

COUNTY OF SUTTER

AUDIT REPORT

JUNE 30, 2009

**COUNTY OF SUTTER
AUDIT REPORT
JUNE 30, 2009**

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INDEPENDENT AUDITOR'S REPORT

Honorable Grand Jury and
Board of Supervisors
County of Sutter, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Sutter, California (the County), as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of County management. Our responsibility is to express opinions on these statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Governmental 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Sutter, California, as of June 30, 2009 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 30, 2010 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. 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

Honorable Grand Jury and Board of Supervisors
County of Sutter, California

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.

The management's discussion and analysis, the budgetary comparison schedules and the schedule of funding progress (required supplementary information), as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and do not express an opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying supplementary information consisting of combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements of the County of Sutter, California. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Roseville, California
March 30, 2010

**MANAGEMENT DISCUSSION AND ANALYSIS
(MD & A)**

COUNTY OF SUTTER

Management Discussion and Analysis For the Year Ended June 30, 2009

As management of the County of Sutter (County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2009.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$154,915,601 (total net assets). Of this amount, \$44,730,369 is restricted for specific purposes (restricted net assets), and \$83,675,075 is invested in capital assets, net of related debt. The balance of \$26,510,157 is unrestricted.
- The County's total net assets decreased by \$270,361. This decrease in net assets was attributable to results of operations.
- As of June 30, 2009, the County's governmental funds reported combined fund balances of \$70,248,002, a decrease of \$6,038,011. This decrease in fund balance was attributable to expenditures in excess of revenues. Approximately 87% of the combined fund balances, \$60,969,199 is available to meet the County's current and future needs (unreserved fund balance). Of the unreserved fund balance, the Board of Supervisors has designated \$47,697,205 or approximately 68% for specific purposes. At the end of the current fiscal year, unreserved fund balance for the General Fund was \$27,394,216 or approximately 58% of total General Fund expenditures.

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 comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

Statement of Net Assets presents information on all of the County's 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 of whether the financial position of the County is improving or deteriorating.

Statement of Activities presents information showing how the County's 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 only result in

COUNTY OF SUTTER

Management Discussion and Analysis For the Year Ended June 30, 2009

cash flows in future fiscal periods (e.g., long-term notes, loans, and earned but unused vacation leave).

Both of the 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 all or a significant portion of their costs through user fees and charges (**business-type activities**). The governmental activities of the County include general government, public safety, highways and streets, sanitation, health and social services, culture-recreation, public improvement, planning and zoning, and general administrative services and internal service funds. The business-type activities of the County include Water Works District No. 1.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other states and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. 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, governmental fund financial statements focus on (1) how cash and other financial assets can readily be converted to available resources and (2) the balances left at year-end that are available for spending. Such information may be useful in determining what financial resources are available in the near future to finance 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 governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial 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.

COUNTY OF SUTTER

Management Discussion and Analysis For the Year Ended June 30, 2009

The County maintains several individual governmental funds organized according to their type (special revenue, debt service and capital projects). Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Bi-County Mental Health, Welfare and Public Safety funds and are considered to be major funds. Data from the other governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its General Fund and special revenue funds. A budgetary comparison schedule has been provided for these funds to demonstrate compliance with this budget.

Proprietary Funds include 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 an enterprise fund to account for Water Works District No. 1. Internal service funds are an accounting device used to accumulate and allocate cost internally among the County's various functions. The County uses internal service funds to account for a variety of insurance such as General Liability and Workers' Compensation. Other Internal Service funds include Fleet Management and Information Technology. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Water Works District No. 1. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

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 those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's process in developing, executing and monitoring its budgeting process. The combining statements referred to earlier in

COUNTY OF SUTTER

Management Discussion and Analysis For the Year Ended June 30, 2009

connection with non-major governmental funds, non-major enterprise funds and internal service funds are presented immediately following the required supplementary information on pensions.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of Statement of Net Assets

County of Sutter's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets:						
Current and other assets	\$ 87,622,968	\$ 96,292,721	\$ (391,373)	\$ (285,259)	\$ 87,231,595	\$ 96,007,462
Capital assets	83,875,442	79,589,420	1,738,083	1,858,244	85,613,525	81,447,664
Total assets	<u>171,498,410</u>	<u>175,882,141</u>	<u>1,346,710</u>	<u>1,572,985</u>	<u>172,845,120</u>	<u>177,455,126</u>
Liabilities:						
Current and other liabilities	8,952,560	14,306,509	2,817	16,327	8,955,377	14,322,836
Long-term liabilities	8,861,560	7,670,833	112,582	119,461	8,974,142	7,790,294
Total liabilities	<u>17,814,120</u>	<u>21,977,342</u>	<u>115,399</u>	<u>135,788</u>	<u>17,929,519</u>	<u>22,113,130</u>
Net Assets:						
Invested in capital net of related debt	82,049,574	77,451,389	1,625,501	1,738,783	83,675,075	79,190,172
Restricted net assets	44,730,369	42,250,746	--	--	44,730,369	42,250,746
Unrestricted net assets	26,904,347	34,202,664	(394,190)	(301,586)	26,510,157	33,901,078
Total net assets	<u>\$ 153,684,290</u>	<u>\$ 153,904,799</u>	<u>\$ 1,231,311</u>	<u>\$ 1,437,197</u>	<u>\$ 154,915,601</u>	<u>\$ 155,341,996</u>

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$154,915,601 at the close of the most recent fiscal year.

