	--	643,133	--	30,175,376
Long-Term Liabilities:					
Due within one year	3,319,428	--	3,319,428	--	--
Due in more than one year	96,802,856	75,455	96,878,311	9,639	734,558
Other post employment benefits (OPEB)	7,674,399	--	7,674,399	--	--
Net pension liability	94,337,071	--	94,337,071	--	2,942,238
Total Liabilities	<u>212,230,653</u>	<u>101,551</u>	<u>212,332,204</u>	<u>150,169</u>	<u>38,866,650</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred pension	<u>19,499,006</u>	<u>--</u>	<u>19,499,006</u>	<u>--</u>	<u>997,337</u>
<b>NET POSITION</b>					
Net investment in capital assets	194,547,576	2,393,987	196,941,563	--	188,229,069
Restricted for:					
Capital projects	12,264,198	--	12,264,198	--	--
Debt service	19,281,206	--	19,281,206	--	--
Other	41,525,012	--	41,525,012	--	--
Unrestricted	(142,574,155)	33,590	(142,540,565)	2,902,260	24,506,874
Total Net Position	<u>\$ 125,043,837</u>	<u>\$ 2,427,577</u>	<u>\$ 127,471,414</u>	<u>\$ 2,902,260</u>	<u>\$ 212,735,943</u>

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

**COUNTY OF YUBA**

Statement of Activities  
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$ 14,471,937	\$ 8,959,213	\$ 8,519,720	\$ --
Public protection	46,746,390	13,880,312	8,831,872	--
Public ways and facilities	18,541,428	6,140,309	3,457,752	8,921,684
Health and sanitation	6,210,511	1,044,123	5,238,860	--
Public assistance	55,126,611	767,154	57,447,362	--
Education	471,236	60,503	7,250	--
Recreation and culture	172,458	13,970	--	--
Interest on long-term debt	4,104,008	--	--	--
Total Governmental Activities	<u>145,844,579</u>	<u>30,865,584</u>	<u>83,502,816</u>	<u>8,921,684</u>
Business-Type Activities:				
Airport	700,360	390,758	65,795	--
Total Business-type Activities	<u>700,360</u>	<u>390,758</u>	<u>65,795</u>	<u>--</u>
Total Primary Government	<u>\$ 146,544,939</u>	<u>\$ 31,256,342</u>	<u>\$ 83,568,611</u>	<u>\$ 8,921,684</u>
<b>Component Units:</b>				
First Five Commission	\$ 1,084,197	\$ --	\$ 824,371	\$ --
Yuba County Water Agency	24,606,463	24,638,328	1,113,077	230,265
<b>Total Component Units</b>	<u>\$ 25,690,660</u>	<u>\$ 24,638,328</u>	<u>\$ 1,937,448</u>	<u>\$ 230,265</u>
<b>General Revenues and Special Item:</b>				
Taxes:				
Property taxes				
Sales and use taxes				
Transient occupancy tax				
Other				
Unrestricted interest and investment earnings				
Miscellaneous				
Special item - discontinued operations				
Total General Revenues and Special Item				
<b>Change in Net Position</b>				
Net Position - Beginning of Year, restated				
Net Position - End of Year				

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

Net (Expense) Revenue and Changes in Net Position			Component Units	
Primary Government			First Five Commission	Yuba County Water Agency
Governmental Activities	Business-Type Activities	Total		
\$ 3,006,996	\$ --	\$ 3,006,996		
(24,034,206)	--	(24,034,206)		
(21,683)	--	(21,683)		
72,472	--	72,472		
3,087,905	--	3,087,905		
(403,483)	--	(403,483)		
(158,488)	--	(158,488)		
(4,104,008)	--	(4,104,008)		
<u>(22,554,495)</u>	<u>--</u>	<u>(22,554,495)</u>		
--	(243,807)	(243,807)		
--	(243,807)	(243,807)		
<u>(22,554,495)</u>	<u>(243,807)</u>	<u>(22,798,302)</u>		
			\$ (259,826)	\$ --
			<u>--</u>	<u>1,375,207</u>
			<u>(259,826)</u>	<u>1,375,207</u>
10,708,059	--	10,708,059	--	430,326
3,682,441	--	3,682,441	--	--
282,272	--	282,272	--	--
363,935	--	363,935	--	--
1,004,043	3,712	1,007,755	20,676	457,997
1,351,592	--	1,351,592	--	8,763
(267,509)	--	(267,509)	--	--
<u>17,124,833</u>	<u>3,712</u>	<u>17,128,545</u>	<u>20,676</u>	<u>897,086</u>
(5,429,662)	(240,095)	(5,669,757)	(239,150)	2,272,293
<u>130,473,499</u>	<u>2,667,672</u>	<u>133,141,171</u>	<u>3,141,410</u>	<u>210,463,650</u>
<u>\$ 125,043,837</u>	<u>\$ 2,427,577</u>	<u>\$ 127,471,414</u>	<u>\$ 2,902,260</u>	<u>\$ 212,735,943</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, 2015

	<u>General</u>	<u>Public Works</u>	<u>Social Services</u>
<b><u>ASSETS</u></b>			
Cash and investments	\$ 21,189,566	\$ 21,094,762	\$ 6,589,446
Cash with fiscal agents	--	--	--
Accounts receivable	817,566	511,708	--
Due from other governments	672,776	2,053,305	1,758,722
Interest receivable	81,548	37,486	49
Due from other funds	19,558	662,289	310,647
Notes receivable	75,068	--	--
Inventory	--	74,858	--
Property held for resale	--	--	--
Total Assets	<u>\$ 22,856,082</u>	<u>\$ 24,434,408</u>	<u>\$ 8,658,864</u>
<b><u>LIABILITIES</u></b>			
Accounts payable	\$ 599,784	\$ 574,617	\$ 622,774
Salaries and benefits payable	1,677,595	248,185	1,514,664
Due to other funds	10,052	--	21,538
Unearned revenue	--	--	643,133
Total Liabilities	<u>2,287,431</u>	<u>822,802</u>	<u>2,802,109</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Unavailable revenues	<u>143,534</u>	<u>480,224</u>	<u>--</u>
<b><u>FUND BALANCES</u></b>			
Nonspendable	75,068	74,858	--
Restricted	2,699,350	4,338,610	5,856,755
Committed	8,833,849	18,717,914	--
Assigned	6,908,171	--	--
Unassigned	1,908,679	--	--
Total Fund Balances	<u>20,425,117</u>	<u>23,131,382</u>	<u>5,856,755</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 22,856,082</u>	 <u>\$ 24,434,408</u>	 <u>\$ 8,658,864</u>

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

Public Safety	Yuba Levee Financing Authority Debt Service Fund	Other Governmental	Total
\$ 5,401,762	\$ 1,944,606	\$ 18,902,900	\$ 75,123,042
--	6,733,245	12,358,522	19,091,767
955,618	--	25,171	2,310,063
277,826	--	2,079,556	6,842,185
2,358	3,228	12,216	136,885
86,028	--	160,331	1,238,853
--	10,600,127	6,361,408	17,036,603
--	--	--	74,858
--	--	903,402	903,402
<u>\$ 6,723,592</u>	<u>\$ 19,281,206</u>	<u>\$ 40,803,506</u>	<u>\$ 122,757,658</u>
\$ 142,697	\$ --	\$ 428,090	\$ 2,367,962
1,735,505	--	379,759	5,555,708
--	--	1,207,263	1,238,853
--	--	--	643,133
<u>1,878,202</u>	<u>--</u>	<u>2,015,112</u>	<u>9,805,656</u>
3,472	--	--	627,230
--	--	--	149,926
2,262,232	19,281,206	38,632,263	73,070,416
--	--	--	27,551,763
2,579,686	--	204,929	9,692,786
--	--	(48,798)	1,859,881
<u>4,841,918</u>	<u>19,281,206</u>	<u>38,788,394</u>	<u>112,324,772</u>
<u>\$ 6,723,592</u>	<u>\$ 19,281,206</u>	<u>\$ 40,803,506</u>	<u>\$ 122,757,658</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 Position - Governmental Activities  
For the Year Ended June 30, 2015

Fund Balance - total governmental funds	\$ 112,324,772
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	204,968,775
Unavailable revenues represent amounts not available to fund current expenditures and, therefore, are not reported in the governmental funds.	627,230
Deferred outflows of resources - pension	23,481,324
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.	(1,440,328)
Long-term liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds.	
Bonds payable	(77,048,297)
Certificates of participation	(7,186,899)
Capital leases	(8,100,783)
Compensated absences	(6,665,305)
Other post employment benefits	(7,674,399)
Net pension liability	(94,337,071)
Deferred inflows of resources - pension	(19,499,006)
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 position.	<u>5,593,824</u>
Net position of governmental activities	<u>\$ 125,043,837</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, 2015

	<u>General</u>	<u>Public Works</u>	<u>Social Services</u>
Revenues:			
Taxes	\$ 14,557,433	\$ 411,746	\$ --
Licenses, permits, and fees	3,383,872	1,554,771	--
Fines, forfeitures and penalties	1,668,816	40,000	--
Use of money and property	340,363	176,072	215
Intergovernmental	12,038,420	12,378,382	42,589,878
Charges for services	10,061,880	2,948,129	608,839
Other revenues	277,698	1,071	656
Total Revenues	<u>42,328,482</u>	<u>17,510,171</u>	<u>43,199,588</u>
Expenditures:			
Current:			
General government	11,842,796	--	--
Public protection	12,353,632	--	--
Public ways and facilities	--	25,798,395	--
Health and sanitation	1,238,682	--	--
Public assistance	495,303	--	49,241,087
Education	435,791	--	--
Recreation and culture	172,458	--	--
Debt Service:			
Principal	--	--	--
Interest	--	--	--
Capital outlay	--	--	--
Total Expenditures	<u>26,538,662</u>	<u>25,798,395</u>	<u>49,241,087</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>15,789,820</u>	<u>(8,288,224)</u>	<u>(6,041,499)</u>
Other Financing Sources (Uses):			
Certificates of participation issued	--	--	--
Premium on debt issued	--	--	--
Transfers in	1,244,728	3,657	6,015,433
Transfers out	(14,664,690)	(243,700)	(128,753)
Total Other Financing Sources (Uses)	<u>(13,419,962)</u>	<u>(240,043)</u>	<u>5,886,680</u>
Net Changes in Fund Balances Before Special Item	2,369,858	(8,528,267)	(154,819)
Special Item:			
Discontinued of operations	--	--	--
Fund Balances, Beginning of Year, restated	<u>18,055,259</u>	<u>31,659,649</u>	<u>6,011,574</u>
Fund Balances, End of Year	<u>\$ 20,425,117</u>	<u>\$ 23,131,382</u>	<u>\$ 5,856,755</u>

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

Public Safety	Yuba Levee Financing Authority Debt Service Fund	Other Governmental	Total
\$ --	\$ --	\$ 67,528	\$ 15,036,707
40,835	66,730	--	5,046,208
138,537	--	246,243	2,093,596
506,663	(104,983)	62,279	980,609
2,777,823	--	23,222,507	93,007,010
8,233,203	--	1,874,105	23,726,156
568,687	--	22,165	870,277
<u>12,265,748</u>	<u>(38,253)</u>	<u>25,494,827</u>	<u>140,760,563</u>
--	--	75,225	11,918,021
29,461,589	--	3,215,759	45,030,980
--	--	1,010,189	26,808,584
--	--	4,748,419	5,987,101
--	--	3,701,942	53,438,332
--	--	--	435,791
--	--	--	172,458
--	--	691,749	691,749
--	2,023,791	2,018,948	4,042,739
--	--	3,204,803	3,204,803
<u>29,461,589</u>	<u>2,023,791</u>	<u>18,667,034</u>	<u>151,730,558</u>
<u>(17,195,841)</u>	<u>(2,062,044)</u>	<u>6,827,793</u>	<u>(10,969,995)</u>
--	--	6,425,000	6,425,000
--	--	761,899	761,899
16,690,756	--	3,305,987	27,260,561
(192,643)	(1,629,425)	(10,434,633)	(27,293,844)
<u>16,498,113</u>	<u>(1,629,425)</u>	<u>58,253</u>	<u>7,153,616</u>
(697,728)	(3,691,469)	6,886,046	(3,816,379)
--	--	(267,509)	(267,509)
<u>5,539,646</u>	<u>22,972,675</u>	<u>32,169,857</u>	<u>116,408,660</u>
<u>\$ 4,841,918</u>	<u>\$ 19,281,206</u>	<u>\$ 38,788,394</u>	<u>\$ 112,324,772</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, 2015

Net change to fund balance - total governmental funds \$ (4,083,888)

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

Revenue in the statement of activities that do not provide current financial  
resources are not reported as revenues in the funds. (101,571)

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	\$ 23,448,703	
The net effect of various transactions involving capital assets such as sales, retirements, trade-ins and donations	(803,794)	
Less: current year depreciation	<u>(12,001,790)</u>	10,643,119

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

Issuance of certificates of participation		(6,425,000)
Premium on certificates of participation issued		(761,899)
Principal repayments on capital leases		691,749

Some expenses reported in the statement of activities do not  
require the use of current financial resources and, therefore, are  
not reported as expenditures in governmental funds.

