

BOARD OF SUPERVISORS

AMENDED AGENDA

Meetings are located at:
Yuba County Government Center
Board Chambers, 915 Eighth Street
Marysville, California



Agenda materials are available at the Yuba County Government Center, 915 8th Street, Marysville and www.co.yuba.ca.us. Any disclosable public record related to an open session item and distributed to all or a majority of the Board less than 72 hours prior to the meeting is available for public inspection at Suite 109 of the Government Center during normal business hours.

MAY 21, 2013

ADDED TO AGENDA - CONSENT AGENDA ITEM D: Board of Supervisors

9:30 A.M. YUBA COUNTY BOARD OF SUPERVISORS - Welcome to the Yuba County Board of Supervisors meeting. As a courtesy to others, please turn off cell phones, pagers, or other electronic devices, which might disrupt the meeting. Thank you.

- I. **PLEDGE OF ALLEGIANCE** - Led by Supervisor Abe
- II. **ROLL CALL** - Supervisors Vasquez, Nicoletti, Griego, Abe, Stocker
- III. **CONSENT AGENDA: All matters listed under the Consent Agenda are considered to be routine and can be enacted in one motion.**

A. Administrative Services

- 1. Approve lease agreement with Brian J. Van Dyke for corporate hanger site no. 11, hangar no. six and authorize the Chairman to execute same. (205-13)
- 2. Adopt resolution authorizing County participation in California State Fair Exhibit Program for next five years, award of any premium monies to Marysville Future Farmers of America, and authorizing Administrative Services Director to execute entry form. (206-13)

B. Clerk of the Board of Supervisors

- 1. Approve meeting minutes of May 7, 2013. (207-13)

C. Treasurer-Tax Collector

- 1. Approve discharging Treasurer-Tax Collector from accountability for collection of taxes, penalties and interest on Unsecured Property Taxes in the total amount of \$15,466.23. (208-13)

D. Board of Supervisors

- 1. Approve letter to Western Area Power Administration opposing clearing of crops from beneath power transmission lines. (213-12)

IV. **SPECIAL PRESENTATION**

- A. Present proclamation honoring National Nurses Week May 6 - 12, 2013. (Ten minute estimate) (209-13)

- V. **PUBLIC COMMUNICATIONS: Any person may speak about any subject of concern provided it is within the jurisdiction of the Board of Supervisors and is not already on today's agenda. The total amount of time allotted for receiving such public communication shall be limited to a total of 15 minutes and each individual or group will be limited to no more than 5 minutes. Prior to this time speakers are requested to fill out a "Request to Speak" card and submit it to the Clerk of the Board of Supervisors. Please note: No Board action can be taken on comments made under this heading.**

VI. **COUNTY DEPARTMENTS**

A. Auditor-Controller

1. Receive audit report for the County of Yuba dated June 30, 2012. (Fifteen minute estimate) (210-13)

B. Yuba-Sutter Economic Development Corporation

1. Adopt resolution approving the 2013-2014 Comprehensive Economic Development Strategy and Program Projection for the Yuba-Sutter Economic Development District as prepared and recommended by Yuba-Sutter Economic Development Corporation and the Comprehensive Economic Development Strategy Committee. (Ten minute estimate) (211-13)

VII. **CORRESPONDENCE** - (212-13)

A. Letter from City of Wheatland Mayor West regarding a tax sharing agreement between the city and county.

B. Notice from California Department of Fish and Game regarding abalone sport fishing.

VIII. **BOARD AND STAFF MEMBERS' REPORTS:** This time is provided to allow Board and staff members to report on activities or to raise issues for placement on future agendas.

IX. **CLOSED SESSION:** Any person desiring to comment on any matter scheduled for this closed session may address the Board at this time.

A. Pending litigation pursuant to Government Code §54956.9(a) - Hedrick vs. Grant

B. Personnel pursuant to Government Code §54957 - Public Appointment Public Health Officer

C. Personnel pursuant to Government Code §54957(a) - Labor Negotiations - DDAA/DSA/MSA/PPOA/Unrepresented and County of Yuba

X. **ADJOURN**

In compliance with the Americans with Disabilities Act, the meeting room is wheelchair accessible and disabled parking is available. If you have a disability and need disability-related modifications or accommodations to participate in this meeting, please contact the Clerk of the Board's office at (530) 749-7510 or (530) 749-7353 (fax). Requests must be made two full business days before the start of the meeting. To place an item on the agenda, contact the office of the Clerk of the Board of Supervisors at (530) 749-7510.

PUBLIC INFORMATION

AGENDA ITEMS: The opportunity of the public to be heard on an item shall be provided during the consideration of that item. In the interest of time, the Board has limited the length of such comment or input on each item to 15 minutes total, with a limit of no more than 5 minutes per person or group. The period for public comments on a particular item may be extended upon a majority vote of the Board. These time limits do not apply to applicants appearing before the Board on behalf of their applications.

ACTION ITEMS: All items on the Agenda under the headings "Consent," "County Departments," Ordinances and Public Hearings," "Items of Public Interest," and "Closed Session," or any of them, are items on which the Board may take any action at this meetings.

PUBLIC HEARINGS: All members of the public shall be allowed to address the Board as to any item which is noticed on the Board's agenda as a public hearing. The Board has limited each person or group input to no more than 3 minutes. Any person or group may provide the Board with a written statement in lieu of or in supplement to any oral statement made during a public hearing. Written statements shall be submitted to the Clerk of the Board.

ORDINANCES: Ordinances shall not be passed within five days of their introductions, nor at other than a regular meeting or at an adjourned regular meeting. The Board of Supervisors will address ordinances at first readings. The public is urged to address ordinances at first readings. Passage of ordinances will be held at second readings, after reading the title, further reading is waived and adoption of the ordinance is made by majority vote. An urgency ordinance may be passed immediately upon introduction. The Board reserves the right to amend any proposed ordinances and to hold a first reading in lieu of a second reading.

INFORMATIONAL CORRESPONDENCE: The Board may direct any item of informational correspondence to a department head for appropriate action.

SCHEDULED LUNCH BREAK: Between the hours of 12:00 noon and 1:00 p.m. and at the discretion of the Chair, the Board will recess one hour for lunch.

SPECIAL MEETINGS: No public comment shall be allowed during special meetings of the Board of Supervisors, except for items duly noticed on the agenda.

End

BOARD OF SUPERVISORS

AGENDA

Meetings are located at:
Yuba County Government Center
Board Chambers, 915 Eighth Street
Marysville, California



Agenda materials are available at the Yuba County Government Center, 915 8th Street, Marysville and www.co.yuba.ca.us. Any disclosable public record related to an open session item and distributed to all or a majority of the Board less than 72 hours prior to the meeting is available for public inspection at Suite 109 of the Government Center during normal business hours.

MAY 21, 2013

- 9:30 A.M. YUBA COUNTY BOARD OF SUPERVISORS - Welcome to the Yuba County Board of Supervisors meeting. As a courtesy to others, please turn off cell phones, pagers, or other electronic devices, which might disrupt the meeting. Thank you.**
- I. **PLEDGE OF ALLEGIANCE** - Led by Supervisor Abe
 - II. **ROLL CALL** - Supervisors Vasquez, Nicoletti, Griego, Abe, Stocker
 - III. **CONSENT AGENDA:** All matters listed under the Consent Agenda are considered to be routine and can be enacted in one motion.
 - A. Administrative Services
 - 1. Approve lease agreement with Brian J. Van Dyke for corporate hanger site no. 11, hangar no. six and authorize the Chairman to execute same. (205-13)
 - 2. Adopt resolution authorizing County participation in California State Fair Exhibit Program for next five years, award of any premium monies to Marysville Future Farmers of America, and authorizing Administrative Services Director to execute entry form. (206-13)
 - B. Clerk of the Board of Supervisors
 - 1. Approve meeting minutes of May 7, 2013. (207-13)
 - C. Treasurer-Tax Collector
 - 1. Approve discharging Treasurer-Tax Collector from accountability for collection of taxes, penalties and interest on Unsecured Property Taxes in the total amount of \$15,466.23. (208-13)
 - IV. **SPECIAL PRESENTATION**
 - A. Present proclamation honoring National Nurses Week May 6 - 12, 2013. (Ten minute estimate) (209-13)
 - V. **PUBLIC COMMUNICATIONS:** Any person may speak about any subject of concern provided it is within the jurisdiction of the Board of Supervisors and is not already on today's agenda. The total amount of time allotted for receiving such public communication shall be limited to a total of 15 minutes and each individual or group will be limited to no more than 5 minutes. Prior to this time speakers are requested to fill out a "Request to Speak" card and submit it to the Clerk of the Board of Supervisors. Please note: No Board action can be taken on comments made under this heading.
 - VI. **COUNTY DEPARTMENTS**
 - A. Auditor-Controller
 - 1. Receive audit report for the County of Yuba dated June 30, 2012. (Fifteen minute estimate) (210-13)
 - B. Yuba-Sutter Economic Development Corporation

1. Adopt resolution approving the 2013-2014 Comprehensive Economic Development Strategy and Program Projection for the Yuba-Sutter Economic Development District as prepared and recommended by Yuba-Sutter Economic Development Corporation and the Comprehensive Economic Development Strategy Committee. (Ten minute estimate) (211-13)

VII. **CORRESPONDENCE** - (212-13)

- A. Letter from City of Wheatland Mayor West regarding a tax sharing agreement between the city and county.
- B. Notice from California Department of Fish and Game regarding abalone sport fishing.

VIII. **BOARD AND STAFF MEMBERS' REPORTS:** This time is provided to allow Board and staff members to report on activities or to raise issues for placement on future agendas.

IX. **CLOSED SESSION:** Any person desiring to comment on any matter scheduled for this closed session may address the Board at this time.

- A. Pending litigation pursuant to Government Code §54956.9(a) - Hedrick vs. Grant
- B. Personnel pursuant to Government Code §54957 - Public Appointment Public Health Officer
- C. Personnel pursuant to Government Code §54957(a) - Labor Negotiations - DDAA/DSA/MSA/PPOA/Unrepresented and County of Yuba

X. **ADJOURN**

2:00 PM THREE RIVERS LEVEE IMPROVEMENT AUTHORITY

In compliance with the Americans with Disabilities Act, the meeting room is wheelchair accessible and disabled parking is available. If you have a disability and need disability-related modifications or accommodations to participate in this meeting, please contact the Clerk of the Board's office at (530) 749-7510 or (530) 749-7353 (fax). Requests must be made two full business days before the start of the meeting. To place an item on the agenda, contact the office of the Clerk of the Board of Supervisors at (530) 749-7510.

PUBLIC INFORMATION

PUBLIC COMMUNICATIONS: Members of the public shall be allowed to address the Board of Supervisors on items not appearing on the agenda which are of interest to the public and are within the subject matter jurisdiction of the Board, provided that no action shall be taken unless otherwise authorized by law. The total amount of time allotted for receiving such public communication shall be limited to a total of 15 minutes and each individual or group will be limited to no more than 5 minutes.

AGENDA ITEMS: The opportunity of the public to be heard on an item shall be provided during the consideration of that item. In the interest of time, the Board has limited the length of such comment or input on each item to 15 minutes total, with a limit of no more than 5 minutes per person or group. The period for public comments on a particular item may be extended upon a majority vote of the Board. These time limits do not apply to applicants appearing before the Board on behalf of their applications.

ACTION ITEMS: All items on the Agenda under the headings "Consent," "County Departments," Ordinances and Public Hearings," "Items of Public Interest," and "Closed Session," or any of them, are items on which the Board may take any action at this meetings.

PUBLIC HEARINGS: All members of the public shall be allowed to address the Board as to any item which is noticed on the Board's agenda as a public hearing. The Board has limited each person or group input to no more than 3 minutes. Any person or group may provide the Board with a written statement in lieu of or in supplement to any oral statement made during a public hearing. Written statements shall be submitted to the Clerk of the Board.

ORDINANCES: Ordinances shall not be passed within five days of their introductions, nor at other than a regular meeting or at an adjourned regular meeting. The Board of Supervisors will address ordinances at first readings. The public is urged to address ordinances at first readings. Passage of ordinances will be held at second readings, after reading the title, further reading is waived and adoption of the ordinance is made by majority vote. An urgency ordinance may be passed immediately upon introduction. The Board reserves the right to amend any proposed ordinances and to hold a first reading in lieu of a second reading.

INFORMATIONAL CORRESPONDENCE: The Board may direct any item of informational correspondence to a department head for appropriate action.

SCHEDULED LUNCH BREAK: Between the hours of 12:00 noon and 1:00 p.m. and at the discretion of the Chair, the Board will recess one hour for lunch.

SPECIAL MEETINGS: No public comment shall be allowed during special meetings of the Board of Supervisors, except for items duly noticed on the agenda.

PUBLIC INFORMATION: Copies of §6.7 shall be posted along with agendas. **End**



CONSENT
AGENDA

THIS PAGE INTENTIONALLY LEFT BLANK

The County of Yuba

Department of Administrative Services

Doug McCoy, Director



AIRPORT	741-6248
BUILDING & GROUNDS	749-7880
FACILITIES MANAGEMENT	749-7880
INFORMATION SERVICES	749-7891
PRINT SHOP	749-7880
PURCHASING	749-7880
TELECOMMUNICATIONS	749-7880

(530) 749-7880
FAX (530) 749-7936

May 21, 2013

TO: YUBA COUNTY BOARD OF SUPERVISORS

FROM: DOUG MCCOY, *DK* Administrative Services Director

SUBJECT: AUTHORIZE THE CHAIRMAN TO EXECUTE AIRPORT LEASE AGREEMENT
FOR CORPORATE HANGAR LEASE SITE NO. 11, HANGAR #6, BETWEEN COUNTY OF
YUBA AND BRIAN J. VAN DYKE

Recommendation:

It is recommended that the Board authorize the Chairman of the Board of Supervisors to execute the subject airport lease agreement.

Background:

The attached is a new ground lease with Brian J. Van Dyke. The lease rate of \$.04 cents per square foot is consistent with similar leases and will generate \$844 annually in airport revenue.

Discussion:

The location of the hangar ground lease site is shown on the attached layout as Exhibit A to the lease. The ground lease site accommodates a privately-owned 1,760 sf aircraft hangar.

Committee Action:

This item was not presented to the committee as it is a standard ground lease and considered routine. The agreement was reviewed and approved by both County Counsel and Risk Management.

Fiscal Impact:

There are no costs associated with this agenda item that would impact the General Fund.

Attachment

THIS PAGE INTENTIONALLY LEFT BLANK

AIRPORT LEASE AGREEMENT

THIS LEASE made and entered into this 21st day of May, 2013, by and between the COUNTY OF YUBA, a political subdivision of the State of California, hereinafter designated "Lessor," and BRIAN J. VAN DYKE, hereinafter called "Lessee."

WITNESSETH

WHEREAS, Lessor owns and operates the public airport facilities situated in the County of Yuba, California, hereinafter referred to as "Airport"; and

WHEREAS, said real property is devoted to and held for airport development, and

WHEREAS, pursuant to the provisions of Section 50478, Government Code, Lessor is authorized to lease all or any portion of said property for the construction and maintenance of hangars, service shops, structures, and other conveniences for airport purposes; and

WHEREAS, Lessor hereby finds that the terms and conditions as set forth herein below are beneficial and necessary, to promote the welfare and convenience of the public using the Airport.

NOW, THEREFORE, IT IS HEREBY AGREED:

1. **LEASED PREMISES:** Lessor hereby sets over, leases, and demises to Lessee, and Lessee hereby hires from Lessor, all that certain real property situated in the County of Yuba, State of California, and more particularly described as follows:

Yuba County Airport Terminal Area
Master Lease Map
Site Number 11 Hangar #6
(1,760 square feet)

Attached to this Lease and marked "Exhibit A" is the subject map showing the specific location of the property herein demised, which for this purpose is incorporated herein and by this reference made a part hereof.

2. TERM: The term of this Lease shall be five (5) years commencing on the 1st day of March, 2013. Lessee shall have the first right to negotiate to obtain a new lease for the premises upon expiration of the five-year term. The terms of any new lease, or extension of this lease, and the rent to be paid thereunder, are subject to negotiation between the Lessor and Lessee.

3. CONSIDERATION:

A. Lessee hereby agrees to pay as rent for said premises the sum of \$.04 cents per square foot of building area per month or One Hundred Twenty Dollars (\$120.00), payable without deduction, setoff, prior notice, or demand, on or before the first day of each calendar month during the term hereof. Said rental shall be paid in lawful money of the United States of America and shall be paid to Lessor at the address set forth herein for notices, or to such other person or persons, or at such other places, as Lessor may designate in writing. Rent for any period less than a calendar month shall be a pro rata portion of the monthly installment. The Lessee, however, shall have the right to pay one annual payment of all the monthly rents prior to the first day of the following year and by so doing receive a one month's reduction of said rents.

B. Concurrently with Lessee's execution of this Lease, Lessee shall pay to Lessor the sum of the rent for the first and last month of the term of this Lease or Two Hundred Forty Dollars (\$240.00).

4. OTHER CHARGES AND FEES:

Lessee shall meet all expenses and payments in connection with the use of the premises and the rights and privileges herein granted, including taxes, permit fees, license fees, and assessments lawfully levied or assessed upon the premises or property at any time situated therein and thereon. Lessee may, however, at their sole expense and cost, contest any tax, fee, or assessment.

5. PENALTIES: Payments not made by the 10th of the month are subject to a late fee as established by the Board of Supervisors. In the event Lessee is in arrears for thirty (30) days or more after any of the amounts agreed upon with this Lease are due, Lessor shall assess interest at the rate of eighteen percent (18%) annual percentage rate of the payment due for each month unpaid or any portion of a monthly payment which is left unpaid.

6. LEASEHOLD IMPROVEMENTS:

A. Lessee, at its own cost, shall completely build, erect and equip, in accordance with plans and specifications to be approved by Lessor prior to the start of construction, a pre-engineered hangar building approximately 44 ft x 40 ft; building to be painted a color approved by Lessor. The exterior of said building to be compatible with the existing structures.

B. The demised premises and the building constructed thereon shall be used exclusively for the storage of aircraft owned, leased or hired by Lessee and for no other purpose.

C. In the event that Lessee shall fail or refuse to construct said hangar or complete said hangar in a timely manner, the Lessor shall have the right to demand a final date of completion. The Lessee shall make every attempt to construct the hangar within the first year of the lease.

D. Lessee shall submit to Lessor for approval all detailed plans and specifications for all leasehold improvements. Lessor agrees that it shall either approve the plans and specifications as submitted, or transmit proposed revisions to Lessee, within thirty (30) calendar days of receipt of the plans and specifications from Lessee.

E. In the event that Lessor requires revisions of the original plans and specifications, Lessee shall have thirty (30) calendar days from the date of receipt of the proposed revisions to resubmit the plans and specifications for Lessor's approval. Lessor's approval of plans and specifications shall not be withheld unreasonably.

F. Upon receiving final Lessor approval of the plans and specifications, Lessee shall engage one or more qualified contractors to construct said improvements. Construction shall commence within sixty (60) calendar days of Lessee's receipt of Lessor's final approval of the plans and specifications and shall be scheduled for completion not later than one hundred eighty (180) calendar days after commencement of construction.

G. Lessee, at its own expense, shall procure all necessary permits for any construction of facilities, and all work and installations shall be made in accordance with all applicable laws, ordinances, and rules and regulations of any governmental body having jurisdiction of such matters. Lessee shall save Lessor harmless from any loss or damage by reason of any mechanics lien or encumbrance of any kind or nature.

H. This Lease shall be subject to the Federal Aviation Administration's approval of any proposed construction as provided for on Federal Aviation Administration Form 7460-1.

I. At the end of the term of this Lease, Lessee shall have the right of removal. If Lessee fails to exercise said right of removal, Lessor may at its option remove and dispose of all structures then located on the premises, or may declare said structures abandoned; if so abandoned, title to said structures shall pass to Lessor. In the event of default in the payment of

rent, Lessor may re-enter the premises and use same and all structures thereon for its own purposes. In such event, and in the event default remains uncured for thirty (30) days thereafter, title to the structures shall thereupon pass to Lessor.

7. OTHER ALTERATIONS, ADDITIONS, IMPROVEMENTS:

A. Except for Lessee's work, Lessee shall make no alterations, additions, or improvements in or to the leased premises without Lessor's prior written consent.

B. All of the Lessee's work shall, upon construction or installation, become a part of the leased premises, subject to the use and occupancy of Lessee, and upon expiration or termination of this Lease does not become the property of Lessor. Lessee shall have the right at the termination of the Lease and within a reasonable amount of time after such expiration to remove Lessee's buildings, cement floors, personal property, and trade fixtures, provided any damage to Lessor's property resulting from such removal shall be repaired or restored at Lessee's expense. Any of Lessee's buildings, personal property, or trade fixtures that are not removed after a reasonable amount of time after the date of any termination of this Lease shall thereafter belong to Lessor without payment of any consideration therefor.

8. OPERATIONS: Lessee's approved operation at Airport is pursuant to the provisions of Part 135 of Title 14 of the Code of Federal Regulations, Federal Aviation Administration. Aircraft operated may be owned by Lessee or others. Lessee shall at all times and at its own cost and expense have all its owned or operated commercial aircraft maintained in good operating order and free from known mechanical defects. The method and arrangement for operating on the Airport, including but not limited to the parking of aircraft, shall be subject to the review and approval of the County Airport Manager. The Airport Manager shall at all times have final authority to designate the aprons, ramps, taxiways, runways, roadways, terminal, and common use areas at Airport to be utilized by Lessee in connection with its aircraft.

All of Lessee's activities conducted on Airport must be in accordance with appropriate federal and state statutory and decisional laws, Yuba County ordinances, rules and regulations, and the requirements of any other duly authorized government agency; however, in the event any such law, rules, regulations or requirement is changed subsequent to the execution of this lease and Lessee's activities are affected thereby, Lessee shall be allowed a reasonable time within which to comply with such change. Lessee shall conform and comply with all noise abatement rules and regulations applicable to Airport. Lessee agrees to conduct all flights, activities authorized herein, and ground operations on, at, or near the Airport in accordance with proper rules and regulations of all authorities having jurisdiction over such operations and activities.

9. USE OF COMMON AREAS:

A. Lessee shall be entitled, in common with others so authorized, to the use of all facilities and improvements of a public nature which are or may hereafter be connected with or appurtenant to the Airport, including the use of landing areas, runways, taxiways, navigational aids, terminal facilities, and aircraft parking designated by Lessor.

B. Lessor reserves the right to take any action it considers necessary to protect the aerial approaches of the Airport against obstruction, together with the right to prevent Lessee from erecting, or permitting to be erected, any building or other structure on or adjacent to the Airport which, in the opinion of Lessor, would limit the usefulness of the Airport or constitute a hazard to aircraft.

10. USE OF PREMISES: Except as otherwise specifically limited herein, the leased premises shall be used by Lessee only for the purpose of conducting therein and thereon Lessee's registered aircraft operations and maintenance of the same aircraft and for no other purpose. Except for Lessor's obligations specifically set forth in this Lease and Use Permit, Lessee shall promptly comply with all laws, ordinances, orders, and regulations affecting the leased premises and its cleanliness, safety, occupation, and use. Lessee shall not do or permit anything to be done

in or about the leased premises, or bring or keep anything on the leased premises, that (i) will increase the premiums (unless Lessee pays such increase) or cause cancellation of any insurance on the building, (ii) is prohibited by any insurance on the building, (iii) would invalidate or be in conflict with the insurance coverage on the building, (iv) would invalidate any liability insurance of Lessor, or (v) may be a nuisance or menace to other tenants or users of the Airport provided. If Lessee is prohibited from using the leased premises for the permitted uses and purposes set forth in this paragraph 11 in order to comply with the covenants of this paragraph (other than payment of increased premiums), Lessee may terminate this Lease and Use Permit upon written notice thereof given to Lessor within thirty (30) days of such prohibited use. Lessee agrees to pay for any additional premiums on Lessor's fire and liability insurance policies charged by reason Lessee's use of or operations on the leased premises. No spray painting using inflammable paints or liquids will be done within the building without proper fire prevention and suppression equipment approved by Lessor.

11. SIGNS: During the term of this Lease, Lessee shall have the right, at Lessee's expense, to place in or on the premises a sign or signs identifying Lessee. Said sign or signs shall be of a size, shape, and design, and at a location or locations, approved by the Airport Manager and in conformance with any overall directional graphics or sign program established by Lessor. Notwithstanding any other provision of this Lease, said signs(s) shall remain the property of Lessee. Lessee shall remove, at its expense, all lettering, signs, and placards so erected on the premises at the expiration of the term of this Lease.

12. INSURANCE: Lessee shall throughout the existence of this Lease, at its own cost and expense, procure and maintain in full force and effect comprehensive general liability insurance in the minimum amounts of ONE MILLION DOLLARS (\$1,000,000.00) combined single limit as follows:

A. The terms of the attached Exhibit C, "Insurance Provisions," are made a part of this Lease and are incorporated herein by reference.

B. Full Worker's Compensation and Employers' Liability Insurance covering all employees of Lessee as required by law in the State of California.

C. Additional Insureds: The insurance required shall include the County of Yuba, its officers and employees, as additional insureds except with regard to occurrences that are the result of their sole negligence.

D. Cancellation Notice: The insurance required shall provide that no cancellation or material change in any policy shall become effective except upon thirty (30) days' prior written notice to the County of Yuba.

E. Proof of Insurance: Lessee shall furnish proof of coverage satisfactory to the Yuba County Risk Manager as evidence that the insurance required above is being maintained.

13. INDEMNITY: Lessee shall indemnify and defend the County and its officers, agents, and employees against and hold it harmless from any and all loss, damage, and liability for damages, including attorneys' fees and other costs of defense incurred by County, whether for damage to or loss of property, or injury to or death of person, including properties of County and injury to or death of County's officers, agents, and employees, which shall in any way arise out of or be connected with Lessee's operations hereunder, unless such damage, loss, injury or death shall be caused solely by the negligence of County.

