

COUNTY OF YUBA
AUDIT REPORT
JUNE 30, 2016

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING





**COUNTY OF YUBA
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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, 2016, 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.

To the Honorable Board of Supervisors
County of Yuba

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

Opinions

In our opinion, based on our audit and the report of other auditors, financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position 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 as of June 30, 2016, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of change in the net position liability and related ratios, schedule of contributions, schedules of funding progress for the 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Honorable Board of Supervisors
County of Yuba

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2017 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 the County's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

Roseville, California
March 27, 2017



**MANAGEMENT'S DISCUSSION
AND ANALYSIS**



COUNTY OF YUBA

Management's Discussion and Analysis June 30, 2016

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, 2016. 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 2015-2016 fiscal year by \$113.7 million. Of this amount, \$73.2 million is restricted for capital projects, debt service, and other public uses (restricted net position), and \$192.6 million is invested in capital assets, net of related debt. Unrestricted net position is deficit by \$152.1 million. Unrestricted Net Position consists mainly of Net Pension Liability in the amount of \$104.0 million. Further details of the Net Pension Liability can be found in Note 9 to the financial statements. Additionally, Unrestricted Net Position consists of \$34.9 million representing governmental resources committed or assigned to functions such as public protection, public works and education endeavors and other purposes as designated by the board.

The County embarked on construction projects in the fiscal year ended June 30, 2016. In the prior fiscal year the County issued certificates of participation in the amount of \$6.4 million to fund the construction of an upgraded facility for the Sheriff's department. Major construction expenditures began in the current fiscal year. The project is expected to be completed in the fiscal year ending June 30, 2017. Additionally the County issued \$5.7 million in certificates of participation to construct a solar array on property adjacent to the Yuba County Airport. Initially, the energy savings generated by the project will pay the debt service on the certificates of participation and will serve reduce county energy costs in the long term.

As of June 30, 2016, the County's governmental funds reported combined fund balances of \$113.4 million. Of this amount, approximately \$10.6 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 \$16.6 million, a decrease of approximately \$1.1 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, 2016

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, the debt service fund of the Yuba County Financing Authority, a blended component unit, and the County's Local Revenue Fund which collects resources from the State of California as part of its Realignment initiative. The resources in the Local Revenue Fund are recognized as revenue when allocated by the state and then transferred to various fund for use by appropriate departments. 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, 2016

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	
	2016	2015	2016	2015	2016	2015
Assets:						
Current and other assets	\$ 131,003	\$ 127,720	\$ 164	\$ 135	\$ 131,167	\$ 127,855
Capital assets	206,455	205,573	2,243	2,394	208,698	207,967
Total assets	<u>337,458</u>	<u>333,293</u>	<u>2,407</u>	<u>2,529</u>	<u>339,865</u>	<u>335,822</u>
Deferred Outflows of Resources	9,054	23,481	--	--	9,054	23,481
Liabilities:						
Current and other liabilities	14,117	13,417	87	26	14,204	13,443
Long-term liabilities	213,860	198,814	67	75	213,927	198,889
Total liabilities	<u>227,977</u>	<u>212,231</u>	<u>154</u>	<u>101</u>	<u>228,131</u>	<u>212,332</u>
Deferred Inflows of Resources	7,115	19,499	--	--	7,115	19,499
Net Position:						
Net investment in capital assets	190,356	194,548	2,243	2,394	192,599	196,942
Restricted net position	73,212	73,070	--	--	73,212	73,070
Unrestricted net position	(152,148)	(142,574)	10	34	(152,138)	(142,540)
Total net position	<u>\$ 111,420</u>	<u>\$ 125,044</u>	<u>\$ 2,253</u>	<u>\$ 2,428</u>	<u>\$ 113,673</u>	<u>\$ 127,472</u>

ANALYSIS OF NET POSITION

As noted earlier, net position may serve as a useful indicator of government's financial position. In the case of the County of Yuba, assets exceeded liabilities by \$113.7 million at the close of the fiscal year ending June 30, 2016. The decrease in net position can be attributed in part to a \$9.7 million increase in Net Pension Liability, from \$94.3 million in 2015 to \$104.0 million in 2016.

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 \$73.2 million for the current fiscal year, an increase of \$0.1 million, or \$100,000 from the prior year total of \$73.1 million.

Net investment in capital assets decreased by \$4.2 million from 2015 to 2016 due to unspent proceeds related to the construction of a solar array. The project was initiated in the fiscal year 2016 and will be completed in fiscal year 2017.

COUNTY OF YUBA

Management's Discussion and Analysis June 30, 2016

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

	County of Yuba's Changes in Net Position (in thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program Revenues:						
Charges for services	\$ 29,933	\$ 30,866	\$ 348	\$ 391	\$ 30,281	\$ 31,257
Operating grants and contributions	88,647	83,503	118	66	88,765	83,569
Capital grants and contributions	2,354	8,922	--	--	2,354	8,922
General Revenues:						
Property taxes	11,128	10,708	--	--	11,128	10,708
Transit occupancy tax	287	--	--	--	287	--
Sales and use taxes	4,289	3,682	--	--	4,289	3,682
Other	438	646	--	--	438	646
Unrestricted interest and investment earnings	1,291	1,004	3	3	1,294	1,007
Miscellaneous	736	1,352	--	--	736	1,352
Total revenues	<u>139,103</u>	<u>140,683</u>	<u>469</u>	<u>460</u>	<u>139,572</u>	<u>141,143</u>
Expenses:						
General government	17,798	14,472	--	--	17,798	14,472
Public safety	51,132	46,746	--	--	51,132	46,746
Public ways and facilities	15,864	18,541	--	--	15,864	18,541
Health and sanitation	7,409	6,211	--	--	7,409	6,211
Public assistance	58,961	55,127	--	--	58,961	55,127
Education	509	471	--	--	509	471
Recreation and culture	191	172	--	--	191	172
Interest on long-term debt	4,961	4,104	--	--	4,961	4,104
Airport	--	--	644	700	644	700
Total expenses	<u>156,825</u>	<u>145,844</u>	<u>644</u>	<u>700</u>	<u>157,469</u>	<u>146,544</u>
Change in net position before special item	(17,722)	(5,161)	(175)	(240)	(17,897)	(5,401)
Special item	--	(268)	--	--	--	(268)
Change in net position	(17,722)	(5,429)	(175)	(240)	(17,897)	(5,669)
Net position at beginning year, restated	129,142	130,473	2,428	2,668	131,570	133,141
Net position at end of year	<u>\$ 111,420</u>	<u>\$ 125,044</u>	<u>\$ 2,253</u>	<u>\$ 2,428</u>	<u>\$ 113,673</u>	<u>\$ 127,472</u>

Overall, activities in the current year decreased the County's net position by \$13.8 million. The County saw an overall decrease of \$1.6 million in revenues from \$141.1 million in 2015 to \$139.6 million in 2016. While the county saw a minor increase in property tax revenue, from \$10.7 million in 2015 to \$11.1 million in 2016, there was an overall decrease in charges for services of approximately \$1.0 million (from \$30.9 million in 2015 to \$29.9 million in 2016) and a net decrease in total operating and capital grants and contributions of \$1.4 million (from a total of \$92.5 million in 2015 to \$91.1 million in 2016). The increase in revenue was accompanied by an increase of \$11.0 million in expenditures, from \$146.5 million to \$157.5 million, or 7.5%. Public Safety saw an increase of \$4.4 million. This was in large part due to increased enforcement efforts in the community from law enforcement and inspection divisions within the county.

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.

COUNTY OF YUBA

Management's Discussion and Analysis June 30, 2016

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

As of June 30, 2016, the County's governmental funds reported a combined ending fund balance of \$113.4 million, compared to \$112.3 million of the previous year, an increase of 1.0%. Of the \$113.4 million in fund balance, \$76.2 million is classified under GASB 54 as restricted, due to grant and other regulatory provisions, and non-spendable, which consists of shop inventory. Committed and Assigned fund balance decreased from \$37.2 million to \$34.9 million from 2015 to 2016, respectively.

The General Fund is the chief operating fund of the County. As of June 30, 2016, the General Fund had an overall unrestricted fund balance of \$16.6 million. Of the \$16.6 million, \$8.3 million is committed to activities related to Public Protection, Education, Capital Projects, and other governmental functions. The County has also assigned \$3.5 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, the Yuba Levee Financing Authority Debt Service fund, and the Local Revenue 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 \$8.5 million in revenues for 2016 compared to \$17.5 million in revenues in 2015. Expenditures decreased to \$8.7 million in 2016 from \$25.8 million in 2015. Expenditures in the Public Works fund are driven mainly by other governmental funding, typically from the State of California and the federal government. A significant portion of the funding for Public Works projects was delayed until future years.

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 \$43.5 million in revenues for 2016 compared to \$3.2 million in revenues for 2015. Expenditures for Social Service remained relatively stable, increasing by approximately \$0.4 million, or \$400,000 from 2015 to 2016.

The Public Safety fund accounts for the operations of public safety departments that include sheriff, district attorney, jail and juvenile hall. In 2016, revenues were \$12.1 million compared to \$12.3 million in 2015. Expenditures during 2015 increased by \$1.4 million to \$30.9 million; up from \$29.5 million in 2015. The Board of Supervisors places a high priority on public safety and allocated \$18.1 million of discretionary resources to Public Safety budgets in fiscal year ending June 30, 2016.

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, 2016, the fund held unspent debt proceeds of \$7.0 million, a decrease of \$1.7 million from the prior year. The Financing Authority's unspent debt proceeds are used to fund levee construction project under the Three Rivers Levee Improvement Authority Joint Powers Authority.

The Local Revenue Fund received \$14.7 million in 2016 from revenue allocated by the State of California under the Realignment Initiative. This is up from \$11.9 million in 2015. In 2016, \$12.4 million was transferred to various County departments for use in implementing Realignment related programs.

COUNTY OF YUBA

Management's Discussion and Analysis
June 30, 2016

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, 2016 was \$2.3 million which was a decrease from a 2015 balance of \$2.4 million. For the fiscal year ended June 30, 2016 the Airport generated an operating loss of approximately \$0.3 million, or \$300,000.

GENERAL FUND BUDGETARY HIGHLIGHTS

Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2016
(in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Budgetary fund balances, Beginning	\$ 1,536	\$ 1,536	\$ 1,536	\$ --
Resources (inflows)	42,936	44,062	44,369	307
Total charges to appropriations	<u>(44,808)</u>	<u>(46,032)</u>	<u>(44,067)</u>	<u>1,965</u>
Budgetary fund balances, Ending	<u>\$ (336)</u>	<u>\$ (434)</u>	<u>\$ 1,838</u>	<u>\$ 2,272</u>

Actual inflows for 2016 was higher than the final budgeted revenue by \$0.3 million or approximately \$300,000 due to minor increases of taxes, license and permits and intergovernmental, revenues. The county also had actual expenditures less than budgeted by approximately \$2.0 million.

Capital assets: The County of Yuba's investment in capital assets for its governmental and business-type activities as of June 30, 2016, amounted to \$208.7 million (net of accumulated depreciation) compared to \$207.9 million reported in 2015. This investment in capital assets includes land, buildings and improvements, machinery and equipment, roads, highways, and bridges. Additional information on the County's capital assets can be found in Note 5 of the Notes to the Basic Financial Statements.

Debt Administration: At the end of the current fiscal year, the County had total long-term obligations outstanding of \$98 million. The long-term obligations are as follows:

- \$ 78.4 million – bonds payable
- \$ 12.1 million – Certificates of Participation
- \$ 7.5 million – capital lease

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

ECONOMIC OUTLOOK

The adopted budget for fiscal year 2016/17 for all County funds totals approximately \$172.4 million which is a \$5.5 million increase, or 3.3%, when compared to the prior year. General Government spending is expected to increase by \$1.7 million, or 8.1%, to approximately \$22.1 million.

COUNTY OF YUBA

Management's Discussion and Analysis June 30, 2016

During the fiscal year of 2016/17, the County expects to refinance outstanding bonds for levee construction. Favorable interest rates will allow the County to reduce the interest component of the debt service related to that debt. The County is also undertaking construction projects that are estimated to be completed in the next fiscal year. A new facility for law enforcement is expected to allow services to be provided in a more directed manner to provide greater utilization of existing resources. The County is also installing a solar array that will serve to reduce energy expenditures over the long term.