Amortization expense	(67,117)	
Change in compensated absences	(276,578)	
Change in interest payable	5,848	
Change in net pension liability and related deferred inflows/outflows	(3,778,836)	
Change in OPEB liability	<u>(584,000)</u>	(4,700,683)

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.

(691,489)

Change in net position of governmental activities \$ (5,429,662)

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

**COUNTY OF YUBA**

Statement of Net Position  
Proprietary Funds  
June 30, 2015

	Business-Type Activities - Enterprise Fund Nonmajor Enterprise Fund County Airport	Governmental Activities Internal Service Funds
<u>ASSETS</u>		
Current Assets:		
Cash and investments	\$ 75,962	\$ 5,267,987
Accounts receivable	--	888,754
Due from other governments	--	37,686
Interest receivable	125	6,388
Total Current Assets	<u>76,087</u>	<u>6,200,815</u>
Noncurrent Assets:		
Long-term receivables	59,054	--
Capital assets:		
Non-depreciable	508,359	--
Depreciable, net	1,885,628	603,777
Total Noncurrent Assets	<u>2,453,041</u>	<u>603,777</u>
Total Assets	<u>2,529,128</u>	<u>6,804,592</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts payable	14,715	89,768
Salaries and benefits payable	11,381	--
Compensated absences, current portion	--	--
Claims liability, current portion	--	206,000
Total Current Liabilities	<u>26,096</u>	<u>295,768</u>
Noncurrent Liabilities:		
Compensated absences	75,455	--
Claims liability	--	915,000
Total Noncurrent Liabilities	<u>75,455</u>	<u>915,000</u>
Total Liabilities	<u>101,551</u>	<u>1,210,768</u>
<u>NET POSITION</u>		
Net investment in capital assets	2,393,987	603,777
Unrestricted	33,590	4,990,047
Total Net Position	<u>\$ 2,427,577</u>	<u>\$ 5,593,824</u>

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

**COUNTY OF YUBA**

Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2015

	Business-Type Activities - Enterprise Fund	Governmental Activities
	Nonmajor Enterprise Fund County Airport	Internal Service Funds
Operating Revenues:		
User fees and charges	\$           --	\$ 15,486,051
Rents and concession	390,758	--
Other revenue	--	17,899
Total Operating Revenues	390,758	15,503,950
Operating Expenses:		
Salaries and benefits	142,640	--
Services and supplies	336,712	16,006,472
Depreciation	221,008	245,684
Total Operating Expenses	700,360	16,252,156
Operating Income (Loss)	(309,602)	(748,206)
Non-Operating Revenue (Expenses):		
Intergovernmental revenue	65,795	--
Interest revenue	3,712	23,434
Total Non-Operating Revenue (Expenses)	69,507	23,434
Income (Loss) Before Transfers	(240,095)	(724,772)
Transfers in	--	33,283
Change in Net Position	(240,095)	(691,489)
Net Position - Beginning of Year, restated	2,667,672	6,285,313
Net Position - End of Year	\$ 2,427,577	\$ 5,593,824

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, 2015

	Business-Type Activities - Enterprise Fund Nonmajor Enterprise Fund County Airport	Governmental Activities Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash receipts from customers and users	\$ 400,758	\$ 15,530,866
Cash paid to suppliers for goods and services	(137,260)	--
Cash paid to employees for salaries and benefits	(361,988)	(16,047,931)
	<u>(98,490)</u>	<u>(517,065)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Loan payments received	18,926	--
Intergovernmental revenues	65,795	--
Transfers in	--	33,283
	<u>84,721</u>	<u>33,283</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition of capital assets	--	(376,283)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>--</u>	<u>(376,283)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	3,750	26,205
Net Cash Provided (Used) by Investing Activities	<u>3,750</u>	<u>26,205</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(10,019)	(833,860)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>85,981</u>	<u>6,101,847</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 75,962</u>	<u>\$ 5,267,987</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, 2015

	<u>Business-Type Activities - Enterprise Fund Nonmajor Enterprise Fund County Airport</u>	<u>Governmental Activities  Internal Service Funds</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>		
Operating income (loss)	\$ (309,602)	\$ (748,206)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	221,008	245,684
Changes in assets and liabilities:		
Accounts receivable	10,000	26,916
Accounts payable	(25,276)	(29,459)
Accrued salaries and benefits	602	--
Compensated absences	4,778	--
Claims liability	--	(12,000)
	<u>                    </u>	<u>                    </u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u><u>\$ (98,490)</u></u>	<u><u>\$ (517,065)</u></u>

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

**COUNTY OF YUBA**

Statement of Fiduciary Net Position  
June 30, 2015

	Agency Funds	Investment Trust Fund	Private Purpose Trust Fund
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<u>ASSETS</u>			
Cash and investments	\$ 693,987	\$ 158,174,216	\$ 175,924
Interest receivable	--	--	247
Taxes receivable	<u>5,768,372</u>	<u>                    </u>	<u>                    </u>
Total Assets	<u>6,462,359</u>	<u>158,174,216</u>	<u>176,171</u>
<u>LIABILITIES</u>			
Accounts payable	--	--	6,284
Notes payable	--	--	897,021
Agency obligations	<u>6,462,359</u>	<u>                    </u>	<u>                    </u>
Total Liabilities	<u>6,462,359</u>	<u>                    </u>	<u>903,305</u>
<u>NET POSITION</u>			
Net position (deficit) held in trust for other purposes	<u>                    </u>	<u>158,174,216</u>	<u>(727,134)</u>
Total Net Position	<u>\$                    </u>	<u>\$ 158,174,216</u>	<u>\$ (727,134)</u>

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

**COUNTY OF YUBA**

Statement of Changes in Fiduciary Net Position  
For the Year Ended June 30, 2015

	Investment Trust Fund	Private Purpose Trust Fund
	<u>                    </u>	<u>                    </u>
<u>Additions</u>		
Interest and investment income	\$ 969,061	\$ 821
Contributions from participants	54,046,740	--
Contributions from other governments	--	212,066
Other	--	602,148
	<u>                    </u>	<u>                    </u>
Total Additions	<u>55,015,801</u>	<u>815,035</u>
 <u>Deductions</u>		
Services and supplies	--	661,126
Distributions to participants	39,046,511	--
	<u>                    </u>	<u>                    </u>
Total Deductions	<u>39,046,511</u>	<u>661,126</u>
 Change in net position	15,969,290	153,909
 Net Position - Beginning of Year, restated	<u>142,204,926</u>	<u>(881,043)</u>
 Net Position - End of Year	<u><u>\$ 158,174,216</u></u>	<u><u>\$ (727,134)</u></u>

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

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

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

## COUNTY OF YUBA

### Notes to the Basic Financial Statements For the Year Ended June 30, 2015

#### NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### A. **The Reporting Entity**

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

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

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

##### Blended Component Units

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

- Yuba Public Finance Corporation
- 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 are available at the Yuba County Auditor-Controller's Office.

##### Discretely Presented Component Units

The Yuba County Water Agency is a local government agency created in 1959 by the Yuba County Water Agency Act to control flood and storm waters and to conserve such waters for beneficial and useful purposes within the County. This agency is a legally separate and independent entity from the County of Yuba. The Board of Directors of the Water Agency consists of the five members of the Board of Supervisors of the County and two at-large members. The day to day operations of the agency are managed by an appointed General Manager, hired by the Water Agency's governing Board. The five

## COUNTY OF YUBA

### Notes to the Basic Financial Statements For the Year Ended June 30, 2015

#### 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 position 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 the Basic Financial Statements For the Year Ended June 30, 2015

#### 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 Services 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 *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:

- The *County Airport Nonmajor Enterprise Fund* accounts for the activity associated with the airport, including improvements.
- *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 the Basic Financial Statements For the Year Ended June 30, 2015

#### 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.

##### **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.

**COUNTY OF YUBA**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2015

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

**D. Cash and Investments** (continued)

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 the Basic Financial Statements For the Year Ended June 30, 2015

#### 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 Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows or resources*, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The County has one item, pension, which qualifies for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has two types of items which qualify for reporting in this category: pensions and unavailable revenue. The item, *unavailable revenue*, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: intergovernmental revenue and charges for services. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

##### 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.

## COUNTY OF YUBA

### Notes to the Basic Financial Statements For the Year Ended June 30, 2015

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

##### L. **Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

##### M. **Interfund Transactions**

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

Advances to other funds, when reported in the General 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.

##### N. **Net Position**

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

*Net Investment in Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. 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 Position* – This category represents net position 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 Position* – This category represents net position of the County, not restricted for any project or other purpose.

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

## COUNTY OF YUBA

### Notes to the Basic Financial Statements For the Year Ended June 30, 2015

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

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

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

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

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

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

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

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

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

##### *Fund Balance Policy*

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

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

COUNTY OF YUBA

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2015

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

**P. Use of Estimates**

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

**O. New Accounting Pronouncements**

Governmental Accounting Standards Board Statement No. 68

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, is effective for periods beginning after June 15, 2014. The principal objective of this statement 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 nonemployer entities that make contributions to pension plans that are used to provide benefits to the employees of other entities.

Governmental Accounting Standards Board Statement No. 69

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, is effective for periods beginning after December 15, 2013. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations.

Governmental Accounting Standards Board Statement No. 71

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, is effective for periods beginning after June 15, 2014. This statement addresses the application of contributions made by a state or local government employer on nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

NOTE 2: **RESTATEMENT OF FUND EQUITY/NET POSITION 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 position.

*Fund Classification* – The County reclassified its Local Health and Welfare Fund and various other funds from fiduciary funds to governmental funds after determining that these funds were providing services on behalf of the County.