14. MAINTENANCE AND REPAIR:

Lessee shall be responsible for the maintenance and repair of the premises and shall keep and maintain the premises in good condition, order, and repair, and shall surrender the same upon the expiration of this Lease in the condition in which they are required to be kept, reasonable wear, tear, and damage by the elements not caused by Lessee's negligence excepted.

15. TAXES: Under this Lease, a possessory interest subject to property taxation may be created. Notice is hereby given pursuant to California Revenue and Taxation Code Section 107.6 that such property interest may be subject to property taxation created, and that the party to whom the possessory interest is vested may be subject to the payment of property taxes levied on such interest. Lessee shall pay all taxes of whatever character that may be levied or charged upon Lessee's operations hereunder and upon Lessee's right to use Airport.

16. UTILITIES: Lessee shall have sole and exclusive responsibility for obtaining all electricity, gas, water, telephone, sewer, or other utility services and for the payment of all rates or charges levied, assessed, or charged against said premises in the operation thereof for such services. Lessee will furnish its own heat, light, and power for the operation of said premises, including but not limited to any service charges, connection or installation fees, related thereto.

17. ASSIGNMENT OR SUBLEASE:

A. Lessee shall not assign or transfer in whole or in part by operation of law or otherwise this Lease or any of the Lessee's rights, duties, or obligations hereunder nor sublet any portion or all of the premises leased hereunder or the hangar constructed upon said premises without Lessor's consent to assignment of this Lease, and the Lessor shall not unreasonably withhold his consent to assignment. Lessor retains the right at time of proposed assignment to terminate Lease and renegotiate a new Lease with proposed assignees at Lessor's option.

B. Lessee shall have the right to sublease up to 100 percent of his leasehold with the approval of the Airport Manager, but sublessees will be required to pay appropriate use and fees or charges as established from time-to-time by the County. Any sublease of this Lease shall also contain the above provision prohibiting further subleasing by sublessees.

C. If Lessee, without securing prior written approval of Lessor, attempts to effect such a transfer, assignment, sublease, or if a transfer occurs by operation of law, Lessor

may terminate this Lease upon thirty (30) days' notice to Lessee without further liability to Lessee and such assignment, transfer, or sublease shall be void.

18. **DEFAULT:** In the event Lessee is in default in the payment on any amount due under the terms of this Lease or defaults in the performance of any of the covenants or conditions on Lessee's part to be performed, then Lessor, at its option, may terminate this Lease and re-enter upon the premises. Lessor shall have the right to retain all rents and any other sums owing and unpaid to the date of termination hereunder.

19. **BANKRUPTCY:** In the event of bankruptcy, either voluntary or involuntary, or any assignment for the benefit of creditors made by Lessee, Lessee's interest hereunder shall automatically terminate.

20. **FIRE DAMAGE:** It is mutually understood and agreed between the parties hereto that in the event any portion of the demised premises be destroyed by fire and the same cannot be repaired within ninety (90) days, then Lessee may elect to terminate this Lease. In the event such restoration can be made within ninety (90) days, Lessor agrees to restore said premises provided further that during the period of non-occupancy by Lessee, the rent for said premises shall be waived during the period of non-occupancy and non-use.

21. **BREACH OR NONCOMPLIANCE:** The waiver of any breach or noncompliance with any terms, covenants, conditions, or provisions of this Lease or any rules, regulations, or decisions adopted pursuant thereto shall not constitute the waiver of any subsequent breach thereof whether such breach or noncompliance be the same or of a different kind or character.

22. **ATTORNEY'S FEES:** In case Lessor, without fault on its part, be made a party to any litigation commenced by or against Lessee, Lessee shall pay all costs, reasonable attorney's fees, and expenses which may be incurred or imposed on Lessor by or in connection with such litigation. Should either party hereto bring any action at law or in equity to enforce any of

the rights hereunder, the prevailing party in such action shall be entitled to recover attorney's fees and any other relief that may be granted by the court, whether or not the party prevailing in such action be the party who instituted the same.

23. COMPLIANCE WITH SPONSOR'S FEDERAL GRANT ASSURANCES:

To the extent applicable, Lessee shall comply with all Federal Aviation Administration (FAA) assurances as shown on Exhibit B, attached hereto and made a part hereof.

24. NOTICES: Any notice, demand, request, consent, or approval that either party desires or is required to give to the other party pursuant to this Lease shall be in writing and either served personally or sent by prepaid, first-class mail. Such matters shall be addressed to the other party at the following address:

To County At:

Airport Manager
YUBA COUNTY AIRPORT
1364 Sky Harbor Drive
Olivehurst, CA 95961

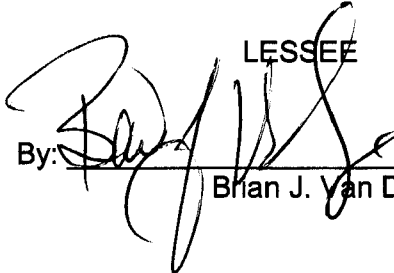
To Lessee At:

[REDACTED]

Copy to:

Yuba County
County Counsel
915 8th Street, Suite 111
Marysville, CA 95901

IN WITNESS WHEREOF, the parties have signed this Lease the day and year first above written.

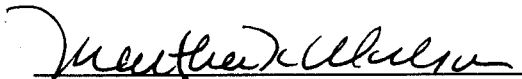
LESSEE
By:  _____
Brian J. Van Dyke

COUNTY OF YUBA

By: _____
Chairman

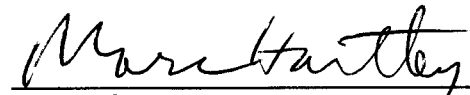
ATTEST: DONNA STOTTLEMEYER
Clerk of the Board
Of Supervisors

REVIEW OF INSURANCE:



Risk Manager

APPROVED AS TO FORM:



County Counsel

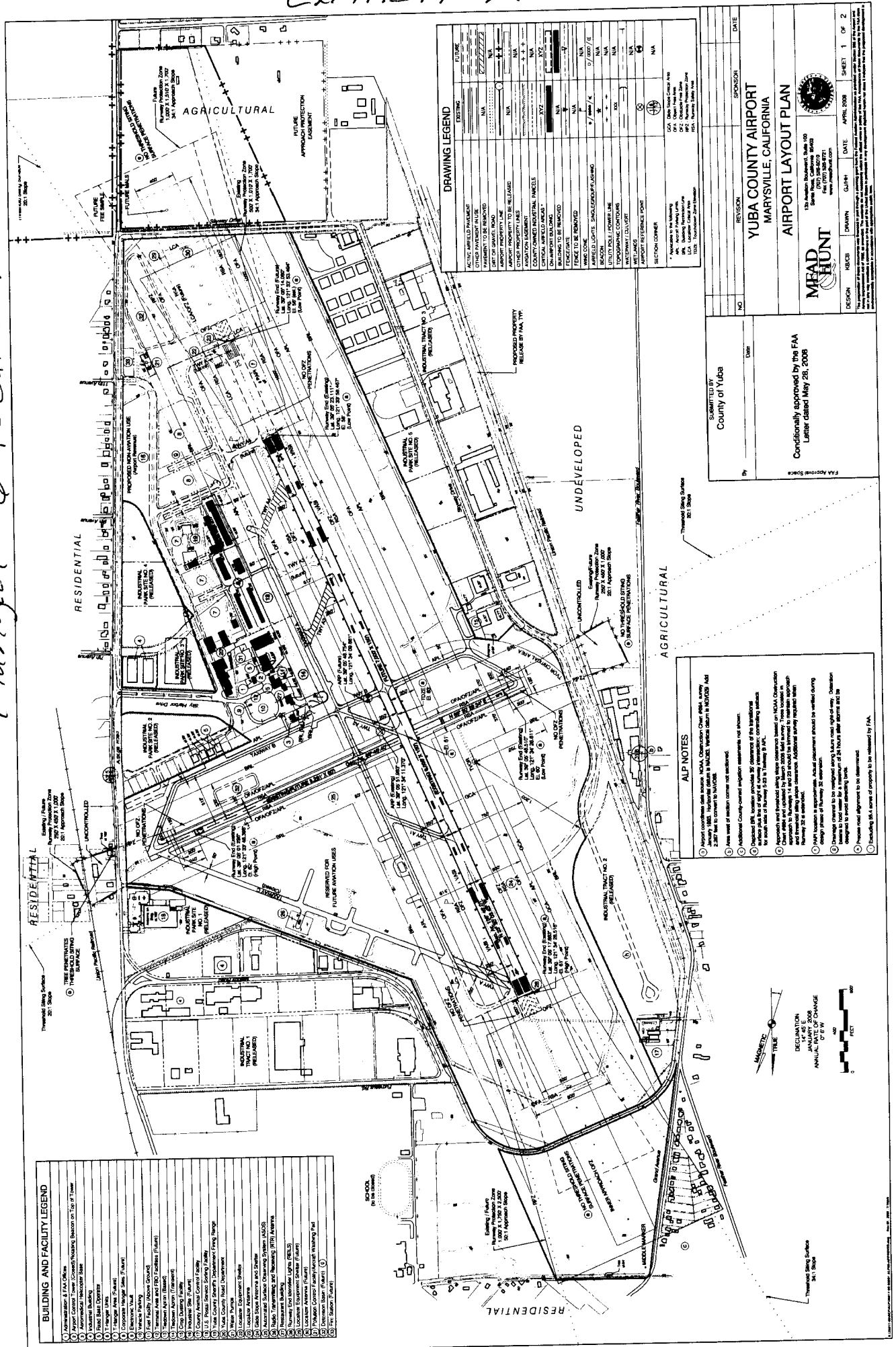


EXHIBIT B

FEDERAL AVIATION ADMINISTRATION ASSURANCES

A. **COMPLIANCE WITH SPONSOR'S FEDERAL GRANT ASSURANCES:** To the extent applicable, Lessee shall comply with all Federal Aviation Administration (FAA) assurances below:

1. The Lessee for itself, its heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenants and agree that in the event facilities are constructed, maintained, or otherwise operated on the said property described in this Agreement for a purpose for which a DOT program or activity is extended or for another purpose involving the provision of similar services or benefits, the Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, COT, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

2. The Lessee for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree that (in the case of leases add "as a covenant running with the land") that: (1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subject to discrimination, (3) that the (Lessee, licensee, Lessee, etc. shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Non-discrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

3. That in the event of breach of any of the above nondiscrimination covenants, the County of Yuba shall have the right to terminate the permit and to reenter and repossess said land and the facilities thereon, and hold the same as if said permit had never been made or issued. This provision does not become effective until the procedures of 49 CFR Part 21 are followed and completed including expiration of appeal rights.

4. Lessee shall furnish its accommodations and/or services on a fair, equal and not unjustly discriminatory basis to all users thereof and it shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service; PROVIDED, THAT the Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates or other similar type of price reductions to volume purchasers.

5. Non-compliance with Provision 4 above shall constitute a material breach thereof and in the event of such non-compliance the County of Yuba shall have the right to terminate this permit and the estate hereby created without liability therefore or at the election of the County of Yuba or the United States either or both said Governments shall have the right to judicially enforce Provisions.

6. Lessee agrees that it shall insert the above five provisions in any permit by which said Lessee grants a right or privilege to any person, firm or corporation to render accommodations and/or services to the public on the premises herein permitted.

7. The Lessee assures that it will undertake an affirmative action program as required by 14 CFR Par 152, Subpart E, to insure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. The Lessee assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. The Lessee assures that it will require that its covered suborganizations provide assurances to the Lessee that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by 14 CFR 152, Subpart E, to the same effort.

8. The County of Yuba reserves the right to further develop or improve the landing area of the airport as it sees fit, regardless of the desires or view of the Lessee and without interference or hindrance.

9. The County of Yuba reserves the right, but shall not be obligated to the Lessee to maintain and keep in repair the landing area of the airport and all publicly-owned facilities of the airport together with the right to direct and control all activities of the Lessee in this regard.

10. This lease shall be subordinate to the provisions and requirements of any existing or future agreement between the County of Yuba and the United States, relative to the development, operation or maintenance of the airport.

11. There is hereby reserved to the County of Yuba, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the premises herein permitted. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from or operation on the Yuba County Airport.

12. Lessee agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations in the event future construction of a building is planned for the permitted premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the permitted premises.

13. The Lessee by accepting this expressly agrees for itself, its successors and assigns that it will not erect nor permit the erection of any structure or object, nor permit the growth of any tree on the land leased hereunder above the mean sea level elevation of 65 feet. In the event the aforesaid covenants are breached, the owner reserves the right to enter upon

the land permitted hereunder and to remove the offending structure or object and cut the offending tree, all of which shall be at the expense of the Lessee.

14. The Lessee by accepting this permit agrees for itself, its successors and assigns that it will not make use of the permitted premises in any manner which might interfere with the landing and taking off of aircraft from the Yuba County Airport or otherwise constitute a hazard. In the event the aforesaid covenant is breached, the owner reserves the right to enter upon the premises hereby permitted and cause the abatement of such interference at the expense of the Lessee.

15. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308a of the Federal Aviation Act of 1958 (49 U.S.C. 1349a).

16. This permit and all the provisions hereof shall be subject to whatever right the United States Government now has or in the future may have or acquire, affecting the control, operation, regulation and taking over of said airport or the exclusive or non-exclusive use of the airport by the United States during the time of war or national emergency.

Attachment C – Insurance Provisions

LESEE shall procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the LESEE, its agents, representatives, or employees.

MINIMUM SCOPE AND LIMIT OF INSURANCE

Coverage shall be at least as broad as:

1. Commercial General Liability (CGL): Insurance Services Office Form CG 00 01 covering CGL on an "occurrence" basis for bodily injury and property damage, including products-completed operations, personal injury and advertising injury, with limits no less than \$1,000,000 per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this project/location or the general aggregate limit shall be twice the required occurrence limit.

2. Automobile Liability: Insurance Services Office Form Number CA 0001 covering, Code 1 (any auto), or if CONSULTANT has no owned autos, Code 8 (hired) and 9 (non-owned), with limit no less than \$1,000,000 per accident for bodily injury and property damage.

3. Workers' Compensation insurance as required by the State of California, with Statutory Limits, and Employer's Liability Insurance with limit of no less than \$1,000,000 per accident for bodily injury or disease.

(Not required if LESEE provides written verification it has no employees)

4. Professional Liability (Errors and Omissions) Insurance as appropriate to LESEE's profession, with limits no less than \$1,000,000 per occurrence or claim, \$2,000,000 aggregate.

5. Pollution Legal Liability with limits no less than \$1,000,000 per occurrence or claim, and \$2,000,000 policy aggregate.

If the LESEE maintains higher limits than the minimums shown above, COUNTY requires and shall be entitled to coverage for the higher limits maintained by LESEE.

Other Insurance Provisions

The insurance policies are to contain, or be endorsed to contain, the following provisions:

Additional Insured Status

COUNTY, its officers, officials, employees, and volunteers are to be covered as additional insureds on the auto policy with respect to liability arising out of automobiles owned, leased, hired or borrowed by or on behalf of LESEE; and on the CGL policy with respect to liability arising out of work or operations performed by or on behalf of LESEE including materials, parts, or equipment furnished in connection with such work or operations. General liability coverage can be provided in the form of an endorsement to the LESEE's insurance (at least as broad as ISO Form CG 20 10, 11 85 or both CG 20 10 and CG 23 37 forms if later revisions used).

Primary Coverage

For any claims related to this contract, **LESEE's insurance coverage shall be primary** insurance as respects COUNTY, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by COUNTY, its officers, officials, employees, or volunteers shall be excess of LESEE's insurance and shall not contribute with it.

Notice of Cancellation

Each insurance policy required above shall state that **coverage shall not be canceled, except with notice to the COUNTY.**

Waiver of Subrogation

LESEE hereby grants to COUNTY a waiver of any right to subrogation which any insurer of said LESEE may acquire against COUNTY by virtue of the payment of any loss under such insurance. LESEE agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation, but this provision applies regardless of whether or not COUNTY has received a waiver of subrogation endorsement from the insurer.

Deductibles and Self-Insured Retentions

Any deductibles or self-insured retentions must be declared to and approved by COUNTY. COUNTY may require LESEE to provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention.

Acceptability of Insurers

Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII, unless otherwise acceptable to the COUNTY.

Claims Made Policies

If any of the required policies provide coverage on a claims-made basis:

1. The Retroactive Date must be shown and must be before the date of the contract or the beginning of contract work.
2. Insurance must be maintained and evidence of insurance must be provided for at least five (5) years after completion of the contract of work.



Administrative Services Memorandum

To: Board of Supervisors
CC: Robert Bendorf, County Administrator *DB*
From: Doug McCoy, Director, Administrative Services
Date: May 21, 2013
Re: California State Fair Exhibit Program

Recommendation

Approve the attached resolution authorizing County participation in the California State Fair Exhibit Program for the next five years; award any premium monies to Marysville FFA; and further authorize the Director of Administrative Services to execute the entry form on the County's behalf.

Background

The County has annually participated in the California State Fair Exhibits program for many years. This provides an opportunity for Yuba County to market ourselves through a County exhibit to present information about our resources, agriculture, commerce, manufacturing, history, tourism, and culture. These County exhibits continue to be one of the Fair's most popular attractions. Yuba County won a bronze ribbon at the 2012 State Fair.

Discussion

The Marysville Future Farmers of America (FFA) from Marysville High School have been designing and building our County exhibit for years, and desires to continue the relationship. State Fair organizers advocate the use of youth and community groups to construct the exhibits. By using a local community group, the County is eligible for additional award categories. The County's space has already been reserved, but must be approved by the Board to finalize the entry.

In a step to expedite the application process, it is proposed the Board authorize the Director of Administrative Services to execute the application for the next five years.

Committee Action

This item was not presented to the Public Facilities Committee due to the routine nature of the request, and based on the County's regular participation in the State Fair Program.

General Fund Impact

There is no cost to the General Fund for our participation in the program. The exhibit is built through the generous contributions from the community to the Marysville FFA program. Any premium monies shall be awarded to Marysville FFA to be applied towards exhibit costs.

**BEFORE THE BOARD OF SUPERVISORS
OF THE COUNTY OF YUBA**

**RESOLUTION AUTHORIZING COUNTY)
PARTICIPATION IN THE CALIFORNIA)
STATE FAIR COUNTIES EXHIBIT)
PROGRAM FOR THE NEXT FIVE YEARS;)
AWARD ANY PREMIUM MONIES TO)
MARYSVILLE FFA; AND FURTHER)
AUTHORIZE THE DIRECTOR OF)
ADMINISTRATIVE SERVICES TO)
EXECUTE THE ENTRY FORM ON)
THE COUNTY'S BEHALF.)**

RESOLUTION NO. _____

WHEREAS, The County regularly participates in the California State Fair Exhibits Program; and

WHEREAS, the Exhibits program allows Counties an opportunity to market themselves to fairgoers through exhibits that tell about the special features of our County such as agriculture, commerce, manufacturing, recreation, history, tourism and culture; and

WHEREAS, The California State Fair Exhibits Program encourages using community and youth groups to construct the exhibits; and

WHEREAS, The Marysville Future Farmers of America have served as the County's exhibit builder for many years and has won many awards for their work; and

WHEREAS, the space for the County's exhibit has already been reserved; and

WHEREAS, the exhibit is not built with General Fund money but through generous contributions from our community through the Marysville FFA program.

NOW, THEREFORE, BE IT RESOLVED, The Yuba County Board of Supervisors hereby approves the County's participation in the California State Fair Exhibit Program through 2017;

It authorizes any monies awarded as a result of our exhibit be awarded to Marysville FFA to be applied towards the building of exhibits;

It also authorizes the appointment of Mary Hansen, Airport Manager, to be the official County Representative and liaison with Marysville FFA;

And lastly, authorizes the Director of Administrative Services to execute the Exhibit Entry Form each year.

PASSED AND ADOPTED at a regular meeting of the Board of Supervisors of the County of Yuba, State of California on the _____ day of _____, 2013 by the following vote:

AYES:

NOES:

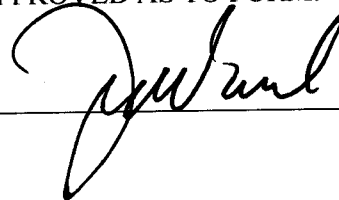
ABSENT:

ABSTAIN:

Andy Vasquez, Chairman
Yuba County Board of Supervisors

ATTEST: DONNA STOTTLEMEYER
CLERK OF THE BOARD OF SUPERVISORS

ANGIL P. MORRIS-JONES
YUBA COUNTY COUNSEL
APPROVED AS TO FORM:





California State Fair

2013 Counties Exhibits Entry Form

Mailing Address: Counties Exhibits
California State Fair, PO Box 15649
Sacramento, CA 95852-1538

Shipping Address: Counties Exhibits
1600 Exposition Blvd., Sacramento, CA 95815
(916) 263-3033 gkinder@calexpo.com

Entry Form Instructions:

1. Refer to Counties Exhibits Competition Handbook for complete rules, conditions and entry deadlines at www.bigfun.org.
2. Print or type all information where applicable.
3. **If needed, fill out form STD 204 and submit with or attach to this form. Entries will not be accepted without this information. See handbook for details.**
4. Exhibit Representative Information, Board of Supervisor Approval, Division and Space Selection Request must be complete and received no later than 4:30 p.m., February 22, 2013. Entries will not be accepted without this information.
5. Mail completed entry form to the address above.
6. Faxed forms must be followed by a signed paper entry form.

COUNTIES EXHIBITS AUTHORIZATION AND APPOINTMENT

Please Print

The Board of Supervisors of the County of _____

APPOINTMENT OF EXHIBIT REPRESENTATIVE:

- Has appointed _____ as official representative(s) of the County to be responsible for the County's exhibit and to make decisions, requests, and any protests on behalf of the County.

EXHIBIT REPRESENTATIVE INFORMATION:

Title _____

Telephone (office or residence) _____ Telephone (cell) _____

Email _____

Mailing Address _____

City _____ State _____ Zip _____

Shipping Address _____ Fax () _____

City _____ State _____ Zip _____

BOARD OF SUPERVISOR APPROVAL:

- This entry must be signed by the Chairman of the Board, the Clerk of the Board or the Executive Officer of the Board.

Signature _____ Printed Name _____

Title _____ Date _____

Upon signature and submission of entry form, the county agrees with, understands and accepts all rules, regulations and conditions of the Counties Exhibits Competition Handbook. County agrees to take responsibility for providing general liability insurance as outlined on the reverse side of this form.

PREMIUM PAYEE INFORMATION

- County has authorized any award money for, or on account of, an exhibit representing said county, to be paid by the California Exposition and State Fair in Sacramento, California, to the following person(s) or organization (for the year 2013 only):

Payee Organization Name _____ Phone () _____

Payee Contact Name: _____

Payee Address _____

City _____ State _____ Zip _____ Email _____

- **All Premium Payees MUST provide their Social Security Numbers or Tax ID Number on form STD 204, Payee Data Record, which must be attached to or submitted with this Official Entry Form. Government Agencies and 2012 participants need not send a new STD 204 unless there are changes.**

County Name: _____

COMPETITIVE DIVISION:

New in 2013—Counties must chose one of two divisions in which they will compete. Please see the Official Competition Handbook for complete descriptions of the two divisions.

☐ **Division 1: Community Built Exhibit**
(Individual, group or company that will design and build one and only one County Exhibit)

☐ **Division 2: Professionally Built Exhibit**
(Individual, group or company that will design an build more than one County Exhibit)

SPACE CONFIGURATION REQUEST:

- Please indicate in the box your 1st, 2nd, 3rd and 4th choices for space design. Counties sending in the Official Entry form before or by the deadline will have consideration for their 1st choice over those counties who do not meet the deadline. **Note: There are a limited number of spaces available: Please confirm your space configuration before finalizing your design.**

☐ 16' x 16' Island ☐ 16' x 16' Diamond
(partly under mezzanine) ☐ 16'x16' Back Wall ☐ 16' x 16' corner ☐ Combo Space
16'x16' + 10' x 20'

Although space requests will be carefully considered, the Fair reserves the right to assign or limit space as it deems appropriate.

CONTIGUOUS SPACE REQUEST:

- Please put our county's space next to _____ County.

EXHIBIT BUILDER INFORMATION:

• Builder _____ Phone () _____
Address _____
City _____ State _____ Zip _____
Email _____
Telephone (office or residence) _____ Telephone (cell) _____

GENERAL LIABILITY INSURANCE: At all times while the County or its agents have access to the Cal Expo grounds, (June 20, 2013 through August 4, 2013). County shall provide proof of commercial general liability insurance coverage with minimum limits of at least \$1,000,000 per occurrence combined single limit for bodily injury and property damage and cover damages for bodily injury, property damage, personal injury liability, and products and completed operations liability. The general liability insurance coverage shall include the following provision: State of California, California Exposition & State Fair, its agents, officers, directors, employees, and servants are made additional insured but only insofar as the operations under this agreement are concerned.

If County is self-insured, County must continue to be self-insured or must acquire appropriate insurance coverage.

County must submit an insurance certificate or, if self-insured, a letter confirming self-insurance to Cal Expo prior to having access to the Cal Expo grounds.

WORKERS' COMPENSATION INSURANCE: All employees or agents of County shall be covered by workers' compensation insurance as required by law.

Insurance certificates or letters are to be submitted to: Counties Exhibits, Cal Expo, P.O. Box 15649, Sacramento, CA 95852. Fax: 916-263-7903.