The largest portion of the County's net assets, \$83,675,075 (54 percent), reflects its investment in capital assets (e.g. land, infrastructure, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another significant portion of the County's net assets, \$44,730,369 (29 percent), represent resources that are subject to external restrictions on how they may be used. The remaining balance of total net assets, \$26,510,157 (17 percent), is unrestricted and primarily available to finance future services.

At the end of the current fiscal year, the County reported positive balances in all three categories of net assets.

COUNTY OF SUTTER

Management Discussion and Analysis For the Year Ended June 30, 2009

Analysis of Statement of Changes in Net Assets

County of Sutter's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program Revenues:						
Charges for services	\$ 13,299,856	\$ 15,500,223	\$ 76,340	\$ 81,211	\$ 13,376,196	\$ 15,581,434
Operating grants and contributions	87,010,939	81,252,023	--	--	87,010,939	81,252,023
Capital grants and contributions	5,232,045	6,067,167	--	--	5,232,045	6,067,167
General Revenues:						
Property taxes	27,759,807	27,525,707	--	--	27,759,807	27,525,707
Property taxes in lieu of sales taxes	577,480	1,064,450	--	--	577,480	1,064,450
Franchise taxes	2,647,936	2,091,514	--	--	2,647,936	2,091,514
Sales and use taxes	3,703,351	2,877,339	--	--	3,703,351	2,877,339
Transportation taxes	342,529	847,655	--	--	342,529	847,655
Transient occupancy taxes	58,338	77,288	--	--	58,338	77,288
Transfer taxes	252,406	336,717	--	--	252,406	336,717
Fire taxes	262,541	265,997	--	--	262,541	265,997
Unrestricted interest and investment earnings	2,144,883	2,895,061	--	--	2,144,883	2,895,061
Miscellaneous	2,329,095	3,714,993	5,236	--	2,334,331	3,714,993
Total revenues	145,621,206	144,516,134	81,576	81,211	145,702,782	144,597,345
Expenses:						
General government	10,806,111	15,425,657	--	--	10,806,111	15,425,657
Public protection	49,842,583	42,570,633	--	--	49,842,583	42,570,633
Public ways and facilities	10,562,901	8,923,373	--	--	10,562,901	8,923,373
Health and sanitation	40,722,867	40,711,612	--	--	40,722,867	40,711,612
Public assistance	30,127,147	31,350,751	--	--	30,127,147	31,350,751
Education	1,888,552	1,584,214	--	--	1,888,552	1,584,214
Culture and recreation	803,440	483,698	--	--	803,440	483,698
Community development	659,806	257,664	--	--	659,806	257,664
Interest on long-term debt	272,274	171,824	--	--	272,274	171,824
Water Works District No. 1	--	--	287,462	318,495	287,462	318,495
Total expenses	145,685,681	141,479,426	287,462	318,495	145,973,143	141,797,921
Change in net assets	(64,475)	3,036,708	(205,886)	(237,284)	(270,361)	2,799,424
Prior period adjustment	(156,034)	--	--	--	(156,034)	--
Net assets at beginning year	153,904,799	150,868,091	1,437,197	1,674,481	155,341,996	152,542,572
Net assets at end of year	\$ 153,684,290	\$ 153,904,799	\$ 1,231,311	\$ 1,437,197	\$ 154,915,601	\$ 155,341,996

COUNTY OF SUTTER

Management Discussion and Analysis For the Year Ended June 30, 2009

ANALYSIS OF THE GOVERNMENT'S FUNDS

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

Governmental Funds

The general government functions are contained in the General, Special Revenue, and Capital Projects 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 of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2009, the County's governmental funds reported combined fund balances of \$70,248,002, a decrease of \$6,038,011 in comparison with the prior year. Of these combined fund balances, \$60,969,199 constitutes unreserved fund balance of the General, Special Revenue and Capital Projects Funds, of which \$13,271,994 is undesignated and \$47,697,205 is designated for specific purposes. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has been committed: 1) to pay encumbrances, \$774,885; 2) for imprest cash, \$30,327; 3) to fund inventory and prepaid expenses, \$173,443; and 5) as a reserve for long-term receivables, \$8,300,148.