**COUNTY OF YUBA**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2015

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

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

	Government-Wide			
	Statement of Activities	Governmental Fund Statements		
	Governmental Activities	General Fund	Social Services	Public Safety
Fund balance/net position, June 30, 2014, as previously reported	\$ 204,236,107	\$ 17,474,150	\$ 5,994,330	\$ 5,149,976
<u>Fund Classification</u>				
Solar panels project	--	484,257	--	--
Various reclassifications	251,592	96,852	17,244	389,670
<u>Restatement and Corrections</u>				
Adjust for long-term receivables from developers to fund levee costs in CFD 2006-1 and 2006-2	11,885,988	--	--	--
Adjust capital assets in automotive fund	(63,373)	--	--	--
Adjust loans receivable for missing loans	739,102	--	--	--
<u>Implementation of New Accounting Standards - GASB Statement Nos. 68 and 71</u>				
Net pension liability - beginning balance	(86,575,917)	--	--	--
Total Restatements and Corrections	(73,762,608)	581,109	17,244	389,670
Fund balances/net position, July 1, 2014, as restated	\$ 130,473,499	\$ 18,055,259	\$ 6,011,574	\$ 5,539,646
	Governmental Fund Statements			
	Yuba Levee FA Debt Service	Nonmajor Governmental	Internal Service Funds	Private Purpose Trust Fund
Fund balance/net position, June 30, 2014, as previously reported	\$ 11,086,687	\$ 32,167,186	\$ 6,348,686	\$ (1,025,945)
<u>Fund Classification</u>				
Gold Village Treatment Plant	--	--	--	144,902
Solar panels project	--	(484,257)	--	--
Various reclassifications	--	(252,174)	--	--
<u>Restatement and Corrections</u>				
Adjust for long-term receivables from developers to fund levee costs in CFD 2006-1 and 2006-2	11,885,988	--	--	--
Adjust capital assets in automotive fund	--	--	(63,373)	--
Adjust loans receivable for missing loans	--	739,102	--	--
Total Restatements and Corrections	11,885,988	2,671	(63,373)	144,902
Fund balances/net position, July 1, 2014, as restated	\$ 22,972,675	\$ 32,169,857	\$ 6,285,313	\$ (881,043)

**COUNTY OF YUBA**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2015

**NOTE 3: CASH AND INVESTMENTS**

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

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

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

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

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

At June 30, 2015, total County cash and investments were as follows:

<i>Cash:</i>	
Cash on hand	\$ 16,224
Deposits	8,975,024
Outstanding warrants	<u>(10,757,265)</u>
Total cash overdrafts	<u>(1,766,017)</u>
 <i>Investments:</i>	
Investment pool	300,291,874
Held with fiscal agents	<u>19,091,767</u>
Total investments	<u>319,383,641</u>
 Total cash and investments	 <u><u>\$ 317,617,624</u></u>

Total cash and investments at June 30, 2015 were presented on the County's financial statements as follows:

Primary government	\$ 99,558,758
Discretely presented component units	59,014,739
Investment trust fund	158,174,216
Agency fund	693,987
Private purpose trust fund	<u>175,924</u>
 Total	 <u><u>\$ 317,617,624</u></u>

**COUNTY OF YUBA**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2015

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

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, 2015, none of the County’s deposits was exposed to custodial risk.

Investments

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

The County held approximately \$57 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

**COUNTY OF YUBA**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2015

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

At June 30, 2015, the County had the following investments:

	<u>Interest Rates</u>	<u>Maturities</u>	<u>Par</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Weighted Average Maturity (Years)</u>
<b>Yuba County Investment Pool</b>						
Federal Agency Obligations	0.500% - 1.375%	11/14/16 - 6/5/19	\$ 117,500,000	\$ 117,716,051	\$ 117,544,236	3.68
Medium Term Corporate Notes	0.727% - 3.750%	11/14/14 - 6/4/18	37,000,000	37,369,057	37,018,320	2.61
Treasury Securities - Coupon	0.625%	4/30/2018	20,000,000	19,980,320	19,906,054	2.83
Negotiable Certificates of Deposit	0.671% - 0.800%	9/12/14 - 9/11/15	10,000,000	10,014,550	10,003,384	0.20
Municipal Bonds	3.950%	11/1/2015	8,345,000	8,410,779	8,412,689	2.19
Mutual Funds	0.005%	7/1/2015	33,125	33,146	33,125	0.00
California Local Agency Investment Fund	Variable	On Demand	50,000,000	50,032,050	50,000,000	0.00
California Asset Management Pool	Variable	On Demand	57,374,067	57,376,463	57,374,067	0.00
			<u>\$ 300,252,192</u>	<u>\$ 300,932,416</u>	<u>\$ 300,291,874</u>	2.02
<b>Investments outside Investment Pool</b>						
<i>Cash held with fiscal agent</i>						
Money market mutual funds	Variable	On Demand	\$ 10,995,951	\$ 10,995,951	\$ 10,995,951	0.00
California Asset Management Pool	Variable	On Demand	6,095,916	6,095,916	6,095,916	0.00
Medium Term Corporate Notes	1.260%	8/11/2015	2,000,000	1,999,900	1,999,900	0.11
			<u>\$ 19,091,867</u>	<u>\$ 19,091,767</u>	<u>\$ 19,091,767</u>	0.01

At June 30, 2015 the difference between the carrying value and fair value of pooled cash and investments was not materially different (fair value was 100.21% of carrying value).

**Interest Rate Risk**

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

**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.

**COUNTY OF YUBA**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2015

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

Concentration of Credit Risk

At June 30, 2015, 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	\$ 55,138,525
Federal Home Loan		
Mortgage CRP	Federal Agency	39,525,495
JP Morgan Chase	Medium Term Note	15,097,690

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, 2015.

	<u>S&amp;P</u>	<u>Portfolio</u>
Federal Agency Obligations	AAA	39.14%
Medium Term Corporate Notes	AA	4.00%
Medium Term Corporate Notes	A	8.33%
Negotiable Certificates of Deposit	AA	3.33%
Treasury Security - Coupon	Unrated	6.63%
Municipal Bonds	Unrated	2.80%
Mutual Funds	AAA	0.01%
California Local Agency Investment Fund	Unrated	16.65%
California Asset Management Pool	AAA	0.55%
California Asset Management Pool	Unrated	18.56%
Total		<u>100.00%</u>

Custodial Credit Risk

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

Local Agency Investment Fund

The County's investment pool maintains an investment in the State of California Local Agency Investment Fund (LAIF). LAIF is part of the Pooled Money Investment Account (PMIA), an investment pool consisting of funds held by the state in addition to those deposited in LAIF. All PMIA funds are managed by the Investment Division of the State Treasurer's Office. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California Government Code. Participants in the pool include voluntary and involuntary participants, such as special districts and school districts for which there are legal provisions regarding their investments. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute.

**COUNTY OF YUBA**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2015

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

At June 30, 2015, the County's investment position in the State of California Local Agency Investment Fund (LAIF) was \$50 million, which approximates fair value and is the same as the value of the pool shares which is determined on an amortized cost basis. The total amount invested by all public agencies in PMIA on that day was \$69 billion. Of that amount, 2.08% was invested in structured notes and asset-backed securities with the remaining 97.92% invested in other non-derivative financial products.

County Investment Pool Condensed Financial Statements

The following represents a condensed statement of net position and changes in net position for the County's primary investment pool and bond investment pool as of June 30, 2015:

**Statement of Net Position**

Net position held for pool participants	<u>\$ 298,495,070</u>
Equity of internal pool participants	\$ 81,130,191
Equity of external pool participants	<u>217,364,879</u>
Total net position	<u>\$ 298,495,070</u>

**Statement of Changes in Net Position**

Net position at July 1, 2014	\$ 270,324,558
Net changes in investments by pool participants	<u>28,170,512</u>
Net position at June 30, 2015	<u>\$ 298,495,070</u>

**COUNTY OF YUBA**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2015

**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, 2015 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental Funds	19,558
		19,558
Public Works	General Fund	10,052
	Nonmajor Governmental Funds	652,237
		662,289
Social Services	Nonmajor Governmental Funds	310,647
		310,647
Public Safety	Nonmajor Governmental Funds	86,028
		86,028
Nonmajor Governmental Funds	Social Services	21,538
	Nonmajor Governmental Funds	138,793
		160,331
		\$ 1,238,853

**COUNTY OF YUBA**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2015

NOTE 4: **INTERFUND TRANSACTIONS** (CONTINUED)

***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	Public Safety	\$ 13,350,267
	Social Services	70,095
	Internal Service Funds	18,283
	Nonmajor Governmental Funds	1,226,045
		<u>14,664,690</u>
Nonmajor Governmental Funds	Public Safety	3,276,026
	General Fund	1,002,640
	Public Works	3,657
	Social Services	5,945,338
	Nonmajor Governmental Funds	206,972
	<u>10,434,633</u>	
Public Works	Nonmajor Governmental Funds	179,255
	General Fund	64,445
	<u>243,700</u>	
Public Safety	Internal Service Funds	15,000
	General Fund	177,643
	<u>192,643</u>	
Social Services	Public Safety	64,463
	Nonmajor Governmental Funds	64,290
	<u>128,753</u>	
Yuba Levee FA	Nonmajor Governmental Funds	<u>1,629,425</u>
		<u>\$ 27,293,844</u>

**COUNTY OF YUBA**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2015

**NOTE 5: CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015, was as follows:

	Balance July 1, 2014	Additions	Deletions	Transfers & Adjustments	Balance June 30, 2015
<b>Governmental Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 10,972,141	\$ 119,963	\$ --	\$ 46,505	\$ 11,138,609
Construction in progress	13,166,555	22,144,847	(863,119)	(2,079,586)	32,368,697
Total capital assets, not being depreciated	<u>24,138,696</u>	<u>22,264,810</u>	<u>(863,119)</u>	<u>(2,033,081)</u>	<u>43,507,306</u>
Capital assets, being depreciated:					
Infrastructure	280,688,773	733,452	--	2,033,081	283,455,306
Structures and improvements	47,394,837	--	--	--	47,394,837
Equipment	17,081,895	836,206	(1,788,944)	1,756	16,130,913
Total capital assets, being depreciated	<u>345,165,505</u>	<u>1,569,658</u>	<u>(1,788,944)</u>	<u>2,034,837</u>	<u>346,981,056</u>
Less accumulated depreciation for:					
Infrastructure	(136,526,813)	(10,482,313)	--	--	(147,009,126)
Structures and improvements	(22,689,878)	(1,164,980)	--	--	(23,854,858)
Equipment	(15,225,303)	(575,389)	1,750,623	(1,756)	(14,051,825)
Total accumulated depreciation	<u>(174,441,994)</u>	<u>(12,222,682)</u>	<u>1,750,623</u>	<u>(1,756)</u>	<u>(184,915,809)</u>
Total capital assets, being depreciated, net	<u>170,723,511</u>	<u>(10,653,024)</u>	<u>(38,321)</u>	<u>2,033,081</u>	<u>162,065,247</u>
Governmental activities capital assets, net	<u>\$ 194,862,207</u>	<u>\$ 11,611,786</u>	<u>\$ (901,440)</u>	<u>\$ --</u>	<u>\$ 205,572,553</u>
<b>Business-Type Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 508,359	\$ --	\$ --	\$ --	\$ 508,359
Total capital assets, not being depreciated	<u>508,359</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>508,359</u>
Capital assets, being depreciated:					
Structures and improvements	5,851,525	--	--	--	5,851,525
Equipment	273,511	--	(13,068)	--	260,443
Total capital assets, being depreciated	<u>6,125,036</u>	<u>--</u>	<u>(13,068)</u>	<u>--</u>	<u>6,111,968</u>
Less accumulated depreciation for:					
Structures and improvements	(3,788,231)	(206,829)	--	--	(3,995,060)
Equipment	(230,170)	(14,178)	13,068	--	(231,280)
Total accumulated depreciation	<u>(4,018,401)</u>	<u>(221,007)</u>	<u>13,068</u>	<u>--</u>	<u>(4,226,340)</u>
Total capital assets, being depreciated, net	<u>2,106,635</u>	<u>(221,007)</u>	<u>--</u>	<u>--</u>	<u>1,885,628</u>
Business-type activities capital assets, net	<u>\$ 2,614,994</u>	<u>\$ (221,007)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,393,987</u>