Office Use Only:

Fax Date: _____

Initials: _____

Exhibit Space # _____

Postmark Date: _____

Plaque Delivered/Sent: _____

Premiums Mailed _____

The County of Yuba

BOARD OF SUPERVISORS



MAY 7, 2013 - MINUTES

The Honorable Board of Supervisors of the County of Yuba met on the above date, commencing at 6:01 p.m., within the Government Center, Marysville, California, with a quorum being present as follows: Supervisors Andy Vasquez, John Nicoletti, Mary Jane Griego, Roger Abe, and Hal Stocker. Also present were County Administrator Robert Bendorf, County Counsel Angil Morris-Jones, and Clerk of the Board of Supervisors Donna Stottlemeyer. Chairman Vasquez presided.

- I. PLEDGE OF ALLEGIANCE - Led by Supervisor Nicoletti
- II. ROLL CALL - Supervisors Vasquez, Nicoletti, Griego, Abe, Stocker - All present.
- III. CONSENT AGENDA: All matters listed under the Consent Agenda are considered to be routine and can be enacted in one motion.

MOTION: Move to approve consent MOVED: Hal Stocker SECOND: Roger Abe
 AYES: Hal Stocker, Roger Abe, Mary Jane Griego, John Nicoletti, Andy Vasquez
 NOES: None ABSENT: None ABSTAIN: None

A. Administrative Services

1. Approve memorandum of understanding with Feather River Air Quality Management District for information technology services and authorize Chairman to execute same. (152-13) Approved.
2. Adopt resolution identifying and approving census tracts comprising targeted employment areas in Yuba-Sutter Enterprise Zone. (Public Facilities Committee recommends approval) (153-13) Adopted Resolution No. 2013-37, which is on file in Yuba County Resolution Book No. 44, entitled: "RESOLUTION IDENTIFYING AND APPROVING THE CENSUS TRACTS COMPRISING TARGETED EMPLOYMENT AREAS FOR THE YUBA-SUTTER ENTERPRISE ZONE."
3. Approve lease agreement with James Abbott for corporate hangar lease site number 17 and authorize Chairman to execute same. (154-13) Approved.
4. Approve lease agreement with Larry L. Potter Jr. and Bev Bailey-Potter for corporate hangar lease site number five, hangar one and authorize Chairman to execute same. (155-13) Approved.

B. Clerk of the Board of Supervisors

1. Approve meeting minutes of April 16 and 23, 2013. (156-13) Approved.
2. Appoint Tamaira Ramsey to the Sutter Yuba Mental Health Advisory Board for a term to end December 7, 2013. (157-13) Approved.

3. Appoint Vinny Johl to the Child Care Planning Council as the Discretionary Representative for a term to end September 30, 2013.(158-13) Approved.
4. Reappoint Michele Barker to the Yuba County Planning Commission as the District Two Representative for a term to expire January 10, 2017. (159-13) Approved.
5. Appoint Mancy Howard, Jr. to the Substance Abuse Advisory Board for a four-year term to end May 7, 2017. (160-13) Approved.

C. Community Development and Services

1. Authorize budget transfer in the amount of \$196,408.62 from trust 391 (FEMA HMGP-Olivehurst Drainage) to the Road Fund. (Land Use and Public Works Committee recommends approval) (161-13) Approved.
2. Adopt resolution authorizing Community Development and Services Agency Director or designee to complete purchase of single family residence APN 021-210-025 as part of Neighborhood Stabilization program and execute all documents needed for completion of purchase, rehabilitation, and resale. (162-13) Adopted Resolution No. 2013-38, which is on file in Yuba County Resolution Book No. 44, entitled: "RESOLUTION AUTHORIZING YUBA COUNTY COMMUNITY DEVELOPMENT AND SERVICES AGENCY DIRECTOR OR HIS DESIGNEE TO COMPLETE THE PURCHASE OF SINGLE FAMILY RESIDENCE APN 021-210-025 AS PART OF THE NEIGHBORHOOD STABILIZATION PROGRAM AND EXECUTE ALL DOCUMENTS NEEDED FOR COMPLETION OF PURCHASE, REHABILITATION AND RESALE."
3. Approve Plans, Specifications, Estimate and Authorization for Advertisement of Bids for Loma Rica Road high risk rural road, realignment of Loma Rica Road at Cross Star Tail, and Loma Rica left turn lane on Marysville Road and authorize Chairman to execute plans. (163-13) Approved.
4. Approve Floodplain Development Variance for agricultural storage building at 8414 State Route 70. (164-13) Approved.
5. Adopt resolution certifying the 2012 County Maintained Mileage. (165-13) Adopted Resolution No. 2013-39, which is on file in Yuba County Resolution Book No. 44, entitled: "RESOLUTION CONCERNING THE COUNTY MAINTAINED MILEAGE."
6. Adopt resolution authorizing Community Development and Services Agency Director or designee to complete purchase of single family residence APN 021-540-026 as part of Neighborhood Stabilization program and execute all documents needed for completion of purchase, rehabilitation, and resale. (166-13) Adopted Resolution No. 2013-40, which is on file in Yuba County Resolution Book No. 44, entitled: "RESOLUTION AUTHORIZING YUBA COUNTY COMMUNITY DEVELOPMENT AND SERVICES AGENCY DIRECTOR OR HIS DESIGNEE TO COMPLETE THE PURCHASE OF SINGLE FAMILY RESIDENCE APN 021-540-026 AS PART OF THE NEIGHBORHOOD STABILIZATION PROGRAM AND EXECUTE ALL DOCUMENTS NEEDED FOR COMPLETION OF PURCHASES, REHABILITATION AND RESALE."
7. Adopt resolution authorizing Yuba County be added as signature authority to the River Highlands Community Services District Local Agency Investment Fund account acting on behalf of the District. (167-13) Adopted Resolution No. 2013-41, which is on file in Yuba County Resolution Book No. 44, entitled: "RESOLUTION AUTHORIZING COUNTY OF YUBA BE ADDED AS SIGNATURE

AUTHORITY TO THE RIVER HIGHLANDS COMMUNITY SERVICES DISTRICT LOCAL
AGENCY INVESTMENT FUND (LAIF) ACCOUNT ACTING ON BEHALF OF THE RIVER
HIGHLANDS COMMUNITY SERVICES DISTRICT."

IV. SPECIAL PRESENTATION

- A. Present proclamation proclaiming May 2013 as National Mental Health Month. (Five minute estimate) (168-13) Mental Health Director Dr. Brad Luz accepted the proclamation and recapped activities.
- B. Present proclamation proclaiming May 2013 as Foster Care Month. (Five minute estimate) (169-13) Ms. Leah Eniz, President of Sutter-Yuba Foster Parent Association, accepted the proclamation and recapped upcoming activities.
- C. Present proclamation recognizing Wheatland Union High School as a California Distinguished School. (No background information) (Five minute estimate) (180-13) Pulled from consideration for presentation in another venue.
- D. Present Certificate of Recognition to Student of the Month Tristan Avila, Wheatland High School. (Five minute estimate) (171-13) Presented.
- E. Receive presentation from Wheatland High School regarding "Honor the Code." (No background information) (Ten minute estimate) (170-13) Associated Student Body and Renaissance Program student representatives Tristan Avila, Paige Gasper, Marissa Mullin, and Lexi Stenson recapped the student development program which represents the Pirates Spirit - Pride, Respect, Integrity, Attitude, Teamwork, Excellence and Sportsmanship - to increase student involvement and accomplishment.
- F. Receive California State Fair Exhibit Awards for 2011 and 2012 presented by Marysville High School Future Farmers of America (FFA). (Ten minute estimate) (172-13) The following Future Farmers of America students recapped their supervised agricultural experiences to receive FFA state degrees and superior region proficiencies, and presented plaques and ribbons to the Board for County State Fair exhibit awards receiving Silver Awards in 2010 and 2011 and Bronze Award in 2012:
 - Nick Mailloux
 - Kohlby Wilkinson
 - KayCee Sniffen
 - Andrew McFarland
 - John Ransom
 - Katlyn Toepfer
 - Brooke Fletcher
 - Jett Hee
 - Makayla Montgomery
 - Katie Perard

V. PUBLIC COMMUNICATIONS:

Mr. Siegfried Boos - Ostrom Road shooting range

VI. COUNTY DEPARTMENTS

A. Community Development and Services

1. Adopt resolution requesting the Local Area Formation Commission of Yuba County to initiate annexation of 5764 Griffith Avenue/APN 019-260-033 into the Linda County Water District Service Area. (Ten minute estimate) (173-13) Director of Finance Sean Powers recapped the purpose of the annexation.

MOTION: Move to adopt MOVED: Hal Stocker SECOND: Mary Jane Griego
AYES: Hal Stocker, Mary Jane Griego, Andy Vasquez, John Nicoletti, Roger Abe
NOES: None ABSENT: None ABSTAIN: None

Adopted Resolution No. 2013-42, which is on file in Yuba County Resolution Book No. 44, entitled: "RESOLUTION OF THE BOARD OF SUPERVISORS REQUESTING THE LOCAL AREA FORMATION COMMISSION OF YUBA COUNTY TO TAKE PROCEEDINGS FOR THE ANNEXATION OF 5764 GRIFFITH AVENUE (APN 019-260-033) INTO THE LINDA COUNTY WATER DISTRICT SERVICE AREA."

B. Human Resources and Organizational Services

1. Adopt resolution amending the Basic Salary Schedule regarding the Appeals Specialist position effective May 1, 2013. (Ten minute estimate) (174-13) Director Martha Wilson recapped the need for increase in salary.

MOTION: Move to adopt MOVED: Mary Jane Griego SECOND: Hal Stocker
AYES: Mary Jane Griego, Hal Stocker, Andy Vasquez, John Nicoletti, Roger Abe
NOES: None ABSENT: None ABSTAIN: None

Adopted Resolution No. 2013-43, which is on file in Yuba County Resolution Book No. 43, entitled: "RESOLUTION AMENDING THE CLASSIFICATION SYSTEM-BASIC SALARY SCHEDULE," relating to the Appeals Specialist.

2. Adopt resolutions amending Position Allocation Schedule and Basic Salary Schedule regarding Information Technology Systems Architect effective June 1, 2013. (Ten minute estimate) (175-13) Director Martha Wilson and Administrative Services Director Doug McCoy recapped the restructuring of information technology and responded to inquiries.

MOTION: Move to adopt MOVED: John Nicoletti SECOND: Hal Stocker
AYES: John Nicoletti, Hal Stocker, Andy Vasquez, Mary Jane Griego, Roger Abe
NOES: None ABSENT: None ABSTAIN: None

Adopted resolutions 2013-44 and 45 which is on file in Yuba County Resolution Book No. 44, entitled: "RESOLUTION AMENDING THE DEPARTMENTAL POSITION ALLOCATION SCHEDULE"; and "RESOLUTION AMENDING THE CLASSIFICATION SYSTEM-BASIC SALARY SCHEDULE," as they relate to Information Technology Systems Architect.

VII. CORRESPONDENCE - (176-13)

- A. Letter from Richard Boyd relating to the definition of health and health issues in Yuba County. Received.

- B. Letter from Congressman John Garamendi requesting consideration of a letter or resolution in support of a water plan for California. Received.
- C. Letter from Frances Hofman regarding Three Rivers Levee Improvement Authority. Received.
- D. Financial Statements for Area 4 Agency on Aging dated June 30, 2012. Received.

VIII. BOARD AND STAFF MEMBERS' REPORTS:

Supervisor Griego:

- Meetings Attended
 - CALAFCO Board of Directors meeting in Yuba County and tour of levee projects May 3, 2013
 - SACOG Directors and transportation committee May 2, 2013
 - LAFCO Directors meeting May 1, 2013
 - First 5 Yuba Commission Directors meeting May 1, 2013
- Olivehurst Community Cleanup April 27, 2013

Supervisor Nicoletti:

- Memorial Adjournment - Mrs. Christi Dutcher and Mr. David G. Knauth
- Community Service Commission vacancies
- Chamber Government Affairs committee held May 7, 2013

Supervisor Stocker:

- Memorial Adjournment - Mrs. Dolores Jagger
- Smartsville Pioneer Days May 4, 2013
- Boy Scouts cleanup at Sycamore Ranch
- Solar energy on agriculture land
- Court ruling on marijuana dispensaries
- Foothill Wine Tour
- Community cleanup scheduled June 15, 2013 at Alcouffe Community Center in Oregon House

Supervisor Abe:

- Appeal Democrat article regarding growth of compulsive gambling due to casinos
- Congressman Garamendi's letter to Western Area Power Administration regarding intent to clear property under transmission lines
- Meetings attended:
 - Beale AFB new housing opening ceremony April 24, 2013
 - Proposition 39 webinar May 2, 2013
 - Perspectives 2013 held April 26, 2013
 - South Yuba Water District Directors meeting April 29, 2013
 - FRAQMD farewell for CEO Dave Vallor
 - North Central Counties Consortium Directors and committee meetings held April 30, 2013
 - LAFCO Directors meeting May 1, 2013
 - May 2 National Prayer Breakfast at Glad Tidings Church
 - South Yuba Water District directors meeting May 4, 2013

Supervisor Vasquez:

- Letter opposing Senate Bill 61: Juvenile Justice Solitary Confinement
- Memorial Adjournment - Sgt. Richard Dixon and Capt. Reid Nishizuka

County Administrator Robert Bendorf:

- Perspectives 2013 April 26, 2013
- CSAC Finance Directors meeting regarding community purchasing program
- United Way Annual Awards Breakfast May 8, 2013
- Rate feasibility study for Recology
- Beale Community Partnership Program meeting May 10, 2013

IX. CLOSED SESSION: The Board retired into closed session at 6:03 p.m. and returned at 8:01 p.m. with all present as listed above.

A. Potential litigation pursuant to Government Code § 54956.9(b) - One Case Direction provided.

B. Personnel pursuant to Government Code §54957(a) - Labor Negotiations - DDAA/DSA/MSA/PPOA/Unrepresented and County of Yuba No report.

X. ADJOURN: 8:01 p.m. in memory of Mrs. Christi Dutcher, Mrs. Dolores Jagger, Sgt. Richard Dixon, Mr. David G. Knauth, and Capt. Reid Nishizuka.

Chair

ATTEST: DONNA STOTTLEMEYER
CLERK OF THE BOARD OF SUPERVISORS

Approved: _____

The County of Yuba

OFFICE OF TREASURER AND TAX COLLECTOR

DAN M. MIERZWA
TREASURER & TAX COLLECTOR



GOVERNMENT CENTER
915 8th STREET, SUITE 103
MARYSVILLE, CA 95901-5273

TELEPHONE (530) 749-7840
FAX (530) 749-7844

TO: Board of Supervisors

FROM: Dan M. Mierzwa, Treasurer & Tax Collector May 8, 2013

RE: Application for Discharge from Accountability for collection of taxes, penalties, and interest.

RECOMMENDATION:

Approve discharging the Tax Collector from the accountability for the collection of taxes, penalties and interest on Unsecured Property Taxes as per the attached list.

BACKGROUND:

The attached list of delinquent Unsecured Property taxes currently does not justify the continued cost of trying to collect nor pursue further collection efforts as there may be no assets and or we are unable to locate the parties being assessed.

DISCUSSION:

By approving this action, it does not relieve the Assessee of their tax liability. Liens have been filed in Yuba County as well as additional counties where appropriate. In addition, discharged tax liabilities, if still unpaid will continue to have liens re-filed to the maximum extent of the Revenue and Taxation Code.

At any time should the accumulated amount justify the cost of collection, the Tax Collector will take the necessary action to pursue collections as time and staff allow.

FISCAL IMPACT:

No fiscal impact, as approval of Discharge of Accountability does not relieve the Assessee of their tax liability.

COMMITTEE:

Due to routine in nature, bypassed committee.

ASSESSMENTS TO BE DISCHARGED FOR THE TAX YEAR 2012-2013

995-022-683-000	2009	J	LEE DAVID	25.56	2.54	20.00	48.10	Under \$50.00
995-022-684-000	2009	J	LEE DAVID	23.18	2.30	20.00	45.48	Under \$50.00
990-036-300-001	2006	G	CABRILLO FUNDING INC	1,317.54	131.75	0.00	1,449.29	INC. Suspended
990-036-077-000	2004	G	HAMMETT DANIEL RAY ETAL TC	115.72	11.57	0.00	127.29	Deceased
990-051-196-001	2010	G	HOUSING & URBAN DEVELOPMENT OF WA DC SECRETARY	692.60	69.26	0.00	761.86	Uncollectable - HUD will not pay
980-000-170-000	2010	X	NELSON TODD	2,593.94	259.38	20.00	2,873.32	Unable to locate - No Response
800-000-351-000	2012	U	YANG SHOUA LOU	163.48	16.34	0.00	179.82	Bus. Closed/Future Asmt Inactive
800-001-874-000	2012	U	NEVADA WEST COAST INC	452.56	45.25	0.00	497.81	Bus. Closed/Future Asmt Inactive
800-002-105-000	2012	U	BRAMBILU JOSE	81.30	8.13	0.00	89.43	Bus. Closed/Future Asmt Inactive
800-002-842-000	2012	U	OPEN RANEE COMMUNICATIONS INC CA0091	1,076.56	107.65	0.00	1,184.21	Bus. Closed/Future Asmt Inactive
800-002-843-000	2012	U	OPEN RANEE COMMUNICATIONS CA0502	1,579.36	157.93	0.00	1,737.29	Bus. Closed/Future Asmt Inactive
800-002-845-000	2012	U	OPEN RANEE COMMUNICATIONS INC CA0094	1,414.54	141.45	0.00	1,555.99	Bus. Closed/Future Asmt Inactive
845-000-162-000	2011	U	SCHULER PEGGY L	562.46	56.24	0.00	618.70	Deceased
830-009-798-000	2009	Y	REED AUDREY SHIRLENE	44.37	4.43	0.00	48.80	Under \$50.00
830-009-799-000	2009	Y	REED AUDREY SHIRLENE	47.34	4.73	0.00	52.07	Under \$50.00
910-000-013-000	2011	K	PETERSEN GREGORY	34.74	3.47	20.00	58.21	Under \$50.00
910-000-057-000	2011	K	RIDDLE DARRELL	43.40	4.34	20.00	67.74	Under \$50.00
910-000-065-000	2011	K	HENRY MARGARET A	36.44	3.64	20.00	60.08	Under \$50.00
910-000-611-000	2002	K	LAWSON REGINA L	1.24	0.12	0.00	1.36	Under \$50.00
910-000-726-000	2011	K	MCKEE LINDA & MYRON	37.56	3.74	20.00	61.30	Under \$50.00
910-001-101-000	2011	K	CLAYTOR TONY L & KATHRYN J JT-CP	38.38	3.82	20.00	62.20	Under \$50.00
910-001-187-000	2011	K	CHILDERS BARBARA ETAL	41.00	4.10	20.00	65.10	Under \$50.00
910-001-233-000	2011	K	GAEDE JOANN YVONNE	21.62	2.16	20.00	43.78	Under \$50.00
910-001-274-000	2011	K	SONATO JUVENAL RODRIGUEZ	34.18	3.40	20.00	57.58	Under \$50.00
910-001-569-000	2011	K	ANDERSON WALTER R & DIANE J JT	26.16	2.60	20.00	48.76	Under \$50.00
910-001-631-000	2011	K	ESCOBEDO CHRISTINA PILAR	39.38	3.92	20.00	63.30	Under \$50.00

800-001-834-000	2011	Y	SINGHENA ULCHALEE	100.02	10.00	0.00	110.02	Bus. Closed/Future Asmt Inactive
800-001-874-000	2011	Y	NEVADA WEST COAST INC	469.41	46.94	0.00	516.35	Bus. Closed/Inc Fortified/Future Asmt Inactive
800-002-105-000	2011	Y	BRAMBIL JOSE	85.04	8.50	0.00	93.54	Bus. Closed/Future Asmt Inactive
800-002-513-000	2011	Y	BRITE IDEAS INC	54.11	5.41	0.00	59.52	INC. Inactive
830-009-010-000	2008	Y	LANDIS DAVID W OR BARBARA A	119.94	11.99	0.00	131.93	Uncollectible - New owner - CY Paid
830-009-010-000	2009	Y	LANDIS DAVID W OR BARBARA A	115.63	11.56	0.00	127.19	Uncollectible - New owner - CY Paid
830-009-010-000	2010	Y	LANDIS DAVID W OR BARBARA A	98.87	9.88	0.00	108.75	Uncollectible - New owner - CY Paid
830-009-010-000	2011	Y	LANDIS DAVID W OR BARBARA A	103.42	10.34	0.00	113.76	Uncollectible - New owner - CY Paid
910-000-607-000	2010	K	BOWMAN WESTLEY & JACKIE	76.82	7.68	20.00	104.50	Sold Mobile 2006 - Lives out of state since then
910-000-607-000	2011	K	BOWMAN WESTLEY & JACKIE	78.34	7.82	20.00	106.16	Sold Mobile 2006 - Lives out of state since then
910-000-610-000	2011	K	MULLANEY THOMAS	68.48	6.84	20.00	95.32	Deceased
910-000-646-000	2011	K	TICE NAOMI	122.52	12.24	20.00	154.76	Deceased - only Foothill Fire Dir Chg
910-000-768-000	2008	K	SMITH RODNEY	263.52	26.34	20.00	309.86	Deceased
910-000-768-000	2009	K	SMITH RODNEY	277.32	27.72	20.00	325.04	Deceased
910-000-768-000	2011	K	SMITH RODNEY	279.24	27.92	20.00	327.16	Deceased
910-000-839-000	2008	K	DALTON FRANK L & PROVIDENZA	180.02	18.00	20.00	218.02	Inactive since 2010-Mr. Deceased-Mrs. Nursing home in Or
910-000-839-000	2009	K	DALTON FRANK L & PROVIDENZA	191.86	19.18	20.00	231.04	Inactive since 2010-Mr. Deceased-Mrs. Nursing home in Or
910-000-839-000	2010	K	DALTON FRANK L & PROVIDENZA	154.20	15.42	20.00	189.62	Inactive since 2010-Mr. Deceased-Mrs. Nursing home in Or
910-001-581-000	2011	K	FRENCH CAROLYN	77.44	7.74	20.00	105.18	Deceased

991-052-203-000	2011	Q	LAIRSON GEORGE F ETAL	163.24	16.32	0.00	179.56	Deceased
-----------------	------	---	-----------------------	--------	-------	------	--------	----------

302	K,Y,Z	PRIOR YEAR UNSECURED	4,768.54
304	U,T	CURRENT YEAR UNSECURED	5,330.32
306	Q,V	CURRENT YEAR UNSECURED SUPPLEMENTAL	3,362.03
309	G,J,X	PRIOR UNSECURED SUPPLEMENTAL	163.24

PRIOR YEAR UNSECURED SUPPLEMENTAL UNDER \$50.00 TOTAL	\$48.74	\$4.84	\$40.00	\$93.58
PRIOR YEAR UNSECURED SUPPLEMENTAL TOTAL	\$4,719.80	\$471.96	\$20.00	\$5,211.76
CURRENT YEAR UNSECURED TOTAL	\$5,330.32	\$532.99	\$0.00	\$5,863.31
PRIOR YEAR UNSECURED UNDER \$50.00 TOTAL	\$445.83	\$44.47	\$200.00	\$690.30
PRIOR YEAR UNSECURED TOTAL	\$2,916.20	\$291.52	\$220.00	\$3,427.72
CURRENT YEAR UNSECURED SUPPLEMENTAL TOTAL	\$163.24	\$16.32	\$0.00	\$179.56

THIS PAGE INTENTIONALLY LEFT BLANK

TO WHOM IT MAY CONCERN:

The Western Area Power Administration ("WAPA") division of the United States Department of Energy has multiple high voltage (230 kv) electrical transmission lines upon easements within the 3rd Congressional District of California. WAPA has easements, not fee interests, where these transmission lines run. The fee owners retain all residual rights in the property affected by the WAPA easements. A number of these easements run across farm ground which has been in commercial walnut production since well before the subject lines were installed. It is our understanding that during the time since WAPA installed these high voltage lines there is not a single reported incident in which an electrical accident occurred as a result of the growers failure to properly prune their walnut orchards.

With this background it has come to my attention that on or about February 22, 2013 a number of my constituents received letters from the WAPA staff in which WAPA announced its intention to "clear" the properties where the high voltage lines had successfully co-existed for many decades. In looking into the cultural practices followed by my constituents it seems clear that they have regularly exhibited a keen interest in following cultural practices designed to promote safety, regardless of the cost impact to them. This global WAPA "clearing" announcement is troubling on several levels:

1. WAPA has acquired easement interests, not fee interests. "Clearing" the easement lands would be a government act in the nature of an inverse condemnation, which raises a number of Constitutional issues. We have looked at the easement language in several of the express grants and cannot find therein where WAPA has acquired a right to "clear" anything.
2. It would be hard to believe that a court would not weigh the 50+ year safe co-existence and the farming uses and practices utilized to promote safety as material to the characterization of the residual rights retained by the walnut growers. In fact we have been given the benefit of being able to read correspondence from the WAPA General Counsel's office which clearly recognizes both the depth of the growers' significant residual rights in their property and job that the growers have done to comply with the applicable clearance standards. This "clearance" notice totally ignores that other divisions within WAPA have communicated directly with some of my constituent growers acknowledging that the good pruning practices have resulted in safe separation between the lines and the trees, even where WAPA insists upon a far greater separation than that imposed by the California Public Utilities Commission.
3. The blanket global "clearance" notice totally fails to take into consideration the obvious fact that the line sag between towers only impacts the portions of the lines constituting well less than half of the distance between the towers. It is absurd to claim that walnut trees near the tower structures constitute a hazard as the lines are way above the ground. Even the WAPA General Counsel's office in Denver had the candor to recognize that physical condition.
4. It is curious, and frankly inexplicable, as to why WAPA would go after production walnut orchards, which have safely co-existed under PG&E electrical service lines, and yet do

nothing to remove such service lines which would appear to pose a far more significant hazard to the transmission lines than the walnuts have.