The General Fund is the chief operating fund of the County. At June 30, 2009, unreserved fund balance was \$27,394,216, while total fund balance reached \$33,639,892. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved and total fund balance to total fund expenditures. Unreserved fund balance represents 58% of total General Fund expenditures, while the total fund balance represents 71% of total General Fund expenditures.

The County's management also designates (earmarks) unreserved fund balance to a particular function, project, or activity. Fund balance may also be designated for purposes beyond the current year. However, designated fund balance is available for appropriation at any time. Of the \$27,394,216 General Fund unreserved fund balance, all is available for appropriations.

The County has three other major governmental funds. The Bi-County Mental Health Fund has a total fund balance of \$(74,525), the Welfare Fund has a total fund balance of \$1,775, and the Public Safety Fund has a total fund balance of \$144,318 at year end. Overall, the other governmental funds' fund balances decreased \$2,775,476 to \$36,608,110. The three major governmental funds had changes in fund balances as follows: Bi-County Mental Health \$(1,341,425), Welfare \$0 and Public Safety \$107,053. The non-major governmental funds' fund balances decreased by \$1,541,104.

COUNTY OF SUTTER

Management Discussion and Analysis For the Year Ended June 30, 2009

Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The Waterworks District No. 1 enterprise fund had net assets of \$1,231,311, a decrease of \$(205,886) from the prior year.

The net assets of the internal services funds decreased from \$4,668,255 to \$3,733,884.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Board of Supervisors revised the County's budget. Each time a grant or specific revenue enhancement is made available to a County program that requires new appropriations, a budget amendment is required.

The mid-year review is an informal process by which each department is analyzed for expense and revenue trends. Adjustments are recommended where indicated and monitored for the remainder of the year. Unless there is some unforeseen and unusual circumstance that cause a budget overrun, a draw on the Contingency Reserve is not recommended.

Difference between the original budget and the final amended budget for the General Fund is summarized in the table below:

	Original Budget	Final Budget	Variance	
			Amount	Percent
Total Revenues	\$ 51,897,721	\$ 51,792,791	\$ (104,930)	-0.20%
Total Expenditures	53,795,077	54,795,687	1,000,610	1.86%
Other Financing Sources (Uses)	<u>(7,187,527)</u>	<u>(7,187,527)</u>	<u>--</u>	<u>0.00%</u>
Net Changes in Fund Balances	<u>\$ (9,084,883)</u>	<u>\$ (10,190,423)</u>	<u>\$ (1,105,540)</u>	<u>12.17%</u>

Differences between the final amended budget and actual amounts for the General Fund is summarized in the table below:

	Final Budget	Actual	Variance	
			Amount	Percent
Total Revenues	\$ 51,792,791	\$ 50,790,930	\$ (1,001,861)	-1.93%
Total Expenditures	54,795,687	47,382,576	(7,413,111)	-13.53%
Other Financing Sources (Uses)	<u>(7,187,527)</u>	<u>(6,670,889)</u>	<u>516,638</u>	<u>-7.19%</u>
Net Changes in Fund Balances	<u>\$ (10,190,423)</u>	<u>\$ (3,262,535)</u>	<u>\$ 6,927,888</u>	<u>-67.98%</u>

COUNTY OF SUTTER

Management Discussion and Analysis For the Year Ended June 30, 2009

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2009, was \$85,613,525 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. Net additions and adjustments to capital assets were \$8,300,388 and net additions to accumulated depreciation were \$4,134,527. Therefore, the County's net investment in capital assets increased \$4,165,861 from June 30, 2008.

Additional information on the County of Sutter's capital assets can be found in Note 5 to the financial statements.

Debt Administration

At the end of the current fiscal year, the County had total long-term obligations outstanding of \$8,974,142, an increase of \$1,183,848 from June 30, 2008.

Additional information on the County of Sutter's debt administration can be found in Note 6 to the financial statements.

FUTURE ECONOMIC OUTLOOK

The state of the national economy has impacted Sutter County just as it has affected the rest of the country. However, as a result of the Board of Supervisors' consistency in budgeting conservatively and maintaining healthy reserves, Executive Management of the County of Sutter believes the County remains in a solid position financially.

The County population as of July 1, 2009, was approximately 97,263¹, which was a 1.22% increase from 96,095 as compared to July 1, 2008.

The average annual unemployment rate for the Yuba City metropolitan statistical area (MSA) for 2008 was 12.3%, with a forecast of 12.9% for 2009².

Taxable Sales within the Yuba City MSA is forecast to increase from \$2,037 million in 2008 to \$2,051 million in 2009. Figures are not yet available for 2010.

¹ Source: California Department of Finance

² Source for unemployment, taxable sales, and building permit data: Sacramento Forecast Project, California State University Sacramento, January 2009

COUNTY OF SUTTER

Management Discussion and Analysis For the Year Ended June 30, 2009

Total Assessed Property Valuation for Fiscal Year 2007-08 was \$8.424 billion. In FY 2008-09, that figure decreased by approximately 1.5% to \$8.411 billion. The forecast for FY 2009-10 is not available as of this writing; however, due to the significant number of foreclosures and property re-assessments the County anticipates a further decrease in its total Assessed Valuation.