REQUEST FOR INFORMATION

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



BASIC FINANCIAL STATEMENTS
Government-Wide Financial Statements



COUNTY OF YUBA

Statement of Net Position
June 30, 2016

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Totals	First Five Commission	Yuba County Water Agency
ASSETS					
Cash and investments	\$ 82,467,930	\$ 75,837	\$ 82,543,767	\$ 2,657,344	\$ 58,517,574
Cash with fiscal agent	17,641,622	--	17,641,622	--	--
Accounts receivable	6,060,365	--	6,060,365	--	5,052,222
Taxes receivable	471,484	--	471,484	--	117,470
Interest receivable	189,054	151	189,205	5,920	--
Due from other governments	5,340,308	49,209	5,389,517	153,223	550,894
Inventories	70,649	--	70,649	--	--
Land held for resale	357,968	--	357,968	--	--
Prepaid expenses	--	--	--	2,957	331,567
Notes receivable	18,403,151	39,086	18,442,237	--	7,790,660
OPEB asset	--	--	--	--	155,845
Capital assets:					
Nondepreciable	51,112,676	578,433	51,691,109	--	40,264,591
Depreciable, net	155,342,666	1,664,619	157,007,285	--	158,832,963
Total Assets	<u>337,457,873</u>	<u>2,407,335</u>	<u>339,865,208</u>	<u>2,819,444</u>	<u>271,613,786</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred pension	9,054,458	--	9,054,458	--	2,280,393
LIABILITIES					
Accounts payable and accrued liabilities	2,593,179	65,585	2,658,764	224,970	3,742,413
Salaries and benefits payable	6,054,063	11,600	6,065,663	17,109	42,765
Interest payable	1,567,795	--	1,567,795	--	--
Deposits and other liabilities	--	--	--	--	585,233
Unearned revenue	467,064	--	467,064	--	23,918,442
Long-Term Liabilities:					
Due within one year	3,435,074	9,842	3,444,916	12,247	880,256
Due in more than one year	101,544,336	66,843	101,611,179	--	--
Other post employment benefits (OPEB)	8,285,604	--	8,285,604	--	--
Net pension liability	104,030,319	--	104,030,319	--	2,910,127
Total Liabilities	<u>227,977,434</u>	<u>153,870</u>	<u>228,131,304</u>	<u>254,326</u>	<u>32,079,236</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred pension	7,114,723	--	7,114,723	--	553,966
NET POSITION					
Net investment in capital assets	190,355,706	2,243,052	192,598,758	--	199,097,553
Restricted for:					
Capital projects	6,673,952	--	6,673,952	--	--
Debt service	15,820,651	--	15,820,651	--	--
Other	50,718,052	--	50,718,052	--	--
Unrestricted	(152,148,187)	10,413	(152,137,774)	2,565,118	42,163,424
Total Net Position	<u>\$ 111,420,174</u>	<u>\$ 2,253,465</u>	<u>\$ 113,673,639</u>	<u>\$ 2,565,118</u>	<u>\$ 241,260,977</u>

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

COUNTY OF YUBA

Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 17,797,883	\$ 8,781,193	\$ 8,545,880	\$ --
Public protection	51,131,915	14,320,577	10,369,510	--
Public ways and facilities	15,864,128	4,767,965	2,438,425	2,354,543
Health and sanitation	7,408,908	1,361,664	7,914,241	--
Public assistance	58,961,462	598,660	59,372,023	--
Education	509,376	97,567	7,001	--
Recreation and culture	190,952	5,122	--	--
Interest on long-term debt	4,960,919	--	--	--
Total Governmental Activities	<u>156,825,543</u>	<u>29,932,748</u>	<u>88,647,080</u>	<u>2,354,543</u>
Business-Type Activities:				
Airport	644,220	348,558	118,761	--
Total Business-type Activities	<u>644,220</u>	<u>348,558</u>	<u>118,761</u>	<u>--</u>
Total Primary Government	<u>\$ 157,469,763</u>	<u>\$ 30,281,306</u>	<u>\$ 88,765,841</u>	<u>\$ 2,354,543</u>
Component Units:				
First Five Commission	\$ 1,213,869	\$ --	\$ 854,834	\$ --
Yuba County Water Agency	27,410,414	49,260,104	3,747,803	1,704,592
Total Component Units	<u>\$ 28,624,283</u>	<u>\$ 49,260,104</u>	<u>\$ 4,602,637</u>	<u>\$ 1,704,592</u>

General Revenues:

 Taxes:

 Property taxes

 Sales and use taxes

 Transient occupancy tax

 Other

 Unrestricted interest and investment earnings

 Miscellaneous

 Total General Revenues

Change in Net Position

 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		
\$ (470,810)	\$ --	\$ (470,810)		
(26,441,828)	--	(26,441,828)		
(6,303,195)	--	(6,303,195)		
1,866,997	--	1,866,997		
1,009,221	--	1,009,221		
(404,808)	--	(404,808)		
(185,830)	--	(185,830)		
(4,960,919)	--	(4,960,919)		
<u>(35,891,172)</u>	<u>--</u>	<u>(35,891,172)</u>		
--	(176,901)	(176,901)		
--	(176,901)	(176,901)		
<u>(35,891,172)</u>	<u>(176,901)</u>	<u>(36,068,073)</u>		
			\$ (359,035)	\$ --
			<u>--</u>	<u>27,302,085</u>
			<u>(359,035)</u>	<u>27,302,085</u>
11,127,512	--	11,127,512	--	449,660
4,289,039	--	4,289,039	--	--
286,980	--	286,980	--	--
438,268	--	438,268	--	--
1,290,621	2,682	1,293,303	21,893	767,001
736,764	107	736,871	--	6,288
<u>18,169,184</u>	<u>2,789</u>	<u>18,171,973</u>	<u>21,893</u>	<u>1,222,949</u>
(17,721,988)	(174,112)	(17,896,100)	(337,142)	28,525,034
<u>129,142,162</u>	<u>2,427,577</u>	<u>131,569,739</u>	<u>2,902,260</u>	<u>212,735,943</u>
<u>\$ 111,420,174</u>	<u>\$ 2,253,465</u>	<u>\$ 113,673,639</u>	<u>\$ 2,565,118</u>	<u>\$ 241,260,977</u>

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



BASIC FINANCIAL STATEMENTS
Fund Financial Statements





COUNTY OF YUBA

Balance Sheet
Governmental Funds
June 30, 2016

	General	Public Works	Social Services
<u>ASSETS</u>			
Cash and investments	\$ 19,886,337	\$ 22,271,633	\$ 7,773,309
Cash with fiscal agents	--	--	--
Accounts receivable	1,404,139	956,342	1,465,264
Due from other governments	723,023	240,158	1,799,372
Taxes receivable	471,484	--	--
Interest receivable	113,058	48,255	77
Due from other funds	61,780	143,354	519,572
Notes receivable	--	--	--
Inventory	--	70,649	--
Property held for resale	--	--	--
Total Assets	<u>\$ 22,659,821</u>	<u>\$ 23,730,391</u>	<u>\$ 11,557,594</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 1,072,031	\$ 169,492	\$ 185,291
Salaries and benefits payable	1,844,903	211,460	1,611,462
Due to other funds	32,380	10,597	462,369
Unearned revenue	--	--	467,064
Total Liabilities	<u>2,949,314</u>	<u>391,549</u>	<u>2,726,186</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenues	<u>267,700</u>	<u>506,641</u>	<u>1,465,044</u>
<u>FUND BALANCES</u>			
Nonspendable	--	70,649	--
Restricted	2,833,544	4,546,960	7,366,364
Committed	8,348,319	18,214,592	--
Assigned	6,041,022	--	--
Unassigned	2,219,922	--	--
Total Fund Balances	<u>19,442,807</u>	<u>22,832,201</u>	<u>7,366,364</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 22,659,821</u>	<u>\$ 23,730,391</u>	<u>\$ 11,557,594</u>

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

Public Safety	Local Revenue Fund 2011	Yuba Levee Financing Authority Debt Service Fund	Other Governmental	Total
\$ 5,099,236	\$ 10,285,603	\$ 183,858	\$ 12,138,284	\$ 77,638,260
--	--	6,857,588	10,784,034	17,641,622
691,793	--	--	566,628	5,084,166
227,494	1,615,811	--	734,450	5,340,308
--	--	--	--	471,484
3,022	--	128	17,352	181,892
28,279	103,693	--	--	856,678
--	--	10,346,872	8,056,279	18,403,151
--	--	--	--	70,649
--	--	--	357,968	357,968
<u>\$ 6,049,824</u>	<u>\$ 12,005,107</u>	<u>\$ 17,388,446</u>	<u>\$ 32,654,995</u>	<u>\$ 126,046,178</u>
\$ 176,340	\$ 2,610	\$ --	\$ 486,382	\$ 2,092,146
1,961,291	--	--	424,947	6,054,063
28	531,321	--	165,664	1,202,359
--	--	--	--	467,064
<u>2,137,659</u>	<u>533,931</u>	<u>--</u>	<u>1,076,993</u>	<u>9,815,632</u>
185,566	--	--	441,935	2,866,886
--	--	--	--	70,649
1,554,057	11,471,176	17,388,446	30,975,411	76,135,958
--	--	--	--	26,562,911
2,172,542	--	--	160,656	8,374,220
--	--	--	--	2,219,922
<u>3,726,599</u>	<u>11,471,176</u>	<u>17,388,446</u>	<u>31,136,067</u>	<u>113,363,660</u>
<u>\$ 6,049,824</u>	<u>\$ 12,005,107</u>	<u>\$ 17,388,446</u>	<u>\$ 32,654,995</u>	<u>\$ 126,046,178</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, 2016

Fund Balance - total governmental funds	\$ 113,363,660
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.	205,728,989
Unavailable revenues represent amounts not available to fund current expenditures and, therefore, are not reported in the governmental funds.	2,866,886
Deferred outflows of resources - pension	9,054,458
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.	(1,567,795)
Long-term liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds.	
Bonds payable	(77,115,414)
Certificates of participation	(12,755,844)
Capital leases	(7,533,067)
Compensated absences	(6,457,085)
Other post employment benefits	(8,285,604)
Net pension liability	(104,030,319)
Deferred inflows of resources - pension	(7,114,723)
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>5,266,032</u>
Net position of governmental activities	<u>\$ 111,420,174</u>

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



COUNTY OF YUBA

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	<u>General</u>	<u>Public Works</u>	<u>Social Services</u>
Revenues:			
Taxes	\$ 15,677,894	\$ 394,695	\$ --
Licenses, permits, and fees	3,692,043	1,383,000	--
Fines, forfeitures and penalties	1,932,574	40,000	--
Use of money and property	409,758	171,373	184
Intergovernmental	12,734,783	4,791,963	42,937,120
Charges for services	9,926,970	1,696,957	588,223
Other revenues	107,856	9,918	1,332
Total Revenues	<u>44,481,878</u>	<u>8,487,906</u>	<u>43,526,859</u>
Expenditures:			
Current:			
General government	13,251,438	--	--
Public protection	12,738,338	--	--
Public ways and facilities	--	8,676,605	--
Health and sanitation	1,093,029	--	--
Public assistance	351,623	--	49,566,079
Education	436,498	--	--
Recreation and culture	190,952	--	--
Debt Service:			
Principal	--	--	--
Interest	--	--	--
Capital outlay	--	--	--
Total Expenditures	<u>28,061,878</u>	<u>8,676,605</u>	<u>49,566,079</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>16,420,000</u>	<u>(188,699)</u>	<u>(6,039,220)</u>
Other Financing Sources (Uses):			
Certificates of participation issued	--	--	--
Discount on debt issued	--	--	--
Transfers in	1,823,823	3,840	7,651,019
Transfers out	<u>(19,226,133)</u>	<u>(114,322)</u>	<u>(102,190)</u>
Total Other Financing Sources (Uses)	<u>(17,402,310)</u>	<u>(110,482)</u>	<u>7,548,829</u>
Net Changes in Fund Balances	(982,310)	(299,181)	1,509,609
Fund Balances, Beginning of Year, restated	<u>20,425,117</u>	<u>23,131,382</u>	<u>5,856,755</u>
Fund Balances, End of Year	<u>\$ 19,442,807</u>	<u>\$ 22,832,201</u>	<u>\$ 7,366,364</u>