**COUNTY OF YUBA**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2015

**NOTE 5: CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to governmental functions as follows:

General government	\$ 1,251,112
Public protection	40,559
Public ways and facilities	10,612,381
Health and sanitation	16,886
Public assistance	68,672
Education	12,179
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	220,893
Total	<u><u>\$ 12,222,682</u></u>

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

Airport	<u><u>\$ 221,008</u></u>
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**NOTE 6: LONG-TERM LIABILITIES**

Long-term debt at June 30, 2015 consisted of the following:

<u>Governmental Activities</u>	<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, 2015</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	14,195,000	14,195,000
2015 Certificates of Participation <i>Sherriff facility improvements</i>	2015	2045	5.00%	\$135,000-\$435,000	<u>6,425,000</u>	<u>6,425,000</u>
Total Governmental Activities					<u><u>\$ 84,795,000</u></u>	<u><u>\$ 84,795,000</u></u>

**COUNTY OF YUBA**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2015

**NOTE 6: LONG-TERM LIABILITIES (CONTINUED)**

The following is a summary of long-term liability transactions for the year ended June 30, 2015:

	Balance July 1, 2014	Additions	Retirements	Balance June 30, 2015	Amounts Due Within One Year
<b>Governmental Activities</b>					
Bonds payable	\$ 78,370,000	\$ --	\$ --	\$ 78,370,000	\$ --
Less: unamortized discount	(1,388,820)	--	67,117	(1,321,703)	--
Certificates of participation	--	6,425,000	--	6,425,000	--
Add: unamortized premium	--	761,899	--	761,899	--
Capital leases	8,792,532	--	(691,749)	8,100,783	567,716
Compensated absences	6,388,727	3,569,437	(3,292,859)	6,665,305	2,545,712
Liability for self-insurance	1,133,000	728,000	(740,000)	1,121,000	206,000
<b>Total Governmental Activities Long-term liabilities</b>	<b>\$ 93,295,439</b>	<b>\$ 11,484,336</b>	<b>\$ (4,657,491)</b>	<b>\$ 100,122,284</b>	<b>\$ 3,319,428</b>
<b>Business-type Activities</b>					
Compensated absences	\$ 70,677	\$ 11,072	\$ (6,294)	\$ 75,455	\$ --
<b>Total Business-type Activities Long-term liabilities</b>	<b>\$ 70,677</b>	<b>\$ 11,072</b>	<b>\$ (6,294)</b>	<b>\$ 75,455</b>	<b>\$ --</b>

As of June 30, 2015, annual debt service requirements of governmental activities to maturity are as follows:

Year Ending June 30:	Governmental activities			
	Certificates of Participation		Bonds Payable	
	Principal	Interest	Principal	Interest
2016	\$ --	\$ 300,726	\$ --	\$ 4,047,583
2017	--	321,250	--	4,047,583
2018	--	321,250	--	4,047,583
2019	--	321,250	--	4,047,583
2020	--	321,250	2,245,000	3,979,110
2021-2025	745,000	1,535,500	13,530,000	17,518,056
2026-2030	950,000	1,330,000	17,755,000	13,358,788
2031-2035	1,210,000	1,067,250	22,475,000	8,503,781
2036-2040	1,550,000	732,500	22,365,000	2,304,375
2041-2045	1,970,000	305,250	--	--
	<b>\$ 6,425,000</b>	<b>\$ 6,556,226</b>	<b>\$ 78,370,000</b>	<b>\$ 61,854,440</b>

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.

**COUNTY OF YUBA**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2015

**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, 2015:

	<u>Stated Interest Rate</u>	<u>of Remaining Payments as of June 30, 2015</u>
Solar panels	4.50%	<u>8,100,783</u>
		<u>\$ 8,100,783</u>

As of June 30, 2015, future minimum lease payments under capital leases was as follows:

<u>Year Ending June 30:</u>	<u>Governmental Activities</u>
2016	\$ 925,935
2017	951,028
2018	977,342
2019	724,201
2020	755,094
2021-2025	4,289,444
2026-2030	<u>1,985,465</u>
Total Future Minimum Lease Payments	10,608,509
Less: Interest	<u>(2,507,726)</u>
Present Value of Minimum Lease Payments	<u>\$ 8,100,783</u>

**COUNTY OF YUBA**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2015

**NOTE 7: LEASES (CONTINUED)**

Operating Leases

The County has commitments under long-term operating lease agreements. During the fiscal year ended June 30, 2015, the County paid rents on these leases of \$2,815,576. Future minimum lease payments are as follows:

Year Ending June 30:	Governmental Activities
2016	\$ 2,885,966
2017	2,958,115
2018	3,032,068
2019	3,107,870
2020	3,185,566
2021-2025	17,162,993
2026-2030	19,418,351
2031-2035	21,970,081
2036-2040	24,857,131
2041-2024	10,834,599
Total Minimum Lease Payments	\$ 109,412,740

**NOTE 8: REVOLVING NOTES RECEIVABLE**

At June 30, 2015, the County had \$6,361,408 of revolving notes receivable reported in the governmental funds. 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	\$ 5,331,233
HOME Investment Partnerships Program	930,974
EDBG Economic Development Initiative	99,201
	\$ 6,361,408

**NOTE 9: PUBLIC EMPLOYEE RETIREMENT SYSTEM**

**A. General Information about the Pension Plans**

**Plan Descriptions** – All qualified permanent and probationary employees are eligible to participate in the County's separate Safety (police and fire) and Miscellaneous (all other) Plans, agent multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and County's resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**COUNTY OF YUBA**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2015

**NOTE 9: PUBLIC EMPLOYEE RETIREMENT SYSTEM (CONTINUED)**

**A. General Information about the Pension Plans (continued)**

**Benefits Provided** – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plans’ provisions and benefits in effect at June 30, 2015, are summarized as follows:

	<u>Miscellaneous</u>	
	Prior to	On or After
Hire Date	January 1, 2013	January 1, 2013
Benefit formula	2.0% @55	2.0% @62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52-67
Monthly benefits, as % of eligible compensation	1.4 to 2.4%	1.0% to 2.5%
Required employee contribution rates	7.00%	6.25%
Required employer contribution rates	15.96%	15.96%

  

	<u>Safety</u>	
	Prior to	On or After
Hire Date	January 1, 2013	January 1, 2013
Benefit formula	2.0% @50	2.7% @57
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life
Retirement age	50	50
Monthly benefits, as % of eligible compensation	2.0% to 2.7%	2.0% to 2.7%
Required employee contribution rates	9.00%	10.00%
Required employer contribution rates	20.05%	20.05%

**Employees Covered** – At June 30, 2015, the following employees were covered by the benefit terms for each Plan:

	<u>Miscellaneous</u>	<u>Safety</u>
Inactive employees or beneficiaries currently receiving benefits	1,221	199
Inactive employees entitled to but not yet receiving benefits	874	126
Active employees	1,247	145
Total	<u>3,342</u>	<u>470</u>

**Contributions** – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The County is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

**COUNTY OF YUBA**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2015

**NOTE 9: PUBLIC EMPLOYEE RETIREMENT SYSTEM** (continued)

**B. Net Pension Liability**

The County's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.5%	7.5%
Inflation	2.75%	2.75%
Payroll Growth	3.0%	3.0%
Projected Salary Increase	3.3% - 14.2% (1)	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)	7.5% (2)
Mortality	Derived using CalPERS' Membership Data for all Funds	
Post Retirement Benefit	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter	

- (1) Depending on age, service and type of employment
- (2) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2007. Further details of the Experience Study can found on the CalPERS website.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

**COUNTY OF YUBA**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2015

**NOTE 9: PUBLIC EMPLOYEE RETIREMENT SYSTEM** (continued)

**B. Net Pension Liability** (continued)

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11 + (b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
<b>Total</b>	<b>100.0%</b>		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

**COUNTY OF YUBA**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2015

**NOTE 9: PUBLIC EMPLOYEE RETIREMENT SYSTEM (continued)**

**C. Changes in the Net Pension Liability**

The changes in the Net Pension Liability for each Plan follows:

<b>Miscellaneous Plan:</b>	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Balance at June 30, 2013</b>	\$ 242,451,633	\$ 172,527,593	\$ 69,924,040
<b>Changes in the Year:</b>			
Service cost	5,211,955	--	5,211,955
Interest on the total pension liability	21,174,313	--	21,174,313
Differences: (gain) or loss	(1,373,630)	--	(1,373,630)
Change in assumptions	11,225,919	--	11,225,919
Benefit payments, including refunds of employee contributions	(11,770,502)	(11,770,502)	--
Contribution - employer	--	5,229,573	(5,229,573)
Contribution - employee (paid by employer)	--	--	--
Contribution - employee	--	2,505,418	(2,505,418)
Other differences	--	67,050	(67,050)
Net investment income	--	29,704,646	(29,704,646)
<b>Net changes</b>	<u>24,468,055</u>	<u>25,736,185</u>	<u>(1,268,130)</u>
<b>Balance at June 30, 2014</b>	<u>\$ 266,919,688</u>	<u>\$ 198,263,778</u>	<u>\$ 68,655,910</u>
<b>Safety Plan:</b>	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Balance at June 30, 2013</b>	\$ 86,328,581	\$ 62,208,159	\$ 24,120,422
<b>Changes in the Year:</b>			
Service cost	2,437,213	--	2,437,213
Interest on the total pension liability	6,435,741	--	6,435,741
Differences: (gain) or loss	(975,165)	--	(975,165)
Change in assumptions	7,834,470	--	7,834,470
Benefit payments, including refunds of employee contributions	(3,493,738)	(3,493,738)	--
Contribution - employer	--	2,238,972	(2,238,972)
Contribution - employee (paid by employer)	--	--	--
Contribution - employee	--	1,075,491	(1,075,491)
Other differences	--	(8,858)	8,858
Net investment income	--	10,865,915	(10,865,915)
<b>Net changes</b>	<u>12,238,521</u>	<u>10,677,782</u>	<u>1,560,739</u>
<b>Balance at June 30, 2014</b>	<u>\$ 98,567,102</u>	<u>\$ 72,885,941</u>	<u>\$ 25,681,161</u>

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** – The following presents the net pension liability of the County for each Plan, calculated using the discount rate for each Plan, as well as what the County’s net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease	6.50%	6.50%
Net Pension Liability	76,606,000	28,655,000
Current Discount Rate	7.50%	7.50%
Net Pension Liability	68,655,910	25,681,161
1% Increase	8.50%	8.50%
Net Pension Liability	62,038,000	23,205,000

**COUNTY OF YUBA**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2015

NOTE 9: **PUBLIC EMPLOYEE RETIREMENT SYSTEM** (continued)

**C. Changes in the Net Pension Liability** (continued)

***Pension Plan Fiduciary Net Position*** – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

**D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

For the year ended June 30, 2015, the County recognized pension expense of \$12,584,185. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		\$ (1,808,758)
Change in assumptions	14,675,975	
Net differences between projected and actual earnings on plan investments		(17,690,248)
Contributions subsequent to measurement date	<u>8,805,349</u>	
Total	<u>\$ 23,481,324</u>	<u>\$ (19,499,006)</u>

The County reported \$8,805,349 as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	
2016	\$ (1,437,356)
2017	(1,437,356)
2018	(1,437,356)
2019	<u>(510,963)</u>
	<u>\$ (4,823,031)</u>

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 California State Association of Counties 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.

**COUNTY OF YUBA**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2015

NOTE 10: **RISK MANAGEMENT** (continued)

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 \$1,121,000 as reported in the internal service funds at June 30, 2015, 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, 2015 and 2014 were as follows:

	<b>2015</b>	<b>2014</b>
Unpaid claims, beginning of year	\$ 1,133,000	\$ 915,000
Estimated claims incurred and adjustments	728,000	845,000
Claims payments	(740,000)	(627,000)
Unpaid claims, end of year	\$ 1,121,000	\$ 1,133,000

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.