5. It seems quite clear that walnut orchards, which are pruned twice a year, afford WAPA total access to its towers and lines twelve months a year. It is iron that WAPA would go after a residual use like walnuts which affords WAPA the ultimate in full-time access. WAPA's transmission lines that cross rice fields, for example, are only accessible approximately four (4) months a year.
6. WAPA's "clearance" notice totally ignores the safety benefits that have accrued from my constituent's effort to reduce safety conflicts by utilizing new combinations of rootstocks and walnut varieties that allow commercial production rates with a tree that is not as bound to get ever taller. So after 50 years of safe co-existence it appears that walnuts today pose less of a risk than they did when the lines were installed.
7. It appears that WAPA is only using approximately 65 feet of the 100 foot easements. It would appear that some sort of explanation would be in order as to how WAPA feels entitled to "clear" the portions of the easement land that it has never utilized for high voltage lines or towers.

Given the significant issues raised in this letter I would hope that solid explanations would be forthcoming from WAPA before WAPA undertakes to "clear" anything.

May 21, 2013

Thomas Boyko
Sierra Nevada Regional Manager
Western Area Power Administration
114 Parkshore Drive
Folsom, CA 95630-4710

Dear Mr. Boyko:

The Yuba County Board of Supervisors opposes the plan of Western Area Power Administration to clear commercial walnut orchards and other orchard crops from beneath power transmission lines in Yuba County.

In February, many farmers received letters announcing the intent of WAPA to clear the property easement of walnut trees. Walnut orchards, which existed long before the transmission lines, were put in place 50 years ago and have coexisted with towers and transmission lines with no reported instance of fire or other electrical accident as a result of the trees or cultural practices of farmers.

We feel this is unnecessary and absent a threat, is poor public policy to reduce the acreage of commercial walnut farming since decades of real-life experience indicates walnut trees provide no threat to the safe operation of the transmission lines.

The Board of Supervisors respectfully requests the WAPA to reconsider its announced intention and cancel any plans of taking unnecessary steps to clear trees out of an easement that poses no threat to the operation of your transmission lines.

Sincerely,

Andy Vasquez
Chairman

Cc: Sen. Diane Feinstein
Sen. Barbara Boxer
Congressman John Garamendi
Congresswoman Doris Matsui
Congressman Doug La Malfa
Congressman Thompson



*SPECIAL
PRESENTATIONS*

THIS PAGE INTENTIONALLY LEFT BLANK



RIDEOUT
HEALTH

May 7, 2013

Andy Vasquez, Jr., Chairman
Yuba County Board of Supervisors
915 8th St #109
Marysville, CA 95901

Dear Chairman Andy Vasquez Jr.

National Nurses Week is May 6-12, 2013 and Rideout Health (RH) will be honoring our nurses with a week-long series of appreciation events for the more than 500 Registered Nurses and 400 nursing support staff who work at RH facilities.

We are hoping that as the Chair of Yuba County Board of Supervisors, you will honor our nurses with a proclamation from Yuba County at a Yuba County Supervisors meeting in May. Can you help us with this request? A draft proclamation is included for your perusal.

I have included Teri Grassau, Chief Nursing Executive, RH in this email. She will arrange a nurse (or nurses) to attend the meeting and accept the proclamation should this be approved. Teri's phone number is 749-4575. Her email address is tgrassau@frhg.org. Please consider her your contact at RH in this matter.

Please keep me in the loop by including me in your email response, lpummer@frhg.org

Thank you,
Linda Plummer
Marketing Director
Rideout Health

THE COUNTY OF YUBA

BOARD OF SUPERVISORS



— P R O C L A M A T I O N —

HONORING
NATIONAL NURSES' WEEK
MAY 6 – 12, 2013

WHEREAS, the nearly 3.1 million nurses in the United States comprise our nation's largest health care profession; and

WHEREAS, the depth and breadth of the nursing profession meets the different and emerging health care needs of the American population in a wide range of settings; and

WHEREAS, professional nursing has been demonstrated to be an indispensable component in the safety and quality of care of hospitalized and home health patients; and

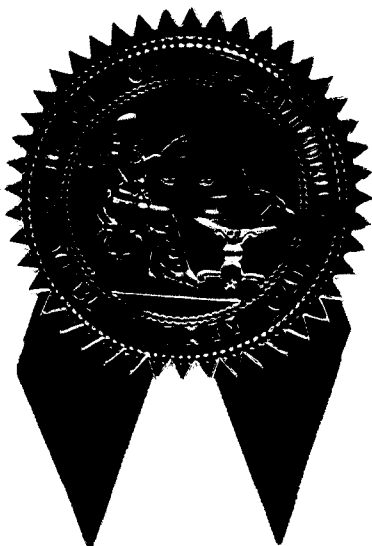
WHEREAS, greater numbers of qualified nurses will be needed in the future to meet the increasingly complex needs of health care consumers in our community; and

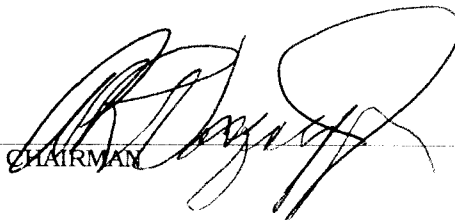
WHEREAS, the cost-effective, safe and quality health care services provided by nurses will be an ever more important component of the U.S. health care delivery system in the future; and

WHEREAS, the American Nurses Association has declared the week of May 6-12, 2013 as National Nurses' Week, with the theme *Delivering Quality and Innovation in Patient Care*; and

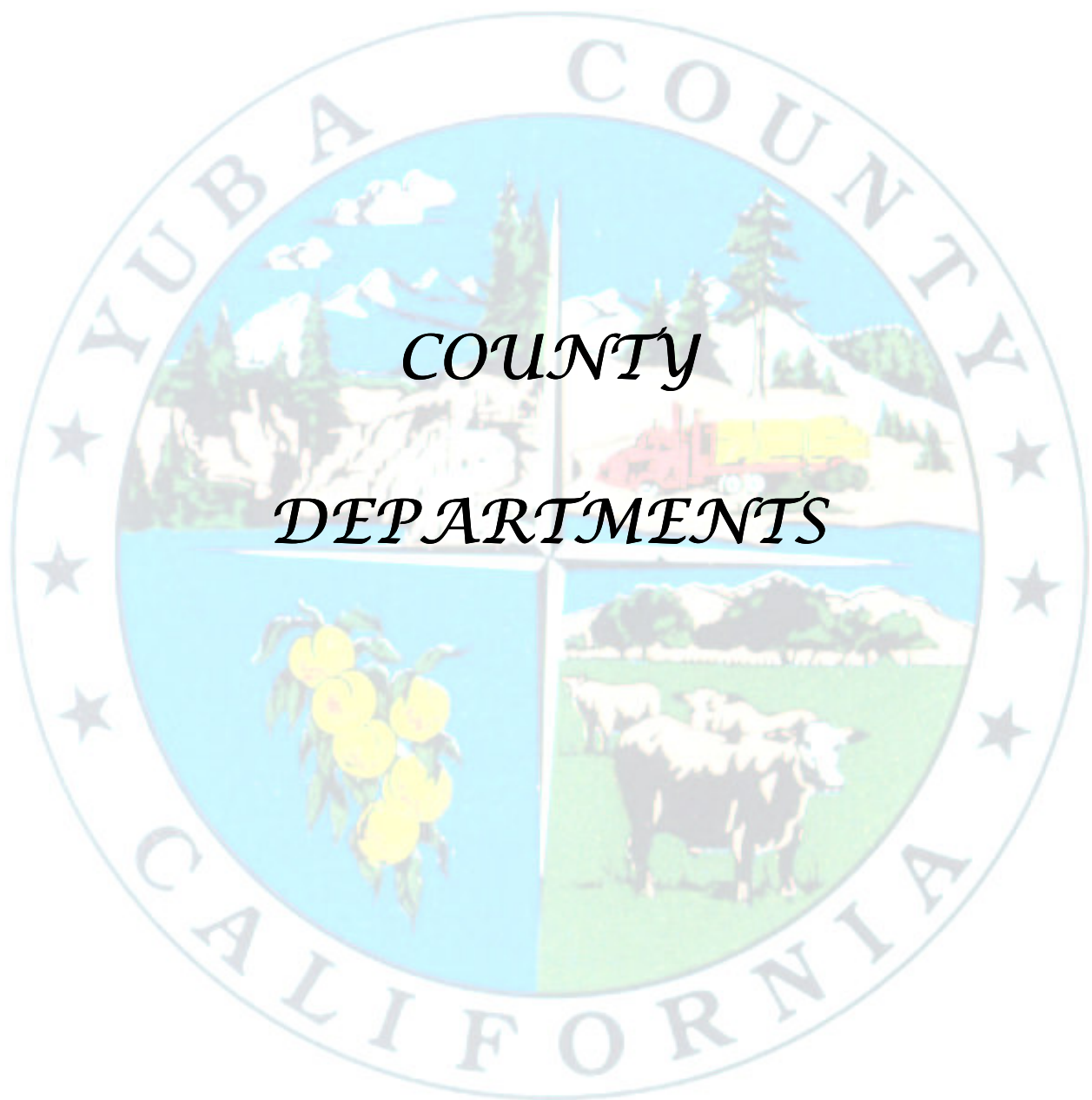
WHEREAS, Rideout Health is celebrating National Nurses Week with a week-long series of appreciation events for the more than 500 Registered Nurses and 400 nursing support staff working at Rideout Memorial Hospital and Rideout Cancer Center in Yuba County.

NOW THEREFORE, the Yuba County Board of Supervisors urges all residents to join in honoring the many nurses who care for all of us, and celebrate accomplishments and efforts in nursing to improve our health care system and show our appreciation for our nurses not just during this week, but at every opportunity throughout the year.




CHAIRMAN


CLERK OF THE BOARD OF SUPERVISORS



COUNTY
DEPARTMENTS

THIS PAGE INTENTIONALLY LEFT BLANK

The County of Yuba

210-13

AUDITOR - CONTROLLER



C. RICHARD EBERLE, CPA

915 8th Street, Suite 105
Marysville, CA 95901-5273
(530) 749-7810

TO: Board of Supervisors

FROM: Auditor-Controller's Office, Richard Eberle, Auditor-Controller

SUBJECT: Financial Statements FY 2011-12

DATE: 05/21/2013

A handwritten signature in black ink, appearing to be "RE", is written over the "FROM:" line.

Recommendation

It is recommended that the Board of Supervisors receive the Audited Financial Statements for Fiscal Year 2011-12 and also receive a presentation from the Auditor-Controller

Background

Annually the Auditor-Controller coordinates the mandates countywide audit through a third party authorized by the Board of Supervisors. The audit for fiscal year 2011-2012 was performed by the firm of Gallina, LLP. The audit procedures performed by Gallina, LLP resulted in three reports for the County: The audited financial statements, which present the financial position of the County; the Single Audit, which audits financial information related to, and documents compliance with, federal grant requirements; and the Management Letter which communicates deficiencies in the internal control or organizational structure of the County. The audits for fiscal year ended June 30, 2012 were completed on March 28, 2013

Committee Action

This item is presented to the full Board.

Fiscal Impact:

None

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF YUBA

AUDIT REPORT

JUNE 30, 2012

THIS PAGE INTENTIONALLY LEFT BLANK

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

Table of Contents

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

COUNTY OF YUBA
AUDIT REPORT
JUNE 30, 2012

Table of Contents

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



INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
County of Yuba
Marysville, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Yuba, California, (the County), as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Yuba County Water Agency, which represents 99% and 95%, respectively, of assets and revenues of the discretely presented component units. Those basic financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as they related to the amounts included for the Yuba County Water Agency are based on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In our opinion, based on our audit and the report of other auditors, except for the effects of such adjustments as might have been determined to be necessary had the records concerning land been adequate, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued under separate cover, our report dated March 28, 2013, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Board of Supervisors
County of Yuba

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

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the County of Yuba's basic financial statements. The accompanying information identified in the table of contents as combining and individual fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as whole.

A handwritten signature in cursive script that reads "Gallina LLP".

Roseville, California
March 28, 2013

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF YUBA

Management's Discussion and Analysis June 30, 2012

This *Management Discussion and Analysis* of the County of Yuba's (County) basic financial statements presents a discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2012. Please read it in conjunction with the County's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$193.1 million. Of this amount, \$41.0 million is restricted for specific purposes (restricted net assets), and \$191.4 million is invested in capital assets, net of related debt. Unrestricted net assets are deficit by \$39.4 million due to a combination of the cost of levee improvements totaling \$76.8 million, a state-owned asset, is expensed as project costs rather than as a capital asset and offset by a restatement of prior period revenues of \$46.7 million. The deficit in Unrestricted net assets includes approximately \$9.3 million in compensated absences, deferred charges and accrued interest.
- During the year, the County's total net assets increased by \$36.1 million. The majority of the increase in total net assets is due to a recognition of \$46.7 million in revenue recorded as deferred revenue in prior periods as revenue in the current year.
- As of June 30, 2012, the County's governmental funds reported combined fund balances of \$88.8 million. Of this amount, approximately \$11.3 million dollars are designated as assigned and unassigned in accordance with GASB 54 pronouncements.
- At the end of the fiscal year, unrestricted fund balance for the General Fund was \$15.2 million, an increase of \$11.9 million from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The statement of activities presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. earned but uncollected revenues and earned but unused vacation leave). Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, recreation and cultural services. The business-type activities of the County include the County Airport.

COUNTY OF YUBA

Management's Discussion and Analysis June 30, 2012

Fund Financial Statements are a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements focus on current *in-flows and outflows of spendable resources* as well as the *balances of available resources* at the end of the fiscal year. Such information may be useful in evaluating the County's short-term financial position and the financial resources available in the near future to support the County's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *government activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

In addition to the *General Fund*, the County maintains individual governmental funds organized according to their type (special revenues, debt service, and capital projects). Major funds are presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances. Major governmental funds include the *General Fund, Public Works Fund, Social Services Fund, Public Safety Fund, Grants Fund, and the debt service fund of the Yuba County Financing Authority, a blended component unit*. All other governmental fund types are presented in aggregate as *Other Governmental Funds*.

Proprietary funds are comprised of *enterprise funds* and *internal service funds*. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the County Airport. *Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds for its self-insurance (Risk Management Authority), which includes general liability, workers' compensation, employee health benefits, and for its fleet operations and maintenance (Fleet Management). Because these services predominantly benefit government rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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

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

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

COUNTY OF YUBA

Management's Discussion and Analysis June 30, 2012

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

County of Yuba's Net Assets (in thousands)

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

ANALYSIS OF NET ASSETS

As noted earlier, net assets may serve other time as a useful indicator of government's financial position. In the case of the County of Yuba, assets exceeded liabilities by \$193.1 million at the close of the fiscal year ending June 30, 2012. The County continues work in conjunction with Three Rivers Levee Improvement Authority (TRLIA), a joint venture formed by the County and Reclamation District No. 784, to improve the levee system protecting the citizens of the county and their property. Since the creation of TRLIA in 2004 levee improvement projects totaling \$320.5 million have been completed, including \$13.5 million in the fiscal year ending June 30, 2012. See Note 14 to the basic financial statements for additional information on the joint venture and the levee improvement projects.

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

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

COUNTY OF YUBA

Management's Discussion and Analysis June 30, 2012

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

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

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

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

COUNTY OF YUBA

Management's Discussion and Analysis June 30, 2012

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

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

As of June 30, 2012, the County's governmental funds reported a combined ending fund balance of \$88.8 million, compared to \$62.2 million of the previous year, an increase of 42.9%. Of the \$88.8 million in fund balance, \$41.0 million is classified as restricted under GASB 54.

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

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

The Public Works fund is used for the planning, design, construction, maintenance and administration of the County's roads and infrastructure. The Public Works fund recorded \$9.0 million in revenues for 2012 compared to \$13.6 million in revenues in 2011. Expenditures increased to \$14.8 million in 2012 from \$13.4 million in 2011. The reduction in revenue for Public Works resulted from a decrease of \$2.0 million of intergovernmental revenues and \$3.2 million in charges for related services (both revenue sources resulting from services provided by the County to various agencies within county boundaries).

The Social Services fund is used for providing services and assistance to County individuals and families, including foster care, medical services, general assistance for indigent adults and time-limited benefit payment programs to help needy families. The Social Services fund reported \$37.2 million in revenues for 2012 compared to \$45.7 million in revenues for 2011. Expenditures were slightly lower in 2012, \$43.7 compared to \$45.3 million for 2011.

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

The Yuba Levee Financing Authority Debt Service fund is used to account for the bonds issued by the Yuba Levee Financing Authority. At June 30, 2012, the fund held unspent debt proceeds of \$16.9 million, a decrease of \$3.6 million from the prior year.

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

Proprietary funds: As described earlier, when certain activities are performed for which user fees or charges are designed to cover expenses, proprietary funds are used. The County accounts for both

COUNTY OF YUBA

Management's Discussion and Analysis June 30, 2012

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

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

GENERAL FUND BUDGETARY HIGHLIGHTS

Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2012

(in thousands)

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

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

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

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

- \$ 11.4 million – compensated absences
- \$ 0.8 million – liability for self-insurance
- \$ 9.4 million – capital lease
- \$ 76.9 million – bonds payable

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

REQUEST FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS
Government-Wide Financial Statements

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF YUBA

Statement of Net Assets June 30, 2012

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

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

COUNTY OF YUBA

Statement of Activities For the Year Ended June 30, 2012

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

General Revenues:

Taxes:

Property taxes

Property taxes in lieu of sales taxes

Sales and use taxes

Franchise taxes

Transient occupancy tax

Other

Unrestricted interest and investment earnings

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Assets before Special and Extraordinary Items

Special item

Extraordinary item - RDA Dissolution

Change in Net Assets

Net Assets - Beginning of Year, restated

Net Assets - End of Year

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

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

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

THIS PAGE INTENTIONALLY LEFT BLANK

BASIC FINANCIAL STATEMENTS
Fund Financial Statements

THIS PAGE INTENTIONALLY LEFT BLANK

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF YUBA

Balance Sheet
Governmental Funds
June 30, 2012

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

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

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

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

COUNTY OF YUBA

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

Fund Balance - total governmental funds (page 14)	\$ 88,803,832
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	196,231,565
Issuance costs on long-term debt is capitalized and amortized over the life of the related debt issue.	2,224,794
Interest payable on long-term debt does not require the use of current financial resources and, therefore, is not accrued as a liability in the governmental funds.	(1,454,831)
Long-term liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds.	
Bonds payable	(76,846,946)
Capital leases	(9,389,969)
Compensated absences	(11,195,584)
Other post employment benefits	(4,906,000)
Internal service funds are used by the County to charge the cost of self-insurance risk management and management of fleet maintenance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	<u>6,805,792</u>
Net assets of governmental activities (page 9)	<u><u>\$ 190,272,653</u></u>

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

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF YUBA

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

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

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

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

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

COUNTY OF YUBA

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

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

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

Governmental funds report capital outlay as expenditures. However,
in the statement of activities, the cost of those assets is allocated
over their estimated useful lives and reported as depreciation
expense.

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

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

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

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

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

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

Change in net assets of governmental activities (page 10)	<u><u>\$ (10,071,659)</u></u>
---	-------------------------------

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

COUNTY OF YUBA

Statement of Fund Net Assets Proprietary Funds June 30, 2012

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

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

COUNTY OF YUBA

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

	Business-Type Activities - Enterprise Fund Nonmajor Enterprise Fund County Airport	Governmental Activities Internal Service Funds
Operating Revenues:		
User fees and charges	\$ --	\$ 14,907,723
Rents and concession	297,165	--
Total Operating Revenues	<u>297,165</u>	<u>14,907,723</u>
Operating Expenses:		
Salaries and benefits	165,008	--
Services and supplies	253,980	13,769,461
Depreciation	101,004	288,263
Total Operating Expenses	<u>519,992</u>	<u>14,057,724</u>
Operating Income (Loss)	<u>(222,827)</u>	<u>849,999</u>
Non-Operating Revenue (Expenses):		
Intergovernmental revenue	66,600	--
Other revenue	22	202,935
Interest revenue	1,102	42,060
Total Non-Operating Revenue (Expenses)	<u>67,724</u>	<u>244,995</u>
Income (Loss) Before Transfers	(155,103)	1,094,994
Transfers in	<u>62,900</u>	<u>--</u>
Change in Net Assets	(92,203)	1,094,994
Net Assets - Beginning of Year	<u>2,881,814</u>	<u>5,710,798</u>
Net Assets - End of Year	<u>\$ 2,789,611</u>	<u>\$ 6,805,792</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, 2012

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

continued

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

COUNTY OF YUBA

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

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

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

COUNTY OF YUBA

Statement of Fiduciary Net Assets June 30, 2012

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

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

COUNTY OF YUBA

Statement of Changes in Fiduciary Net Assets For the Year Ended June 30, 2012

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

COUNTY OF YUBA

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

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

A. The Reporting Entity

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

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

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

Blended Component Units

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

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

The Yuba Levee Finance Authority is included in the County's reporting entity as a blended component unit because of its financial relationship with the County. The Authority was formed on July 22, 2008, as a joint exercise of powers authority between the County of Yuba and the Yuba County Water Agency, for the primary purpose of providing financial assistance to facilitate improvements to the levee system in the County.

The Housing Authority has issued separate component unit financial statements which is available at the Yuba County Auditor-Controller's Office.

Discretely Presented Component Units

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

COUNTY OF YUBA

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

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

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

Discretely Presented Component Units (continued)

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

Since there is not a financial benefit or burden relationship between the County and the Water Agency and the County does not have operational responsibility for the Agency, the Water Agency is considered a discretely presented component unit of the County in accordance with GASB Statement No. 61. Complete financial statements of the Yuba County Water Agency can be obtained by contacting the Water Agency's Department of Financial Services at 1220 F Street, Marysville, CA 95901.

The First Five Children and Families Yuba Commission (CCFC) was established under the provisions of the California Children and Families Act (the Act). The CCFC is a public entity legally separate and apart from the County and its purpose is to develop, adopt, promote and implement early childhood development programs in the County of Yuba consistent with the goals and objectives of the Act.

The CCFC is administered by a governing board of seven members, which are appointed by the County Board of Supervisors. Three members are representatives of the County's health care departments, County's social services departments and Board of Supervisors. The County Board of Supervisors may remove any CCFC member at any time. Since the County Board of Supervisors can impose their will on the Commission, the Commission is considered a discretely presented component unit of the County. Separately issued financial statements may be obtained at the Commission's administration offices located at 1114 Yuba Street, Suite 121, Marysville, CA 95901.

B. **Basis of Presentation**

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County and between the County and its discretely presented component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities presents a comparison between direct expense and program revenues for each segment of the business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

COUNTY OF YUBA

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

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

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

Fund Financial Statements

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. *Operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of each fund. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. Operating expenses include costs of providing services and delivering goods. All other expenses not meeting this definition are reported as nonoperating expenses.

The County reports the following major governmental funds:

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as general government, public protection, health and sanitation, public assistance and education services.
- The *Public Works Fund* is a special revenue fund used to account for funds allocated for the planning, design, construction, maintenance and administration of County transportation activities (Public Ways and Facilities).
- The *Social Service Fund* is used to account for reserves and expenditures to provide services and assistance to County individuals and families. Eligibility programs include foster care, County medical services, general assistance for indigent adults and time-limited benefit payment programs to help needy families.
- The *Public Safety Fund* is used to account for the operations of public safety departments that include sheriff, district attorney, jail and juvenile hall.
- The *Grants Fund* is used to account for the revenues and expenditures of various grants obtained by the County.
- The *Yuba Levee Financing Authority Debt Service Fund* is used to account for the accumulation of cash for the payment of principal and interest related to the bonds issued by the Yuba Levee Financing Authority.

The County reports the following additional fund types:

- *Internal Service Funds* account for the County's fleet maintenance services provided to other departments or other governments, the Sheriff's auto service and the County's self-insurance programs. Activities include the County's insurance programs, workers compensation, general liability, health, unemployment, general insurance and short-term disability.

COUNTY OF YUBA

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

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

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

Fund Financial Statements (continued)

- The *Investment Trust Fund* accounts for the external portion of the County's Investment Pool which commingles resources of legally separate local governments within the County in an investment portfolio for the benefit of all participants. These entities include school and community college districts, other special districts governed by local boards, regional boards and authorities. These funds represent the assets, primarily cash and investments, held by the County in trust for these participants.
- The *Agency Funds* account for assets held by the County as an agent for the state and various local governments. These funds typically do not involve a formal trust agreement and are used to account for situations where the role is purely custodial such as the receipt, temporary investment or remittance of fiduciary resources.
- The *Private Purpose Trust Fund* accounts for assets and liabilities of the Successor Agency to the Redevelopment Agency.

C. **Basis of Accounting**

The government-wide, proprietary, and investment trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available ("susceptible to accrual"). Property and sales taxes, interest, state and federal grants and charges for services are accrued when their receipt occurs within six months after the end of the accounting period so as to be measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

For its business-type activities and enterprise funds, the County has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

COUNTY OF YUBA

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

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

D. Cash and Investments

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

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

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

E. Receivables

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

F. Inventory

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

G. Property Held for Resale

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

H. Capital Assets and Depreciation

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

The estimated lives are as follows:

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

COUNTY OF YUBA

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

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

I. Property Taxes

Property taxes, including tax rates, are regulated by the State and are locally administered by the County. The County is responsible for assessing, collecting and distributing property taxes in accordance with state law. Liens on real property are established January 1 for the ensuing fiscal year. The property tax is levied as of July 1 on all taxable property located in the County. Secured property taxes are due in two equal installments on November 1 and February 1 and are delinquent after December 10 and April 10, respectively. Additionally, supplemental property taxes are levied on a pro rata basis when changes in assessed valuation occur due to sales transactions or the completion of construction.