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

Public Safety	Local Revenue Fund 2011	Yuba Levee Financing Authority Debt Service Fund	Other Governmental	Total
\$ --	\$ --	\$ --	\$ 69,210	\$ 16,141,799
60,474	--	61,856	--	5,197,373
155,644	--	--	182,636	2,310,854
331,963	--	243,245	112,275	1,268,798
2,649,270	14,716,291	--	11,012,972	88,842,399
8,320,982	--	--	1,836,285	22,369,417
561,550	--	--	30,780	711,436
<u>12,079,883</u>	<u>14,716,291</u>	<u>305,101</u>	<u>13,244,158</u>	<u>136,842,076</u>
--	--	--	30,483	13,281,921
30,948,542	--	--	3,084,611	46,771,491
--	--	--	1,325,049	10,001,654
--	--	--	5,381,832	6,474,861
--	--	--	4,167,717	54,085,419
--	--	--	--	436,498
--	--	--	--	190,952
--	--	--	567,716	567,716
--	--	--	4,788,907	4,788,907
--	--	--	8,893,611	8,893,611
<u>30,948,542</u>	<u>--</u>	<u>--</u>	<u>28,239,926</u>	<u>145,493,030</u>
<u>(18,868,659)</u>	<u>14,716,291</u>	<u>305,101</u>	<u>(14,995,768)</u>	<u>(8,650,954)</u>
--	--	--	5,650,000	5,650,000
--	--	--	(58,483)	(58,483)
18,053,931	--	--	7,220,408	34,753,021
(300,591)	(12,372,710)	(2,197,861)	(439,214)	(34,753,021)
<u>17,753,340</u>	<u>(12,372,710)</u>	<u>(2,197,861)</u>	<u>12,372,711</u>	<u>5,591,517</u>
(1,115,319)	2,343,581	(1,892,760)	(2,623,057)	(3,059,437)
<u>4,841,918</u>	<u>9,127,595</u>	<u>19,281,206</u>	<u>33,759,124</u>	<u>116,423,097</u>
<u>\$ 3,726,599</u>	<u>\$ 11,471,176</u>	<u>\$ 17,388,446</u>	<u>\$ 31,136,067</u>	<u>\$ 113,363,660</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, 2016

Net change to fund balance - total governmental funds		\$ (3,059,437)
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.		2,239,656
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	\$ 12,569,119	
Less: current year depreciation	<u>(11,808,905)</u>	760,214
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		(5,650,000)
Discount on certificates of participation issued		58,483
Principal repayments on capital leases		567,716
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	(44,545)	
Change in compensated absences	208,220	
Change in interest payable	(127,467)	
Change in net pension liability and related deferred inflows/outflows	(11,735,831)	
Change in OPEB liability	<u>(611,205)</u>	(12,310,828)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenues (expense) of the internal service funds is reported with governmental activities.		<u>(327,792)</u>
Change in net position of governmental activities		<u>\$ (17,721,988)</u>

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

COUNTY OF YUBA

Statement of Net Position
Proprietary Funds
June 30, 2016

	<u>Business-Type Activities - Enterprise Fund Nonmajor Enterprise Fund County Airport</u>	<u>Governmental Activities Internal Service Funds</u>
<u>ASSETS</u>		
Current Assets:		
Cash and investments	\$ 75,837	\$ 4,829,670
Accounts receivable	--	976,199
Due from other governments	49,209	--
Interest receivable	151	7,162
Total Current Assets	<u>125,197</u>	<u>5,813,031</u>
Noncurrent Assets:		
Long-term receivables	39,086	--
Capital assets:		
Non-depreciable	578,433	--
Depreciable, net	1,664,619	726,353
Total Noncurrent Assets	<u>2,282,138</u>	<u>726,353</u>
Total Assets	<u>2,407,335</u>	<u>6,539,384</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts payable	65,585	155,352
Salaries and benefits payable	11,600	--
Compensated absences, current portion	9,842	--
Claims liability, current portion	--	348,000
Total Current Liabilities	<u>87,027</u>	<u>503,352</u>
Noncurrent Liabilities:		
Compensated absences	66,843	--
Claims liability	--	770,000
Total Noncurrent Liabilities	<u>66,843</u>	<u>770,000</u>
Total Liabilities	<u>153,870</u>	<u>1,273,352</u>
<u>NET POSITION</u>		
Net investment in capital assets	2,243,052	726,353
Unrestricted	10,413	4,539,679
Total Net Position	<u>\$ 2,253,465</u>	<u>\$ 5,266,032</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, 2016

	Business-Type Activities - Enterprise Fund	Governmental Activities
	Nonmajor Enterprise Fund County Airport	Internal Service Funds
Operating Revenues:		
User fees and charges	24,600	\$ 16,013,928
Rents and concession	323,958	--
Other revenue	107	33,459
Total Operating Revenues	<u>348,665</u>	<u>16,047,387</u>
Operating Expenses:		
Salaries and benefits	146,652	--
Services and supplies	276,559	16,112,035
Depreciation	221,009	284,967
Total Operating Expenses	<u>644,220</u>	<u>16,397,002</u>
Operating Income (Loss)	<u>(295,555)</u>	<u>(349,615)</u>
Non-Operating Revenue (Expenses):		
Intergovernmental revenue	118,761	--
Interest revenue	2,682	21,823
Total Non-Operating Revenue (Expenses)	<u>121,443</u>	<u>21,823</u>
Change in Net Position	(174,112)	(327,792)
Net Position - Beginning of Year	<u>2,427,577</u>	<u>5,593,824</u>
Net Position - End of Year	<u>\$ 2,253,465</u>	<u>\$ 5,266,032</u>

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

COUNTY OF YUBA

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

	Business-Type Activities - Enterprise Fund Nonmajor Enterprise Fund County Airport	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from customers and users	\$ 299,456	\$ 15,997,628
Cash paid to suppliers for goods and services	(145,203)	--
Cash paid to employees for salaries and benefits	(225,689)	(16,049,451)
Net Cash Provided (Used) by Operating Activities	<u>(71,436)</u>	<u>(51,823)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Loan payments received	19,968	--
Intergovernmental revenues	118,761	--
Net Cash Provided (Used) by Noncapital Financing Activities	<u>138,729</u>	<u>--</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	(70,074)	(407,543)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(70,074)</u>	<u>(407,543)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	2,656	21,049
Net Cash Provided (Used) by Investing Activities	<u>2,656</u>	<u>21,049</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(125)	(438,317)
Cash and Cash Equivalents, Beginning of Year	<u>75,962</u>	<u>5,267,987</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 75,837</u></u>	<u><u>\$ 4,829,670</u></u>

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

continued

COUNTY OF YUBA

Statement of Cash Flows (continued)
 Proprietary Funds
 For the Year Ended June 30, 2016

	<u>Business-Type Activities - Enterprise Fund Nonmajor Enterprise Fund County Airport</u>	<u>Governmental Activities Internal Service Funds</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ (295,555)	\$ (349,615)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	221,009	284,967
Changes in assets and liabilities:		
Receivables	(49,209)	(49,759)
Accounts payable	50,870	65,584
Accrued salaries and benefits	219	--
Compensated absences	1,230	--
Claims liability	--	(3,000)
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (71,436)</u></u>	<u><u>\$ (51,823)</u></u>

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

COUNTY OF YUBA

Statement of Fiduciary Net Position
June 30, 2016

	Agency Funds	Investment Trust Fund	Private Purpose Trust Fund
<u>ASSETS</u>			
Cash and investments	\$ 1,168,968	\$ 215,258,334	\$ 308,369
Interest receivable	4,918	423,002	587
Taxes receivable	6,348,947	--	--
Due from other funds	345,681	--	--
	<hr/>	<hr/>	<hr/>
Total Assets	7,868,514	215,681,336	308,956
	<hr/>	<hr/>	<hr/>
<u>LIABILITIES</u>			
Accounts payable	--	--	28,740
Notes payable	--	--	860,738
Agency obligations	7,868,514	--	--
	<hr/>	<hr/>	<hr/>
Total Liabilities	7,868,514	--	889,478
	<hr/>	<hr/>	<hr/>
<u>NET POSITION</u>			
Net position (deficit) held in trust for other purposes	--	215,681,336	(580,522)
	<hr/>	<hr/>	<hr/>
Total Net Position	\$ --	\$ 215,681,336	\$ (580,522)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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, 2016

	Investment Trust Fund	Private Purpose Trust Fund
	<u> </u>	<u> </u>
<u>Additions</u>		
Interest and investment income	\$ 1,191,078	\$ 1,965
Contributions from participants	103,939,554	--
Contributions from other governments	--	5,999
Other	--	356,894
	<u> </u>	<u> </u>
Total Additions	<u>105,130,632</u>	<u>364,858</u>
 <u>Deductions</u>		
Services and supplies	--	218,246
Distributions to participants	47,623,512	--
	<u> </u>	<u> </u>
Total Deductions	<u>47,623,512</u>	<u>218,246</u>
 Change in net position	57,507,120	146,612
 Net Position - Beginning of Year	<u>158,174,216</u>	<u>(727,134)</u>
 Net Position - End of Year	<u><u>\$ 215,681,336</u></u>	<u><u>\$ (580,522)</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, 2016

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

A. The Reporting Entity

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

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

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

Blended Component Units

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

- Yuba Public Finance Corporation
- 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.

Discretely Presented Component Units

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

COUNTY OF YUBA

Notes to the Basic Financial Statements For the Year Ended June 30, 2016

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

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

Discretely Presented Component Units (continued)

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, 2016

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 *Local Revenue 2011 Fund* is used to account for State realignment revenues used to fund various criminal justice, mental health and social services programs.
- 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.

COUNTY OF YUBA

Notes to the Basic Financial Statements For the Year Ended June 30, 2016

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

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

Fund Financial Statements (continued)

- *Internal Service Funds* account for the County's fleet maintenance services provided to other departments or other governments, the Sheriff's auto service and the County's self-insurance programs. Activities include the County's insurance programs, workers compensation, general liability, health, unemployment, general insurance and short-term disability.
- The *Investment Trust Fund* accounts for the external portion of the County's Investment Pool which commingles resources of legally separate local governments within the County in an investment portfolio for the benefit of all participants. These entities include school and community college districts, other special districts governed by local boards, regional boards and authorities. These funds represent the assets, primarily cash and investments, held by the County in trust for these participants.
- The *Agency Funds* account for assets held by the County as an agent for the state and various local governments. These funds typically do not involve a formal trust agreement and are used to account for situations where the role is purely custodial such as the receipt, temporary investment or remittance of fiduciary resources.
- 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.

COUNTY OF YUBA

Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Cash and Investments

The County follows the practice of pooling cash and investments of all funds with the County Treasurer except for restricted funds held by outside custodians and trustees. In accordance with authorized investment laws, the County Treasurer invests in higher quality securities including various variable rate securities, such as federal agency notes, negotiable certificates of deposit and highly rated corporate medium-term notes.

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

For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments (including restricted assets) with a maturity of three months or less and pooled cash to be cash equivalents.

E. Receivables

Receivables consist mostly of amounts due from other agencies. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

F. Inventory

Inventory consists of expendable supplies held for consumption. Inventories are valued at cost on a first-in, first-out basis. The consumption method of accounting for inventory is used where cost is recorded as an expenditure at the time individual inventory items are used. Reported inventories are equally offset by a corresponding nonspendable portion of fund balance to indicate that they are not available spendable financial resources.

G. Property Held for Resale

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

H. Capital Assets and Depreciation

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

The estimated lives are as follows:

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

COUNTY OF YUBA

Notes to the Basic Financial Statements For the Year Ended June 30, 2016

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 of 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, 2016

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, 2016

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, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Use of Estimates

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

NOTE 2: RESTATEMENT OF FUND EQUITY/NET 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.

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

	Government-Wide Statement of Activities <u>Governmental Activities</u>	Governmental Fund Statements <u>Nonmajor Governmental</u>
Fund balance/net position, June 30, 2015, as previously reported	<u>\$ 125,043,837</u>	<u>\$ 29,660,799</u>
<u>Restatement and Corrections</u>		
Adjust property held for resale and loans receivable for missing loans in Public Assistance Grants Fund based on detailed review performed by department.	<u>4,098,325</u>	<u>4,098,325</u>
Total Restatements and Corrections	<u>4,098,325</u>	<u>4,098,325</u>
Fund balances/net position, July 1, 2015, as restated	<u><u>\$ 129,142,162</u></u>	<u><u>\$ 33,759,124</u></u>

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.