As the figures above indicate, Sutter County has not been immune to the downturn in the national economy. Unemployment rates and property foreclosures are not expected to recover in the near future, and it is expected that sales and property taxes will experience a continued decline in the next year.

The County of Sutter, along with all other counties in California, continues to be dependent on the State of California for much of its fiscal support for State and federal programs. California counties will always be, to a certain extent, subject to the fiscal whims of the State of California. The next few years will be difficult due to the economic downturn and anticipated State fiscal actions that are likely to affect Sutter County. Nevertheless, Sutter County is positioned better than most counties to weather these difficulties. Sutter County has always maintained very conservative fiscal policies, and will continue to do so.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the County of Sutter's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Sutter County Administrative Officer, 1160 Civic Center Boulevard – Suite A, Yuba City, California 95993.

**BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

COUNTY OF SUTTER

Statement of Net Assets

June 30, 2009

	Primary Government		Totals
	Governmental Activities	Business-Type Activities	
Assets			
Cash and investments	\$ 67,336,578	\$ --	\$ 67,336,578
Imprest cash	124,063	--	124,063
Accounts receivable	3,422,007	22,247	3,444,254
Due from other governments	13,109,359	--	13,109,359
Interest receivable	442,815	90	442,905
Internal balances	413,710	(413,710)	--
Prepaid expenses	172,789	--	172,789
Inventories	131,082	--	131,082
Loans receivable, net	2,470,565	--	2,470,565
Capital assets:			
Nondepreciable	16,098,498	58,000	16,156,498
Depreciable, net	67,776,944	1,680,083	69,457,027
Total assets	<u>\$ 171,498,410</u>	<u>\$ 1,346,710</u>	<u>\$ 172,845,120</u>
Liabilities			
Accounts payable	\$ 4,028,745	\$ 2,707	\$ 4,031,452
Salaries & benefits payable	2,136,838	--	2,136,838
Deposits and other liabilities	474,667	110	474,777
Unearned revenue	2,312,310	--	2,312,310
Long-term liabilities			
Due within one year	4,396,015	7,092	4,403,107
Due in more than one year	3,315,161	105,490	3,420,651
Liability for post-employment benefits	1,150,384	--	1,150,384
Total liabilities	<u>17,814,120</u>	<u>115,399</u>	<u>17,929,519</u>
Net Assets			
Invested in capital assets, net of related debt	82,049,574	1,625,501	83,675,075
Restricted for:			
Taxes and fees	7,285,525	--	7,285,525
Public protection	11,254,318	--	11,254,318
Public facilities	8,674,968	--	8,674,968
Health & sanitation	13,060,735	--	13,060,735
Community development	3,299,193	--	3,299,193
Other	1,155,630	--	1,155,630
Unrestricted	26,904,347	(394,190)	26,510,157
Total net assets	<u>153,684,290</u>	<u>1,231,311</u>	<u>154,915,601</u>
Total liabilities and net assets	<u>\$ 171,498,410</u>	<u>\$ 1,346,710</u>	<u>\$ 172,845,120</u>

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

COUNTY OF SUTTER

Statement of Activities
For the Year Ended June 30, 2009

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	\$ 10,806,111	\$ 1,587,332	\$ 9,520,493	\$ --
Public safety	49,842,583	7,461,616	14,531,315	--
Public ways and facilities	10,562,901	181,349	4,435,778	5,232,045
Health and sanitation	40,722,867	3,819,818	28,594,695	--
Public assistance	30,127,147	187,592	28,741,141	--
Education	1,888,552	62,149	438,075	--
Culture and recreation	803,440	--	749,442	--
Community development	659,806	--	--	--
Interest on long-term debt	272,274	--	--	--
Total governmental activities	145,685,681	13,299,856	87,010,939	5,232,045
Business-Type Activities:				
Waterworks District No. 1	287,462	76,340	--	--
Total business-type activities	287,462	76,340	--	--
Total primary government	\$ 145,973,143	\$ 13,376,196	\$ 87,010,939	\$ 5,232,045

General Revenues:

Taxes:

Property taxes

Property taxes in lieu of sales taxes

Franchise taxes

Sales and use taxes

Transportation taxes

Transient occupancy taxes

Transfer taxes

Fire taxes

Unrestricted interest and investment earnings

Miscellaneous

Total general revenues and transfers

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

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ 301,714	\$ --	\$ 301,714
(27,849,652)	--	(27,849,652)
(713,729)	--	(713,729)
(8,308,354)	--	(8,308,354)
(1,198,414)	--	(1,198,414)
(1,388,328)	--	(1,388,328)
(53,998)	--	(53,998)
(659,806)	--	(659,806)
(272,274)	--	(272,274)
<u>(40,142,841)</u>	<u>--</u>	<u>(40,142,841)</u>
--	(211,122)	(211,122)
--	(211,122)	(211,122)
<u>(40,142,841)</u>	<u>(211,122)</u>	<u>(40,353,963)</u>
27,759,807	--	27,759,807
577,480	--	577,480
2,647,936	--	2,647,936
3,703,351	--	3,703,351
342,529	--	342,529
58,338	--	58,338
252,406	--	252,406
262,541	--	262,541
2,144,883	--	2,144,883
2,329,095	5,236	2,334,331
<u>40,078,366</u>	<u>5,236</u>	<u>40,083,602</u>
(64,475)	(205,886)	(270,361)
<u>153,748,765</u>	<u>1,437,197</u>	<u>155,185,962</u>
<u>\$ 153,684,290</u>	<u>\$ 1,231,311</u>	<u>\$ 154,915,601</u>

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS**

COUNTY OF SUTTER

**Balance Sheet
Governmental Funds
June 30, 2009**

	General	Bi-County	Welfare	Public	Other	Total
	Fund	Mental Health		Safety	Governmental Funds	
ASSETS						
Cash and investments	\$ 25,826,511	\$ 679,804	\$ 341,704	\$ 76,266	\$ 36,366,254	\$ 63,290,539
Accounts receivable	507,312	2,170,042	1,312	218,489	517,490	3,414,645
Due from other governments	1,157,366	3,626,189	1,381,463	690,247	4,295,838	11,151,103
Interest receivable	258,122	4,451	11,307	296	154,223	428,399
Due from other funds	5,980,521	998,144	1,254,403	3,434,804	2,434,034	14,101,906
Prepaid expenses	16,601	10,444	14,890	2	8,048	49,985
Inventory	--	--	--	--	123,458	123,458
Advances to other funds	5,829,583	--	--	--	--	5,829,583
Loans receivable, net	--	--	--	--	2,470,565	2,470,565
Total assets	\$ 39,576,016	\$ 7,489,074	\$3,005,079	\$ 4,420,104	\$ 46,369,910	\$ 100,860,183
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 865,038	\$ 577,628	\$ 209,583	\$ 709,167	\$ 1,484,207	\$ 3,845,623
Salaries & benefits payable	579,296	310,601	274,187	528,666	363,679	2,056,429
Deposits and other liabilities	336,345	--	--	65,267	73,055	474,667
Due to other funds	3,698,316	1,110,206	198,895	2,374,806	4,391,919	11,774,142
Advances from other funds	--	3,356,746	--	--	2,410,053	5,766,799
Unearned revenue	--	--	2,210,086	--	102,224	2,312,310
Unavailable revenue	457,129	2,208,418	110,553	597,880	1,008,231	4,382,211
Total liabilities	5,936,124	7,563,599	3,003,304	4,275,786	9,833,368	30,612,181
Fund balances:						
Reserved:						
Encumbrances	382,639	--	--	107,786	284,460	774,885
Imprest cash	16,853	350	1,775	10,999	350	30,327
Inventory and prepaid expenses	16,601	10,444	14,890	2	131,506	173,443
Long term receivables and advances	5,829,583	--	--	--	2,470,565	8,300,148
Unreserved, reported in:						
General fund						
Designated	22,201,881	--	--	--	--	22,201,881
Undesignated	5,192,335	--	--	--	--	5,192,335
Special revenue funds						
Designated	--	--	--	25,531	25,311,933	25,337,464
Undesignated	--	(85,319)	(14,890)	--	8,166,840	8,066,631
Capital projects funds						
Designated	--	--	--	--	157,860	157,860
Undesignated	--	--	--	--	13,028	13,028
Total fund balances	33,639,892	(74,525)	1,775	144,318	36,536,542	70,248,002
Total liabilities and fund balances	\$ 39,576,016	\$ 7,489,074	\$3,005,079	\$ 4,420,104	\$ 46,369,910	\$ 100,860,183

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

COUNTY OF SUTTER

Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets - Governmental Activities
June 30, 2009

Fund Balance - total governmental funds	\$ 70,248,002
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.	83,255,291
Accrued revenue, which is not available soon enough to pay for the current period's expenditures, is deferred in the governmental funds	4,382,211
Long-term liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds.	
Certificates of Participation	(1,730,000)
Loan payable	(95,868)
Compensated absences	(4,958,846)
OPEB liability	(1,150,384)
Internal service funds are used by management to charge the cost of self-insurance risk management and management of fleet maintenance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	
Internal service fund net assets are:	<u>3,733,884</u>
Net assets of governmental activities	<u>\$ 153,684,290</u>