The County and its political subdivisions operate under the provisions of Sections 4701-4717 of the California Revenue and Taxation Code. This provision is otherwise known as the "Teeter Plan." Under this method, the accounts of political subdivisions that adopted the Teeter Plan and levy taxes on the County tax roll are credited with 100% of their respective secured tax levy, regardless of the actual payments and delinquencies. This method then provides for Teetered delinquent penalties and redemptions to flow to the County's General Fund.

Pursuant to Section 4703 of the California Revenue and Taxation Code, all counties electing to operate under the "Teeter Plan," are required to maintain a Property Tax Losses Reserve Fund. The fund is used to cover losses that may occur in the amount of tax liens as a result of special sales of tax-defaulted property. Whenever in any year the amount of the Tax Losses Reserve Fund has reached an amount equivalent to 1% of the total of all taxes and assessments levied on the secured roll for that year, the excess may be credited to the County's General Fund.

J. Deferred Revenue and Unearned Income

Governmental funds report deferred revenue in connection with receivables not considered available to liquidate liabilities of the current period. Governmental and enterprise funds report unearned revenue in connection with resources that have been received, but not yet earned.

K. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources is reported as a long-term liability in the government-wide financial statements. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. In accordance with the provisions of Statement No. 16 of the Governmental Accounting Standards Board, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

L. Interfund Transactions

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

COUNTY OF YUBA

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

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

L. Interfund Transactions (continued)

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

M. Net Assets

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

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

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

Unrestricted Net Assets – This category represents net assets of the County, not restricted for any project or other purpose.

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

N. Fund Balance

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

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

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

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

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

COUNTY OF YUBA

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

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

N. **Fund Balance** (continued)

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

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

Fund Balance Policy

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

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

O. **Use of Estimates**

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

NOTE 2: **RESTATEMENT OF FUND EQUITY/NET ASSETS FUND RECLASSIFICATIONS**

Adjustments resulting from errors or changes to comply with provisions of the accounting standards are treated as adjustments to prior periods. Accordingly, the County reports these changes as restatements of beginning fund equity or net assets.

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

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

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

COUNTY OF YUBA

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

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

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

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

	Government-Wide Statement of Activities	General Fund	Public Works	Social Services	Public Safety	Grants	Other Governmental Funds	Internal Service Funds
	Governmental Activities							
Fund balances/net assets, June 30, 2011, as previously reported	\$ 153,675,043	\$ 4,347,456	\$ 4,421,775	\$ 5,628,826	\$ 3,673,691	\$ 618,810	\$ 22,794,823	\$ 5,582,151
Restatements and corrections:								
Governmental trust funds	33,462,516	13,256,908	16,103,787	1,684,324	2,118,413	--	208,231	90,853
Correct classifications of agency funds	13,255,915	--	13,255,915	--	--	--	--	--
Capital assets	(987,320)	--	--	--	--	--	--	37,794
Property held for resale	938,158	--	--	--	--	938,158	--	--
Total restatements and corrections	46,669,269	13,256,908	29,359,702	1,684,324	2,118,413	938,158	208,231	128,647
Fund balances/net assets, June 30, 2011, as restated	\$ 200,344,312	\$ 17,604,364	\$ 33,781,477	\$ 7,313,150	\$ 5,792,104	\$ 1,556,968	\$ 23,003,054	\$ 5,710,798
	Government-Wide Statement of Activities							
	Business-Type Activities							
Fund balances/net assets, June 30, 2011, as previously reported	\$ 3,299,744							
Restatements and corrections:								
Correct classifications of agency funds	(417,930)							
Total restatements and corrections	(417,930)							
Fund balances/net assets, June 30, 2011, as restated	\$ 2,881,814							

NOTE 3: CASH AND INVESTMENTS

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

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

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

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

COUNTY OF YUBA

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

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

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

At June 30, 2012, total County cash and investments were as follows:

Cash:

Cash on hand	\$ 32,514
Deposits	5,004,639
Outstanding warrants	<u>(7,998,298)</u>
Total cash overdrafts	<u>(2,961,145)</u>

Investments:

Investment pool	321,973,393
Held with fiscal agents	<u>27,013,372</u>
Total investments	<u>348,986,765</u>

Total cash and investments	<u><u>\$ 346,025,620</u></u>
----------------------------	------------------------------

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

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

Deposits – Custodial Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code requires that a financial institution secure the County's cash deposits by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of pledged securities in the collateral pool must equal at least 110% of the County's cash deposits. California law also allows institutions to secure County deposits by pledging first trust deed mortgage notes having a value of 150% of the County's total cash deposits. At June 30, 2012, none of the County's deposits was exposed to custodial risk.

Investments

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

COUNTY OF YUBA

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

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

Investments (continued)

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Federal Agency Obligations	5 Years	None	None
U.S. Treasury Bills	5 Years	None	None
State of California Obligations	5 Years	None	None
Local Agency Bonds and Obligations	5 Years	None	None
Banker's Acceptances	180 Days	40%	30%
Commercial Paper - Select Agencies	270 Days	40%	10%
Negotiable Certificates of Deposit	5 Years	30%	None
Non-negotiable Certificates of Deposit	5 Years	30%	None
Repurchase Agreements	1 Year	None	None
Reverse Repurchase Agreements	92 Days	20%	None
Medium-Term Corporate Notes	5 Years	30%	None
Money Market Mutual Funds	N/A	20%	10%
Local Agency Investment Fund (LAIF)	N/A	None	None
California Asset Management Program (CAMP)	N/A	None	None

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

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

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

COUNTY OF YUBA

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

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

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

At June 30, 2012, in accordance with state law and the County's investment policy, the County did not have 10% or more of its net investment in any one mutual fund. Investments in any one issuer (other than U.S. Treasury securities, money market mutual funds, and external investment pools) that represent 5% or more of the total county investments are as follows:

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

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of the County's investment pool's fair value at June 30, 2012.

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

COUNTY OF YUBA

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

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

Custodial Credit Risk

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

Local Agency Investment Fund

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

At June 30, 2012, the County's investment position in the State of California Local Agency Investment Fund (LAIF) was \$19.8 million, which approximates fair value and is the same as the value of the pool shares which is determined on an amortized cost basis. The total amount invested by all public agencies in PMIA on that day was \$60.5 billion. Of that amount, 3.47% was invested in structured notes and asset-backed securities with the remaining 96.53% invested in other non-derivative financial products.

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

County Investment Pool Condensed Financial Statements

The following represents a condensed statement of net assets and changes in net assets for the County's primary investment pool and bond investment pool as of June 30, 2012:

Statement of Net Assets

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

Statement of Changes in Net Assets

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

COUNTY OF YUBA

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

NOTE 4: INTERFUND TRANSACTIONS

Due to/from other funds:

Interfund receivables and payables represent borrowing between funds and regular service and supplies provided but not settled at year end. The composition of interfund balances as of June 30, 2012 is as follows:

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

Transfers:

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

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

COUNTY OF YUBA

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

NOTE 5: CAPITAL ASSETS

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

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

COUNTY OF YUBA

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

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

Depreciation expense was charged to governmental functions as follows:

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

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

Airport	<u>\$ 101,004</u>
---------	-------------------

NOTE 6: **LONG-TERM LIABILITIES**

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

	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2012</u>
<u>Governmental Activities</u>						
2008 Revenue Bonds (series A) <i>levee improvements</i>	2008	2038	4.73-4.90%	\$1,580,000-\$6,005,000	\$ 64,175,000	\$ 64,175,000
2008 Revenue Bonds (series B) <i>levee improvements</i>	2008	2024	6.10-6.375%	\$1,475,000-\$2,245,000	<u>14,195,000</u>	<u>14,195,000</u>
Total Governmental Activities					<u>\$ 78,370,000</u>	<u>\$ 78,370,000</u>

COUNTY OF YUBA

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

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

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

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

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

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

COUNTY OF YUBA

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

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

Claims and judgments will be paid from the County's insurance funds. Compensated absences liabilities will be paid by several of the County's funds, including the general fund, special revenue funds and internal service funds.

Notes Payable – CDBG Program and Yuba County Water Agency

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

NOTE 7: **LEASES**

Capital Leases

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

The following is a summary of equipment leased under capital lease agreements by the County as of June 30, 2012:

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

The equipment is currently under construction.

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

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

COUNTY OF YUBA

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

NOTE 7: **LEASES** (CONTINUED)

Operating Leases

The County has commitments under long-term operating lease agreements. During the fiscal year ended June 30, 2012, the County paid rents on these leases of \$2,294,424. Future minimum lease payments are as follows:

<u>Year Ending June 30:</u>	<u>Governmental Activities</u>
2013	\$ 2,294,424
2014	2,294,424
2015	2,294,424
2016	2,294,424
2017	2,294,424
2018-2022	11,472,120
2023-2027	11,472,120
2028-2032	11,472,120
2033-2037	11,472,120
2038-2042	11,472,120
Total Minimum Lease Payments	<u><u>\$ 68,832,720</u></u>

NOTE 8: **REVOLVING NOTES RECEIVABLE**

At June 30, 2012, the County had \$5,071,991 of revolving notes receivable reported in the governmental funds. The balance is recorded in the County's grant fund and is deferred, as payment is generally not due for periods ranging from 5 to 30 years and principal and interest are revolved as new loans as collections are received.

The County's revolving loans reported in governmental funds were derived from the following grant programs:

Community Development Block Grant	\$ 3,958,154
HOME Investment Partnerships Program	836,367
CDBG Economic Development Initiative	277,470
	<u><u>\$ 5,071,991</u></u>

NOTE 9: **PUBLIC EMPLOYEE RETIREMENT SYSTEM**

Plan Description

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

COUNTY OF YUBA

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

NOTE 9: PUBLIC EMPLOYEE RETIREMENT SYSTEM (CONTINUED)

Funding Policy

County employees are required by state statute to contribute 7% for miscellaneous employees and 9% for safety employees of their annual covered salary. The County is required to contribute remaining amounts necessary to fund the benefits for the actuarial members, using the actuarial basis recommended by CalPERS actuaries and actuarial consultants and adopted by CalPERS Board of Administration. For the fiscal year ended June 30, 2012, the employer contribution rate was 13.901% for the miscellaneous plan and 18.666% for the safety plan. The County makes the contributions required of County employees on their behalf and for their account.

Annual Pension Cost

For fiscal year 2011-2012, the County's annual pension cost of \$7,332,922 for PERS was equal to the County's required and actual contributions. The required contribution was determined as part of the June 30, 2009 actuarial. Assumptions included 7.75% investment rate of return (net of administrative expenses) and projected annual salary increases that vary by duration of service ranging from 3.25% to 14.45% and include an inflation component of 3.0%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and losses. The unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2009 was thirty-one years.

Three-Year Trend Information for PERS

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

Funded Status and Funding Progress

The following is the funded status information for each plan as of June 30, 2011, the most recent actual valuation date:

	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded/ (Overfunded) Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
Miscellaneous	\$ 231,937,885	\$ 184,292,484	\$ 47,645,401	79.5%	\$ 37,731,847	126.3%
Safety	76,163,284	61,116,610	15,046,674	80.2%	12,445,480	120.9%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

COUNTY OF YUBA

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

NOTE 10: **RISK MANAGEMENT**

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

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

The County currently reports its risk management activities in the internal services funds, which include general liability, workers' compensation, health, unemployment and short-term disability. All of the County funds participate in the County self-insured programs and make payments to the corresponding internal service fund based on estimated costs to pay prior and current years' claims. The estimated claims liability of \$834,000 as reported in the internal service funds at June 30, 2012, is based on the requirements of Governmental Accounting Standards Board (GASB) Statement No. 10, as amended by GASB Statement No. 30. These statements require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated.

Estimates of the liabilities for incurred (both reported and unreported) but unpaid claims are based on claims loss reports and actuarial reports. Liabilities are based on the estimated cost of settling the claims.

Changes in the County's claims liabilities amount for the fiscal years ended June 30, 2012 and 2011 were as follows:

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

COUNTY OF YUBA

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

NOTE 11: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Funding Policy. The contribution requirements of the plan members and the County are established and may be amended by the County. The County is not pre-funding the plan. The annual required contribution (ARC) is an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The County ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial liability over a period of 20 years.

The following are the components of the County's annual OPEB cost for the fiscal year ended June 30, 2012:

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

Annual OPEB Cost and Net OPEB Obligation

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

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

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

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

COUNTY OF YUBA

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

NOTE 11: OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2011 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 7.25% investment rate of return (net of administrative expenses), which is the expected long-term investment return on CERBT investments, and an annual PEMHCA minimum cost trend rate of 4% after 3 years (actual PEMHCA minimum costs were used for the first 3 years). This rate includes a 3% inflation assumption. The actuarial value of assets is equal to the market value. The UAAL is being amortized as a level percentage of projected payroll over 30 years on a closed basis. The remaining amortization period at June 30, 2011 was 26 years.

NOTE 12: NET ASSETS/FUND BALANCES

Net Assets

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

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

COUNTY OF YUBA

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

NOTE 12: NET ASSETS/FUND BALANCES (CONTINUED)

Net Assets (continued)

Net assets were restricted for the following purposes:

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

Fund Balances

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

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

COUNTY OF YUBA

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

NOTE 13: **CONTINGENT LIABILITIES**

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

NOTE 14: **JOINT VENTURE**

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

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

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

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

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

COUNTY OF YUBA

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

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

Levee improvement costs incurred to date through June 30, 2012, were as follows:

Fiscal Year Ending June 30:	
2004	\$ 701,774
2005	5,603,384
2006	50,572,148
2007	74,257,632
2008	24,376,482
2009	82,916,631
2010	54,496,111
2011	14,111,717
2012	13,487,570
	<u>\$ 320,523,449</u>

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

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

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

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

NOTE 15: **EXTRAORDINARY ITEM**

Successor Agency Trust for Assets of Former Redevelopment Agency

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

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

COUNTY OF YUBA

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

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

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

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

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

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

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

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

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

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

NOTE 15: **NEW ACCOUNTING PRONOUNCEMENTS**

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

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

COUNTY OF YUBA

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

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

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

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

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

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

THIS PAGE INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF YUBA

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

SCHEDULE OF FUNDING PROGRESS – RETIREMENT PLAN

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

Funded Status of Miscellaneous Plan

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	\$ 207,447,759	\$ 163,971,476	\$ 43,476,283	79.0%	\$ 41,466,564	104.8%
June 30, 2010	219,046,740	174,143,449	44,903,291	79.5%	39,947,417	112.4%
June 30, 2011	231,937,885	184,292,484	47,645,401	79.5%	37,731,847	126.3%

Funded Status of Safety Plan

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	\$ 67,470,123	\$ 52,403,054	\$ 15,067,069	77.7%	\$ 12,785,500	117.8%
June 30, 2010	72,135,411	56,596,999	15,538,412	78.5%	12,701,667	122.3%
June 30, 2011	76,163,284	61,116,610	15,046,674	80.2%	12,445,480	120.9%

SCHEDULE OF FUNDING PROGRESS – RETIREE HEALTHCARE PLAN

Funded Status

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, 2007	\$ 9,908,000	\$ --	\$ 9,908,000	0.0%	\$ 51,987,000	19.06%
June 30, 2009	9,813,000	--	9,813,000	0.0%	53,677,000	18.28%
June 30, 2011	11,859,000	--	11,859,000	0.0%	55,422,000	21.40%

COUNTY OF YUBA

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

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

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

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

COUNTY OF YUBA

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

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

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

Sources/inflows of resources

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

COUNTY OF YUBA

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

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

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

Sources/inflows of resources

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

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

Uses/outflows of resources

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

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

COUNTY OF YUBA

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

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

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

Sources/inflows of resources

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

COUNTY OF YUBA

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

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

COUNTY OF YUBA

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

BUDGETARY BASIS OF ACCOUNTING

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

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

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

THIS PAGE INTENTIONALLY LEFT BLANK

SUPPLEMENTARY INFORMATION

THIS PAGE INTENTIONALLY LEFT BLANK

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).

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF YUBA

Combining Balance Sheet Nonmajor Governmental Funds June 30, 2012

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

continued

COUNTY OF YUBA

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

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

continued

COUNTY OF YUBA

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

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

continued

COUNTY OF YUBA

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

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

continued

COUNTY OF YUBA

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

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

COUNTY OF YUBA

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

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

continued

COUNTY OF YUBA

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

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

continued

COUNTY OF YUBA

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

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

COUNTY OF YUBA

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

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

COUNTY OF YUBA

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

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

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF YUBA

Combining Balance Sheet Internal Service Funds June 30, 2012

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

continued

COUNTY OF YUBA

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

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

COUNTY OF YUBA

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

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

continued

COUNTY OF YUBA

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

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

COUNTY OF YUBA

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

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

continued

COUNTY OF YUBA

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

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

continued

COUNTY OF YUBA

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

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

continued

COUNTY OF YUBA

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

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

COUNTY OF YUBA

**Management Report
with Required Communication**

For the Year Ended June 30, 2012

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF YUBA

Management Report
For the Year Ended June 30, 2012

Table of Contents

	<u>Page</u>
Introduction.....	1
Required Communication.....	2-5
Current Year Comments and Recommendations	6-10
Status of Prior Year Comments and Recommendations.....	11

THIS PAGE INTENTIONALLY LEFT BLANK



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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the County of Yuba (County) for the year ended June 30, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated May 23, 2012. Professional standards also require that we communicate to you the following information related to our audit as discussed in the Required Communications section of this report.

In planning and performing our audit of the basic financial statements of the County for the fiscal year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls.

We previously reported on the County's internal control in our Single Audit report dated March 28, 2013, which contains our report on significant deficiencies and material weaknesses in the County's internal control. This letter does not affect our report dated March 28, 2013, on the basic financial statements of the County.

During our audit we also became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters.

This report is intended for the use of management, the Board of Supervisors, and officials of the federal and state grantor agencies.

We thank the County's staff for its cooperation during our audit.


Roseville, California
March 28, 2013

COUNTY OF YUBA

Management Report Required Communication For the Year Ended June 30, 2012

Our Responsibilities under U.S. Generally Accepted Auditing Standards and OMB Circular A-133

As stated in our engagement letter dated May 23, 2012, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles and to express opinions based on the assurance obtained. Because an audit is designed to provide reasonable, but not absolute assurance, and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with U.S. Office of Management and Budget (OMB) Circular A-133.

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about the County's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of the County's major federal programs for the purpose of expressing an opinion on the County's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on the County's compliance with those requirements.

Planned Scope of Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter dated May 23, 2012.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the County are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2012. We noted no transactions entered into by the County during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements are discussed below:

COUNTY OF YUBA

Management Report Required Communication For the Year Ended June 30, 2012

- Management believes receivables are fully collectible based on historical experience. Accordingly, no allowance for doubtful accounts is included in the financial statements.
- Management's estimate of risk liabilities and liabilities related to other postemployment benefits (OPEB) is based on either actuarially-determined projections prepared by outside specialists using experiential data gathered over the last several years.
- Value of infrastructure contributed by developers: Management's estimate is based on the length of road contributed multiplied by the estimated cost per mile. We tested a sample of roads to determine the methodology was consistent and reasonable.
- Collectability of long-term notes receivable: The County has issued long-term notes receivable to promote low and moderate income housing programs and other community development. As of June 30, 2012, management considered 100 percent of the loan portfolio fully collectible based on its estimate of the ultimate likelihood of collection.
- Liability for Self-Insurance Claims: The liability for self-insurance is based on an actuarial review of the self-insured liability program's outstanding liabilities.

We evaluated the key factors and assumptions used to develop these estimates in determining that they were reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure of the County's restatement in note 2 to the financial statements of beginning net assets of governmental activities and business-type activities.
- Note 14 to the financial statements discloses the County's relationship and accountability for levee improvements handled by the Three Rivers Levee Improvement Authority (TRLIA) and Reclamation District No. 784. The note includes related information about ongoing financial responsibilities, obligations and resources.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The following material adjustments detected as a result of audit procedures were corrected by management:

- Record property taxes receivable of \$8.7 million in the Agency Funds
- Adjust balances and activity of external bank accounts, including cash with fiscal agent accounts, to agree to bank statements
- Adjust receivables by \$286 thousand for subsequent receipts not properly accrued by County
- Adjust accounts payable by \$77 thousand for subsequent disbursements not properly accrued by County
- Adjust loans receivables by \$149 thousands to account for current year activity and recorded beginning balance of loans receivable, \$5.2 million
- Record prior year Neighborhood Stabilization Program inventory balances and current year activity.
- Adjust balance of claims liability to account for current year activity

COUNTY OF YUBA

Management Report Required Communication For the Year Ended June 30, 2012

- Recorded current year capital asset additions, deletions, depreciation expense, and other significant adjustments to capital assets in the enterprise and internal service funds
- Prior period adjustments in various funds, totaling \$46.6 million, to reflect the beginning balances of assets held in governmental trust funds
- Various adjustments necessary to properly reflect the dissolution of the former Redevelopment Agency
- Adjusted construction in progress balance \$274 thousand for prior year unidentified costs
- Adjusted construction in progress balance \$2.1 million for doubled costs in the current year
- Various significant adjustments to reconcile beginning equity to the prior year audited amounts.
- Reclassified \$2.6 million of miscellaneous revenue to properly report revenue type
- Disaggregated receivables for financial reporting
- Recorded various entries to due to/from other funds and transfers in/out for financial reporting
- Reclassified health insurance refunds to expenditures.
- Reclassified internal service fund charges from transfers to charges for services

The County agreed to record all of these adjustments to the June 30, 2012 audit report.

Material Misstatements Not Corrected by Management

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

Immaterial Misstatements Not Corrected by Management

Management passed on the following adjustments:

- Increase of \$649 thousand to total pooled cash to account for the fair value of the County's investments at June 30, 2012.
- Record \$50 thousand balance of external bank account in the Liability Insurance fund

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated March 28, 2013.

Management Consultations with Other Independent Auditors

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

COUNTY OF YUBA

Management Report Required Communication For the Year Ended June 30, 2012

Other Audit Findings or Issues

Extraordinary Item – Redevelopment Agency Dissolution

As a result of the California Supreme Court's December 29, 2011 ruling on Assembly Bill 1X 26, the Redevelopment Agency of the County of Marin (RDA) was dissolved effective February 1, 2012. The final seven months of the activity of the RDA are reported in the governmental funds of the County. In compliance with the *Accounting and Financial Reporting for Dissolution of California Redevelopment Agencies* White Paper issued by the California Committee on Municipal Accounting, the assets and liabilities of the former RDA were transferred to a private-purpose trust fund as of February 1, 2012. The transfer was reported as an extraordinary gain or loss, as appropriate, in the financial statements.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Supplementary Information Accompanying the Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or the financial statements themselves.

COUNTY OF YUBA

Management Report – Current Year Comments and Recommendations For the Year Ended June 30, 2012

CAPITAL ASSET THRESHOLD

Criteria

Assets are considered to be capitalizable if the County has rights of ownership or title to them, if their cost exceeds the County's capitalization threshold, if they are used in operations, and if they have expected useful lives extending beyond one year. The Government Finance Officers Association (GFOA) recommends that "in no case should a government establish a capitalization threshold of less than \$5,000 for any individual item."

Condition

Currently, the County capitalizes and depreciates all capital assets having an original purchase cost of more than \$1,000 and an estimated useful life in excess of one year. Such a low threshold creates an administrative burden over the capital asset management system that is costly and difficult to maintain and operate. The accounting process for each asset includes:

1. Identifying the asset
2. Entering it into the capital asset system
3. Assigning a useful life
4. Inventorying it at the end of each fiscal year
5. Depreciating it each year of its useful life
6. Recording its disposition.

Cause

The capital asset threshold is currently set at \$1,000 per item.

Effect of Condition

Current practice has demonstrated that capital asset management systems that attempt to capitalize and depreciate numerous smaller items are costly to maintain and increases the risk of error. The cost of capitalizing and depreciating these assets is greater than the benefit of achieving control and accountability over these items. While it is essential to maintain control over all potentially capitalizable items, there exist much more efficient means than capitalizing and depreciating these assets for financial reporting purposes.

Recommendation

We recommend the County consider increasing the capitalization threshold to no less than \$5,000 for any individual item as recommended by the Government Finance Officer's Association.

Management Response

The County agrees with the finding. The County has developed and submitted for approval a capital asset policy that will bring the capitalization threshold in compliance with GFOA recommendations.

COUNTY OF YUBA

Management Report – Current Year Comments and Recommendations For the Year Ended June 30, 2012

POLICIES AND PROCEDURES

Criteria

The County does not have formal written documentation over its significant accounting processes, including year-end closing procedures.

Condition

To facilitate proper internal control, documentation of County operations and accounting processes is recommended. Written documentation of processes and controls is useful for training staff, transitioning new employees, and providing current staff with resources to rely upon. Documentation of policies and procedures also facilitates consistent application of the current processes in place.

Cause

The County has not developed written policies for significant accounting processes in the past.

Effect of Condition

Internal controls and accounting processes are improved when written policies have been established and communicated. Not having written policies and procedures to follow can result in uncertainty of how to account for some transactions and inconsistency. It can also lead to weaknesses in internal control as is evidenced by the other conditions discussed in this report. Weaknesses in internal control increase the likelihood of fraud and misstated financial statements.

Recommendation

We recommend the County implement the following suggested written policies which would more effectively control and account for the County's assets, liabilities, and operating accounts:

- A capital asset purchasing policy and procedures handbook
- Documentation of year-end closing procedures and outlining of steps required for financial statement preparation.

Management Response

The County agrees with the finding. The County will review the current policies, procedures, and related documentation to ensure significant accounting procedures are sufficient, accurate, and available to County staff and reduce confusion related to accounting processes.