COUNTY OF YUBA

Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

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

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, 2016, total County cash and investments were as follows:

Cash:

Cash on hand	\$ 110,766
Deposits	10,466,122
Outstanding warrants	(7,692,404)
Total cash overdrafts	<u>2,884,484</u>

Investments:

Investment pool	357,569,872
Held with fiscal agents	17,641,622
Total investments	<u>375,211,494</u>
Total cash and investments	<u>\$ 378,095,978</u>

Total cash and investments at June 30, 2016 were presented on the County's financial statements as follows:

Primary government	\$ 100,185,389
Discretely presented component units	61,174,918
Investment trust fund	215,258,334
Agency fund	1,168,968
Private purpose trust fund	<u>308,369</u>
Total	<u>\$ 378,095,978</u>

COUNTY OF YUBA

Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

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, 2016, 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 \$44 million in the California Asset Management Pool (CAMP). The investment policy has a limit of 25% of the investment pool for this investment. However, the majority of the funds in CAMP is invested in accordance with bond agreements. The amount invested in CAMP not related to bond agreements is in compliance with the investment policy. As a result, the County is deemed to be in compliance with the investment policy in this instance.

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Federal Agency Obligations	5 years	None	None
U.S. Treasury Bills	5 years	None	None
State of California Obligations	5 years	None	None
Local Agency Bonds and Obligations	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper - Selected 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	N/A	None	None

COUNTY OF YUBA

Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

At June 30, 2016, the County had the following investments:

	Interest Rates	Maturities	Par	Fair Value	WAM (Years)
Yuba County Investment Pool					
Federal Agency Obligations	0.500% - 1.375%	11/14/16 - 6/5/19	\$ 169,750,000	\$ 169,905,857	3.67
Medium-Term Corporate Notes	0.727% - 3.750%	11/14/14 - 6/4/18	55,000,000	54,975,738	3.21
Municipal Bonds	1.671%	12/1/2018	5,000,000	5,012,160	2.42
California Local Agency Investment Funds	Variable	On Demand	50,000,000	50,000,000	0.00
California Asset Management Pool	Variable	On Demand	44,340,530	44,340,530	0.00
			<u>\$ 324,090,530</u>	<u>\$ 324,234,285</u>	2.51
Yuba County Bond Portfolio					
California Asset Management Pool	Variable	On Demand	\$ 33,335,587	\$ 33,335,587	0.00
			<u>\$ 33,335,587</u>	<u>\$ 33,335,587</u>	0.00
Investments outside Investment Pool					
<i>Cash held with fiscal agent</i>					
Money market mutual funds	Variable	On Demand	\$ 11,046,863	\$ 11,046,863	0.00
California Asset Management Pool	Variable	On Demand	6,594,759	6,594,759	0.00
			<u>\$ 17,641,622</u>	<u>\$ 17,641,622</u>	0.00

Fair Value Measurements

The Pool categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and,
- Level 3: Investments reflect prices based upon unobservable sources

	Fair Value	Fair Value Measurements		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Federal Agency Obligations	\$ 169,905,857	\$ 169,905,857	\$ -	\$ -
Medium-Term Corporate Notes	54,975,738	54,975,738	-	-
Municipal Bonds	5,012,160	5,012,160	-	-
Total Investments by Fair Value Level	<u>229,893,755</u>	<u>\$ 229,893,755</u>	<u>\$ -</u>	<u>\$ -</u>
Investments Measured at Amortized Cost				
California Local Agency Investment Funds	50,000,000			
California Asset Management Pool	84,270,876			
Money Market Mutual Funds	11,046,863			
Total Investments Measured at Amortized Cost	<u>145,317,739</u>			
Total Investments	<u>\$ 375,211,494</u>			

COUNTY OF YUBA

Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

At June 30, 2016, 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 Farm Credit Bank	Federal Agency	\$18,053,946
Federal Home Loan Bank	Federal Agency	45,780,778
Federal Home Loan Mortgage Corp.	Federal Agency	73,363,228
Federal National Mortgage Assn.	Federal Agency	33,074,100
Goldman Sachs	Medium-Term Note	20,099,600

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, 2016.

	<u>Quality Rating Range</u>	<u>% of Portfolio</u>
Federal Agency Obligations	AAA	52.37%
Medium-Term Corporate Notes	AA	1.53%
Medium-Term Corporate Notes	A	15.50%
Municipal Bonds	Unrated	1.58%
California Local Agency Investment Fund	Unrated	15.38%
California Asset Management Pool	Unrated	13.64%
Total		<u>100.00%</u>

COUNTY OF YUBA

Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk

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

Local Agency Investment Fund

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

At June 30, 2016, 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 \$75 billion. Of that amount, 2.81% was invested in structured notes and asset-backed securities with the remaining 97.19% 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, 2016:

Statement of Net Position

Net position held for pool participants	<u>\$ 360,417,387</u>
Equity of external pool participants	\$ 276,741,621
Equity of internal pool participants	83,675,766
Total net position	<u>\$ 360,417,387</u>

Statement of Changes in Net Position

Net position at July 1, 2015	\$ 298,495,070
Net change in investments by pool participants	61,922,317
Net position at June 30, 2016	<u>\$ 360,417,387</u>

COUNTY OF YUBA

Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

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, 2016 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Public Safety	\$ 28
	Social Services	12,995
	Nonmajor Governmental Funds	23,559
	Public Works	10,597
	Local Revenue Fund 2011	14,601
		61,780
Local Revenue Fund 2011	Social Services	103,693
		103,693
Public Works	General Fund	1,249
	Nonmajor Governmental Funds	142,105
		143,354
Social Services	General Fund	31,131
	Local Revenue Fund 2011	488,441
		519,572
Public Safety	Local Revenue Fund 2011	28,279
		28,279
Agency Funds	Social Services	345,681
		345,681
		\$ 1,202,359

COUNTY OF YUBA

Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

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	\$ 14,104,606
	Social Services	211,708
	Nonmajor Governmental Funds	4,909,819
		<u>19,226,133</u>
Local Revenue Fund 2011	Public Safety	3,484,853
	Social Services	7,439,311
	General Fund	1,448,546
		<u>12,372,710</u>
Nonmajor Governmental Funds	Public Safety	400,009
	General Fund	35,365
	Public Works	3,840
		<u>439,214</u>
Public Works	General Fund	114,322
		<u>114,322</u>
Public Safety	Nonmajor Governmental Funds	75,001
	General Fund	225,590
		<u>300,591</u>
Social Services	Public Safety	64,463
	Nonmajor Governmental Funds	37,727
		<u>102,190</u>
Yuba Levee Finance Authority	Nonmajor Governmental Funds	2,197,861
		<u>2,197,861</u>
		<u><u>\$ 34,753,021</u></u>

COUNTY OF YUBA

Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 5: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2016, was as follows:

	Balance July 1, 2015	Additions	Deletions	Transfers & Adjustments	Balance June 30, 2016
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 11,138,609	\$ 662,999	\$ --	\$ --	\$ 11,801,608
Construction in progress	32,368,697	11,691,783	--	(4,749,412)	39,311,068
Total capital assets, not being depreciated	<u>43,507,306</u>	<u>12,354,782</u>	<u>--</u>	<u>(4,749,412)</u>	<u>51,112,676</u>
Capital assets, being depreciated:					
Infrastructure	283,455,306	--	--	4,749,412	288,204,718
Structures and improvements	47,394,837	--	(109,593)	--	47,285,244
Equipment	16,130,913	621,880	(791,344)	--	15,961,449
Total capital assets, being depreciated	<u>346,981,056</u>	<u>621,880</u>	<u>(900,937)</u>	<u>4,749,412</u>	<u>351,451,411</u>
Less accumulated depreciation for:					
Infrastructure	(147,009,126)	(10,344,996)	--	--	(157,354,122)
Structures and improvements	(23,854,858)	(1,164,979)	109,593	--	(24,910,244)
Equipment	(14,051,826)	(583,897)	791,344	--	(13,844,379)
Total accumulated depreciation	<u>(184,915,810)</u>	<u>(12,093,872)</u>	<u>900,937</u>	<u>--</u>	<u>(196,108,745)</u>
Total capital assets, being depreciated, net	162,065,246	(11,471,992)	--	4,749,412	155,342,666
Governmental activities capital assets, net	<u>\$ 205,572,552</u>	<u>\$ 882,790</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 206,455,342</u>
Business-Type Activities					
Capital assets, not being depreciated:					
Land	\$ 508,359	\$ --	\$ --	\$ --	\$ 508,359
Construction in progress	--	70,074	--	--	70,074
Total capital assets, not being depreciated	<u>508,359</u>	<u>70,074</u>	<u>--</u>	<u>--</u>	<u>578,433</u>
Capital assets, being depreciated:					
Structures and improvements	5,851,525	--	--	--	5,851,525
Equipment	260,443	--	--	--	260,443
Total capital assets, being depreciated	<u>6,111,968</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>6,111,968</u>
Less accumulated depreciation for:					
Structures and improvements	(3,995,060)	(206,830)	--	--	(4,201,890)
Equipment	(231,280)	(14,179)	--	--	(245,459)
Total accumulated depreciation	<u>(4,226,340)</u>	<u>(221,009)</u>	<u>--</u>	<u>--</u>	<u>(4,447,349)</u>
Total capital assets, being depreciated, net	1,885,628	(221,009)	--	--	1,664,619
Business-type activities capital assets, net	<u>\$ 2,393,987</u>	<u>\$ (150,935)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 2,243,052</u>

COUNTY OF YUBA

Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 5: CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to governmental functions as follows:

General government	\$ 1,213,159
Public protection	48,982
Public ways and facilities	10,478,125
Health and sanitation	6,067
Public assistance	56,266
Education	6,306
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the asset	<u>284,967</u>
Total Depreciation Expense - Governmental Functions	<u><u>\$ 12,093,872</u></u>

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

Airport	<u>\$ 221,009</u>
Total Depreciation Expense - Business-Type Functions	<u><u>\$ 221,009</u></u>

NOTE 6: LONG-TERM LIABILITIES

Long-term debt at June 30, 2016 consisted of the following:

	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2016</u>
Governmental activities						
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>Sheriff facility improvements</i>	2015	2045	5.00%	\$135,000 - \$435,000	6,425,000	6,425,000
2015 Certificates of Participation <i>Airport Solar Project</i>	2015	2035	2.47% - 4.80%	\$120,000 - \$530,000	<u>5,650,000</u>	<u>5,650,000</u>
Total Governmental Activities					<u><u>\$ 90,445,000</u></u>	<u><u>\$ 90,445,000</u></u>

COUNTY OF YUBA

Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

The following is a summary of long-term liability transactions for the year ended June 30, 2016:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Amounts Due Within One Year
Governmental Activities					
Bonds payable	\$ 78,370,000	\$ --	\$ --	\$ 78,370,000	\$ --
Less: unamortized discount	(1,321,703)	--	67,117	(1,254,586)	--
Certificates of participation	6,425,000	5,650,000	--	12,075,000	--
Add: unamortized premium	761,899	--	(25,496)	736,403	--
Less: unamortized discount	--	(58,483)	2,924	(55,559)	--
Capital leases	8,100,783	--	(567,716)	7,533,067	618,925
Compensated absences	6,665,305	3,452,113	(3,660,333)	6,457,085	2,468,149
Liability for self-insurance	1,121,000	712,000	(715,000)	1,118,000	348,000
Total Governmental Activities Long-term Liabilities	\$ 100,122,284	\$ 9,755,630	\$ (4,898,504)	\$ 104,979,410	\$ 3,435,074
Business-type Activities					
Compensated absences	\$ 75,455	\$ 11,072	\$ (9,842)	\$ 76,685	\$ 9,842
Total Business-type Activities Long-term Liabilities	\$ 75,455	\$ 11,072	\$ (9,842)	\$ 76,685	\$ 9,842

As of June 30, 2016, 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
2017	\$ --	\$ 572,276	\$ --	\$ 4,047,583
2018	120,000	570,794	--	4,047,583
2019	140,000	567,238	--	4,047,583
2020	155,000	562,623	2,245,000	3,979,110
2021	305,000	557,293	2,380,000	3,836,263
2022-2026	1,880,000	2,564,519	14,385,000	16,678,884
2027-2031	2,635,000	2,047,731	18,595,000	12,496,728
2032-2036	3,600,000	1,301,230	23,590,000	7,357,250
2037-2041	1,625,000	655,000	17,175,000	1,315,875
2042-2045	1,615,000	206,750	--	--
	\$ 12,075,000	\$ 9,605,454	\$ 78,370,000	\$ 57,806,859