**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.

**COUNTY OF YUBA**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2015

**NOTE 11: OTHER POST EMPLOYMENT BENEFITS** (continued)

The following are the components of the County's annual OPEB cost for the fiscal year ended June 30, 2015:

Annual required contribution	\$ 1,091,000
Interest on net OPEB obligation	278,000
Adjustments to ARC	<u>(590,000)</u>
Annual OPEB cost (expense)	779,000
Contributions made	<u>(195,000)</u>
Increase in net OPEB obligation	584,000
Net OPEB obligation, beginning of year	7,090,399
Net OPEB obligation, end of year	<u><u>\$ 7,674,399</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 2014/15 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>
6/30/15	\$ 779,000	25.0%	\$7,674,399
6/30/14	1,117,992	17.4%	7,090,399
6/30/13	1,238,000	13.9%	5,972,407

**Funded Status and Funding Progress.** The funded status of the plan as of June 30, 2013, the plan's most recent actuarial valuation date, was as follows (dollar amounts in thousands):

Actuarial accrued liability (AAL)	\$ 10,447,000
Actuarial value of plan assets	<u>                  --</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 10,447,000</u></u>
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active Plan members)	\$ 44,865,000
UAAL as a percentage of covered payroll	23.29%

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.

**COUNTY OF YUBA**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2015

**NOTE 11: OTHER POST EMPLOYMENT BENEFITS** (continued)

**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, 2013 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, 2015 was 23 years.

**NOTE 12: NET POSITION/FUND BALANCES**

Net Position

The government-wide statement of net position reports \$73,070,416 million of restricted net position, none of which is restricted by enabling legislation. Net position invested in capital assets, net of related debt, was comprised of the following:

	Governmental Activities	Business-Type Activities
Capital assets, net of accumulated depreciation	\$ 205,572,552	\$ 2,393,987
Outstanding principal of capital-related debt	(11,024,976)	--
Net investment in capital assets	<u>\$ 194,547,576</u>	<u>\$ 2,393,987</u>

Net position was restricted for the following purposes:

Capital projects	\$ 12,264,198
Debt service	19,281,206
Other restrictions:	
Public assistance programs	13,306,836
Public facilities	9,429,595
Public safety	14,574,148
Public health	4,214,433
	<u>\$ 73,070,416</u>

**COUNTY OF YUBA**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2015

**NOTE 12: NET POSITION/FUND BALANCES (CONTINUED)**

**Fund Balances**

Details of the fund balance classifications of the governmental funds as of June 30, 2015, are as follows:

	General Fund	Public Works	Social Services	Public Safety	Yuba Levee Financing Authority Debt Ser.	Other Governmental Funds	Total
<b>Nonspendable:</b>							
Inventory	\$ --	\$ 74,858	\$ --	\$ --	\$ --	\$ --	\$ 74,858
Loans receivable	75,068	--	--	--	--	--	75,068
Prepays	--	--	--	--	--	--	--
Total Nonspendable	<u>75,068</u>	<u>74,858</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>149,926</u>
<b>Restricted for:</b>							
Public protection	2,178,537	--	--	2,262,232	--	10,133,379	14,574,148
Public assistance	--	--	5,856,755	--	--	7,450,081	13,306,836
Health and sanitation	520,813	--	--	--	--	3,693,620	4,214,433
Public ways and facilities	--	4,338,610	--	--	--	5,090,985	9,429,595
Debt service	--	--	--	--	19,281,206	--	19,281,206
Capital projects	--	--	--	--	--	12,264,198	12,264,198
Total Restricted	<u>2,699,350</u>	<u>4,338,610</u>	<u>5,856,755</u>	<u>2,262,232</u>	<u>19,281,206</u>	<u>38,632,263</u>	<u>73,070,416</u>
<b>Committed:</b>							
Public protection	6,248,629	--	--	--	--	--	6,248,629
Health and sanitation	471,955	--	--	--	--	--	471,955
Public ways and facilities	--	18,717,914	--	--	--	--	18,717,914
Education	1,516,486	--	--	--	--	--	1,516,486
Capital projects	588,804	--	--	--	--	--	588,804
Recreation and culture	7,975	--	--	--	--	--	7,975
Total Committed	<u>8,833,849</u>	<u>18,717,914</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>27,551,763</u>
<b>Assigned to:</b>							
General contingencies	2,386,893	--	--	--	--	--	2,386,893
Public protection	--	--	--	2,579,686	--	--	2,579,686
Capital projects	4,521,278	--	--	--	--	204,929	4,726,207
Other	--	--	--	--	--	--	--
Total Assigned	<u>6,908,171</u>	<u>--</u>	<u>--</u>	<u>2,579,686</u>	<u>--</u>	<u>204,929</u>	<u>9,692,786</u>
Unassigned	<u>1,908,679</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(48,798)</u>	<u>1,859,881</u>
<b>Total Fund Balances</b>	<u>\$ 20,425,117</u>	<u>\$ 23,131,382</u>	<u>\$ 5,856,755</u>	<u>\$ 4,841,918</u>	<u>\$ 19,281,206</u>	<u>\$ 38,788,394</u>	<u>\$ 112,324,772</u>

**NOTE 13: CONTINGENT LIABILITIES**

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

**NOTE 14: JOINT VENTURE**

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



## COUNTY OF YUBA

### Notes to the Basic Financial Statements For the Year Ended June 30, 2015

#### NOTE 14: **JOINT VENTURE** (continued)

At June 30, 2015, the Authority's investment account in the County's investment pool had a balance of \$2,734,766.

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: **SPECIAL ITEM**

On December 31, 2014, the Housing Authority discontinued its operations due to the limited administrative funding available for smaller housing choice voucher programs. Responsibilities for managing the Authority's U.S. Department of Housing and Urban Development ("HUD") programs was transferred to the Regional Housing Authority of Sutter and Nevada Counties ("Regional") effective January 1, 2015, pursuant to HUD authorization. Regional is a separate legal entity from the Authority and is not part of the reporting entity of either the Authority or the County of Yuba. The Authority also transferred its remaining assets (except for capital assets, which were disposed of) to Regional prior to June 30, 2015. Residual liabilities not liquidated by the Authority were largely assumed either by Regional or by the County of Yuba. Accordingly, the Authority's Statement of Net Position and General Fund Balance sheet reported no remaining assets, liabilities, or net position/fund balance at June 30, 2015. The net value of assets transferred to Regional, less liabilities assumed by Regional, is reported as a special item on the Statement of Activities and Statement of Revenues, Expenditures, and Changes in Fund Balance on the full accrual and modified accrual basis, respectively.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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**COUNTY OF YUBA**

Required Supplementary Information  
For the Year Ended June 30, 2015

**SCHEDULE OF CHANGE IN THE NET PENSION LIABILITY AND RELATED RATIOS**

Last 10 Fiscal Years\*

Schedule of Change in the Net Pension Liability and Related Ratios

	Safety June 30, 2014	Miscellaneous June 30, 2014
<b>Total Pension Liability</b>		
Service Cost	\$ 2,437,213	\$ 5,211,955
Interest on total pension liability	6,435,741	21,174,313
Differences: (gain) or loss)	(975,165)	(1,373,630)
Change in assumptions	7,834,470	11,225,919
Benefit payments, including refunds of employee contributions	(3,493,738)	(11,770,502)
<b>Net change in total pension liability</b>	<u>12,238,521</u>	<u>24,468,055</u>
<b>Total pension liability - beginning</b>	86,328,581	242,451,633
<b>Total pension liability - ending</b>	<u>\$ 98,567,102</u>	<u>\$ 266,919,688</u>
<b>Plan fiduciary net position</b>		
Contributions- employer	\$ 2,238,972	\$ 5,229,573
Contributions- employee	1,075,491	2,505,418
Other differences	(8,858)	67,050
Net investment income	10,865,915	29,704,646
Benefit payments	(3,493,738)	(11,770,502)
<b>Net change in plan fiduciary net position</b>	<u>10,677,782</u>	<u>25,736,185</u>
<b>Plan fiduciary net position - beginning</b>	62,208,159	172,527,593
<b>Plan fiduciary net position - ending</b>	<u>\$ 72,885,941</u>	<u>\$ 198,263,778</u>
Net pension liability - ending	<u>\$ 25,681,161</u>	<u>\$ 68,655,910</u>
Plan fiduciary net percentage as a percentage of the total pension liability	73.95%	74.28%
Covered - employee payroll	\$ 11,620,732	\$ 35,023,339
Net pension liability as a percentage of covered-employee payroll	220.99%	196.03%
<b>Notes to Schedule;</b>		
Valuation date:	6/30/13	6/30/13

\*Fiscal year 2015 was the 1st year of implementation. Additional years will be presented as they become available.

**COUNTY OF YUBA**

Required Supplementary Information  
For the Year Ended June 30, 2015

**SCHEDULE OF CONTRIBUTIONS**

The table below shows an 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:

	Safety June 30, 2014	Miscellaneous June 30, 2014
Actuarially determined contribution	\$ 2,238,972	\$ 5,229,573
Contributions related to the actuarially determined contribution	(2,238,972)	(5,229,573)
Contribution deficiency (excess)	\$ --	\$ --
County's covered-employee payroll	\$ 11,620,732	\$ 35,023,339
Contributions as a percentage of covered-employee payroll	19.27%	14.93%

\*Fiscal year 2015 was the 1st year of implementation. Additional years will be presented as they become available.

**Notes to schedule**

Valuation date: 6/30/2013 6/30/2013

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Varies by entry age and service
Investment rate of return	7.5%, net of pension plan investment expens
Retirement age	59 years, Misc., 54 years, Safety
Mortality	Derived using CalPERS' Membership data for all funds

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

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded/ (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
June 30, 2009	\$ 9,813,000	\$ --	\$ 9,813,000	0.0%	\$ 47,268,000	20.76%
June 30, 2011	11,859,000	--	11,859,000	0.0%	48,804,000	24.30%
June 30, 2013 *	10,447,000	--	10,447,000	0.0%	44,865,000	23.29%

\* June 30, 2015 information is projected by the most recent actuarial.