COUNTY OF YUBA

Management Report – Current Year Comments and Recommendations For the Year Ended June 30, 2012

DISAGGREGATION OF RECEIVABLES

Criteria

Various components of significant receivables are required to be disclosed separately in the notes to the financial statements if not visible on the face of the financial statements. Components of receivables include accounts receivable (due from citizens), taxes (property, sales taxes, transient occupancy) receivable, interest receivable, amounts due from other governments and notes receivable.

Condition

During the closing process, all receivables, except for interest and notes receivable are posted to one or two accounts. External schedules are maintained from which the details of receivable by type may be extracted for use in disaggregation for reporting.

Cause

Currently, the County records its receivables into one of two accounts: accounts receivable and due from other funds/interest. There are no accounts to capture taxes receivable. The County's chart of accounts appropriately includes accounts for notes receivable.

Effect of Condition

Failure to capture receivable information into the general ledger at the disaggregate level of detail results in additional work when preparing the financial statements by having to refer to external schedules. Risk of errors is also increased.

Recommendation

We recommend the County modify its chart of accounts to include separate accounts for accounts receivable, taxes receivable and amounts due from other governments. Year-end closing procedures should be modified to capture receivable balances into each of these accounts according to their nature.

Management Response

The County agrees with this finding. The County has begun the process to review the account structure and year-end closing procedures to ensure receivables are accounted for and identified at an appropriate level of detail.

COUNTY OF YUBA

Management Report – Current Year Comments and Recommendations For the Year Ended June 30, 2012

YUBA COUNTY HOUSING AUTHORITY ACCOUNTING

Criteria

Entities which are component units of the County may also be included in the County's general ledger as their own fund(s).

Condition

We noted that the Yuba County Housing Authority (Authority), a blended component unit of the County, is accounted for by the County as fund 101, department 6700. Fund 101 is the County's general fund. The Authority's separately audited financial statements are obtained and included in the County's audited financial statements as a special revenue fund. This necessitates an adjustment in the general fund to eliminate double counting of balances and activity.

Cause

The Authority's activity has been budgeted for and recorded as a department of fund 101.

Effect of Condition

By including the Authority in the County's general fund, it's activity and balances may be double counted if not properly reversed.

Recommendation

We recommend that the County establish a separate fund in its general ledger to account for the Authority, and transfer all the Authority's balances to that fund from the general fund.

Management Response

The County agrees with the finding and will take the necessary steps to separate the activity for the Housing Authority out of the General Fund into a separate fund.

COUNTY OF YUBA

Management Report – Current Year Comments and Recommendations For the Year Ended June 30, 2012

PRISONER'S FUND BANK ACCOUNT REPORTING

Criteria

Under Governmental Accounting Standards Board (GASB) Statement No. 34, the agency fund type is limited to resources the County holds purely in a custodial capacity for individuals or other organizations, such as school districts and special districts not governed by the County Board of Supervisors.

Condition

The County accounts for the Prisoner Fund external cash account as part of fund 108, a special revenue fund. This bank account is used solely for monies of individuals when they are taken into custody at the County Jail. When the individual is released the monies are returned to them immediately. The County is acting in a custodial capacity

Cause

The account appears to have been overlooked in previous considerations of appropriate fund classification.

Effect of Condition

By including this cash balance in the primary government, the County misstates total cash and investments.

Recommendation

We recommend that the County account for the balance and activity of this bank account in an agency fund.

Management Response

The County agrees with this finding. The County will take appropriate steps to reclassify these funds in the accounting system and properly record the related activity.

COUNTY OF YUBA

**Management Report – Status of Prior Year Comments and Recommendations
For the Year Ended June 30, 2012**

There were no prior year comments or recommendations.

COUNTY OF YUBA
SINGLE AUDIT REPORT
JUNE 30, 2012

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF YUBA

Single Audit Report
For the Year Ended June 30, 2012

Table of Contents

	<u>Page</u>
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing</i> <i>Standards</i>	1-2
Independent Auditor's Report on Compliance with Requirements that Could have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	3-4
Schedule of Expenditures of Federal Awards.....	5-9
Notes to Schedule of Expenditures of Federal Awards	11-13
Schedule of Findings and Questioned Costs	15-30
Summary Schedule of Prior Audit Findings	31
Supplementary Schedules of the California Emergency Management Agency Grants and the Department of Corrections and Rehabilitation Expenditures	33-35
Supplementary Schedules of the Department of Community Services and Development Grant Revenues and Expenditures	37-40

THIS PAGE INTENTIONALLY LEFT BLANK



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Yuba, California (County), as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated March 28, 2013. Our report includes a reference to 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. Other auditors audited the financial statements of the Yuba County Water Agency as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

Management of the County of Yuba is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 12-FS-1, 12-FS-2, 12-FS-3, 12-FS-4, 12-FS-5, 12-FS-6, 12-FS-7, and 12-FS-8 to be material weaknesses.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 12-FS-9, 12-FS-10, 12-FS-11, and 12-FS-12 to be significant deficiencies.

To the Honorable Members of the Board of Supervisors
of County of Yuba

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County of Yuba's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the County in a separate letter dated March 28, 2013.

The County's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the County of Yuba Board of Supervisors, others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Gallina LLP".

Roseville, California
March 28, 2013

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the County of Yuba (County), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulation, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

The County's basic financial statements include the operations of the Yuba County Housing Authority, which received \$2,125,615 in federal awards which is not included in the schedule during the year ended June 30, 2012. Our audit, described below, did not include the operations of the Yuba County Housing Authority because the Authority engaged us to perform an audit in accordance with OMB Circular A-133, which we reported on separately in our report dated March 28, 2013.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County of Yuba complied, in all material respects, with the requirements referred to above that have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of the County of Yuba is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

To the Honorable Members of the Board of Supervisors
of County of Yuba

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Yuba as of and for the year ended June 30, 2012, and have issued our report thereon dated March 28, 2013, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

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

The supplementary schedules have not been subjected to auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

This report is intended solely for the information and use of management, the Board of Supervisors, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Roseville, California
March 28, 2013

COUNTY OF YUBA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>U. S. Department of Agriculture</u>			
Care - GWSS	10.025	11-8500-0484-CA	\$ 2,980
Subtotal CFDA Number 10.025			<u>2,980</u>
Passed through State Department of Social Services:			
Supplemental Nutrition Assistance Program - C-IV	10.561	--	48,007
Supplemental Nutrition Assistance Program- NAFS	10.561	--	1,680,475
Subtotal CFDA Number 10.561			<u>1,728,482</u>
Passed through State Controller's Office:			
Schools and Roads - Grants to States: Title III	10.665	--	32,000
Total U.S. Department of Agriculture			<u>\$ 1,763,462</u>
<u>U. S. Department of Housing and Urban Development</u>			
Passed through State Department of Housing and Community Development:			
Community Development Block Grant/State's Program	14.228	--	11,955
Community Development Block Grants/State's Program	14.228	10-STBG-6748	78,627
Community Development Block Grants/State's Program - Outstanding Loan Balance	14.228	--	3,958,154
Community Development Block Grants/State's Program - Outstanding Loan Balance	14.228	--	263,106
Subtotal CFDA Number 14.228			<u>4,311,842</u>
HOME Investment Partnerships Program - Outstanding Loan Balance	14.239	--	836,367
Subtotal CFDA Number 14.239			<u>836,367</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 5,148,209</u>
<u>U. S. Department of Justice</u>			
Direct Programs:			
State Criminal Alien Assistance Program	16.606	2011-AP-BX-0598	110,172
Bulletproof Vest Partnership Program	16.922	--	8,777
Edward Byrne Memorial Justice Assistance Grant Program - Yuba County Drug Impact Program	16.738	DC 11240580	111,189
Edward Byrne Memorial Justice Assistance Grant Program	16.738	--	27,528
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	2009-SB-B9-2151	32,433
Subtotal Direct Programs			<u>290,099</u>

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

COUNTY OF YUBA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>U. S. Department of Justice</u> (continued)			
Passed through California Emergency Management Agency:			
Child Abuse Treatment and Advocacy	16.575	AT 11080580	\$ 136,548
Victim Witness Assistance Program	16.575	VW11250580	61,322
Unserved/Underserved Victim Advocacy and Outreach	16.575	UV11020580	<u>122,242</u>
Subtotal CFDA Number 16.575			<u>320,112</u>
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	ZO09010580	36,666
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government - Yuba County Drug Impact Program Revitalization	16.804	ZA09010580	80,666
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government - Evidence-based Probation Supervision Recovery	16.804	ZP09010580	<u>66,906</u>
Subtotal			<u>184,238</u>
Subtotal Pass-Through			<u>504,350</u>
Passed through Department of Corrections and Rehabilitation:			
Juvenile Accountability Block Grants	16.523	178-05	<u>107,705</u>
Total U.S. Department of Justice			<u>\$ 902,154</u>
<u>U. S. Department of Transportation</u>			
Passed through State Department of Transportation:			
Highway Planning and Construction	20.205	STPLH-5916 (046)	12,257
Highway Planning and Construction	20.205	HSIPL-5919 (076)	58,835
Highway Planning and Construction	20.205	HRRRL-5919 (073)	305,404
Highway Planning and Construction	20.205	HSIPL-5919 (085)	17,697
Highway Planning and Construction	20.205	HSIPL-5916 (086)	60,111
Highway Planning and Construction	20.205	CML-5916 (091)	31,487
Highway Planning and Construction	20.205	STPL-5916 (094)	367,868
Highway Planning and Construction	20.205	STPCML-5916 (097)	272,432
Highway Planning and Construction	20.205	BRLO-5916 (014)	1,294,642
Highway Planning and Construction	20.205	BRLS-5916 (029)	191,134
Highway Planning and Construction	20.205	BPMP-5916 (064)	7,209
Highway Planning and Construction	20.205	BRLO-5916 (074)	89,266
Highway Planning and Construction	20.205	BRLO-5916 (071)	44,742

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

COUNTY OF YUBA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>U. S. Department of Transportation (continued)</u>			
Passed through State Department of Transportation (continued):			
Highway Planning and Construction	20.205	BRLS-5916 (065)	\$ 327,784
Highway Planning and Construction	20.205	BRLO-5916 (087)	14,528
Highway Planning and Construction	20.205	BRLO-5916 (092)	16,069
Highway Planning and Construction	20.205	BRLO-5916 (093)	13,406
Subtotal CFDA Number 20.205			<u>3,124,871</u>
Total U.S. Department of Transportation			<u>\$ 3,124,871</u>
<u>U. S. Department of Health and Human Services</u>			
Passed through State Department of Public Health:			
Center for Disease Control & Prevention	93.069	--	123,730
Maternal & Child Health Title XIX	93.110	--	70,691
Maternal & Child Health Title V MCH	93.994	--	87,121
KinGap IV-E Admin	93.090	--	247
Subtotal Pass-Through			<u>281,789</u>
Passed through State Department of Health Care Services:			
Children's Health Insurance Program	93.767	--	27,141
Targeted Case Management HHS	93.778	58-0712	186,891
Targeted Case Management P/G	93.778	58-0712	58,710
California Children's Services	93.778	--	138,402
Medical Assistance Program - Administration	93.778	--	1,991,671
Medical Assistance Program - CMIPS	93.778	--	14,696
Child Health and Disability Program	93.778	--	66,451
Medical Assistance Program - Foster Care	93.778	--	17,506
Medical Assistance Program - Adult Protective Services	93.778	--	135,299
Child Welfare Services Title XIX Medical Assistance Program	93.778	--	178,671
Medical Assistance Program - In Home Supportive Services	93.778	--	641,280
Medical Assistance Program - IHSS - Public Authority	93.778	--	273,693
Medi-Cal Admin MAA XIX-Medical Asst	93.778	--	18,776
Subtotal Pass-Through			<u>3,749,187</u>
Passed through State Department of Aging:			
Multi-Senior Services Program (MSSP)	93.778	--	<u>103,886</u>
Passed through State Department of Social Services:			
Temporary Assistance for Needy Families - Assistance	93.558	--	5,996,449
Child Welfare Services (TANF)	93.558	--	347,184
Temporary Assistance for Needy Families - Administration	93.558	--	5,233,915
Subtotal CFDA Number 93.558			<u>11,577,548</u>

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

COUNTY OF YUBA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>U. S. Department of Health and Human Services (continued)</u>			
Passed through State Department of Social Services:			
Foster Care - Title IV-E - Child Welfare Services	93.658	--	\$ 1,101,392
Foster Care - Title IV-E	93.658	--	70,270
Foster Family Home Licensing	93.658	--	16,097
Foster Care Assistance EA Foster Care	93.658	--	769,069
KINGAP	93.658	--	2
Monthly Visit Group Home Admin Child & Families	93.658	--	9,824
Non CWA Allocation-Admin Child & Families	93.658	--	26,392
Statewide Auto Welfare Informaiton Systems IV-E DHHS/SSA	93.658	--	29,595
Subtotal CFDA Number 93.658			<u>2,022,641</u>
Adoption Assistance - Assistance	93.659	--	2,056,371
Adoption Assistance - Administration	93.659	--	28,451
Adoption Assistance - Nonrecurring Expense	93.659	--	1,282
Adoption County Counsel	93.659	--	344
Subtotal CFDA Number 93.659			<u>2,086,448</u>
Promoting Safe and Stable Families	93.556	--	79,390
Child Welfare Services - State Grants	93.645	--	79,945
CWS Title XX Ledger Shift/Augment	93.667	--	111,369
Independent Living Program	93.674	--	72,850
CalWorks-Single Allocation	93.667	--	223,417
CWS Title XX	93.667	--	106,364
Subtotal			<u>673,335</u>
Subtotal Pass-Through			<u>16,359,972</u>
Passed through the State Department of Child Support Services:			
Child Support Enforcement	93.563	--	2,155,256
Subtotal CFDA Number 93.563			<u>2,155,256</u>
Passed through the State Department Community Services and Development:			
Community Services Block Grant	93.569	12F-4448	57,079
Community Services Block Grant	93.569	12F-4453	69,375
Community Services Block Grant	93.569	11F-4250	214,599
Community Services Block Grant	93.569	11F-4255	192,538
Subtotal CSBG Cluster			<u>533,591</u>
Total U.S. Department of Health & Human Services			<u>\$ 23,183,681</u>

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

COUNTY OF YUBA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. Department of Homeland Security</u>			
Passed through California Emergency Management Agency:			
FY 10 Emergency Management Performance Grant	97.042	2011 - 042	<u>\$ 137,407</u>
FY 09 Homeland Security Grant Program	97.073	2009-0019	61,137
FY 10 Homeland Security Grant Program	97.073	2010-85	97,826
FY 11 Homeland Security Grant Program	97.073	2011 - SS0077	17,504
Subtotal CFDA Number 97.073			<u>176,467</u>
Subtotal Pass-Through			<u>313,874</u>
 Total U.S. Department of Homeland Security			 <u>\$ 313,874</u>
 Total Expenditures of Federal Awards			 <u><u>\$ 34,436,251</u></u>

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF YUBA

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2012

Note 1: **Reporting Entity**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) presents the activity of all federal awards programs of the County of Yuba (County), with the exception of Yuba County Housing Authority, which expended \$2,125,615 of federal awards, and was subject to a separate single audit by independent auditors. The County's reporting entity is defined in Note 1 to the County's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies, are included in the Schedule.

Note 2: **Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards is prepared using the modified accrual method of accounting when federal expenditures are incurred in the governmental funds and the accrual method of accounting when the federal expenditures are incurred in the proprietary funds. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: **Relationship to Financial Statements**

The amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree, in all material respects, to amounts reported within the County's financial statements. Federal award revenues are reported principally in the County's financial statements as intergovernmental revenues in the General, Special Revenue and Enterprise funds.

Note 4: **Subrecipients**

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the County provided federal awards to subrecipients as follows:

Federal CFDA#	Program	Amount
10.665	Schools and Roads – Grants to States: Title III	\$ 32,000
14.228	Community Development Block Grants/State's Program	90,582
93.569	Community Services Block Grant	533,591
97.073	Homeland Security Grant Program 09	24,680
97.073	Homeland Security Grant Program 10	89,441

COUNTY OF YUBA

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2012

Note 5: Loans with Continuing Compliance Requirement

Outstanding federally-funded program loans, with a continuing compliance requirement, carried balances as of July 1, 2011 and June 30, 2012 as follows:

Federal CFDA #	Program Title	Outstanding Loans	Prior Year Loans with Continuing Compliance Requirements	New Loans
14.228	Community Development Block Grant/State's Program	\$ 3,958,154	\$ 4,802,945	\$ 8,795
14.228	Community Development Block Grant/State's Program (Economic Development Initiative)	263,106	291,217	--
14.239	HOME Investment Partnerships Program	836,367	836,367	--
	Total	<u>\$ 5,057,627</u>	<u>\$ 5,930,529</u>	<u>\$ 8,795</u>

Note 6: Program Clusters

Federal programs, which must be audited together as a program cluster, include the following:

JAG Program Cluster:

16.738	Edward Byrne Memorial Justice Assistance Grant Program	\$ 111,189
16.738	Edward Byrne Memorial Justice Assistance Grant Program	27,528
16.803	Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	36,666
16.804	Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	32,433
16.804	Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	80,666
16.804	Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government – Yuba County Drug Impact Program Revitalization	<u>66,906</u>
	Total	<u>\$ 355,388</u>

Note 7: Pass-Through Entities' Identifying Number

When federal awards were received from a pass-through entity, the Schedule of Expenditures of Federal Awards shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, the County determined that no identifying number is assigned for the program or the County was unable to obtain an identifying number from the pass-through entity.

COUNTY OF YUBA

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2012

Note 8: **Total Federal Awards Expended by CFDA Number**

When there is more than one program under a single CFDA number, the Schedule of Expenditures of Federal Awards presents totals of all programs under one CFDA number. Occasionally, however, this total could not be conveniently displayed because all programs under one CFDA number were not contiguous. When this occurred, this total is not shown in the Schedule, but instead is provided below:

<u>CFDA No.</u>	<u>Total Federal Expenditures</u>
16.738	\$ 138,717
16.804	\$ 180,005
93.667	\$ 441,150
93.778	\$ 3,825,932

Note 9: **Department of Aging Federal/State Share**

During the fiscal year ended June 30, 2012, the County expended the following amounts under grants which pass through the California Department of Aging:

<u>CFDA</u>	<u>Federal Expenditures</u>	<u>State Expenditures</u>
93.778	\$ 103,886	\$ 103,886

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF YUBA

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2012

Section 1

Financial Statements

Summary of Auditor's Results

- | | |
|--|-----------|
| 1. Type of auditor's report issued: | Qualified |
| 2. Internal controls over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiency identified not considered to be material weaknesses? | Yes |
| 3. Noncompliance material to financial statements noted? | Yes |

Federal Awards

- | | |
|---|---------------|
| 1. Internal control over major programs: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiency identified not considered to be material weaknesses? | None Reported |
| 2. Type of auditor's report issued on compliance for major programs: | Unqualified |
| 3. Any audit findings disclosed that are required to be reported in accordance with Circular OMB A-133, Section 510(a)? | No |
| 4. Identification of major programs: | |

CFDA Number

Name of Federal Program

10.561

State Administrative Matching Grants for
Supplemental Nutrition Assistance Program

16.738, 16.803, 16.804

JAG Program Cluster

93.558

Temporary Assistance for Needy Families

93.658

Foster Care – TitleIV-E

93.659

Adoption Assistance Program

- | | |
|---|--------------|
| 5. Dollar Threshold used to distinguish between Type A and Type B programs? | \$ 1,033,088 |
| 6. Auditee qualified as a low-risk auditee under OMB Circular A-133, Section 530? | No |

COUNTY OF YUBA

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2012

Section 2

Financial Statement Findings

Capital Assets – Valuation of Land	Finding 12-FS-1
Governmental Trust Funds	Finding 12-FS-2
Fund Classification	Finding 12-FS-3
Capital Assets – Construction in Progress	Finding 12-FS-4
Capital Assets - Reconciliation	Finding 12-FS-5
Recording Balances on the General Ledger	Finding 12-FS-6
Recording Audit Adjustments	Finding 12-FS-7
Use of Miscellaneous Revenue Account	Finding 12-FS-8
Posting to Equity Accounts	Finding 12-FS-9
Completeness of Receivables	Finding 12-FS-10
Completeness of Payables	Finding 12-FS-11
Accounting for Transfers Between Funds	Finding 12-FS-12

Section 3

Federal Award Findings and Questioned Costs

None Reported.

COUNTY OF YUBA

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2012

Finding 12-FS-1

CAPITAL ASSETS – VALUATION OF LAND

Criteria

As land is purchased by the County, the County should update fixed asset records by the actual expenditure of funds. Additionally, land that is donated to the County should be reported at its estimated fair value at the time of acquisition (for governments, this would be what the County would have had to spend to purchase the asset on its own).

Condition

The County uses a fixed asset module which is integrated with the general ledger. Most of the County's capital assets are included in the fixed asset module. This includes land, buildings, infrastructure (labeled as construction), vehicles, computers and other furniture and equipment. The software automates the time-consuming record-keeping for the County's assets.

The County has included in their fixed asset module 74 land and rights of way type assets that do not have a fair value cost assigned to them. Many of these assets appear to have been donated to the County. Due to time constraints and unavailable data, we were unable to determine the value of these assets.

Cause

There is no process in place by the County to determine the fair value of land and rights of way that are donated to the County and ensure they are entered into the fixed asset module.

Effect of Condition

As a result of no process to determine the fair value of land and rights of way donated to the County, land was understated. Since the total understated value was undeterminable, a qualified opinion over land was issued.

Recommendation

We recommend the County develop and implement a process to determine the fair value of land and rights of way donated to the County and ensure that the data is entered into the fixed asset module.

Management Response

The County agrees with the finding. The County has drafted and is awaiting approval of a capital asset policy which delineates the procedures for valuing donated assets.

COUNTY OF YUBA

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2012

Finding 12-FS-2 GOVERNMENTAL TRUST FUNDS

Criteria

Under Governmental Accounting Standards Board (GASB) Statement No. 34, amounts formally held in trust but used to support the County's own programs should be reported as funds within the County's reporting entity so as to ensure all economic resources that can be used by the County are reported in the basic financial statements. Use of the agency fund type is limited to resources the County holds purely in a custodial capacity for individuals or other organizations, such as school districts and special districts not governed by the County Board of Supervisors.

The general ledger accounting system should produce accurate financial information in a format facilitating decision making. Department heads should review financial information relevant to their departments for accuracy and completeness. A chart of accounts providing users with sufficient detail is essential in strengthening internal controls that identify and correct misstatements.

Condition

During the audit, we identified 65 funds having cash balances of \$42 million that were incorrectly accounted for as agency funds in the County's accounting system. These funds hold resources acquired to support the County's functions and activities. Nearly all of the transactions in these 65 funds for the fiscal year ended June 30, 2011, were recorded as miscellaneous revenues. Inflows of revenues and transfers from other funds were netted against outflows of expenditures and transfers to other funds.

Cause

The County's general ledger fund structure and chart of accounts is designed to satisfy older State budgetary and legal requirements. The County's general ledger structure does not readily translate to the newer financial reporting model required by current standards.

Effect of Condition

Current financial reporting standards require the County's reporting entity to include transactions and balances in these 65 funds in a format substantially different than currently used on the County's general ledger accounting system. By not including these funds, assets, liabilities, revenues and expenses are materially misstated. In order to include these funds, additional work is necessary to manually account for their transactions using a different model.

There is the potential for double reporting of revenues when resources are transferred into operating funds. Not using the accounting system to control the flow of revenues increases the potential for reporting revenues twice.

The commingling of transactions in one account, miscellaneous revenues, prevents department heads and others from the important function of reviewing and monitoring financial activity of the County. As a result, there is an increased likelihood of misstatements going undetected and uncorrected.

Recommendation

We recommend the Auditor-Controller's Office create new funds in its accounting system to account for these 65 funds either as County funds having the full chart of accounts used by County operating funds capable of reporting revenues and expenditures or by including the balances and activities in existing County funds.

COUNTY OF YUBA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012

GOVERNMENTAL TRUST FUNDS (continued)

Management Response

The County agrees with the finding and recommendation. The County has initiated a process to comply with GASB 34 which will include specifically identifying revenues, expenditures, transfers, etc. to aid in financial reporting and providing information to County departments. The County is also reviewing the current chart of accounts and the accounting methodology with the goal of improving clarity and ease of reporting.

COUNTY OF YUBA

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2012

Finding 12-FS-3 **FUND CLASSIFICATION**

Criteria

GASB Statement No. 34 states that "fiduciary funds should be used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs." A fund which holds resources that can be used by the government should be classified as a governmental or proprietary fund, as appropriate, and be included in the primary government.

Condition

During the audit, two funds were identified which had previously been classified as investment trust funds but which held resources which were able to be used to support the County's activities and operations. These funds held cash and investments totaling \$13.5 million at June 30, 2012. After discussion with the Auditor-Controller's Office, the funds were reclassified to be included in the primary government in accordance with GASB Statement No. 34.

Cause

The County's fiduciary funds may not have been reviewed to determine their compliance with GASB Statement No. 34.

Effect of Condition

Incorrect classification of funds as fiduciary could materially misstate the County's financial statements, as users would not be aware of resources which could be utilized by the County for its operations and programs.

Recommendation

We recommend that the County review its fiduciary funds to determine if they are properly classified as fiduciary funds in the financial statements according to the provisions of GASB Statement No 34.

Management Response

The County agrees with the finding and recommendation. The County has identified a need to review the classifications of various funds and will begin the process to update the classifications of all funds, including the fiduciary funds, to ensure the County's accounting procedures are in compliance with GASB 34.