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, 2016

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, 2016:

	<u>Stated Interest Rate</u>	<u>Remaining Payments as of June 30, 2016</u>
Solar panels	4.50%	<u>\$ 7,533,067</u>
		<u><u>\$ 7,533,067</u></u>

As of June 30, 2016, future minimum lease payments under capital leases was as follows:

<u>Year Ending June 30:</u>	<u>Governmental Activities</u>
2017	\$ 951,028
2018	977,342
2019	724,201
2020	755,094
2021	787,368
2022-2026	4,473,821
2027-2030	<u>1,013,720</u>
Total Future Minimum Lease Payments	9,682,574
Less: Interest	<u>(2,149,507)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 7,533,067</u></u>

The County leases energy services building improvements under certain lease obligations as capital leases. Included in the governmental activities are the following capital asset amounts under capital leases:

	<u>Governmental Activities</u>
Structures and improvements	\$ 10,215,754
Less: Accumulated depreciation	<u>(1,453,223)</u>
Totals	<u><u>\$ 8,762,531</u></u>

COUNTY OF YUBA

Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 7: LEASES (CONTINUED)

Operating Leases

The County has commitments under long-term operating lease agreements. During the fiscal year ended June 30, 2016, the County paid rents on these leases of \$2,885,966. Future minimum lease payments are as follows:

<u>Year Ending June 30:</u>	<u>Governmental Activities</u>
2017	\$ 2,958,115
2018	3,032,068
2019	3,107,870
2020	3,185,566
2021	3,265,205
2022-2026	17,592,067
2027-2031	19,903,809
2032-2036	22,519,334
2037-2041	25,478,599
2042	5,484,180
Total Future Minimum Lease Payments	<u><u>\$ 106,526,813</u></u>

NOTE 8: REVOLVING NOTES RECEIVABLE

At June 30, 2016, the County had \$8,056,279 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	\$ 4,964,057
HOME Investment Partnerships Program	2,855,506
EDBG Economic Development Initiative	236,716
	<u><u>\$ 8,056,279</u></u>

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, 2016

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, 2016, are summarized as follows:

	Miscellaneous	
	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	6.98%	6.25%
Required employer contribution rates	17.60%	17.60%

	Safety	
	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	9.02%	10.75%
Required employer contribution rates	22.15%	20.05%

Employees Covered – At June 30, 2016, the following employees were covered by the benefit terms for each Plan:

	Miscellaneous	Safety
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
	3,342	470

COUNTY OF YUBA

Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 9: PUBLIC EMPLOYEE RETIREMENT SYSTEM (continued)

A. General Information about the Pension Plans (continued)

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.

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, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 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, 2014 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous	Safety
Valuation Date	June 30, 2014	June 30, 2014
Measurement Date	June 30, 2015	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.65%	7.65%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	3.30% - 14.20% (1)	3.30% - 14.20% (1)
Investment Rate of Return	7.50% (2)	7.50% (2)
Mortality	Derived using CalPERS' Membership Data for All Funds Contract COLA up to 2.75% until Purchasing Power	
Post Retirement Benefit	Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter	

(1) Depending on age, service, and type of engagement

(2) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a 2010 actuarial experience study for the period 1997 to 2007. Further details of the Experience Study can found on the CalPERS website.

COUNTY OF YUBA

Notes to the Basic Financial Statements For the Year Ended June 30, 2016

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

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

Discount Rate – The discount rate used to measure the total pension liability was 7.65% 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 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65 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.

In prior years the discount rate was 7.50%, net of administrative expense, but beginning with the June 30, 2014 valuation date, the discount rate was changed to 7.65% to exclude administrative expenses.

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.

COUNTY OF YUBA

Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 9: PUBLIC EMPLOYEE RETIREMENT SYSTEM (continued)

B. Net Pension Liability (continued)

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%
Total	100.0%		

- (a) An expected inflation of 2.5% used for this period.
(b) An expected inflation of 3.0% used for this period.

C. Changes in the Net Pension Liability

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

Miscellaneous Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2014	\$ 266,919,688	\$ 198,263,778	\$ 68,655,910
Changes in the year:			
Service cost	5,314,156	--	5,314,156
Interest on total pension liability	19,706,715	--	19,706,715
Changes in assumptions	(4,754,339)	--	(4,754,339)
Difference between expected and actual experience	1,478,766	--	1,478,766
Contribution - employer	--	5,814,663	(5,814,663)
Contribution - employee	--	2,665,719	(2,665,719)
Net investment income	--	4,447,902	(4,447,902)
Benefit payments, including refunds of employee contributions	(12,081,083)	(12,081,083)	--
Administrative expense	--	(223,206)	223,206
Proportional differences between County and Court shares	(2,656,540)	(565,835)	(2,090,705)
Net Changes	7,007,675	58,160	6,949,515
Balance at June 30, 2015	\$ 273,927,363	\$ 198,321,938	\$ 75,605,425

The above schedule excludes the Court's share of the Miscellaneous Plan determined at June 30, 2016 to be 5.134 percent of the Plan's total pension liability and fiduciary net position. The County's portion is 94.866 percent.

COUNTY OF YUBA

Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

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

C. Changes in the Net Pension Liability (continued)

Safety Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2014	\$ 99,636,563	\$ 72,994,512	\$ 26,642,051
Changes in the year:			
Service cost	2,693,121	--	2,693,121
Interest on total pension liability	7,354,519	--	7,354,519
Changes in assumptions	(1,980,769)	--	(1,980,769)
Difference between expected and actual experience	(1,069,461)	--	(1,069,461)
Contribution - employer	--	2,533,127	(2,533,127)
Contribution - employee	--	1,144,463	(1,144,463)
Net investment income	--	1,620,946	(1,620,946)
Benefit payments, including refunds of employee contributions	(3,590,777)	(3,590,777)	--
Administrative expense	--	(83,970)	83,970
Net Changes	<u>3,406,633</u>	<u>1,623,789</u>	<u>1,782,844</u>
Balance at June 30, 2015	<u>\$ 103,043,196</u>	<u>\$ 74,618,301</u>	<u>\$ 28,424,895</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:

	Miscellaneous	Safety
1% Decrease	6.65%	6.65%
Net Pension Liability	\$ 111,694,085	\$ 43,820,351
Current Discount Rate	7.65%	7.65%
Net Pension Liability	\$ 75,605,425	\$ 28,424,895
1% Increase	8.65%	8.65%
Net Pension Liability	\$ 45,603,168	\$ 15,834,658

COUNTY OF YUBA

Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

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, 2016, the County recognized pension expense of \$7,683,814. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 118,168	\$ -
Changes in assumptions	-	4,776,598
Net differences between projected and actual earnings on pension plan investments	-	2,338,125
County contributions subsequent to the measurement date	8,936,290	-
Total	\$ 9,054,458	\$ 7,114,723

The County reported \$8,936,290 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:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2017	\$ (3,407,129)
2018	(3,407,127)
2019	(2,315,270)
2020	2,305,626
2021	(172,655)
Thereafter	--
Total	\$ (6,996,555)

NOTE 10: **RISK MANAGEMENT**

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

COUNTY OF YUBA

Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

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

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.

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 \$1,118,000 as reported in the internal service funds at June 30, 2016, 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, 2016 and 2015 were as follows:

	<u>2016</u>	<u>2015</u>
Unpaid claims, beginning of year	\$ 1,121,000	\$ 1,133,000
Estimated claims incurred and adjustments	712,000	728,000
Claims payments	<u>(715,000)</u>	<u>(740,000)</u>
Unpaid claims, end of year	<u>\$ 1,118,000</u>	<u>\$ 1,121,000</u>

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, 2016

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, 2016:

Annual Required Contribution	\$ 1,180,000
Interest on Net OPEB obligation	301,000
Adjustment to ARC	<u>(663,000)</u>
Annual OPEB cost (expense)	818,000
Contributions made	<u>(206,795)</u>
Increase in net OPEB obligation	611,205
Net OPEB obligation - beginning of year	<u>7,674,399</u>
Net OPEB obligation - end of year	<u><u>\$ 8,285,604</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 2015/16 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>
6/30/16	\$ 818,000	27.4%	\$ 8,285,604
6/30/15	779,000	25.0%	7,674,399
6/30/14	1,117,992	17.4%	7,090,399

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)	10,447,000
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll (active Plan members)	\$ 48,861,000
UAAL as a percentage of covered payroll	21.38%

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 basic 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, 2016

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, 2016 was 22 years.

NOTE 12: NET POSITION/FUND BALANCES

Net Position

The government-wide statement of net position reports \$73,212,570 million of restricted net position, none of which is restricted by enabling legislation. Net investment in capital assets was comprised of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets, net of accumulated depreciation	\$ 206,455,342	\$ 2,243,052
Outstanding principal of capital-related debt	(20,288,911)	--
Unspent capital debt proceeds	<u>4,189,275</u>	<u>--</u>
Net investment in capital assets	<u>\$ 190,355,706</u>	<u>\$ 2,243,052</u>

Net position was restricted for the following purposes:

Capital projects	\$ 6,673,952
Debt service	15,820,651
Other restrictions:	
Public assistance programs	16,571,804
Public facilities	10,445,030
Public safety	16,607,479
Public health	<u>7,093,739</u>
	<u>\$73,212,655</u>

COUNTY OF YUBA

Notes to the Basic Financial Statements
For the Year Ended June 30, 2016

NOTE 12: NET POSITION/FUND BALANCES (CONTINUED)

Fund Balances

Details of the fund balance classifications of the governmental funds as of June 30, 2016, are as follows:

	General Fund	Public Works	Social Services	Public Safety	Local Revenue Fund 2011	Yuba Levee Financing Authority Debt Ser.	Other Governmental Funds	Total
Nonspendable:								
Inventory	\$ --	\$ 70,649	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 70,649
Loans receivable	--	--	--	--	--	--	--	--
Prepays	--	--	--	--	--	--	--	--
Total Nonspendable	--	70,649	--	--	--	--	--	70,649
Restricted for:								
Public protection	2,163,270	--	--	1,554,057	11,471,176	--	1,069,478	16,257,981
Public assistance	--	--	7,366,364	--	--	--	9,205,440	16,571,804
Health and sanitation	670,274	--	--	--	--	--	4,516,486	5,186,760
Public ways and facilities	--	4,546,960	--	--	--	--	5,320,780	9,867,740
Debt service	--	--	--	--	--	17,388,446	--	17,388,446
Capital projects	--	--	--	--	--	--	10,863,227	10,863,227
Total Restricted	2,833,544	4,546,960	7,366,364	1,554,057	11,471,176	17,388,446	30,975,411	76,135,958
Committed:								
Public protection	5,525,782	--	--	--	--	--	--	5,525,782
Health and sanitation	624,650	--	--	--	--	--	--	624,650
Public ways and facilities	--	18,214,592	--	--	--	--	--	18,214,592
Education	1,596,229	--	--	--	--	--	--	1,596,229
Capital projects	593,464	--	--	--	--	--	--	593,464
Recreation and culture	8,194	--	--	--	--	--	--	8,194
Total Committed	8,348,319	18,214,592	--	--	--	--	--	26,562,911
Assigned to:								
General contingencies	2,572,912	--	--	--	--	--	--	2,572,912
Public protection	--	--	--	2,172,542	--	--	--	2,172,542
Capital projects	3,468,110	--	--	--	--	--	160,656	3,628,766
Other	--	--	--	--	--	--	--	--
Total Assigned	6,041,022	--	--	2,172,542	--	--	160,656	8,374,220
Unassigned	2,219,922	--	--	--	--	--	--	2,219,922
Total Fund Balances	\$ 19,442,807	\$ 22,832,201	\$ 7,366,364	\$ 3,726,599	\$ 11,471,176	\$ 17,388,446	\$ 31,136,067	\$ 113,363,660

NOTE 13: COMMITMENTS AND CONTINGENCIES

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.

Construction Commitments - The County has entered into various contracts for the construction of certain projects. At June 30, 2016, the County has outstanding commitments of \$16,121,180 for road, bridge and other construction projects.

COUNTY OF YUBA

Notes to the Basic Financial Statements For the Year Ended June 30, 2016

NOTE 14: **JOINT VENTURE**

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

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

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

At June 30, 2016, the Authority's investment account in the County's investment pool had a balance of \$7,084,911.