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

COUNTY OF SUTTER

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2009

	Bi-County			Public Safety	Other	Total
	General Fund	Mental Health	Welfare		Governmental Funds	
Revenues						
Taxes	\$ 29,386,551	\$ --	\$ --	\$ 28,514	\$ 3,554,049	\$ 32,969,114
Licenses and permits	2,925,165	--	--	10,546	529,067	3,464,778
Fines, forfeitures and penalties	117,409	--	--	924,891	710,037	1,752,337
Use of money and property	1,253,626	28,247	23,267	(70,559)	835,274	2,069,855
Intergovernmental	11,645,366	12,952,255	28,630,588	2,684,736	34,988,535	90,901,480
Charges for services	4,020,184	935,098	187,592	1,829,913	1,297,247	8,270,034
Other revenues	1,442,629	177,599	2,362	58,026	838,331	2,518,947
Total revenues	<u>50,790,930</u>	<u>14,093,199</u>	<u>28,843,809</u>	<u>5,466,067</u>	<u>42,752,540</u>	<u>\$ 141,946,545</u>
Expenditures						
Current:						
General government	9,852,706	--	--	--	(231,590)	9,621,116
Public protection	29,161,447	--	--	4,658,439	14,124,118	47,944,004
Public ways and facilities	145,751	--	--	--	12,651,218	12,796,969
Health and sanitation	2,563,527	17,031,316	--	--	20,496,674	40,091,517
Public assistance	886,334	--	28,969,858	--	--	29,856,192
Education	1,858,390	--	--	--	--	1,858,390
Culture and recreation	802,609	--	--	--	--	802,609
Community development	--	--	--	--	659,806	659,806
Debt Service:						
Principal	--	--	--	--	107,163	107,163
Interest	--	59,011	--	--	168,262	227,273
Issuance costs	45,001	--	--	--	--	45,001
Capital outlay	2,066,811	--	61,914	700,575	940,216	3,769,516
Total expenditures	<u>47,382,576</u>	<u>17,090,327</u>	<u>29,031,772</u>	<u>5,359,014</u>	<u>48,915,867</u>	<u>147,779,556</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,408,354</u>	<u>(2,997,128)</u>	<u>(187,963)</u>	<u>107,053</u>	<u>(6,163,327)</u>	<u>(5,833,011)</u>
Other Financing Sources (Uses)						
Transfers in	--	1,655,703	187,963	--	4,622,223	6,465,889
Transfers out	(6,465,889)	--	--	--	--	(6,465,889)
Debt refunding to escrow agent	(1,935,000)	--	--	--	--	(1,935,000)
Issuance of debt	1,730,000	--	--	--	--	1,730,000
Total other financing sources (uses)	<u>(6,670,889)</u>	<u>1,655,703</u>	<u>187,963</u>	<u>--</u>	<u>4,622,223</u>	<u>(205,000)</u>
Net change in fund balances	(3,262,535)	(1,341,425)	--	107,053	(1,541,104)	(6,038,011)
Fund balances, beginning of year, restated	36,902,427	1,266,900	1,775	37,265	38,077,646	76,286,013
Fund balances, end of year	<u>\$ 33,639,892</u>	<u>\$ (74,525)</u>	<u>\$ 1,775</u>	<u>\$ 144,318</u>	<u>\$ 36,536,542</u>	<u>\$ 70,248,002</u>

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

COUNTY OF SUTTER

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, 2009

Net change to fund balance - total governmental funds		\$ (6,038,011)
Amounts reported for governmental activities in the statement of activities are different because:		
Revenues that were deferred in the governmental funds because they were unavailable are reported as current revenue.		3,646,500
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	\$ 9,157,782	
Transfer of capital assets from internal service fund sales, retirements, trade-ins and donations	(47,077)	
Less: current year depreciation	<u>(4,585,108)</u>	
		4,525,597
Long-term debt proceeds provide current resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Principal repayments:		
Principal payments on certificates of participation	95,000	
Debt refunding to escrow agent	1,935,000	
Refinancing lease agreement	(1,730,000)	
Loans payable	<u>12,163</u>	
		312,163
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.		
Change in compensated absences	(425,969)	
Change in OPEB liability	<u>(1,150,384)</u>	
		(1,576,353)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet maintenance, to individual funds. The net revenues (expense) of the internal service funds is reported with governmental activities.		<u>(934,371)</u>
Change in net assets of governmental activities		<u><u>\$ (64,475)</u></u>