**COUNTY OF YUBA**

Budgetary Comparison Schedule  
General Fund  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 14,411,672	\$ 14,411,672	\$ 14,557,433	\$ 145,761
Licenses, permits, and fees	3,072,248	3,072,248	1,548,659	(1,523,589)
Fines, forfeits and penalties	1,450,000	1,450,000	1,434,155	(15,845)
Use of money and property	274,500	275,500	285,685	10,185
Intergovernmental	11,809,749	12,028,679	12,022,257	(6,422)
Charges for services	16,456,108	16,706,670	7,547,777	(9,158,893)
Other revenues	56,988	78,488	112,363	33,875
Amounts available for appropriation	<u>47,531,265</u>	<u>48,023,257</u>	<u>37,508,329</u>	<u>(10,514,928)</u>
Charges to appropriations (outflows):				
General government	36,155,777	36,662,430	11,729,645	24,932,785
Public protection	12,838,599	13,304,077	12,353,632	950,445
Health and sanitation	1,483,843	1,487,843	1,238,682	249,161
Public assistance	707,628	710,308	445,229	265,079
Education	462,594	463,594	435,791	27,803
Total charges for appropriations	<u>51,648,441</u>	<u>52,628,252</u>	<u>26,202,979</u>	<u>26,425,273</u>
Other Financing Sources (Uses):				
Transfers in	3,633,352	4,051,028	2,800,163	(1,250,865)
Transfers out	(342,256)	(342,256)	(13,608,062)	(13,265,806)
Total Other Financing Sources (Uses)	<u>3,291,096</u>	<u>3,708,772</u>	<u>(10,807,899)</u>	<u>(14,516,671)</u>
Net Change in Fund Balances	(826,080)	(896,223)	497,451	(51,456,872)
Fund Balances - Beginning of Year	<u>1,200,833</u>	<u>1,200,833</u>	<u>1,200,833</u>	<u>--</u>
Fund Balances - End of Year	<u>\$ 374,753</u>	<u>\$ 304,610</u>	<u>\$ 1,698,284</u>	<u>\$ (51,456,872)</u>

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

	Budgetary Comparison Schedule	Trust Funds Not Budgeted	Statement of Revenues, Expenditures and Changes in Fund Balance
Total revenues	\$ 37,508,329	\$ 4,820,153	\$ 42,328,482
Total expenditures	26,202,979	335,683	26,538,662
Revenues over (under) expenditures	11,305,350	4,484,470	15,789,820
Total other financing sources (uses)	(10,807,899)	(2,612,063)	(13,419,962)
Net change in fund balances	<u>\$ 497,451</u>	<u>\$ 1,872,407</u>	<u>\$ 2,369,858</u>

**COUNTY OF YUBA**

Budgetary Comparison Schedule  
Public Works  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 315,311	\$ 358,624	\$ 411,746	\$ 53,122
Licenses, permits, and fees	85,000	150,000	186,835	36,835
Fines, forfeits and penalties	40,000	40,000	40,000	--
Use of money and property	15,000	15,000	20,238	5,238
Intergovernmental	25,068,711	21,822,034	12,378,382	(9,443,652)
Charges for services	3,801,823	4,496,061	2,853,548	(1,642,513)
Other revenues	10,000	10,000	1,071	(8,929)
Total Revenues	<u>29,335,845</u>	<u>26,891,719</u>	<u>15,891,820</u>	<u>(10,999,899)</u>
Expenditures:				
Current:				
Public way and facilities	<u>46,083,738</u>	<u>43,899,612</u>	<u>25,706,777</u>	<u>18,192,835</u>
Total Expenditures	<u>46,083,738</u>	<u>43,899,612</u>	<u>25,706,777</u>	<u>18,192,835</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(16,747,893)</u>	<u>(17,007,893)</u>	<u>(9,814,957)</u>	<u>7,192,936</u>
Other Financing Sources (Uses):				
Transfers in	16,280,938	16,540,938	--	(16,540,938)
Transfers out	<u>(180,000)</u>	<u>(180,000)</u>	<u>(179,254)</u>	<u>746</u>
Total Other Financing Sources (Uses)	<u>16,100,938</u>	<u>16,360,938</u>	<u>(179,254)</u>	<u>(16,540,192)</u>
Net Change in Fund Balances	(646,955)	(646,955)	(9,994,211)	(9,347,256)
Fund Balances - Beginning of Year	<u>4,044,775</u>	<u>4,044,775</u>	<u>4,044,775</u>	<u>--</u>
Fund Balances - End of Year	<u>\$ 3,397,820</u>	<u>\$ 3,397,820</u>	<u>\$ (5,949,436)</u>	<u>\$ (9,347,256)</u>

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

	Budgetary Comparison Schedule	Trust Funds Not Budgeted	Statement of Revenues, Expenditures and Changes in Fund Balance
Total revenues	<u>\$ 15,891,820</u>	<u>\$ 1,618,351</u>	<u>\$ 17,510,171</u>
Total expenditures	<u>25,706,777</u>	<u>91,618</u>	<u>25,798,395</u>
Revenues over (under) expenditures	(9,814,957)	1,526,733	(8,288,224)
Total other financing sources (uses)	<u>(179,254)</u>	<u>(60,789)</u>	<u>(240,043)</u>
Net change in fund balances	<u>\$ (9,994,211)</u>	<u>\$ 1,465,944</u>	<u>\$ (8,528,267)</u>

**COUNTY OF YUBA**

Budgetary Comparison Schedule  
Social Services Fund  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 53,027,699	\$ 53,042,873	\$ 29,434,385	\$(23,608,488)
Charges for services	703,183	703,183	574,491	(128,692)
Other revenues	500	500	656	156
Total Revenues	<u>53,731,382</u>	<u>53,746,556</u>	<u>30,009,532</u>	<u>(23,737,024)</u>
Expenditures:				
Current:				
Public assistance	54,903,415	55,058,453	49,223,231	5,835,222
Total Expenditures	<u>54,903,415</u>	<u>55,058,453</u>	<u>49,223,231</u>	<u>5,835,222</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,172,033)</u>	<u>(1,311,897)</u>	<u>(19,213,699)</u>	<u>(17,901,802)</u>
Other Financing Sources (Uses):				
Transfers in	70,095	70,095	6,015,433	5,945,338
Total Other Financing Sources (Uses)	<u>70,095</u>	<u>70,095</u>	<u>6,015,433</u>	<u>5,945,338</u>
Net Change in Fund Balances	(1,101,938)	(1,241,802)	(13,198,266)	(11,956,464)
Fund Balances - Beginning of Year	<u>1,516,007</u>	<u>1,516,007</u>	<u>1,516,007</u>	<u>--</u>
Fund Balances - End of Year	<u>\$ 414,069</u>	<u>\$ 274,205</u>	<u>\$ (11,682,259)</u>	<u>\$(11,956,464)</u>

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

	Budgetary Comparison Schedule	Trust Funds Not Budgeted	Statement of Revenues, Expenditures and Changes in Fund Balance
Total revenues	<u>\$ 30,009,532</u>	<u>\$ 13,190,056</u>	<u>\$ 43,199,588</u>
Total expenditures	<u>49,223,231</u>	<u>17,856</u>	<u>49,241,087</u>
Revenues over (under) expenditures	(19,213,699)	13,172,200	(6,041,499)
Total other financing sources (uses)	<u>6,015,433</u>	<u>(128,753)</u>	<u>5,886,680</u>
Net change in fund balances	<u>\$(13,198,266)</u>	<u>\$ 13,043,447</u>	<u>\$ (154,819)</u>

**COUNTY OF YUBA**

Budgetary Comparison Schedule  
Public Safety  
For the Year Ended June 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Licenses, permits, and fees	\$ 43,030	\$ 43,030	\$ 40,835	\$ (2,195)
Fines, forfeitures and penalties	--	--	50,000	50,000
Use of money and property	475,200	475,200	497,360	22,160
Intergovernmental	5,456,609	5,455,011	2,663,267	(2,791,744)
Charges for services	9,433,041	9,435,441	6,348,401	(3,087,040)
Other revenues	1,500	1,500	1,162	(338)
Total Revenues	<u>15,409,380</u>	<u>15,410,182</u>	<u>9,601,025</u>	<u>(5,809,157)</u>
Expenditures:				
Current:				
Public protection	30,243,317	30,239,119	29,394,153	844,966
Total Expenditures	<u>30,243,317</u>	<u>30,239,119</u>	<u>29,394,153</u>	<u>844,966</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(14,833,937)</u>	<u>(14,828,937)</u>	<u>(19,793,128)</u>	<u>(4,964,191)</u>
Other Financing Sources (Uses):				
Transfers in	13,718,717	13,713,717	16,126,293	2,412,576
Transfers out	(178,000)	(178,000)	--	178,000
Total Other Financing Sources (Uses)	<u>13,540,717</u>	<u>13,535,717</u>	<u>16,126,293</u>	<u>2,590,576</u>
Net Change in Fund Balances	(1,293,220)	(1,293,220)	(3,666,835)	(2,373,615)
Fund Balances - Beginning of Year	<u>2,755,594</u>	<u>2,755,594</u>	<u>2,755,594</u>	<u>--</u>
Fund Balances - End of Year	<u>\$ 1,462,374</u>	<u>\$ 1,462,374</u>	<u>\$ (911,241)</u>	<u>\$ (2,373,615)</u>

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

	Budgetary Comparison Schedule	Trust Funds Not Budgeted	Statement of Revenues, Expenditures and Changes in Fund Balance
Total revenues	\$ 9,601,025	\$ 2,664,723	\$ 12,265,748
Total expenditures	<u>29,394,153</u>	<u>67,436</u>	<u>29,461,589</u>
Revenues over (under) expenditures	(19,793,128)	2,597,287	(17,195,841)
Total other financing sources (uses)	<u>16,126,293</u>	<u>371,820</u>	<u>16,498,113</u>
Net change in fund balances	<u>\$ (3,666,835)</u>	<u>\$ 2,969,107</u>	<u>\$ (697,728)</u>

## COUNTY OF YUBA

Notes to Required Supplementary Information  
For the Year Ended June 30, 2015

### **BUDGETARY BASIS OF ACCOUNTING**

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

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

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

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## **SUPPLEMENTARY INFORMATION**

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## **Nonmajor Governmental Funds**

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

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

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**COUNTY OF YUBA**

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2015

	Special Revenue				
	Fish & Game	Health Service Fund	Child Support Services	County IHSS Authority	Grants
<u>Assets</u>					
Cash and investments	\$ 18,616	\$ 3,140,328	\$ 1,172,249	\$ 137,425	\$ 9
Cash with fiscal agent	--	--	--	--	--
Accounts receivable	--	--	10	--	--
Due from other governments	--	488,618	--	166,481	--
Interest receivable	--	485	2,227	--	1
Due from other funds	--	160,331	--	--	--
Notes receivable	--	--	--	--	--
Property held for resale	--	--	--	--	--
 Total Assets	<u>\$ 18,616</u>	<u>\$ 3,789,762</u>	<u>\$ 1,174,486</u>	<u>\$ 303,906</u>	<u>\$ 10</u>
<u>Liabilities</u>					
Accounts payable	\$ 1,223	\$ 64,140	\$ 3,460	\$ --	\$ --
Salaries and benefits payable	--	197,114	182,645	--	--
Due to other funds	--	138,794	--	--	--
 Total Liabilities	<u>1,223</u>	<u>400,048</u>	<u>186,105</u>	<u>--</u>	<u>--</u>
<u>Fund Balance</u>					
Restricted	17,393	3,389,714	988,381	303,906	10
Assigned	--	--	--	--	--
Unassigned	--	--	--	--	--
 Total Fund Balances	<u>17,393</u>	<u>3,389,714</u>	<u>988,381</u>	<u>303,906</u>	<u>10</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 18,616</u>	<u>\$ 3,789,762</u>	<u>\$ 1,174,486</u>	<u>\$ 303,906</u>	<u>\$ 10</u>

continued

**COUNTY OF YUBA**

Combining Balance Sheet (continued)  
 Nonmajor Governmental Funds  
 June 30, 2015

	Special Revenue				
	Health Bio- Terrorism	Micro Enterprise (Yubasut)	County Service Areas	Local Revenue Fund	Public Assistance Programs
<u>Assets</u>					
Cash and investments	\$ --	\$ 30,451	\$ 5,156,521	\$ 8,155,093	\$ 912,108
Cash with fiscal agent	--	--	--	--	--
Accounts receivable	--	--	--	--	--
Due from other governments	--	--	--	1,424,457	--
Interest receivable	--	57	8,233	--	1,307
Due from other funds	--	--	--	--	--
Notes receivable	--	--	--	--	6,361,408
Property held for resale	--	--	--	--	903,402
 Total Assets	<u>\$ --</u>	<u>\$ 30,508</u>	<u>\$ 5,164,754</u>	<u>\$ 9,579,550</u>	<u>\$ 8,178,225</u>
<u>Liabilities</u>					
Accounts payable	\$ --	\$ (825)	\$ 73,769	\$ 35,724	\$ 107,239
Salaries and benefits payable	--	--	--	--	--
Due to other funds	--	--	--	416,231	652,238
 Total Liabilities	<u>--</u>	<u>(825)</u>	<u>73,769</u>	<u>451,955</u>	<u>759,477</u>
<u>Fund Balance</u>					
Restricted	--	31,333	5,090,985	9,127,595	7,418,748
Assigned	--	--	--	--	--
Unassigned	--	--	--	--	--
 Total Fund Balances	<u>--</u>	<u>31,333</u>	<u>5,090,985</u>	<u>9,127,595</u>	<u>7,418,748</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ --</u>	<u>\$ 30,508</u>	<u>\$ 5,164,754</u>	<u>\$ 9,579,550</u>	<u>\$ 8,178,225</u>

continued

**COUNTY OF YUBA**

Combining Balance Sheet (continued)  
 Nonmajor Governmental Funds  
 June 30, 2015