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: **SUBSEQUENT EVENTS**

During December 2016, The County issued \$58,845,000 and \$14,035,000 in refunding bonds with interest rates ranging from 1.625% to 5.0%. The proceeds were used to advance refund \$64,175,000 and \$14,195,000 of outstanding Series A and B levee improvement revenue bonds which had interest rates ranging from 4.73% to 6.375%. The net proceeds of \$82,011,949 (including a \$3,663,531 premium and release of \$6,761,114 of reserve funds and after payment of \$1,292,707 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service on the refunded bonds. As a result, the 2008 Series A and B levee improvement revenue bonds are considered defeased and the liability of those bonds will be removed from the statement of net position next fiscal year.

During December 2016, the County refinanced the current \$7.5 million balance of the 2011 solar lease with the bank with a 2016 equipment lease of \$11.1 million with the Yuba County Water Agency. The 2016 Equipment lease has maximum interest rate of 2.5% with a final maturity of 2031. The original agreement for the 2011 bonds had an interest rate of 4.5%. The refinancing will result in a cost savings of approximately \$650,000. Of the \$11.1 million, approximately \$7.535 million will be allocated to refunding of the 2011 solar lease and \$3.515 million will be allocated to the Sheriff Facility Project. The 2016 Equipment lease will be secured by solar equipment acquired in 2011 and 2015.



REQUIRED SUPPLEMENTARY INFORMATION



COUNTY OF YUBA

Required Supplementary Information
For the Year Ended June 30, 2016

SCHEDULE OF CHANGE IN THE NET PENSION LIABILITY AND RELATED RATIOS

	Reporting Fiscal Year (Measurement Date)			
	Miscellaneous Plans		Safety Plans	
	2016 (2015)	2015 (2014)	2016 (2015)	2015 (2014)
Last 10 Fiscal Years*				
Total Pension Liability				
Service Cost	\$ 5,314,155	\$ 5,211,955	\$ 2,693,121	\$ 2,437,213
Interest on total pension liability	19,706,715	21,174,313	7,354,519	6,435,741
Differences: (gain) or loss	--	(1,373,630)	--	(975,165)
Changes of assumptions	(4,754,339)	11,225,919	(1,980,769)	7,834,470
Differences between expected and actual experience	1,478,766	--	(1,069,461)	--
Benefit payments, including refunds of employee contributions	(12,081,083)	(11,770,502)	(3,590,777)	(3,493,738)
Net change in total pension liability	<u>9,664,214</u>	<u>24,468,055</u>	<u>3,406,633</u>	<u>12,238,521</u>
Total pension liability - beginning	<u>266,919,688</u>	<u>242,451,633</u>	<u>98,567,102</u>	<u>86,328,581</u>
Total pension liability - ending	<u>\$ 276,583,902</u>	<u>\$ 266,919,688</u>	<u>\$ 101,973,735</u>	<u>\$ 98,567,102</u>
Plan fiduciary net position				
Contributions - employer	\$ 5,814,663	\$ 5,229,573	\$ 2,533,127	\$ 2,238,972
Contributions - employee	2,665,719	2,505,418	1,144,463	1,075,491
Net investment income	4,447,902	29,704,646	1,620,946	10,865,915
Benefit payments, including refunds of employee contributions	(12,081,083)	(11,770,502)	(3,590,777)	(3,493,738)
Administrative expense	(223,206)	--	(83,970)	--
Other charges	2,090,704	67,050	(960,890)	(8,858)
Net change in plan fiduciary net position	<u>2,714,699</u>	<u>25,736,185</u>	<u>662,899</u>	<u>10,677,782</u>
Plan fiduciary net position - beginning	<u>198,263,778</u>	<u>172,527,593</u>	<u>72,885,941</u>	<u>62,208,159</u>
Plan fiduciary net position - ending	<u>\$ 200,978,477</u>	<u>\$ 198,263,778</u>	<u>\$ 73,548,840</u>	<u>\$ 72,885,941</u>
Net pension liability - ending	<u>\$ 75,605,425</u>	<u>\$ 68,655,910</u>	<u>\$ 28,424,895</u>	<u>\$ 25,681,161</u>
Plan fiduciary net percentage as a percentage of the total pension liability	72.66%	74.28%	72.13%	73.95%
Covered - employee payroll	\$ 38,865,954	\$ 35,023,339	\$ 12,317,604	\$ 11,620,732
Net pension liability as a percentage of covered-employee payroll	194.53%	196.03%	230.77%	220.99%
Notes to Schedule;				
Valuation date:	6/30/2014	6/30/2013	6/30/2014	6/30/2013

*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, 2016

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:

	Reporting Fiscal Year (Measurement Date)			
	Miscellaneous Plan		Safety Plan	
	2016 (2015)	2015 (2014)	2016 (2015)	2015 (2014)
Actuarially determined contribution	\$ 6,129,345	\$ 5,229,573	\$ 2,533,127	\$ 2,238,972
Contributions related to the actuarially determined contribution	(6,129,345)	(5,229,573)	(2,533,127)	(2,238,972)
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
County's covered-employee payroll	\$38,865,954	\$35,023,339	\$12,317,604	\$11,620,732
Contributions as a percentage of covered-employee payroll	15.77%	14.93%	20.57%	19.27%

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

Notes to schedule

Valuation date:	6/30/2014	6/30/2013	6/30/2014	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 expense,
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	0.00%	\$ 47,258,000	20.78%
June 30, 2011	11,859,000	--	11,859,000	0.00%	48,804,000	24.30%
June 30, 2013 *	10,447,000	--	10,447,000	0.00%	48,861,000	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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 15,188,814	\$ 15,188,814	\$ 15,677,894	\$ 489,080
Licenses, permits, and fees	3,292,552	3,292,552	1,623,102	(1,669,450)
Fines, forfeits and penalties	1,445,000	1,445,000	1,462,030	17,030
Use of money and property	306,000	306,000	326,874	20,874
Intergovernmental	12,448,368	12,678,067	12,683,993	5,926
Charges for services	8,692,374	8,491,276	7,023,007	(1,468,269)
Other revenues	56,272	73,207	107,621	34,414
Total Revenues	41,429,380	41,474,916	38,904,521	(2,570,395)
Expenditures:				
General government	28,583,171	29,324,842	13,104,490	16,220,352
Public protection	13,469,759	13,952,398	12,738,338	1,214,060
Health and sanitation	1,338,246	1,338,246	1,078,407	259,839
Public assistance	310,603	310,603	299,274	11,329
Education	479,167	479,167	436,498	42,669
Recreation and culture	180,000	180,000	187,557	(7,557)
Total Expenditures	44,360,946	45,585,256	27,844,564	17,740,692
Excess Deficiency of Revenues Over (Under) Expenditures	(2,931,566)	(4,110,340)	11,059,957	15,170,297
Other Financing Sources (Uses):				
Transfers in	1,506,649	2,586,956	5,464,333	2,877,377
Transfers out	(447,093)	(447,093)	(16,222,075)	(15,774,982)
Total Other Financing Sources (Uses)	1,059,556	2,139,863	(10,757,742)	(12,897,605)
Net Change in Fund Balances	\$ (1,872,010)	\$ (1,970,477)	302,215	\$ 2,272,692
Fund Balance - Beginning of Year			1,536,266	
Fund Balance - End of Year			<u>\$ 1,838,481</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	\$ 38,904,521	\$ 5,577,357	\$ 44,481,878
Total expenditures	27,844,564	217,314	28,061,878
Revenues over (under) expenditures	11,059,957	5,360,043	16,420,000
Total other financing sources (uses)	(10,757,742)	(6,644,568)	(17,402,310)
Net change in fund balances	<u>\$ 302,215</u>	<u>\$ (1,284,525)</u>	<u>\$ (982,310)</u>

COUNTY OF YUBA

Budgetary Comparison Schedule
Public Works
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 446,784	\$ 394,695	\$ 394,695	\$ --
Licenses, permits, and fees	105,000	105,000	123,827	18,827
Fines, forfeits and penalties	40,000	40,000	40,000	--
Use of money and property	18,000	18,000	23,385	5,385
Intergovernmental	11,730,255	10,919,873	4,791,963	(6,127,910)
Charges for services	1,044,680	962,174	1,618,574	656,400
Other revenues	10,000	10,000	9,918	(82)
Total Revenues	13,394,719	12,449,742	7,002,362	(5,447,380)
Expenditures:				
Current:				
Public way and facilities	22,503,449	19,902,680	8,676,605	11,226,075
Total Expenditures	22,503,449	19,902,680	8,676,605	11,226,075
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,108,730)	(7,452,938)	(1,674,243)	5,778,695
Other Financing Sources (Uses):				
Transfers in	8,421,228	6,771,363	3,839	(6,767,524)
Transfers out	--	(5,927)	--	5,927
Total Other Financing Sources (Uses)	8,421,228	6,765,436	3,839	(6,761,597)
Net Change in Fund Balances	\$ (687,502)	\$ (687,502)	(1,670,404)	\$ (982,902)
Fund Balance - Beginning of Year			4,413,468	
Fund Balance - End of Year			\$ 2,743,064	

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	\$ 7,002,362	\$ 1,485,544	\$ 8,487,906
Total expenditures	8,676,605	--	8,676,605
Revenues over (under) expenditures	(1,674,243)	1,485,544	(188,699)
Total other financing sources (uses)	3,839	(114,321)	(110,482)
Net change in fund balances	\$ (1,670,404)	\$ 1,371,223	\$ (299,181)

COUNTY OF YUBA

Budgetary Comparison Schedule
Social Services Fund
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 53,674,844	\$ 53,934,101	\$ 30,114,843	\$(23,819,258)
Charges for services	664,265	664,265	553,422	(110,843)
Other revenues	--	--	1,332	1,332
Total Revenues	<u>54,339,109</u>	<u>54,598,366</u>	<u>30,669,597</u>	<u>(23,928,769)</u>
Expenditures:				
Current:				
Public assistance	56,736,209	57,025,466	49,419,372	7,606,094
Total Expenditures	<u>56,736,209</u>	<u>57,025,466</u>	<u>49,419,372</u>	<u>7,606,094</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,397,100)</u>	<u>(2,427,100)</u>	<u>(18,749,775)</u>	<u>(16,322,675)</u>
Other Financing Sources (Uses):				
Transfers in	--	--	7,519,406	7,519,406
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>7,519,406</u>	<u>7,519,406</u>
Net Change in Fund Balances	<u>\$ (2,397,100)</u>	<u>\$ (2,427,100)</u>	(11,230,369)	<u>\$ (8,803,269)</u>
Fund Balances - Beginning of Year			<u>2,342,018</u>	
Fund Balances - End of Year			<u>\$ (8,888,351)</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>\$ 30,669,597</u>	<u>\$ 12,857,262</u>	<u>\$ 43,526,859</u>
Total expenditures	<u>49,419,372</u>	<u>146,707</u>	<u>49,566,079</u>
Revenues over (under) expenditures	(18,749,775)	12,710,555	(6,039,220)
Total other financing sources (uses)	<u>7,519,406</u>	<u>29,423</u>	<u>7,548,829</u>
Net change in fund balances	<u>\$ (11,230,369)</u>	<u>\$ 12,739,978</u>	<u>\$ 1,509,609</u>

COUNTY OF YUBA

Budgetary Comparison Schedule
Public Safety
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Licenses, permits, and fees	\$ 45,010	\$ 45,010	\$ 60,474	\$ 15,464
Use of money and property	488,400	354,569	321,761	(32,808)
Intergovernmental	5,808,861	5,852,821	2,574,049	(3,278,772)
Charges for services	9,839,043	9,839,043	6,461,653	(3,377,390)
Other revenues	1,000	1,000	2,767	1,767
Total Revenues	<u>16,182,314</u>	<u>16,092,443</u>	<u>9,420,704</u>	<u>(6,671,739)</u>
Expenditures:				
Current:				
Public protection	<u>31,390,345</u>	<u>31,334,163</u>	<u>30,873,890</u>	<u>460,273</u>
Total Expenditures	<u>31,390,345</u>	<u>31,334,163</u>	<u>30,873,890</u>	<u>460,273</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(15,208,031)</u>	<u>(15,241,720)</u>	<u>(21,453,186)</u>	<u>(6,211,466)</u>
Other Financing Sources (Uses):				
Transfers in	14,476,396	14,510,085	17,489,468	2,979,383
Transfers out	<u>(75,000)</u>	<u>(75,000)</u>	<u>(75,000)</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>14,401,396</u>	<u>14,435,085</u>	<u>17,414,468</u>	<u>2,979,383</u>
Net Change in Fund Balances	<u>\$ (806,635)</u>	<u>\$ (806,635)</u>	(4,038,718)	<u>\$ (3,232,083)</u>
Fund Balances - Beginning of Year			<u>2,262,232</u>	
Fund Balances - End of Year			<u>\$ (1,776,486)</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>\$ 9,420,704</u>	<u>\$ 2,659,179</u>	<u>\$ 12,079,883</u>
Total expenditures	<u>30,873,890</u>	<u>74,652</u>	<u>30,948,542</u>
Revenues over (under) expenditures	(21,453,186)	2,584,527	(18,868,659)
Total other financing sources (uses)	<u>17,414,468</u>	<u>338,872</u>	<u>17,753,340</u>
Net change in fund balances	<u>\$ (4,038,718)</u>	<u>\$ 2,923,399</u>	<u>\$ (1,115,319)</u>