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

COUNTY OF SUTTER

Statement of Fund Net Assets Proprietary Funds June 30, 2009

	Business-Type Activities - Nonmajor Enterprise Fund Waterworks District No. 1	Governmental Activities Internal Service Funds
Assets		
Current assets:		
Cash and investments	\$ --	\$ 4,170,102
Accounts receivable	22,247	7,362
Interest receivable	90	14,416
Due from other funds	--	95
Prepaid expenses	--	122,804
Inventory	--	7,624
Total current assets	22,337	4,322,403
Noncurrent assets:		
Capital assets:		
Nondepreciable	58,000	33,308
Depreciable, net	1,680,083	586,843
Total noncurrent assets	1,738,083	620,151
Total assets	\$ 1,760,420	\$ 4,942,554
Liabilities		
Current Liabilities:		
Accounts payable	\$ 2,707	\$ 183,122
Salaries & benefits payable	--	80,409
Compensated absences payable	--	128,286
Claims payable	--	737,806
Due to other funds	350,926	18,677
Deposits payable	110	--
Current portion of debt	7,092	--
Total current liabilities	360,835	1,148,300
Noncurrent liabilities:		
Advances from other funds	62,784	--
Compensated absences payable	--	60,370
Loans payable	105,490	--
Total noncurrent liabilities	168,274	60,370
Total liabilities	529,109	1,208,670
Net Assets		
Invested in capital assets, net of related debt	1,625,501	620,151
Unrestricted	(394,190)	3,113,733
Total net assets	1,231,311	3,733,884
Total liabilities and net assets	\$ 1,760,420	\$ 4,942,554

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

COUNTY OF SUTTER

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2009

	Business-Type Activities	Governmental Activities
	Nonmajor Enterprise Fund	
	Waterworks District No. 1	Internal Service Funds
Operating Revenues:		
Charges for services	\$ 76,340	\$ 6,719,666
Other revenues	5,236	18,097
Total operating revenues	81,576	6,737,763
Operating Expenses:		
Salaries and benefits	--	2,970,284
Services and supplies	156,684	4,614,765
Depreciation	120,161	162,323
Total operating expenses	276,845	7,747,372
Operating income (loss)	(195,269)	(1,009,609)
Nonoperating Revenues (Expenses):		
Interest revenue	--	75,238
Interest expense	(10,617)	--
Total nonoperating revenues (expenses)	(10,617)	75,238
Change in net assets	(205,886)	(934,371)
Net assets, beginning of year	1,437,197	4,668,255
Net assets, end of year	\$ 1,231,311	\$ 3,733,884

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

COUNTY OF SUTTER

Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2009

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	Nonmajor <u>Enterprise Fund</u>	
	Waterworks District No. 1	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 77,078	\$ 6,735,101
Payments to suppliers	(170,194)	(4,654,908)
Payments to employees	--	(2,940,807)
	<u> </u>	<u> </u>
Net cash provided (used) by operating activities	<u>(93,116)</u>	<u>(860,614)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Interfund loans received	110,649	7,929
Interfund loans paid	--	(318,046)
	<u> </u>	<u> </u>
Net cash provided (used) by noncapital financing activities	<u>110,649</u>	<u>(310,117)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	--	(77,783)
Principal paid on debt	(6,879)	--
Interest paid on debt	(3,542)	--
	<u> </u>	<u> </u>
Net cash provided (used) by capital and related financing activities	<u>(10,421)</u>	<u>(77,783)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	(7,112)	91,627
	<u> </u>	<u> </u>
Net cash provided (used) by investing activities	<u>(7,112)</u>	<u>91,627</u>
Net Increase (Decrease) in Cash and Cash Equivalents	--	(1,156,887)
Cash and cash equivalents, beginning of year	<u> </u>	<u>5,326,989</u>
Cash and cash equivalents, end of year	<u>\$ --</u>	<u>\$ 4,170,102</u>

continued

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

COUNTY OF SUTTER

Statement of Cash Flows (continued)
 Proprietary Funds
 For the Year Ended June 30, 2009

	Business-Type Activities	Governmental Activities
	Nonmajor Enterprise Fund	
	Waterworks District No. 1	Internal Service Funds
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (195,269)	\$ (1,009,609)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:		
Depreciation	120,161	162,323
Decrease (increase) in:		
Accounts receivable	(4,498)	(2,662)
Prepaid costs	--	37,021
Inventory	--	431
Increase (decrease) in:		
Accounts payable	(13,125)	9,115
Salaries and benefits payable	--	16,230
Compensated absences payable	--	13,247
Deposits payable	(385)	--
Claims payable	--	(86,710)
	<u>\$ (93,116)</u>	<u>\$ (860,614)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (93,116)</u>	<u>\$ (860,614)</u>

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

COUNTY OF SUTTER

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2009

	Private- Purpose Trust Funds	Investment Trust Funds	Agency Funds
Assets			
Cash and investments	\$ 37,081	\$ 97,785,078	\$ 10,951,211
Interest receivable	89	580,919	216,478
Taxes receivable	--	--	10,621,159
Due from other funds	--	2,927,583	1,781,843
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 37,170</u>	<u>\$ 101,293,580</u>	<u>\$ 23,570,691</u>
Liabilities			
Due to other funds	\$ --	\$ 1,036	\$ 6,666,646
Agency funds held for others	--	--	16,904,045
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>--</u>	<u>1,036</u>	<u>23,570,691</u>
Net Assets			
Held in trust for pool participants	<u>\$ 37,170</u>	<u>\$ 101,292,544</u>	<u>\$ --</u>