	Special	Capital Projects		
	Revenue			
	Yuba	Jail	Grant-financed	YLFA
	Housing	Improvement	Capital	Bond
	Authority	Construction	Projects	Construction
<u>Assets</u>				
Cash and investments	\$ --	\$ 179,768	\$ --	\$ --
Cash with fiscal agent	--	--	--	8,095,816
Accounts receivable	--	25,161	--	--
Due from other governments	--	--	--	--
Interest receivable	--	--	2	--
Due from other funds	--	--	--	--
Notes receivable	--	--	--	--
Property held for resale	--	--	--	--
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ --</u>	<u>\$ 204,929</u>	<u>\$ 2</u>	<u>\$ 8,095,816</u>
<u>Liabilities</u>				
Accounts payable	\$ --	\$ --	\$ 48,800	\$ --
Salaries and benefits payable	--	--	--	--
Due to other funds	--	--	--	--
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<hr/>	<hr/>	<u>48,800</u>	<hr/>
<u>Fund Balance</u>				
Restricted	--	--	--	8,095,816
Assigned	--	204,929	--	--
Unassigned	--	--	(48,798)	--
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<hr/>	<u>204,929</u>	<u>(48,798)</u>	<u>8,095,816</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ --</u>	<u>\$ 204,929</u>	<u>\$ 2</u>	<u>\$ 8,095,816</u>

continued

**COUNTY OF YUBA**

Combining Balance Sheet (continued)  
 Nonmajor Governmental Funds  
 June 30, 2015

	<u>Capital Projects</u> Debt-Financed Capital Projects	Debt Service	Total Nonmajor Governmental Funds
<u>Assets</u>			
Cash and investments	\$ 332	\$ --	\$ 18,902,900
Cash with fiscal agent	4,262,706	--	12,358,522
Accounts receivable	--	--	25,171
Due from other governments	--	--	2,079,556
Interest receivable	(96)	--	12,216
Due from other funds	--	--	160,331
Notes receivable	--	--	6,361,408
Property held for resale	--	--	903,402
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 4,262,942</u>	<u>\$ --</u>	<u>\$ 40,803,506</u>
<u>Liabilities</u>			
Accounts payable	\$ 94,560	\$ --	\$ 428,090
Salaries and benefits payable	--	--	379,759
Due to other funds	--	--	1,207,263
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>94,560</u>	<u>--</u>	<u>2,015,112</u>
<u>Fund Balance</u>			
Restricted	4,168,382	--	38,632,263
Assigned	--	--	204,929
Unassigned	--	--	(48,798)
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>4,168,382</u>	<u>--</u>	<u>38,788,394</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,262,942</u>	<u>\$ --</u>	<u>\$ 40,803,506</u>

**COUNTY OF YUBA**

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2015

	Special Revenue				
	Fish & Game	Health Service Fund	Child Support Services	County IHSS Authority	Grants
Revenues:					
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --
Fines, forfeitures and penalties	7,463	238,780	--	--	--
Use of money and property	--	1,945	9,005	--	1
Intergovernmental	--	4,932,091	3,233,803	551,816	2,811
Charges for services	--	7,357	--	--	--
Other revenues	--	5,509	6,508	--	--
Total Revenues	<u>7,463</u>	<u>5,185,682</u>	<u>3,249,316</u>	<u>551,816</u>	<u>2,812</u>
Expenditures:					
Current:					
General government	--	--	--	--	2,811
Public protection	3,685	--	3,212,074	--	--
Public ways and facilities	--	--	--	--	--
Health and sanitation	--	4,299,876	--	448,543	--
Public assistance	--	135,608	--	--	--
Debt Service:					
Principal	--	--	--	--	--
Interest	--	--	--	--	--
Capital outlay	--	--	--	--	--
Total Expenditures	<u>3,685</u>	<u>4,435,484</u>	<u>3,212,074</u>	<u>448,543</u>	<u>2,811</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,778</u>	<u>750,198</u>	<u>37,242</u>	<u>103,273</u>	<u>1</u>
Other Financing Sources (Uses):					
Certificates of participation issued	--	--	--	--	--
Premium on debt issued	--	--	--	--	--
Transfers in	--	458,963	--	--	--
Transfers out	--	(206,972)	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>251,991</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances Before Special Item	3,778	1,002,189	37,242	103,273	1
Special Item:					
Discontinuance of operations	--	--	--	--	--
Fund Balances - Beginning of Year, restated	<u>13,615</u>	<u>2,387,525</u>	<u>951,139</u>	<u>200,633</u>	<u>9</u>
Fund Balances - End of Year	<u>\$ 17,393</u>	<u>\$ 3,389,714</u>	<u>\$ 988,381</u>	<u>\$ 303,906</u>	<u>\$ 10</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, 2015

	Special Revenue				
	Health Bio- Terrorism	Micro Enterprise (Yubasut)	County Service Areas	Local Revenue Fund	Public Assistance Programs
Revenues:					
Taxes	\$ --	\$ --	\$ 67,528	\$ --	\$ --
Fines, forfeitures and penalties	--	--	--	--	--
Use of money and property	--	340	31,804	--	11,468
Intergovernmental	--	--	1,054	11,962,336	1,368,557
Charges for services	--	93,660	1,597,409	--	--
Other revenues	--	--	--	--	6,677
Total Revenues	<u>--</u>	<u>94,000</u>	<u>1,697,795</u>	<u>11,962,336</u>	<u>1,386,702</u>
Expenditures:					
Current:					
General government	--	72,414	--	--	--
Public protection	--	--	--	--	--
Public ways and facilities	--	--	1,010,189	--	--
Health and sanitation	--	--	--	--	--
Public assistance	--	--	--	--	2,420,885
Debt Service:					
Principal	--	--	--	--	--
Interest	--	--	--	--	--
Capital outlay	--	--	--	--	--
Total Expenditures	<u>--</u>	<u>72,414</u>	<u>1,010,189</u>	<u>--</u>	<u>2,420,885</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>--</u>	<u>21,586</u>	<u>687,606</u>	<u>11,962,336</u>	<u>(1,034,183)</u>
Other Financing Sources (Uses):					
Certificates of participation issued	--	--	--	--	--
Premium on debt issued	--	--	--	--	--
Transfers in	--	--	--	--	--
Transfers out	--	--	(178,657)	(9,809,004)	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>(178,657)</u>	<u>(9,809,004)</u>	<u>--</u>
Net Change in Fund Balances Before Special It	--	21,586	508,949	2,153,332	(1,034,183)
Special Item:					
Discontinuance of operations	--	--	--	--	--
Fund Balances - Beginning of Year, restated	<u>--</u>	<u>9,747</u>	<u>4,582,036</u>	<u>6,974,263</u>	<u>8,452,931</u>
Fund Balances - End of Year	<u>\$ --</u>	<u>\$ 31,333</u>	<u>\$ 5,090,985</u>	<u>\$ 9,127,595</u>	<u>\$ 7,418,748</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, 2015

	Special	Capital Projects		
	Revenue	Jail	Grant-financed	YLFA
	Yuba	Jail	Grant-financed	YLFA
	Housing	Improvement	Capital	Bond
	Authority	Construction	Projects	Construction
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ --
Fines, forfeitures and penalties	--	--	--	--
Use of money and property	72	--	2	6,483
Intergovernmental	1,170,039	--	--	--
Charges for services	--	175,679	--	--
Other revenues	3,471	--	--	--
Total Revenues	<u>1,173,582</u>	<u>175,679</u>	<u>2</u>	<u>6,483</u>
Expenditures:				
Current:				
General government	--	--	--	--
Public protection	--	--	--	--
Public ways and facilities	--	--	--	--
Health and sanitation	--	--	--	--
Public assistance	1,145,449	--	--	--
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	--
Capital outlay	--	--	181,081	--
Total Expenditures	<u>1,145,449</u>	<u>--</u>	<u>181,081</u>	<u>--</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>28,133</u>	<u>175,679</u>	<u>(181,079)</u>	<u>6,483</u>
Other Financing Sources (Uses):				
Certificates of participation issued	--	--	--	--
Premium on debt issued	--	--	--	--
Transfers in	--	--	132,281	--
Transfers out	--	(240,000)	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>(240,000)</u>	<u>132,281</u>	<u>--</u>
Net Change in Fund Balances Before Special Item	28,133	(64,321)	(48,798)	6,483
Special Item:				
Discontinuance of operations	(267,509)	--	--	--
Fund Balances - Beginning of Year, restated	<u>239,376</u>	<u>269,250</u>	<u>--</u>	<u>8,089,333</u>
Fund Balances - End of Year	<u>\$ --</u>	<u>\$ 204,929</u>	<u>\$ (48,798)</u>	<u>\$ 8,095,816</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, 2015

	<u>Capital Projects</u> Debt-financed Capital Projects	Debt Service	Total Nonmajor Governmental Funds
Revenues:			
Taxes	\$ --	\$ --	\$ 67,528
Fines, forfeitures and penalties	--	--	246,243
Use of money and property	1,159	--	62,279
Intergovernmental	--	--	23,222,507
Charges for services	--	--	1,874,105
Other revenues	--	--	22,165
Total Revenues	<u>1,159</u>	<u>--</u>	<u>25,494,827</u>
Expenditures:			
Current:			
General government	--	--	75,225
Public protection	--	--	3,215,759
Public ways and facilities	--	--	1,010,189
Health and sanitation	--	--	4,748,419
Public assistance	--	--	3,701,942
Debt Service:			
Principal	--	691,749	691,749
Interest	--	2,018,948	2,018,948
Capital outlay	3,023,722	--	3,204,803
Total Expenditures	<u>3,023,722</u>	<u>2,710,697</u>	<u>18,667,034</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,022,563)</u>	<u>(2,710,697)</u>	<u>6,827,793</u>
Other Financing Sources (Uses):			
Certificates of participation issued	6,425,000	--	6,425,000
Premium on debt issued	761,899	--	761,899
Transfers in	4,046	2,710,697	3,305,987
Transfers out	--	--	(10,434,633)
Total Other Financing Sources (Uses)	<u>7,190,945</u>	<u>2,710,697</u>	<u>58,253</u>
Net Change in Fund Balances Before Special Item	4,168,382	--	6,886,046
Special Item:			
Discontinuance of operations	--	--	(267,509)
Fund Balances - Beginning of Year, restated	<u>--</u>	<u>--</u>	<u>32,169,857</u>
Fund Balances - End of Year	<u>\$ 4,168,382</u>	<u>\$ --</u>	<u>\$ 38,788,394</u>