COUNTY OF YUBA

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2012

Finding 12-FS-4

CAPITAL ASSETS – CONSTRUCTION IN PROGRESS

Criteria

All expenditures incurred to construct a capital asset should be included in construction in process in the year in which the expenditure is incurred. Upon completion of the project, the total cost to construct the capital asset should be moved from the construction in process account to the appropriate capital asset category such as buildings or infrastructure. In the governmental fund statements, construction expenditures are reported as capital outlay. In the government-wide statements, the current year construction expenditures are reported as additions to construction in process, a long-term asset account.

Condition

The County relies on departments to report construction in process costs and completed projects at the end of the year. Limited review is performed by the Auditor-Controller's Office. During the audit, we identified construction costs of \$274,010 incurred during the previous fiscal year but which had not been included in the construction in progress balance. We also identified an overstatement in current year costs incurred for construction in process in the amount of \$2,080,074. Both these misstatements related to the energy project.

Cause

The County does not have a standardized process to track costs on construction projects or track completion of existing construction in process.

Effect of Condition

By not having a standardized process to track costs on construction projects, the County materially misstated its construction in process accounts. Continual misstatements could, over time, accumulate to significant proportions.

Recommendation

We recommend the Auditor-Controller's Office modify its year-end closing process to include a more thorough review of accounts used to account for construction costs. A separate schedule should be maintained showing each project, the accumulated project costs as of the beginning of the year, the additions, the reductions and the ending balances. Each year's activity should be reconciled to the construction capital outlay accounts on the County's general ledger. Projects that have been completed should be identified and reclassified to the appropriate asset category.

Management Response

The County agrees with the finding and recommendations. The County is in the process of establishing capital asset policies which include policies and procedures related to recording costs, reconciliations, etc., related to construction in progress. The county is also reviewing related year-end procedures to ensure reconciliation of construction in progress capital outlay accounts to supporting documents and capital asset accounts.

COUNTY OF YUBA

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2012

Finding 12-FS-5 **CAPITAL ASSETS – RECONCILIATION**

Criteria

GASB Statement No. 34 requires the cost of infrastructure assets to be capitalized and depreciated over their useful lives in the County's government-wide statements. To facilitate the record keeping related to capital assets, the County uses a fixed asset module in addition to recording balances in its general ledger.

Condition

We noted that the fixed asset module's balances did not agree to the balances recorded in the general ledger. In addition, neither system's balances agreed to the audited financial statements.

The Auditor-Controller's Office undertook to reconcile these balances and make the necessary corrections for the fiscal year ended June 30, 2012. In the process, County staff discovered numerous errors in the fixed asset module database. These errors included improbable useful lives and inaccuracies related to calculation of depreciation expense.

Cause

Balances have not been reconciled between the fixed asset module, the general ledger, and the financial statements. In addition, adjustments proposed as a result of the County's audit have not been consistently recorded. Errors have also occurred in the setup of new and modification of existing assets in the fixed asset module, resulting in incorrect depreciation expense.

Effect of Condition

Infrequent or no reconciliations between a detail subledger and the general ledger can lead to material discrepancies. As the financial statements are compiled from the general ledger, if capital asset balances are incorrect the financial statements could be materially misstated.

Input errors in individual capital asset records that affect the depreciation calculation can also lead to material misstatements in the financial statements.

Recommendation

We recommend that the fixed asset module be reconciled to the general ledger at least annually. Changes to the capital asset balance as a result of audit adjustments be incorporated into the fixed asset module promptly. In addition, we recommend that new or modified asset records in the fixed asset module be reviewed to identify input errors, including those related to asset value and depreciation settings.

Management Response

The County agrees with the finding and recommendations. The County will implement procedures to reconcile fixed asset accounts at least annually. Additionally, the County will review the current asset records in the fixed asset tracking system to identify and correct any errors.

COUNTY OF YUBA

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2012

Finding 12-FS-6 **RECORDING BALANCES ON THE GENERAL LEDGER**

Criteria

Governmental Accounting Standards Board and GAAP require that the County's assets and liabilities be included in its financial statements. To facilitate this, those balances should generally be recorded in the County's general ledger.

Condition

During the audit, we noted that the following balances were either not recorded in the general ledger, or the balances were not current:

- Claims liability
- Compensated absences
- Capital assets, including accumulated depreciation
- Notes and loans receivable
- Neighborhood Stabilization Program inventory
- Long term liabilities

The current and non-current portions of liabilities, if applicable, should be disaggregated to facilitate financial reporting.

Cause

In some cases, balances have never been included in the past, while other balances were not adjusted, sometimes for several years.

Effect of Condition

By not recording all assets and liabilities in the general ledger or not reviewing and adjusting them periodically, the risk of material misstatement is increased.

Recommendation

We recommend that the County include these balance sheet accounts in their closing process to ensure that balances are recorded at the appropriate amounts at year end.

Management Response

The County agrees with the finding. The County will work to ensure assets and liabilities are accurately recorded in the financial system, periodically reviewed and closed properly to ensure accurate financial reporting.

COUNTY OF YUBA

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2012

Finding 12-FS-7 RECORDING AUDIT ADJUSTMENTS

Criteria

The County's general ledger should contain balances and transactions that are complete, current, and as accurate as reasonably possible. A general ledger which meets these criteria can be used in effective financial analysis, including budget to actual reviews, and will contribute to management's efforts to meet operational and financial goals.

Condition

During the audit, we noted that prior year's audit adjustments had not been recorded in the County's general ledger. We also noted instances where other adjustments made for financial reporting were not posted. This resulted in beginning equity not reconciling to the prior year's audited amounts without significant adjustments.

Cause

The County has not had a process to record audit adjustments or other adjustments for the financial statements in the general ledger.

Effect of Condition

By not recording audit adjustments and other adjustments made for the financial statements, the County's general ledger will not agree to the financial statements and will make reconciling beginning equity more difficult. In addition, management will not have ready access to current, updated financial information for financial analysis and review.

Recommendation

We recommend that audit adjustments and other post-closing adjustments be posted in the general ledger. The County may choose to record them in the fiscal year under audit or in the subsequent fiscal year, depending on their policy as well as system limitations that may be in place.

Management Response

The County agrees with the finding. The County agrees to implement policies and procedures to ensure recommended audit adjustments are accurately recorded in the financial system.

COUNTY OF YUBA

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2012

Finding 12-FS-8

USE OF MISCELLANEOUS REVENUE ACCOUNT

Criteria

Revenues should be presented by source in sufficient detail to be meaningful.

Condition

The County's use of the miscellaneous revenue account includes revenues generated from other sources such as charges for services and intergovernmental revenues. During the performance of nonattest services to prepare the County's financial statements, we proposed, with management oversight, the following reclassifications of miscellaneous revenues so that revenues in the County's financial statements would be presented in sufficient detail so as to be meaningful as required by accounting standards:

General Fund	\$ 245,440	Charges for services and intergovernmental revenues
Special Revenue Funds	2,396,569	Charges for services and intergovernmental revenues
Trust funds reclassified as general fund and special revenue fund activity and reported as various revenue types	6,722,881	Licenses, permits and fee, charges for services, fines and forfeitures, and intergovernmental revenues

Cause

For some funds, the County's chart of accounts is not sufficiently detailed or does not include all of the accounts necessary to adequately classify all revenues by type as with some trust funds that are that include accounts for interest and miscellaneous revenues only. For the County's operating funds, revenues are posted to an all-inclusive miscellaneous revenue account because:

- There is no account in the chart of accounts within the appropriate type of revenue source which matches the revenue transaction being posted.
- There is a lack of information at the time of the transaction to accurately determine the type of revenue source.
- There is a lack of guidance from which to accurately determine the proper revenue account.

Effect of Condition

The level of detail for classifying transactions should be sufficiently categorized so as to be meaningful to management in making decisions. When charges for services or intergovernmental revenues, both significant revenue sources, are combined with miscellaneous revenues, the resulting balance becomes meaningless.

Recommendation

We recommend the following courses of action:

- Modify each fund's chart of accounts pertaining to revenues so as to capture a majority of its revenue sources within the appropriate type of revenue source for financial reporting purposes.
- Adopt and publish written guidance that ensures the accurate classification of revenues by type of revenue source.

COUNTY OF YUBA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012

Finding 12-FS-8

USE OF MISCELLANEOUS REVENUE ACCOUNT (continued)

Recommendation (continued)

- Periodically review transactions posted to miscellaneous revenue sources to ensure that revenues for other types of revenues such as charges for services or intergovernmental revenues are reclassified to the appropriate revenue accounts.

Management Response

The County agrees with the finding and recommendation. The County will review and update accounting policies and procedures, the chart of accounts, and training programs to ensure revenue is accurately identified, classified, and recorded in the financial system with sufficient detail to ensure accurate financial reporting.

COUNTY OF YUBA

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2012

Finding 12-FS-9 POSTING TO EQUITY ACCOUNTS

Criteria

The beginning balances of fund balance and net assets (equity) accounts should agree to the ending balance in the previous year's financial statements. Journal entries should not be recorded to equity accounts except in limited circumstances. When it is appropriate to record a journal entry to an equity account, record must be kept of it so as to allow for reconciliation to the prior year's balance.

Condition

During the audit, we noted that the County records journal entries to update various balance sheet accounts with an offset to an equity account. These balances may include external bank accounts, cash with fiscal agent accounts, inventory, capital assets, compensated absences, and long term liabilities.

Cause

The County does not have a policy or process in place to control direct postings to equity accounts.

Effect of Condition

By recording the changes of balance sheet accounts directly to equity, the County may misstate its revenues and expenses in addition to beginning equity not reconciling to the prior year.

Recommendation

We recommend that the Auditor-Controller's Office, as part of its review of journal entries prior to posting, determine if any accounts are equity accounts. If a journal entry will affect the overall balance of the equity accounts in a fund, it should be reviewed, and if necessary modified, prior to posting.

Management Response

The County agrees with the finding. The County will review and update policies and procedures related to posting accounting transactions, including equity transactions, to ensure the appropriateness of the transaction and avoid incorrectly processing entries to the financial system.

COUNTY OF YUBA

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2012

Finding 12-FS-10 **COMPLETENESS OF RECEIVABLES**

Criteria

During its year-end closing process, the County should establish and enforce policies and procedures to ensure that year-end accruals are properly identified, reviewed and recorded for all account balances, including revenues and receivables.

Condition

During the audit, we tested management's assertion that receivables were complete by reviewing subsequent deposits. we noted a few significant receivables that were not recorded at the end of the year despite the revenue recognition criteria being met. The total amount of the audit adjustment was \$286,214.

Cause

Departments were involved in the year end accrual process as part of a new process. The inexperience of department staff in this process may have contributed to the unidentified receivables.

Effect of Condition

Incomplete revenue accruals may lead to a material understatement of revenues in the financial statements.

Recommendation

We recommend that written closing procedures be developed and communicated to departments to assist them in their determination of year end accruals. The County may wish to include illustrative examples of journal entries or lists of revenue recognition criteria for revenue types common in the County.

Management Response

The County agrees with the finding. The County will review, update, and implement year-end closing procedures to ensure the accuracy and completeness of accruals for revenue and receivable transactions.

COUNTY OF YUBA

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2012

Finding 12-FS-11 COMPLETENESS OF PAYABLES

Criteria

Generally accepted accounting principles provides that accounts payable should include all unpaid invoices and liabilities for goods and services received but not paid as of the end of the year. During its year-end closing process, the County should establish and enforce policies and procedures to ensure that year-end accruals are properly identified, reviewed and recorded for all account balances, including expenditures and payables.

Condition

During the audit, we tested management's assertion that accounts payable were complete by reviewing subsequent disbursements. We noted one invoice for goods or services provided by vendors prior to the end of the fiscal year but for which the liability was not included in accounts payable at year end. The amount of the audit adjustment was \$77,500.

Cause

Departments were involved in the year end accrual process as part of a new process. The inexperience of department staff in this process may have contributed to the unidentified payable.

Effect of Condition

Incomplete expenditure accruals may lead to a material understatement of expenditures in the financial statements.

Recommendation

We recommend that written closing procedures be developed and communicated to departments to assist them in their determination of year end accruals. The County may wish to include illustrative examples of journal entries or examples of common liabilities.

Management Response

The County agrees with the finding. The County will review, update, and implement year-end closing procedures to ensure the accuracy and completeness of accruals for payable and expenditure transactions.

COUNTY OF YUBA

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2012

Finding 12-FS-12

ACCOUNTING FOR TRANSFERS BETWEEN FUNDS

Criteria

GAAP define an interfund transfer as a flow of cash or other assets from one fund to another when there is no reciprocating flow of any item of value back to the fund originating the transfer and no liability is created for the receiving fund to repay the originating fund. In essence, a transfer constitutes a gift or subsidy from one fund to another. When such a transfer is recorded, the incoming transfer recorded in the receiving fund must be identical in amount to the outgoing transfer recorded in the paying fund.

Transactions that involve an exchange between funds where each fund is contributing assets or services to the other fund are accounted for as reimbursements or simply as interfund charges, depending on the fund types involved in the transaction.

Condition

During our audit, we noted that the total amount recorded as incoming transfers from all funds did not equal the total amount recorded as outgoing transfers for all funds on the final trial balance provided by the County and also on the worksheet provided in connection with the audit. Some transactions are recorded as transfers by one fund but recorded as revenue or expenditures by the other fund. We also noted that charges by the internal service funds to other funds were recorded as transfers in rather than charges for services as required by GAAP.

Cause

The County does not have written policies or guidelines which adequately define transfers or provide guidance on the proper recording of transactions between funds.

Effect of Condition

If true transfers of resources between funds are not simultaneously recorded as incoming transfers in receiving funds and outgoing transfers in paying funds, then by definition the transaction has been recorded incorrectly and revenues and expenditures in the affected funds will likely be misstated. Although such misstatements are likely to be identified before the financial statements are finalized, the process of evaluating and correcting the transactions after they have already been recorded can be time-consuming. In addition, if the transaction in question constitutes a reimbursement or charge for goods or services and not a true transfer, recognizing either a transfer in or a transfer out would result in a misstatement both of transfers and of the affected funds' revenues and expenditures.

Recommendation

We recommend that the Auditor-Controller's office adopt a policy that entries to the incoming transfer account may only be made if a corresponding entry is also made to an outgoing transfer account. Further, we recommend that an appropriate staff member balance the incoming and outgoing transfer accounts on a periodic basis so that any discrepancies can be quickly identified and corrected.

Management Response

The County agrees with the finding. The County will implement policies and procedures to ensure transfer transactions are accounted for and recorded accurately and in accordance with accounting principles.

COUNTY OF YUBA

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2012

Program

Status of Prior Year Audit Findings

None Reported.

THIS PAGE INTENTIONALLY LEFT BLANK

**SUPPLEMENTARY SCHEDULES
OF
THE CALIFORNIA EMERGENCY
MANAGEMENT AGENCY
AND
THE DEPARTMENT OF CORRECTIONS
AND REHABILITATION PROGRAMS
GRANTS EXPENDITURES**

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF YUBA

Schedule of the California Emergency Management Agency and the Department of Corrections and Rehabilitation Grants Expenditures For the Year Ended June 30, 2012

California Emergency Management Agency Grants

The following represents expenditures for California Emergency Management Agency (Cal EMA) programs for the year ended June 30, 2012. The amount reported in the Schedule of Expenditures of Federal Awards is determined by calculating the federal portion of the current year expenditures.

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2011	For the Year Ended June 30, 2012	Cumulative As of June 30, 2012	Federal Share	State Share	County Share
AT11080580 - Child Abuse Treatment and Advocacy						
Personal services	\$ 137,502	\$ 133,712	\$ 271,214	\$ 133,712	\$ --	\$ --
Operating expenses	1,250	2,836	4,086	2,836	--	--
Totals	<u>\$ 138,752</u>	<u>\$ 136,548</u>	<u>\$ 275,300</u>	<u>\$ 136,548</u>	<u>\$ --</u>	<u>\$ --</u>
VW11250580 - Victim Witness Assistance Program						
Personal services	\$ 61,322	\$ 61,322	\$ 122,644	\$ 61,322	\$ --	\$ --
Totals	<u>\$ 61,322</u>	<u>\$ 61,322</u>	<u>\$ 122,644</u>	<u>\$ 61,322</u>	<u>\$ --</u>	<u>\$ --</u>
UV11020580 - Unserved/Underserved Victim Advocacy and Outreach						
Personal services	\$ 89,877	\$ 117,751	\$ 207,628	\$ 117,751	\$ --	\$ --
Operating expenses	2,043	4,491	6,534	4,491	--	--
Totals	<u>\$ 91,920</u>	<u>\$ 122,242</u>	<u>\$ 214,162</u>	<u>\$ 122,242</u>	<u>\$ --</u>	<u>\$ --</u>

COUNTY OF YUBA

Schedule of the California Emergency Management Agency and the Department of Corrections and Rehabilitation Grants Expenditures For the Year Ended June 30, 2012

California Emergency Management Agency Grants (continued)

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2011	For the Year Ended June 30, 2012	Cumulative As of June 30, 2012	Federal Share	State Share	County Share
DC11240580 - Edward Byrne Memorial Justice Assistance Grant Program - Yuba County Drug Impact Program						
Personal services	\$ 49,416	\$ 26,194	\$ 75,610	\$ 26,194	\$ --	\$ --
Operating expenses	103,574	84,995	188,569	84,995	--	--
Totals	<u>\$ 152,990</u>	<u>\$ 111,189</u>	<u>\$ 264,179</u>	<u>\$ 111,189</u>	<u>\$ --</u>	<u>\$ --</u>
ZA09010580 - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government - Yuba County Drug Impact Program Revitalization						
Personal services	\$ 437	\$ --	\$ 437	\$ --	\$ --	\$ --
Operating expenses	145,320	80,666	225,986	80,666	--	--
Equipment	34,090	--	34,090	--	--	--
Totals	<u>\$ 179,847</u>	<u>\$ 80,666</u>	<u>\$ 260,513</u>	<u>\$ 80,666</u>	<u>\$ --</u>	<u>\$ --</u>
ZP09010580 - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government -Yuba County Evidenced-based Probation Super Recovery						
Personal services	\$ 21,614	\$ 65,312	86,926	\$ 65,312	\$ --	\$ --
Operating expenses	21,993	1,594	23,587	1,594	--	--
Totals	<u>\$ 43,607</u>	<u>\$ 66,906</u>	<u>\$ 110,513</u>	<u>\$ 66,906</u>	<u>\$ --</u>	<u>\$ --</u>
ZO09010580 - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories						
Personal services	\$ 87,112	\$ 29,357	116,469	\$ 29,357	\$ --	\$ --
Operating expenses	18,873	7,309	26,182	7,309	--	--
Totals	<u>\$ 105,985</u>	<u>\$ 36,666</u>	<u>\$ 142,651</u>	<u>\$ 36,666</u>	<u>\$ --</u>	<u>\$ --</u>
VB08060580 - Vertical Prosecution Block Grant						
Personal services	\$ 279,126	\$ 92,069	\$ 371,195		\$ --	\$ --
Operating expenses	37,152	--	37,152	--	--	--
Totals	<u>\$ 316,278</u>	<u>\$ 92,069</u>	<u>\$ 408,347</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

COUNTY OF YUBA

Schedule of the California Emergency Management Agency and the Department of Corrections and Rehabilitation Grants Expenditures For the Year Ended June 30, 2012

California Department of Corrections and Rehabilitation Grants

The following represents expenditures for California Department of Corrections and Rehabilitation grants for the year ended June 30, 2012. The amount reported in the Schedule of Expenditures of Federal Awards is determined by calculating the federal portion of the current year expenditures.

Program	Expenditures Claimed			Share of Expenditures Current Year		
	For the Period Through June 30, 2011	For the Year Ended June 30, 2012	Cumulative As of June 30, 2012	Federal Share	State Share	County Share
178-05 - Juvenile Accountability Block Grants						
Personal services	\$ 116,088	\$ 101,896	217,984	\$ 101,896	\$ --	\$ --
Operating expenses	19,953	5,809	25,762	5,809	--	--
Totals	<u>\$ 136,041</u>	<u>\$ 107,705</u>	<u>\$ 243,746</u>	<u>\$ 107,705</u>	<u>\$ --</u>	<u>\$ --</u>
FY 11 EMPG - 97.042						
Personal services	\$ --	\$ 104,411	104,411	\$ 104,411	\$ --	\$ --
Operating expenses	--	32,996	32,996	32,996	--	--
Totals	<u>\$ --</u>	<u>\$ 137,407</u>	<u>\$ 137,407</u>	<u>\$ 137,407</u>	<u>\$ --</u>	<u>\$ --</u>
FY 09 SHSG - 97.073						
Personal services	\$ 31,722	\$ 61,137	92,859	\$ 61,137	\$ --	\$ --
Operating expenses	1,683	--	1,683	--	--	--
Equipment	148,384	--	148,384	--	--	--
Totals	<u>\$ 181,789</u>	<u>\$ 61,137</u>	<u>\$ 242,926</u>	<u>\$ 61,137</u>	<u>\$ --</u>	<u>\$ --</u>
FY 10 SHSG - 97.073						
Personal services	\$ --	\$ 16,999	16,999	\$ 16,999	\$ --	\$ --
Operating expenses	--	--	--	--	--	--
Equipment	141,389	80,827	222,216	80,827	--	--
Totals	<u>\$ 141,389</u>	<u>\$ 97,826</u>	<u>\$ 239,215</u>	<u>\$ 97,826</u>	<u>\$ --</u>	<u>\$ --</u>
FY 11 SHSG - 97.073						
Personal services	\$ --	\$ 13,531	13,531	\$ 13,531	\$ --	\$ --
Operating expenses	--	3,973	3,973	3,973	--	--
Totals	<u>\$ --</u>	<u>\$ 17,504</u>	<u>\$ 17,504</u>	<u>\$ 17,504</u>	<u>\$ --</u>	<u>\$ --</u>

THIS PAGE INTENTIONALLY LEFT BLANK

**SUPPLEMENTARY SCHEDULES
OF THE DEPARTMENT
OF
COMMUNITY SERVICES
AND DEVELOPMENT
GRANT REVENUES AND EXPENDITURES**

THIS PAGE INTENTIONALLY LEFT BLANK

COUNTY OF YUBA

Supplemental Statement of Revenue and Expenditures
CSD Contract No. 11F-4250 (CSBG - \$255,965)
For The Period January 1, 2011 through December 31, 2011

	January 1, 2012 through June 30, 2012	July 1, 2011 through December 31, 2011	Totals
<u>Revenue</u>			
Grant revenue	\$ 55,205	\$ 87,570	\$ 142,775
Interest income	--	382	\$ 382
Total Revenue	<u>\$ 55,205</u>	<u>\$ 87,952</u>	<u>\$ 143,157</u>
<u>Expenditures</u>			
Administrative Costs:			
Salaries and wages	\$ 1,244	\$ 4,828	\$ 6,072
Fringe benefits	398	1,456	1,854
Communications	25	112	137
Insurance	978	1,913	2,891
Maintenance of Equipment	--	--	--
Office Expense	557	759	1,316
Travel	--	--	--
Other Costs: A-87	3,000		3,000
Subtotal Administrative Costs	<u>6,202</u>	<u>9,068</u>	<u>15,270</u>
Program Costs:			
Salaries and wages	--	--	--
Fringe benefits	--	--	--
Travel	--	--	--
Consumable supplies	--	--	--
Equipment Lease/purchase	--	--	--
Subcontractor's Reimbursement	61,206	138,123	199,329
Subtotal Program Costs	<u>61,206</u>	<u>138,123</u>	<u>199,329</u>
Total Expenditures	<u>\$ 67,408</u>	<u>\$ 147,191</u>	<u>\$ 214,599</u>

COUNTY OF YUBA

Supplemental Statement of Revenue and Expenditures CSD Contract No. 11F-4255 (CSBG - \$256,036) For The Period January 1, 2011 through December 31, 2011

	January 1, 2012 through June 30, 2012	July 1, 2011 through December 31, 2011	Totals
<u>Revenue</u>			
Grant revenue	\$ 48,232	\$ 76,496	\$ 124,728
Interest income	--	361	--
Total Revenue	<u>\$ 48,232</u>	<u>\$ 76,857</u>	<u>\$ 124,728</u>
<u>Expenditures</u>			
Administrative Costs:			
Salaries and wages	\$ 3,289	\$ 19,540	\$ 22,829
Fringe benefits	1,145	6,082	7,227
Communications	12	50	62
Memberships	--	595	595
Maintenance of Equipment	--	--	--
Office Expense	--	489	489
Travel	--	--	--
Other Costs: A-87	3,293	--	3,293
Subtotal Administrative Costs	<u>7,739</u>	<u>26,756</u>	<u>34,495</u>
Program Costs:			
Salaries and wages	--	--	--
Fringe benefits	--	--	--
Travel	--	--	--
Consumable supplies	--	--	--
Equipment Lease/purchase	--	--	--
Subcontractor's Reimbursement	50,723	107,320	158,043
Subtotal Program Costs	<u>50,723</u>	<u>107,320</u>	<u>158,043</u>
Total Expenditures	<u>\$ 58,462</u>	<u>\$ 134,076</u>	<u>\$ 192,538</u>

COUNTY OF YUBA

Supplemental Statement of Revenue and Expenditures
CSD Contract No. 12F-4448 (CSBG - \$248,875)
For The Period January 1, 2011 through December 31, 2011

	January 1, 2012 through June 30, 2012	July 1, 2011 through December 31, 2011	Totals
<u>Revenue</u>			
Grant revenue	\$ 108,185	\$ --	\$ 108,185
Interest income	191	--	--
Total Revenue	<u>\$ 108,376</u>	<u>\$ --</u>	<u>\$ 108,185</u>
<u>Expenditures</u>			
Administrative Costs:			
Salaries and wages	\$ 6,087	\$ --	\$ 6,087
Fringe benefits	1,900	--	1,900
Communications	81	--	81
Insurance	--	--	--
Maintenance of Equipment	170	--	170
Office Expense	298	--	298
Travel	--	--	--
Other Costs: A-87	--	--	--
Subtotal Administrative Costs	<u>8,536</u>	<u>--</u>	<u>8,536</u>
Program Costs:			
Salaries and wages	--	--	--
Fringe benefits	--	--	--
Travel	--	--	--
Consumable supplies	--	--	--
Equipment Lease/purchase	--	--	--
Subcontractor's Reimbursement	48,543	--	48,543
Subtotal Program Costs	<u>48,543</u>	<u>--</u>	<u>48,543</u>
Total Expenditures	<u>\$ 57,079</u>	<u>\$ --</u>	<u>\$ 57,079</u>

COUNTY OF YUBA

Supplemental Statement of Revenue and Expenditures
CSD Contract No. 12F-4453 (CSBG - \$248,944)
For The Period January 1, 2011 through December 31, 2011

	January 1, 2012 through June 30, 2012	July 1, 2011 through December 31, 2011	Totals
<u>Revenue</u>			
Grant revenue	\$ 121,080	\$ --	\$ 121,080
Interest income	192	--	--
Total Revenue	<u>\$ 121,272</u>	<u>\$ --</u>	<u>\$ 121,080</u>
<u>Expenditures</u>			
Administrative Costs:			
Salaries and wages	\$ 11,607	\$ --	\$ 11,607
Fringe benefits	3,786	--	3,786
Communications	35	--	35
Memberships	897	--	897
Maintenance of Equipment	170	--	170
Office Expense	558	--	558
Travel	--	--	--
Other Costs: A-87	707	--	707
Subtotal Administrative Costs	<u>17,760</u>	<u>--</u>	<u>17,760</u>
Program Costs:			
Salaries and wages	--	--	--
Fringe benefits	--	--	--
Travel	--	--	--
Consumable supplies	--	--	--
Equipment Lease/purchase	--	--	--
Subcontractor's Reimbursement	51,615	--	51,615
Subtotal Program Costs	<u>51,615</u>	<u>--</u>	<u>51,615</u>
Total Expenditures	<u>\$ 69,375</u>	<u>\$ --</u>	<u>\$ 69,375</u>

THIS PAGE INTENTIONALLY LEFT BLANK



STAFF REPORT

DATE: May 9, 2013

TO: The Honorable Andy Vasquez, Chairman
Members of the Yuba County Board of Supervisors

FROM: Brynda Stranix, District Director
Yuba-Sutter Economic Development District

SUBJECT: Yuba-Sutter Economic Development District
2013-2014 Comprehensive Economic Development Strategy (CEDS)

BACKGROUND

This Comprehensive Economic Development Strategy (CEDS) is the result of a local planning process designed to guide the economic growth of the Yuba-Sutter region. The CEDS process helps create jobs, foster a more stable and diverse economy, and improve living conditions. It provides a mechanism for coordinating the efforts of individuals, organizations, local governments, and private industry concerned with economic development.