COUNTY OF YUBA

Budgetary Comparison Schedule
Local Revenue Fund 2011
For the Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ --	\$ --	\$ 14,716,291	\$ 14,716,291
Total Revenues	<u> --</u>	<u> --</u>	<u>14,716,291</u>	<u>14,716,291</u>
Other Financing Sources (Uses):				
Transfers out	<u> --</u>	<u> --</u>	<u>(12,372,710)</u>	<u>(12,372,710)</u>
Total Other Financing Sources (Uses)	<u> --</u>	<u> --</u>	<u>(12,372,710)</u>	<u>(12,372,710)</u>
Net Change in Fund Balances	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>	2,343,581	<u><u>\$ 2,343,581</u></u>
Fund Balances - Beginning of Year			<u>9,127,595</u>	
Fund Balances - End of Year			<u><u>\$ 11,471,176</u></u>	

COUNTY OF YUBA

Notes to Required Supplementary Information For the Year Ended June 30, 2016

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. The County is not required to submit a budget for the Local Revenue 2011 Fund and as such, budgetary information for that fund is not available.

SUPPLEMENTARY INFORMATION



Nonmajor Governmental Funds

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

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



COUNTY OF YUBA

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue			
	Fish & Game	Health Service Fund	Child Support Services	County IHSS Authority
<u>Assets</u>				
Cash and investments	\$ 25,124	\$ 4,178,448	\$ 1,234,842	\$ 204,690
Cash with fiscal agent	--	--	--	--
Accounts receivable	107	356,155	--	93,328
Due from other governments	--	464,236	--	--
Interest receivable	--	799	2,977	--
Notes receivable	--	--	--	--
Property held for resale	--	--	--	--
Total Assets	\$ 25,231	\$ 4,999,638	\$ 1,237,819	\$ 298,018
<u>Liabilities</u>				
Accounts payable	\$ 250	\$ 95,637	\$ 7,931	\$ --
Salaries and benefits payable	--	242,943	182,004	--
Due to other funds	--	655	3,387	--
Total Liabilities	250	339,235	193,322	--
<u>Deferred Inflows of Resources</u>				
Unavailable revenue	--	348,607	--	93,328
<u>Fund Balance</u>				
Restricted	24,981	4,311,796	1,044,497	204,690
Assigned	--	--	--	--
Total Fund Balances	24,981	4,311,796	1,044,497	204,690
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 25,231	\$ 4,999,638	\$ 1,237,819	\$ 298,018

continued

COUNTY OF YUBA

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2016

	Special Revenue			
	Grants	Micro Enterprise (Yubasut)	County Service Areas	Public Assistance Programs
<u>Assets</u>				
Cash and investments	\$ --	\$ 167	\$ 5,338,404	\$ 859,275
Cash with fiscal agent	--	--	--	--
Accounts receivable	--	825	--	100,813
Due from other governments	--	--	--	--
Interest receivable	--	3	12,334	1,230
Notes receivable	--	--	--	8,056,279
Property held for resale	--	--	--	357,968
Total Assets	\$ --	\$ 995	\$ 5,350,738	\$ 9,375,565
<u>Liabilities</u>				
Accounts payable	\$ --	\$ --	\$ 29,647	\$ 9,809
Salaries and benefits payable	--	--	--	--
Due to other funds	--	--	311	161,311
Total Liabilities	--	--	29,958	171,120
<u>Deferred Inflows of Resources</u>				
Unavailable revenue	--	--	--	--
<u>Fund Balance</u>				
Restricted	--	995	5,320,780	9,204,445
Assigned	--	--	--	--
Total Fund Balances	--	995	5,320,780	9,204,445
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ --	\$ 995	\$ 5,350,738	\$ 9,375,565

continued

COUNTY OF YUBA

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2016

	Capital Projects		
	Jail Improvement Construction	Grant-financed Capital Projects	YLFA Bond Construction
<u>Assets</u>			
Cash and investments	\$ 145,256	\$ 61,777	\$ 66,340
Cash with fiscal agent	--	--	6,594,759
Accounts receivable	15,400	--	--
Due from other governments	--	270,214	--
Interest receivable	--	9	--
Notes receivable	--	--	--
Property held for resale	--	--	--
	<u>\$ 160,656</u>	<u>\$ 332,000</u>	<u>\$ 6,661,099</u>
Total Assets			
<u>Liabilities</u>			
Accounts payable	\$ --	\$ 30,195	\$ --
Salaries and benefits payable	--	--	--
Due to other funds	--	--	--
	<u>--</u>	<u>30,195</u>	<u>--</u>
Total Liabilities			
<u>Deferred Inflows of Resources</u>			
Unavailable revenue	--	--	--
	<u>--</u>	<u>--</u>	<u>--</u>
<u>Fund Balance</u>			
Restricted	--	301,805	6,661,099
Assigned	160,656	--	--
	<u>160,656</u>	<u>301,805</u>	<u>6,661,099</u>
Total Fund Balances			
	<u>160,656</u>	<u>301,805</u>	<u>6,661,099</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 160,656</u>	<u>\$ 332,000</u>	<u>\$ 6,661,099</u>

continued

COUNTY OF YUBA

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2016

	<u>Capital Projects</u> Debt-Financed Capital Projects	Debt Service	Total Nonmajor Governmental Funds
<u>Assets</u>			
Cash and investments	\$ 23,961	\$ --	\$ 12,138,284
Cash with fiscal agent	4,189,275	--	10,784,034
Accounts receivable	--	--	566,628
Due from other governments	--	--	734,450
Interest receivable	--	--	17,352
Notes receivable	--	--	8,056,279
Property held for resale	--	--	357,968
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 4,213,236</u>	<u>\$ --</u>	<u>\$ 32,654,995</u>
<u>Liabilities</u>			
Accounts payable	\$ 312,913	\$ --	\$ 486,382
Salaries and benefits payable	--	--	424,947
Due to other funds	--	--	165,664
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>312,913</u>	<u>--</u>	<u>1,076,993</u>
<u>Deferred Inflows of Resources</u>			
Unavailable revenue	--	--	441,935
	<hr/>	<hr/>	<hr/>
<u>Fund Balance</u>			
Restricted	3,900,323	--	30,975,411
Assigned	--	--	160,656
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>3,900,323</u>	<u>--</u>	<u>31,136,067</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,213,236</u>	<u>\$ --</u>	<u>\$ 32,654,995</u>

COUNTY OF YUBA

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue			
	Fish & Game	Health Service Fund	Child Support Services	County IHSS Authority
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ --
Fines, forfeitures and penalties	4,636	178,000	--	--
Use of money and property	--	2,698	10,615	--
Intergovernmental	--	5,452,067	3,116,897	434,041
Charges for services	--	7,550	--	--
Other revenues	10,451	4,522	5,716	--
Total Revenues	15,087	5,644,837	3,133,228	434,041
Expenditures:				
Current:				
General government	--	--	--	--
Public protection	7,499	--	3,077,112	--
Public ways and facilities	--	--	--	--
Health and sanitation	--	4,848,575	--	533,257
Public assistance	--	89,244	--	--
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	--
Capital outlay	--	--	--	--
Total Expenditures	7,499	4,937,819	3,077,112	533,257
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,588	707,018	56,116	(99,216)
Other Financing Sources (Uses):				
Certificates of participation issued	--	--	--	--
Discount on debt issued	--	--	--	--
Transfers in	--	225,428	--	--
Transfers out	--	(10,364)	--	--
Total Other Financing Sources (Uses)	--	215,064	--	--
Net Change in Fund Balances	7,588	922,082	56,116	(99,216)
Fund Balances - Beginning of Year, as restated	17,393	3,389,714	988,381	303,906
Fund Balances - End of Year	\$ 24,981	\$ 4,311,796	\$1,044,497	\$ 204,690

continued

COUNTY OF YUBA

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2016

	Special Revenue			
	Grants	Micro Enterprise (Yubasut)	County Service Areas	Public Assistance Programs
Revenues:				
Taxes	\$ --	\$ --	\$ 69,210	\$ --
Fines, forfeitures and penalties	--	--	--	--
Use of money and property	--	145	40,461	67,000
Intergovernmental	--	--	1,005	1,698,755
Charges for services	--	--	1,648,008	--
Other revenues	--	--	--	90
Total Revenues	<u>--</u>	<u>145</u>	<u>1,758,684</u>	<u>1,765,845</u>
Expenditures:				
Current:				
General government	--	30,483	--	--
Public protection	--	--	--	--
Public ways and facilities	--	--	1,325,049	--
Health and sanitation	--	--	--	--
Public assistance	--	--	--	4,078,473
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	--
Capital outlay	--	--	--	--
Total Expenditures	<u>--</u>	<u>30,483</u>	<u>1,325,049</u>	<u>4,078,473</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>--</u>	<u>(30,338)</u>	<u>433,635</u>	<u>(2,312,628)</u>
Other Financing Sources (Uses):				
Certificates of participation issued	--	--	--	--
Discount on debt issued	--	--	--	--
Transfers in	--	--	--	--
Transfers out	(10)	--	(203,840)	--
Total Other Financing Sources (Uses)	<u>(10)</u>	<u>--</u>	<u>(203,840)</u>	<u>--</u>
Net Change in Fund Balances	(10)	(30,338)	229,795	(2,312,628)
Fund Balances - Beginning of Year, as restated	<u>10</u>	<u>31,333</u>	<u>5,090,985</u>	<u>11,517,073</u>
Fund Balances - End of Year	<u>\$ --</u>	<u>\$ 995</u>	<u>\$ 5,320,780</u>	<u>\$ 9,204,445</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, 2016

	<u>Capital Projects</u>		
	<u>Jail Improvement Construction</u>	<u>Grant-financed Capital Projects</u>	<u>YLFA Bond Construction</u>
Revenues:			
Taxes	\$ --	\$ --	\$ --
Fines, forfeitures and penalties	--	--	--
Use of money and property	--	12	(12,451)
Intergovernmental	--	310,207	--
Charges for services	180,727	--	--
Other revenues	--	--	--
Total Revenues	<u>180,727</u>	<u>310,219</u>	<u>(12,451)</u>
Expenditures:			
Current:			
General government	--	--	--
Public protection	--	--	--
Public ways and facilities	--	--	--
Health and sanitation	--	--	--
Public assistance	--	--	--
Debt Service:			
Principal	--	--	--
Interest	--	--	--
Capital outlay	--	437,219	1,422,266
Total Expenditures	<u>--</u>	<u>437,219</u>	<u>1,422,266</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>180,727</u>	<u>(127,000)</u>	<u>(1,434,717)</u>
Other Financing Sources (Uses):			
Certificates of participation issued	--	--	--
Discount on debt issued	--	--	--
Transfers in	--	477,603	--
Transfers out	<u>(225,000)</u>	<u>--</u>	<u>--</u>
Total Other Financing Sources (Uses)	<u>(225,000)</u>	<u>477,603</u>	<u>--</u>
Net Change in Fund Balances	(44,273)	350,603	(1,434,717)
Fund Balances - Beginning of Year, as restated	<u>204,929</u>	<u>(48,798)</u>	<u>8,095,816</u>
Fund Balances - End of Year	<u>\$ 160,656</u>	<u>\$ 301,805</u>	<u>\$ 6,661,099</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, 2016