## **Internal Service Funds**

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

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**COUNTY OF YUBA**

Combining Balance Sheet  
Internal Service Funds  
June 30, 2015

	<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	\$ 952,673	\$ 572,689	\$ 2,097,115	\$ 582,579
Accounts receivable	3,470	3,364	--	881,920
Due from other governments	37,686	--	--	--
Interest receivable	<u>35</u>	<u>383</u>	<u>3,255</u>	<u>1,045</u>
Total Current Assets	<u>993,864</u>	<u>576,436</u>	<u>2,100,370</u>	<u>1,465,544</u>
Capital Assets:				
Depreciable, net	<u>603,777</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Assets	<u>1,597,641</u>	<u>576,436</u>	<u>2,100,370</u>	<u>1,465,544</u>
<u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities:				
Accounts payable	37,497	11,223	5,833	64
Claims liability, current portion	<u>--</u>	<u>--</u>	<u>206,000</u>	<u>--</u>
Total Current Liabilities	37,497	11,223	211,833	64
Long-term Liabilities:				
Claims liability	<u>--</u>	<u>--</u>	<u>915,000</u>	<u>--</u>
Total Liabilities	<u>37,497</u>	<u>11,223</u>	<u>1,126,833</u>	<u>64</u>
Net Position:				
Net investment in capital assets	603,777	--	--	--
Unrestricted	<u>956,367</u>	<u>565,213</u>	<u>973,537</u>	<u>1,465,480</u>
Total Net Position	<u>\$ 1,560,144</u>	<u>\$ 565,213</u>	<u>\$ 973,537</u>	<u>\$ 1,465,480</u>

continued

**COUNTY OF YUBA**

Combining Balance Sheet (continued)  
Internal Service Funds  
June 30, 2015

	<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Short-term Disability Insurance</u>	<u>Network Infrastructure</u>	<u>Total</u>
<b><u>ASSETS</u></b>					
Current Assets:					
Cash and investments	\$166,505	\$ 485,658	\$ 151,117	\$ 259,651	\$ 5,267,987
Accounts receivable	--	--	--	--	888,754
Due from other governments	--	--	--	--	37,686
Interest receivable	231	846	265	328	6,388
	<u>166,736</u>	<u>486,504</u>	<u>151,382</u>	<u>259,979</u>	<u>6,200,815</u>
Total Current Assets					
Capital Assets:					
Depreciable, net	--	--	--	--	603,777
	<u>166,736</u>	<u>486,504</u>	<u>151,382</u>	<u>259,979</u>	<u>6,804,592</u>
Total Assets					
<b><u>LIABILITIES AND NET ASSETS</u></b>					
Current Liabilities:					
Accounts payable	--	35,151	--	--	89,768
Claims liability, current portion	--	--	--	--	206,000
	<u>--</u>	<u>35,151</u>	<u>--</u>	<u>--</u>	<u>295,768</u>
Total Current Liabilities					
Long-term Liabilities:					
Claims liability	--	--	--	--	915,000
	<u>--</u>	<u>35,151</u>	<u>--</u>	<u>--</u>	<u>1,210,768</u>
Total Liabilities					
Net Position:					
Net investment in capital assets	--	--	--	--	603,777
Unrestricted	166,736	451,353	151,382	259,979	4,990,047
	<u>166,736</u>	<u>451,353</u>	<u>151,382</u>	<u>259,979</u>	<u>4,990,047</u>
Total Net Position	<u>\$166,736</u>	<u>\$ 451,353</u>	<u>\$ 151,382</u>	<u>\$ 259,979</u>	<u>\$ 5,593,824</u>

**COUNTY OF YUBA**

Combining Statement of Revenues, Expenses and  
Changes in Net Position  
Internal Service Funds  
For the Year Ended June 30, 2015

	<u>Automotive Service</u>	<u>Workers Comp Insurance</u>	<u>Liability Insurance</u>	<u>Health Insurance</u>
<b>Operating Revenues:</b>				
Charges for services	\$ 1,234,675	\$ 1,506,436	\$ 937,480	\$ 11,223,324
Other revenues	17,899	--	--	--
Total Operating Revenues	<u>1,252,574</u>	<u>1,506,436</u>	<u>937,480</u>	<u>11,223,324</u>
<b>Operating Expenses:</b>				
Services and supplies	1,310,751	1,578,070	1,117,458	11,314,439
Depreciation	245,684	--	--	--
Total Operating Expenses	<u>1,556,435</u>	<u>1,578,070</u>	<u>1,117,458</u>	<u>11,314,439</u>
Net Operating Income (Loss)	<u>(303,861)</u>	<u>(71,634)</u>	<u>(179,978)</u>	<u>(91,115)</u>
<b>Non-Operating Revenues (Expenses):</b>				
Interest income (expense)	135	(1,370)	13,180	4,591
Total Non-Operating Revenue (Expense)	<u>135</u>	<u>(1,370)</u>	<u>13,180</u>	<u>4,591</u>
Income (Loss) Before Transfers	(303,726)	(73,004)	(166,798)	(86,524)
Transfers in	<u>15,000</u>	<u>--</u>	<u>18,283</u>	<u>--</u>
Change in Net Position	(288,726)	(73,004)	(148,515)	(86,524)
Net Position - Beginning of Year, restated	<u>1,848,870</u>	<u>638,217</u>	<u>1,122,052</u>	<u>1,552,004</u>
Net Position - End of Year	<u>\$ 1,560,144</u>	<u>\$ 565,213</u>	<u>\$ 973,537</u>	<u>\$ 1,465,480</u>

continued

**COUNTY OF YUBA**

Combining Statement of Revenues, Expenses and  
Changes in Net Position (continued)  
Internal Service Funds  
For the Year Ended June 30, 2015

	<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Short-Term Disability Insurance</u>	<u>Network Infrastructure</u>	<u>Total</u>
<b>Operating Revenues:</b>					
Charges for services	\$ 97,925	\$ --	\$ 79,171	\$ 407,040	\$ 15,486,051
Other revenues	--	--	--	--	17,899
Total Operating Revenues	<u>97,925</u>	<u>--</u>	<u>79,171</u>	<u>407,040</u>	<u>15,503,950</u>
<b>Operating Expenses:</b>					
Services and supplies	77,229	185,493	98,705	324,327	16,006,472
Depreciation	--	--	--	--	245,684
Total Operating Expenses	<u>77,229</u>	<u>185,493</u>	<u>98,705</u>	<u>324,327</u>	<u>16,252,156</u>
Net Operating Income (Loss)	<u>20,696</u>	<u>(185,493)</u>	<u>(19,534)</u>	<u>82,713</u>	<u>(748,206)</u>
<b>Non-Operating Revenues (Expenses):</b>					
Interest income (expense)	793	3,937	1,168	1,000	23,434
Total Non-Operating Revenue (Expense)	<u>793</u>	<u>3,937</u>	<u>1,168</u>	<u>1,000</u>	<u>23,434</u>
Income (Loss) Before Transfers	21,489	(181,556)	(18,366)	83,713	(724,772)
Transfers in	--	--	--	--	33,283
Change in Net Position	21,489	(181,556)	(18,366)	83,713	(691,489)
Net Position - Beginning of Year, restated	<u>145,247</u>	<u>632,909</u>	<u>169,748</u>	<u>176,266</u>	<u>6,285,313</u>
Net Position - End of Year	<u>\$166,736</u>	<u>\$ 451,353</u>	<u>\$ 151,382</u>	<u>\$ 259,979</u>	<u>\$ 5,593,824</u>

**COUNTY OF YUBA**

Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2015

	<u>Automotive Services</u>	<u>Workers Comp Insurance</u>	<u>Liability Insurance</u>	<u>Health Insurance</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash receipts from interfund services provided	\$ 1,211,433	\$ 1,522,368	\$ 937,680	\$ 11,275,249
Cash paid to suppliers for goods and services	<u>(1,332,085)</u>	<u>(1,569,691)</u>	<u>(1,132,495)</u>	<u>(11,314,375)</u>
Net Cash Provided (Used) by Operating Activities	<u>(120,652)</u>	<u>(47,323)</u>	<u>(194,815)</u>	<u>(39,126)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in	15,000	--	18,283	--
Net Cash Provided (Used) by Investing Activities	<u>15,000</u>	<u>--</u>	<u>18,283</u>	<u>--</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received (paid)	142	(1,019)	14,630	5,017
Net Cash Provided (Used) by Investing Activities	<u>142</u>	<u>(1,019)</u>	<u>14,630</u>	<u>5,017</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Acquisition of capital assets	<u>(376,283)</u>	--	--	--
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(376,283)</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>(481,793)</u>	<u>(48,342)</u>	<u>(161,902)</u>	<u>(34,109)</u>
<b>Cash and Cash Equivalents, Beginning of Year</b>	1,434,466	621,031	2,259,017	616,688
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 952,673</u>	<u>\$ 572,689</u>	<u>\$ 2,097,115</u>	<u>\$ 582,579</u>

continued

**COUNTY OF YUBA**

Combining Statement of Cash Flows (continued)  
Internal Service Funds  
For the Year Ended June 30, 2015

	<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Short-Term Disability Insurance</u>	<u>Network Infrastructure</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Cash receipts from interfund services provided	\$ 97,925	\$ --	\$ 79,171	\$ 407,040	\$ 15,530,866
Cash paid to suppliers for goods and services	<u>(77,229)</u>	<u>(199,024)</u>	<u>(98,705)</u>	<u>(324,327)</u>	<u>(16,047,931)</u>
Net Cash Provided (Used) by Operating Activities	<u>20,696</u>	<u>(199,024)</u>	<u>(19,534)</u>	<u>82,713</u>	<u>(517,065)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>33,283</u>
Net Cash Provided (Used) by Investing Activities	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>33,283</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received (paid)	<u>851</u>	<u>4,488</u>	<u>1,262</u>	<u>834</u>	<u>26,205</u>
Net Cash Provided (Used) by Investing Activities	<u>851</u>	<u>4,488</u>	<u>1,262</u>	<u>834</u>	<u>26,205</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Acquisition of capital assets	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(376,283)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(376,283)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>21,547</u>	<u>(194,536)</u>	<u>(18,272)</u>	<u>83,547</u>	<u>(833,860)</u>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>144,958</u>	<u>680,194</u>	<u>169,389</u>	<u>176,104</u>	<u>6,101,847</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 166,505</u>	<u>\$ 485,658</u>	<u>\$ 151,117</u>	<u>\$ 259,651</u>	<u>\$ 5,267,987</u>

continued

**COUNTY OF YUBA**

Combining Statement of Cash Flows (continued)  
Internal Service Funds  
For the Year Ended June 30, 2015

	<u>Automotive Services</u>	<u>Workers Comp Insurance</u>	<u>Liability Insurance</u>	<u>Health Insurance</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ (303,861)	\$ (71,634)	\$ (179,978)	\$ (91,115)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	245,684	--	--	--
Changes in assets and liabilities:				
Increase (decrease) in:				
Accounts receivable	(41,141)	15,932	200	51,925
Accounts payable	(21,334)	8,379	(3,037)	64
Claims liability	--	--	(12,000)	--
<b>Net Cash Provided (Used) by Operating Activities</b>	<u><u>\$ (120,652)</u></u>	<u><u>\$ (47,323)</u></u>	<u><u>\$ (194,815)</u></u>	<u><u>\$ (39,126)</u></u>

continued

**COUNTY OF YUBA**

Combining Statement of Cash Flows (continued)  
Internal Service Funds  
For the Year Ended June 30, 2015

	<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Short-Term Disability Insurance</u>	<u>Network Infrastructure</u>	<u>Total</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>					
Operating income (loss)	\$ 20,696	\$ (185,493)	\$ (19,534)	\$ 82,713	\$ (748,206)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	--	--	--	--	245,684
Changes in assets and liabilities:					
Increase (decrease) in:					
Accounts receivable	--	--	--	--	26,916
Accounts payable	--	(13,531)	--	--	(29,459)
Claims liability	--	--	--	--	(12,000)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 20,696</u>	<u>\$ (199,024)</u>	<u>\$ (19,534)</u>	<u>\$ 82,713</u>	<u>\$ (517,065)</u>