An annually updated CEDS is required to qualify for U.S. Department of Commerce, Economic Development Administration (EDA) assistance under its public works, economic adjustment, and most planning programs.

All public works projects must be included the District's most recent CEDS to be considered for funding by EDA.

This document represents the goals and objectives of the Yuba-Sutter Economic Development District which is comprised of Yuba and Sutter counties and the cities of Marysville, Live Oak, and Wheatland.

DISCUSSION

The CEDS process is a continuing economic development planning process, developed with broad-based and diverse community participation. The CEDS document contains:

- An analysis of economic and community development problems and opportunities;
- An economic development background of the Yuba-Sutter district, with a discussion of the economy, including geography, population, labor force, resources and the environment;
- A section setting forth goals and objectives for taking advantage of the opportunities and solving the economic development problems; and,
- A plan of action, including suggested projects to implement objectives and goals set forth in the strategy.

The CEDS reflects the specific challenges and opportunities of the Yuba-Sutter Economic Development District and contains three main elements: analysis, vision and action plan.

The analysis assesses the state of the regional economy, the opportunities and threats posed by external trends and forces and the availability of partners and resources for economic development. The community's vision and goals, together with an appraisal of the region's competitive advantages set the strategic direction of the action plan. The action plan establishes program priorities for implementation.

I would also like to point out that in this analysis, many of the goals and projects included in the final document are supported by all jurisdictions in the District. Those specific goals and projects are wastewater treatment facilities, regional flood control, reconstruction of the 5th Street bridge and, of course, the third bridge that would span the Feather River which has been a long-term goal of this community for years.

The CEDS Committee's purpose is to formulate a regional economic strategy for the District. It incorporated direction from both Yuba and Sutter counties and the cities of Live Oak, Marysville and Wheatland.

The committee was comprised of community and business leaders representing a diverse cross section of the region and I would like to take this opportunity to mention them by name and thank them for their effort and devotion to this process. They are:

Kay Aldridge	WAG Media Group
Dana Burroughs	Yuba-Sutter Economic Development Corporation
Nieves Castro	Caltrans
Kevin DeHoff	The Country Florist
Rachel Farrell	Harmony Health Medical Clinic
Megan Foster	Yuba-Sutter Farm Bureau
Renee Garcia	U.S. Bank
Bob Harland	Greenfreak, LLC
John Hodge	Greenfreak, LLC
Lee Jones	Harkey House
Coleen Morehead	Sutter Buttes Sand & Gravel

Each jurisdiction included in the District was also represented on the committee, those individuals are:

Stan Cleveland	Sutter County, Board of Supervisors
Jim Goodwin	City of Live Oak, City Manager
Walter Munchheimer	City of Marysville, City Manager
Kevin Mallen	Yuba County Community Development and Services Agency, Director
Lisa Purvis Wilson	Sutter County Community Services, Assistant Director
Stephen Wright	City of Wheatland, City Manager

I am happy to report that our community was well represented in the CEDS process by these individuals. We, as a community, can take special pride in knowing we have such dedicated citizens among us. It has been my distinct pleasure working with each of them.

The 2013-2014 Comprehensive Economic Development Strategy is available at www.ysedc.org.

FISCAL IMPACT

We anticipate no fiscal impact as a result of this agenda item.

ACTION REQUESTED

Approve and adopt the 2013-2014 Comprehensive Economic Development Strategy report and authorize its submittal to the United States Department of Commerce, Economic Development Administration as set out in the resolution before you.

BEFORE THE BOARD OF SUPERVISORS
OF THE COUNTY OF YUBA, STATE OF CALIFORNIA

RESOLUTION APPROVING THE 2013-2014)
COMPREHENSIVE ECONOMIC DEVELOPMENT)
STRATEGY AND PROGRAM PROJECTION FOR)
THE YUBA-SUTTER ECONOMIC DEVELOPMENT)
DISTRICT AS PREPARED AND RECOMMENDED)
BY YUBA-SUTTER ECONOMIC DEVELOPMENT)
CORPORATION AND THE COMPREHENSIVE)
ECONOMIC DEVELOPMENT STRATEGY COMMITTEE)

RESOLUTION NO. _____

WHEREAS, U.S. Department of Commerce, Economic Development Administration (EDA) requires the preparation and adoption of a Comprehensive Economic Development Strategy (CEDS) by the local Comprehensive Economic Development Strategy Committee to contain public works projects approved by the County of Yuba, the CEDS Committee, Yuba-Sutter Economic Development District and EDA prior to consideration of federal funding of said public works projects; and

WHEREAS, the CEDS Committee began preparation of the required annual report in March 2013, and approved and adopted said document April 18, 2013; and

WHEREAS, said action also directed the CEDS document be submitted to the Yuba County Board of Supervisors for its review and action;

NOW THEREFORE BE IT RESOLVED, that the Yuba County Board of Supervisors, after reviewing said CEDS document, hereby approves the report and authorizes its submittal to the Economic Development Administration.

Passed and adopted this _____ day of _____ 2013 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

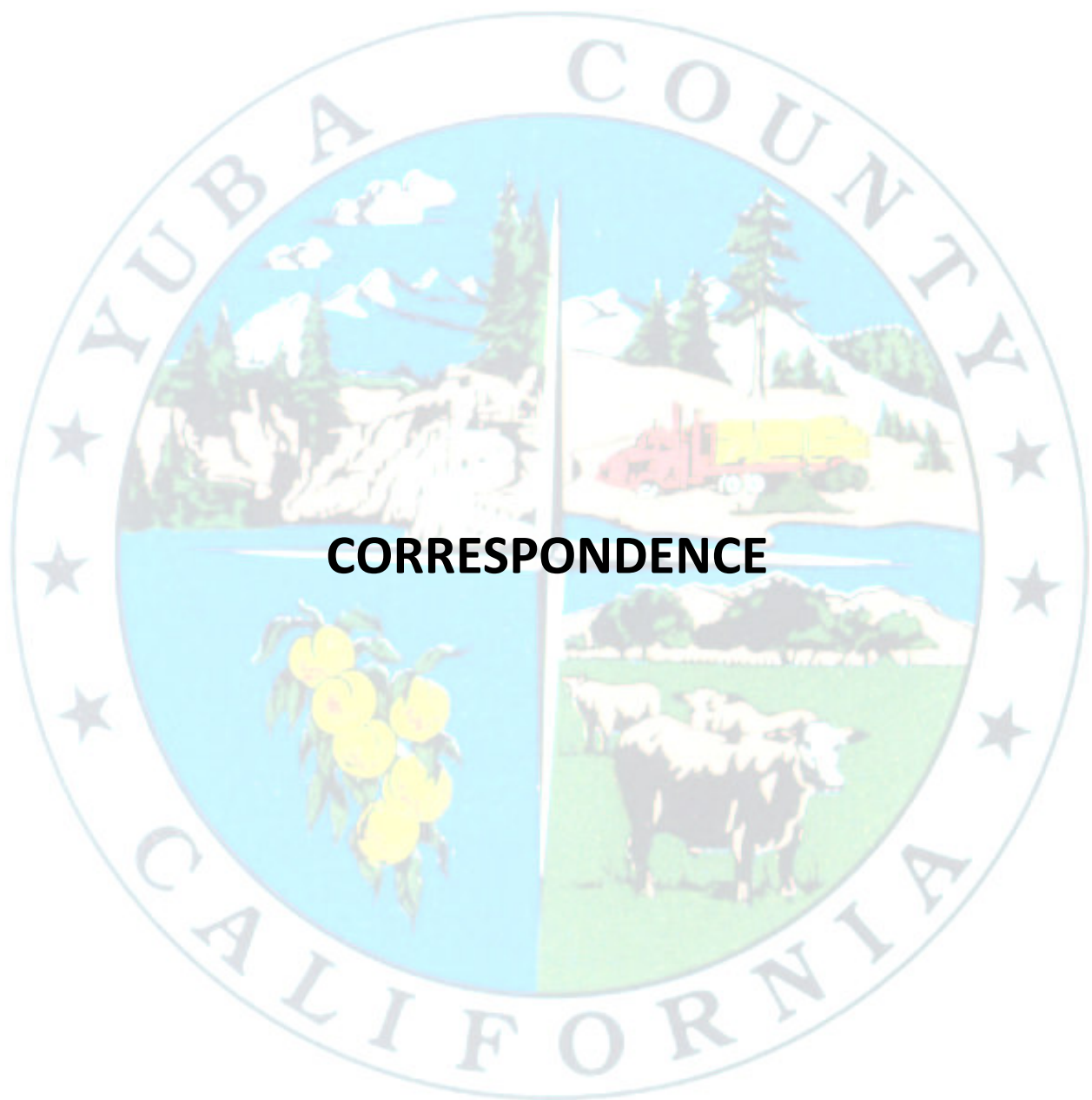
ATTEST: Clerk of the Board of Supervisors
Donna Stottlemeyer

Chairman

APPROVED AS TO FORM:
County Counsel Angil Morris-Jones



THIS PAGE INTENTIONALLY LEFT BLANK





THIS PAGE INTENTIONALLY LEFT BLANK



City of Wheatland

111 C Street
Wheatland, California 95692
TELEPHONE (530) 633-2761
FAX (530) 633-9102

May 2, 2013

Mr. Andy Vasquez, Chairman of the Board
Yuba County Board of Supervisors
915 8th Street
Marysville, CA 95901

Subject: Tax Sharing Agreement

Dear Andy Vasquez:

Although the Board of Supervisors was unable to pass the proposed tax sharing agreement on April 23rd, I remain confident that we can continue working together to get a tax sharing agreement passed. I am respectfully requesting that you seek direction from your Board for us to return to the negotiating table to modify the proposed agreement to resolve this issue. I sincerely appreciate all of the efforts you and your staff have expended in order to prepare an agreement.

Please let me know when this might appear on an upcoming agenda so that I may be able to attend. Should you have questions or need additional information, please don't hesitate to contact me at 530-933-4215

Thank you for your continued cooperation.
Sincerely,

Rick West
Mayor

Cc: Roger Abe, Supervisor

Robert Bendorf, CAO

Steve Wright, City Manager

RECEIVED BY
JANUARY 11

RECEIVED
MAY 9 2013
Clerk/Board of Supervisors

THIS PAGE INTENTIONALLY LEFT BLANK

Commissioners
Michael Sutton, President
Monterey
Richard Rogers, Vice President
Santa Barbara
Jim Kellogg, Member
Discovery Bay
Jack Baylis, Member
Los Angeles
Vacant, Member

STATE OF CALIFORNIA
Edmund G. Brown Jr., Governor

Fish and Game Commission



B.
Sonke Mastrup, Executive Director
1416 Ninth Street, Room 1320
Sacramento, CA 95814
(916) 653-4899
(916) 653-5040 Fax
www.fgc.ca.gov

May 8, 2013

RECEIVED

MAY 13 2013

Clerk/Board of Supervisors

TO ALL INTERESTED AND AFFECTED PARTIES:

This is to provide you with a copy of the notice of proposed regulatory action relative to Section 29.15, Title 14, California Code of Regulations, relating to abalone sport fishing, which will be published in the California Regulatory Notice Register on May 10, 2013.

Please note the dates of the public hearings related to this matter and associated deadlines for receipt of written comments.

Mr. Paul Hamdorf, Acting Manager of Marine Region, Department of Fish and Wildlife, phone (652) 342-7210, has been designated to respond to questions on the substance of the proposed regulations.

Sincerely,

A handwritten signature in cursive script that reads "Sherrie Fonbuena".

Sherrie Fonbuena
Associate Governmental Program Analyst

Attachment

BOS CORRESPONDENCE

B

TITLE 14. Fish and Game Commission Notice of Proposed Changes in Regulations

NOTICE IS HEREBY GIVEN that the Fish and Game Commission (Commission), pursuant to the authority vested by sections 200, 202, 205, 210, 220, 240, 5521 and 7149.8 of the Fish and Game Code and to implement, interpret or make specific sections 200, 202, 205, 220, 5521, 7145 and 7149.8 of said Code, proposes to amend Section 29.15, Title 14, California Code of Regulations, relating to Abalone.

Informative Digest/Policy Statement Overview

Under existing regulations (Section 29.15, Title 14, CCR), red abalone may only be taken for recreational purposes north of a line drawn due west magnetic from the center of the mouth of San Francisco Bay. Current regulations also specify: season, hours, daily limits, special gear provisions, measuring devices, abalone report card requirements, and minimum size limit.

The regulation change is being proposed in response to the guidelines in the Abalone Recovery and Management Plan (ARMP), adopted by the Commission in 2005, with regard to average abalone density at eight index sites (surveyed on a three year cycle) within Mendocino and Sonoma counties. Observations by Department of Fish and Wildlife (Department) wildlife officers and data analyses by biologists were considered in proposing the regulation changes, as well as input from fishing groups, the Recreational Abalone Advisory Committee, non-governmental organizations, and the public. Recent scuba surveys indicate that the average density of emergent abalone (sublegal and legal sized) has trended downward over the past five to ten years. Average density is now at 0.47 abalone per meter square (m^2) for the index sites which is below one of the management triggers established in the ARMP. Low average densities and declining trends indicate a risk that leaving regulations unchanged could result in further reductions in average density across the fishery which could lead to fishery closure if average densities fall below 0.30 abalone/ m^2 . Consequently, the Department is proposing regulations which will reduce the catch so that further reductions in average density may be prevented.

Additionally, average abalone density at the Fort Ross index site has fallen below the trigger level for site closure within the ARMP. The Department is proposing site closure of the Fort Ross area for a period between two and six years to allow recovery of abalone stocks to a level that allows reopening of the area. The Commission may select the duration of closure within the two to six year range or may elect to close the site without specifying a sunset date. The Department will continue to monitor density at Fort Ross (triennially) and recruitment events (annually) in northern California during the site closure in order to evaluate if the site should reopen or remain closed based on current ARMP criteria. The Department also anticipates revising the ARMP during this time frame to transition to the long term, area-based, management plan. Re-opening Fort Ross will likely be considered under the revised ARMP, as well as based on evidence of recovery at the site.

The proposed regulations will close the Fort Ross area and options are provided to reduce fishing hours, the annual limit, daily bag limit, and/or season. The following summarizes the options for regulatory change in Title 14, Section 29.15.

- Option 1: Change the legal fishing hours to begin at a time within the range of 7:00 AM to 8:00 AM instead of one-half hour before sunrise.

- Option 2: Reduce the daily bag and possession limit from three abalone to two abalone.
- Option 3: Reduce the season from seven months to fewer open months with various sub-options for closing months. If the Fort Ross Area Closure is not adopted, the open season for the Fort Ross area may be different than the general open season.
- Option 4: Reduce the annual limit with various sub-options for reduction (21 to 9 abalone).
- Option 5: Targeted catch reduction in Sonoma and Marin counties by apportioning tags by areas (3-21 tags in the targeted area, not to exceed the total annual limit selected in Option 4).

Options 1 through 5 are designed to reduce the total catch by up to an estimated 33 percent. This conforms to provisions in the ARMP that prescribe a 25 percent reduction in catch when average density levels are below the ARMP trigger for management action.

The Commission may adopt one or more options or a combination of options.

In all options, regulatory language concerning a temporary special closure of Sonoma County is repealed.

The regulation options will benefit the red abalone population in northern California by enhancing the sustainability of the resource. Higher densities of red abalone in closer proximity to their neighbors have better fertilization and reproductive success than those at low densities. The proposed regulation changes are anticipated to increase the density of red abalone, leading to a healthier resource and improving the long-term health of the fishery.

Higher densities of red abalone are anticipated to enhance local small businesses in the coastal economy that rely on abalone fishing for their income. A healthy active fishery will attract more business to the coastal regions in the north particularly in the counties of Marin, Sonoma, Mendocino and Humboldt.

The environment will benefit from the proposed regulation options in the following ways: (1) The algal community will continue to be grazed by a stable population of red abalone in northern California rocky subtidal habitats. This grazing will maintain algal communities and prevent them from overgrowing reef communities; (2) Abalone will continue to act as important macrograzers maintaining substrate suitable for other invertebrates; and (3) Abalone will provide an important food source for other marine life in rocky subtidal kelp communities.

The proposed regulations are neither inconsistent nor incompatible with existing state regulations. Section 20, Article IV, of the State Constitution specifies that the Legislature may delegate to the Fish and Game Commission such powers relating to the protection and propagation of fish and game as the Legislature sees fit. The Legislature has delegated to the Commission the power to regulate the recreational take of abalone (sections 200, and 205, Fish and Game Code). The Commission has reviewed its own regulations and finds that the proposed regulations are neither inconsistent nor incompatible with existing state regulations. The Commission has searched the California Code of Regulations and finds no other state agency regulations pertaining to the recreational take of abalone.

NOTICE IS GIVEN that any person interested may present statements, orally or in writing, relevant to this action at a hearing to be held at the University of California Los Angeles (UCLA), De Neve Plaza, 351 Charles E. Young Drive – West, Los Angeles, California, on Wednesday, May 22, 2013, at 8:30 a.m., or as soon thereafter as the matter may be heard.

NOTICE IS ALSO GIVEN that any person interested may present statements, orally or in writing, relevant to this action at a hearing to be held at the Department of Consumer Affairs, 1747 North Market Boulevard, Sacramento, California, on Wednesday, June 26, 2013, at 8:30 a.m., or as soon thereafter as the matter may be heard. Written comments may be submitted on or before June 24, 2013 at the address given below, or by fax at (916) 653-5040, or by e-mail to FGC@fgc.ca.gov. All comments must be received no later than June 26, 2013 at the hearing in Sacramento, CA. If you would like copies of any modifications to this proposal, please include your name and mailing address.

The regulations as proposed in strikeout-underline format, as well as an initial statement of reasons, including environmental considerations and all information upon which the proposal is based (rulemaking file), are on file and available for public review from the agency representative, Sonke Mastrup, Executive Director, Fish and Game Commission, 1416 Ninth Street, Box 944209, Sacramento, California 94244-2090, phone (916) 653-4899. Please direct requests for the above mentioned documents and inquiries concerning the regulatory process to Sonke Mastrup or Sherrie Fonbuena at the preceding address or phone number. **Paul Hamdorf, Acting Manager of Marine Region, Department of Fish and Wildlife, phone (562) 342-7210, has been designated to respond to questions on the substance of the proposed regulations.** Copies of the Initial Statement of Reasons, including the regulatory language, may be obtained from the address above. Notice of the proposed action shall be posted on the Fish and Game Commission website at <http://www.fgc.ca.gov>.

Availability of Modified Text

If the regulations adopted by the Commission differ from but are sufficiently related to the action proposed, they will be available to the public for at least 15 days prior to the date of adoption. Circumstances beyond the control of the Commission (e.g., timing of Federal regulation adoption, timing of resource data collection, timelines do not allow, etc.) or changes made to be responsive to public recommendation and comments during the regulatory process may preclude full compliance with the 15-day comment period, and the Commission will exercise its powers under Section 202 of the Fish and Game Code. Regulations adopted pursuant to this section are not subject to the time periods for adoption, amendment or repeal of regulations prescribed in Sections 11343.4, 11346.4 and 11346.8 of the Government Code. Any person interested may obtain a copy of said regulations prior to the date of adoption by contacting the agency representative named herein.

If the regulatory proposal is adopted, the final statement of reasons may be obtained from the address above when it has been received from the agency program staff.

Impact of Regulatory Action/Results of the Economic Impact Analysis

The potential for significant statewide adverse economic impacts that might result from the proposed regulatory action has been assessed, and the following initial determinations relative to the required statutory categories have been made:

- (a) Significant Statewide Adverse Economic Impact Directly Affecting Business, Including the Ability of California Businesses to Compete with Businesses in Other States:

The proposed action will not have a significant statewide adverse economic impact directly affecting business, including the ability of California businesses to compete with businesses in other states. Depending on which regulatory option the Commission chooses, the proposed action could reduce recreational abalone activity expenditures and thus reduce direct revenue by 1.4 percent to as much as 36.9 percent. These outcomes could result in adverse revenue impacts to businesses ranging from \$182,000 (2009\$) to \$4.8 million (2009\$) in potential direct revenue losses. In the North Coast area most affected by these potential losses, the resulting impact to the economy could range from \$324,000 (2009\$) to \$8.5 million (2009\$) in total economic output losses. This is due to the ripple effect each dollar of direct revenue has on the affected regional economy's total output potential. Nonetheless, the proposed regulations would not result in a significant statewide adverse economic impact.

The impacts are not likely to affect the ability of California businesses to compete with businesses in other States, since these activities focus on resources and features unique to the North Coast.

- (b) Impact on the Creation or Elimination of Jobs Within the State, the Creation of New Businesses or the Elimination of Existing Businesses, or the Expansion of Businesses in California; Benefits of the Regulation to the Health and Welfare of California Residents, Worker Safety, and the State's Environment:

The Commission does not anticipate any impacts on the creation of new business, the elimination of existing businesses or the expansion of businesses in California.

Depending on which regulatory option the Commission chooses, the potential reduced recreational abalone activity could result in job losses ranging from 0 jobs to as many as 82 jobs in abalone sport fishing related businesses. The Commission does not anticipate the creation of any new jobs.

Benefits to the Health and Welfare of California Residents: Depending on which regulatory option the Commission chooses, the potential reduced recreational abalone activity in the spring months when ocean conditions can be dangerous could result in enhanced fisherman safety.

The Commission does not anticipate benefits to California worker safety.

The Commission anticipates benefits to the State's environment. The proposed regulation changes are being made in order to effectively manage the red abalone fishery and maintain its sustainability. The Marine Life Management Act mandates that fisheries in California are managed sustainably. Abalone populations in California have declined and the fishery south of San Francisco was closed in 1997. The proposed regulations will benefit the abalone resource, abalone fishery and local businesses by maintaining a healthy viable fishery for years to come. Red abalone is an iconic species in California and one that is part of the state's natural heritage.

(c) Cost Impacts on a Representative Private Person or Business:

The Commission is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

(d) Costs or Savings to State Agencies or Costs/Savings in Federal Funding to the State:

Unknown, however the potential exists for some loss in recreational abalone report card sales revenue if some individuals decide not to participate in the fishery due to reduced bag or annual limits.

(e) Nondiscretionary Costs/Savings to Local Agencies: None.

(f) Programs Mandated on Local Agencies or School Districts: None.

(g) Costs Imposed on any Local Agency or School District that is Required to be Reimbursed Under Part 7 (commencing with Section 17500) of Division 4, Government Code: None.

(h) Effect on Housing Costs: None.

Effect on Small Business

It has been determined that the adoption of these regulations may affect small business. The Commission has drafted the regulations in Plain English pursuant to Government Code sections 11342.580 and 11346.2(a)(1).

Consideration of Alternatives

The Commission must determine that no reasonable alternative considered by the Commission, or that has otherwise been identified and brought to the attention of the Commission, would be more effective in carrying out the purpose for which the action is proposed, would be as effective and less burdensome to affected private persons than the proposed action, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

FISH AND GAME COMMISSION

Dated: April 30, 2013

Sonke Mastrup
Executive Director