	<u>Capital Projects</u>		<u>Total</u>
	<u>Debt-financed</u>		<u>Nonmajor</u>
	<u>Capital</u>	<u>Debt</u>	<u>Governmental</u>
	<u>Projects</u>	<u>Service</u>	<u>Funds</u>
Revenues:			
Taxes	\$ --	\$ --	\$ 69,210
Fines, forfeitures and penalties	--	--	182,636
Use of money and property	3,795	--	112,275
Intergovernmental	--	--	11,012,972
Charges for services	--	--	1,836,285
Other revenues	10,001	--	30,780
Total Revenues	<u>13,796</u>	<u>--</u>	<u>13,244,158</u>
Expenditures:			
Current:			
General government	--	--	30,483
Public protection	--	--	3,084,611
Public ways and facilities	--	--	1,325,049
Health and sanitation	--	--	5,381,832
Public assistance	--	--	4,167,717
Debt Service:			
Principal	--	567,716	567,716
Interest	--	4,788,907	4,788,907
Capital outlay	7,034,126	--	8,893,611
Total Expenditures	<u>7,034,126</u>	<u>5,356,623</u>	<u>28,239,926</u>
Excess (Deficiency) of Revenues			
Over (Under) Expenditures	<u>(7,020,330)</u>	<u>(5,356,623)</u>	<u>(14,995,768)</u>
Other Financing Sources (Uses):			
Certificates of participation issued	5,650,000	--	5,650,000
Discount on debt issued	(58,483)	--	(58,483)
Transfers in	1,160,754	5,356,623	7,220,408
Transfers out	--	--	(439,214)
Total Other Financing Sources (Uses)	<u>6,752,271</u>	<u>5,356,623</u>	<u>12,372,711</u>
Net Change in Fund Balances	(268,059)	--	(2,623,057)
Fund Balances - Beginning of Year, as restated	<u>4,168,382</u>	<u>--</u>	<u>33,759,124</u>
Fund Balances - End of Year	<u>\$ 3,900,323</u>	<u>\$ --</u>	<u>\$ 31,136,067</u>

Internal Service Funds

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



COUNTY OF YUBA

Combining Balance Sheet
Internal Service Funds
June 30, 2016

	<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	\$ 912,182	\$ 422,388	\$ 1,933,890	\$ 470,160
Accounts receivable	50	316	--	975,833
Interest receivable	<u>51</u>	<u>114</u>	<u>3,994</u>	<u>829</u>
Total Current Assets	<u>912,283</u>	<u>422,818</u>	<u>1,937,884</u>	<u>1,446,822</u>
Capital Assets:				
Depreciable, net	<u>726,353</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Assets	<u>1,638,636</u>	<u>422,818</u>	<u>1,937,884</u>	<u>1,446,822</u>
<u>LIABILITIES AND NET ASSETS</u>				
Current Liabilities:				
Accounts payable	34,646	6,216	28,581	8
Claims liability, current portion	<u>--</u>	<u>--</u>	<u>348,000</u>	<u>--</u>
Total Current Liabilities	34,646	6,216	376,581	8
Long-term Liabilities:				
Claims liability	<u>--</u>	<u>--</u>	<u>770,000</u>	<u>--</u>
Total Liabilities	<u>34,646</u>	<u>6,216</u>	<u>1,146,581</u>	<u>8</u>
Net Position:				
Net investment in capital assets	726,353	--	--	--
Unrestricted	<u>877,637</u>	<u>416,602</u>	<u>791,303</u>	<u>1,446,814</u>
Total Net Position	<u>\$ 1,603,990</u>	<u>\$ 416,602</u>	<u>\$ 791,303</u>	<u>\$ 1,446,814</u>

continued

COUNTY OF YUBA

Combining Balance Sheet (continued)
Internal Service Funds
June 30, 2016

	<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Short-term Disability Insurance</u>	<u>Network Infrastructure</u>	<u>Total</u>
<u>ASSETS</u>					
Current Assets:					
Cash and investments	\$142,948	\$ 586,091	\$ 161,861	\$ 200,150	\$ 4,829,670
Accounts receivable	--	--	--	--	976,199
Interest receivable	289	1,207	372	306	7,162
Total Current Assets	<u>143,237</u>	<u>587,298</u>	<u>162,233</u>	<u>200,456</u>	<u>5,813,031</u>
Capital Assets:					
Depreciable, net	--	--	--	--	726,353
Total Assets	<u>143,237</u>	<u>587,298</u>	<u>162,233</u>	<u>200,456</u>	<u>6,539,384</u>
<u>LIABILITIES AND NET ASSETS</u>					
Current Liabilities:					
Accounts payable	60,489	25,410	2	--	155,352
Claims liability, current portion	--	--	--	--	348,000
Total Current Liabilities	60,489	25,410	2	--	503,352
Long-term Liabilities:					
Claims liability	--	--	--	--	770,000
Total Liabilities	<u>60,489</u>	<u>25,410</u>	<u>2</u>	<u>--</u>	<u>1,273,352</u>
Net Position:					
Net investment in capital assets	--	--	--	--	726,353
Unrestricted	82,748	561,888	162,231	200,456	4,539,679
Total Net Position	<u>\$ 82,748</u>	<u>\$ 561,888</u>	<u>\$ 162,231</u>	<u>\$ 200,456</u>	<u>\$ 5,266,032</u>

COUNTY OF YUBA

Combining Statement of Revenues, Expenses and
Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2016

	<u>Automotive Service</u>	<u>Workers Comp Insurance</u>	<u>Liability Insurance</u>	<u>Health Insurance</u>
Operating Revenues:				
Charges for services	\$ 1,285,420	\$ 1,599,470	\$ 778,736	\$ 11,540,255
Other revenues	33,392	67	--	--
Total Operating Revenues	<u>1,318,812</u>	<u>1,599,537</u>	<u>778,736</u>	<u>11,540,255</u>
 Operating Expenses:				
Services and supplies	990,171	1,744,630	974,387	11,562,771
Depreciation	284,967	--	--	--
Total Operating Expenses	<u>1,275,138</u>	<u>1,744,630</u>	<u>974,387</u>	<u>11,562,771</u>
 Net Operating Income (Loss)	<u>43,674</u>	<u>(145,093)</u>	<u>(195,651)</u>	<u>(22,516)</u>
 Non-Operating Revenues (Expenses):				
Interest income (expense)	172	(3,518)	13,417	3,850
Total Non-Operating Revenue (Expense)	<u>172</u>	<u>(3,518)</u>	<u>13,417</u>	<u>3,850</u>
 Change in Net Position	43,846	(148,611)	(182,234)	(18,666)
 Net Position - Beginning of Year	<u>1,560,144</u>	<u>565,213</u>	<u>973,537</u>	<u>1,465,480</u>
 Net Position - End of Year	<u>\$ 1,603,990</u>	<u>\$ 416,602</u>	<u>\$ 791,303</u>	<u>\$ 1,446,814</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, 2016

	<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Short-Term Disability Insurance</u>	<u>Network Infrastructure</u>	<u>Total</u>
Operating Revenues:					
Charges for services	\$ 62,019	\$ 257,708	\$ 81,264	\$ 409,056	\$ 16,013,928
Other revenues	--	--	--	--	33,459
Total Operating Revenues	<u>62,019</u>	<u>257,708</u>	<u>81,264</u>	<u>409,056</u>	<u>16,047,387</u>
Operating Expenses:					
Services and supplies	146,960	151,247	71,656	470,213	16,112,035
Depreciation	--	--	--	--	284,967
Total Operating Expenses	<u>146,960</u>	<u>151,247</u>	<u>71,656</u>	<u>470,213</u>	<u>16,397,002</u>
Net Operating Income (Loss)	<u>(84,941)</u>	<u>106,461</u>	<u>9,608</u>	<u>(61,157)</u>	<u>(349,615)</u>
Non-Operating Revenues (Expenses):					
Interest income (expense)	953	4,074	1,241	1,634	21,823
Total Non-Operating Revenue (Expense)	<u>953</u>	<u>4,074</u>	<u>1,241</u>	<u>1,634</u>	<u>21,823</u>
Change in Net Position	(83,988)	110,535	10,849	(59,523)	(327,792)
Net Position - Beginning of Year	<u>166,736</u>	<u>451,353</u>	<u>151,382</u>	<u>259,979</u>	<u>5,593,824</u>
Net Position - End of Year	<u>\$ 82,748</u>	<u>\$ 561,888</u>	<u>\$ 162,231</u>	<u>\$ 200,456</u>	<u>\$ 5,266,032</u>

COUNTY OF YUBA

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2016

	Automotive Services	Workers Comp Insurance	Liability Insurance	Health Insurance
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipts from interfund services provided	\$ 1,359,918	\$ 1,602,585	\$ 778,736	\$ 11,446,342
Cash paid to suppliers for goods and services	<u>(993,022)</u>	<u>(1,749,637)</u>	<u>(954,639)</u>	<u>(11,562,827)</u>
Net Cash Provided (Used) by Operating Activities	<u>366,896</u>	<u>(147,052)</u>	<u>(175,903)</u>	<u>(116,485)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received (paid)	<u>156</u>	<u>(3,249)</u>	<u>12,678</u>	<u>4,066</u>
Net Cash Provided (Used) by Investing Activities	<u>156</u>	<u>(3,249)</u>	<u>12,678</u>	<u>4,066</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Acquisition of capital assets	<u>(407,543)</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(407,543)</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(40,491)</u>	<u>(150,301)</u>	<u>(163,225)</u>	<u>(112,419)</u>
Cash and Cash Equivalents, Beginning of Year	<u>952,673</u>	<u>572,689</u>	<u>2,097,115</u>	<u>582,579</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 912,182</u></u>	<u><u>\$ 422,388</u></u>	<u><u>\$ 1,933,890</u></u>	<u><u>\$ 470,160</u></u>

continued

COUNTY OF YUBA

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2016

	<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Short-Term Disability Insurance</u>	<u>Network Infrastructure</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash receipts from interfund services provided	\$ 62,019	\$ 257,708	\$ 81,264	\$ 409,056	\$ 15,997,628
Cash paid to suppliers for goods and services	<u>(86,471)</u>	<u>(160,988)</u>	<u>(71,654)</u>	<u>(470,213)</u>	<u>(16,049,451)</u>
Net Cash Provided (Used) by Operating Activities	<u>(24,452)</u>	<u>96,720</u>	<u>9,610</u>	<u>(61,157)</u>	<u>(51,823)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received (paid)	<u>895</u>	<u>3,713</u>	<u>1,134</u>	<u>1,656</u>	<u>21,049</u>
Net Cash Provided (Used) by Investing Activities	<u>895</u>	<u>3,713</u>	<u>1,134</u>	<u>1,656</u>	<u>21,049</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Acquisition of capital assets	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(407,543)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(407,543)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(23,557)</u>	<u>100,433</u>	<u>10,744</u>	<u>(59,501)</u>	<u>(438,317)</u>
Cash and Cash Equivalents, Beginning of Year	<u>166,505</u>	<u>485,658</u>	<u>151,117</u>	<u>259,651</u>	<u>5,267,987</u>
Cash and Cash Equivalents, End of Year	<u>\$ 142,948</u>	<u>\$ 586,091</u>	<u>\$ 161,861</u>	<u>\$ 200,150</u>	<u>\$ 4,829,670</u>

continued

COUNTY OF YUBA

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2016

	<u>Automotive Services</u>	<u>Workers Comp Insurance</u>	<u>Liability Insurance</u>	<u>Health Insurance</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 43,674	\$ (145,093)	\$ (195,651)	\$ (22,516)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	284,967	--	--	--
Changes in assets and liabilities:				
Increase (decrease) in:				
Accounts receivable	41,106	3,048	--	(93,913)
Accounts payable	(2,851)	(5,007)	22,748	(56)
Claims liability	--	--	(3,000)	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 366,896</u></u>	<u><u>\$ (147,052)</u></u>	<u><u>\$ (175,903)</u></u>	<u><u>\$ (116,485)</u></u>

continued

COUNTY OF YUBA

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2016

	<u>General Insurance</u>	<u>Unemployment Insurance</u>	<u>Short-Term Disability Insurance</u>	<u>Network Infrastructure</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	\$ (84,941)	\$ 106,461	\$ 9,608	\$ (61,157)	\$ (349,615)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	--	--	--	--	284,967
Changes in assets and liabilities:					
Increase (decrease) in:					
Accounts receivable	--	--	--	--	(49,759)
Accounts payable	60,489	(9,741)	2	--	65,584
Claims liability	--	--	--	--	(3,000)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (24,452)</u></u>	<u><u>\$ 96,720</u></u>	<u><u>\$ 9,610</u></u>	<u><u>\$ (61,157)</u></u>	<u><u>\$ (51,823)</u></u>