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

COUNTY OF SUTTER

Statement of Changes in Fiduciary Net Assets
For the Year Ended June 30, 2009

	Private- Purpose Trust Funds	Investment Trust Funds
ADDITIONS:		
Interest and investment income	\$ 442	\$ 2,856,314
Contributions from participants	17,383	402,029,576
Total Additions	17,825	404,885,890
DEDUCTIONS:		
Distributions to participants	--	392,080,808
Change in net assets	17,825	12,805,082
Net assets, beginning of year	19,345	88,487,462
Net assets, end of year	\$ 37,170	\$ 101,292,544

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

NOTES TO THE FINANCIAL STATEMENTS

COUNTY OF SUTTER

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

Note 1: **Financial Reporting Entity and Summary of Significant Accounting Policies**

A. **Reporting Entity**

The County operates under an Administrator-Board of Supervisors form of government and provides various services on a countywide basis including public safety, highway and streets, sanitation, health and social services, culture-recreation, 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. 14.

The governmental reporting entity consists of the County (Primary Government) and its component units. Component units are legally separate organizations for which the Board is financially accountable or other organizations whose component unit's nature and specific relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the County's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the County.

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 County's operations and, therefore, data from these units is combined with data of the primary government. Discretely presented component units, on the other hand, would be reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

For financial reporting purposes, the County's basic financial statements include all financial activities of the following special districts as blended component units because their Board of Directors is composed of the same members as the County's board. These component units have not issued separate financial statements.

COUNTY OF SUTTER

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

Note 1: **Financial Reporting Entity and Summary of Significant Accounting Policies**
(continued)

A. **Reporting Entity** (continued)

Blended Component Units

The blended component unit's governing bodies are substantially the same as the governing body of the primary government. Component units that are blended into the reporting activity types of the County's report are presented below:

Special Assessment Districts – The assessment districts are separate legal entities formed to provide various services within the County.

Lighting Districts – The lighting districts are separate legal entities formed to provide lighting services within the County.

Landscape Districts – The landscape districts are separate legal entities formed to provide landscape services within the County.

Discretely Presented Component Units

There are no component units of the County which meet the criteria for discrete presentation.

B. **New Accounting Pronouncements**

Governmental Accounting Standards Board Statement No. 45

For the fiscal year ended June 30, 2009, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* This statement is effective for the County for fiscal periods beginning after December 15, 2007. This statement requires that governments account for, and report, the annual cost of other postemployment benefits (OPEB) and the outstanding obligation and commitments related to OPEB in the same manner as they currently do for pensions.

The statement does not require that governments fund their OPEB plans, only that they account for them and report them. OPEB generally consist of health insurance and dental, vision, prescription, or other healthcare benefits provided to eligible retirees, including their beneficiaries in some cases. The County's OPEB plan is administered by the California Public Employees' Retirement System and consists of a postretirement medical program for retired members and their eligible dependents.

COUNTY OF SUTTER

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

Note 1: **Financial Reporting Entity and Summary of Significant Accounting Policies**
(continued)

B. New Accounting Pronouncements (continued)

Governmental Accounting Standards Board Statement No. 45 (continued)

Implementation of GASB Statement No. 45 primarily impacted the County's government-wide financial statements for the year ended June 30, 2009. In addition, implementation required additional note disclosure and required supplemental information.

Governmental Accounting Standards Board Statement No. 50

For the fiscal year ended June 30, 2009, the County implemented GASB Statement No. 50, "*Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27*". This statement is effective for the County for fiscal periods beginning after June 15, 2008.

GASB Statement No. 50 amends GASB Statement No. 27 to require employers participating in a sole or agent multiple-employer defined benefit pension plan to disclose the funded status of the plan as of the most recent actuarial valuation date and to include a reference linking the funded status disclosure in the notes to the financial statements to the required schedule of funding progress in required supplementary information. Statement 50 more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits.

Implementation of GASB Statement No. 50 primarily impacted the County's note disclosure for the employee's retirement plans.

C. Basis of Presentation

Government-Wide Financial Statements

The statement of net assets and statement of activities display information on all the non-fiduciary activities of the County, and its blended component units. 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. Governmental activities, which are normally 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.

COUNTY OF SUTTER

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

Note 1: **Financial Reporting Entity and Summary of Significant Accounting Policies**
(continued)

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

Government-Wide Financial Statements (continued)

The statement of activities presents a comparison between direct expenses and program revenues for each different identifiable activity of the County's business-type activities 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 and services offered by the program 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.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

- Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 5 percent of the corresponding total for all funds of that category or type; and

Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

Note 1: **Financial Reporting Entity and Summary of Significant Accounting Policies**
(continued)

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

Fund Financial Statements (continued)

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, public assistance, education, public ways and facilities, and culture and recreation services.
- The *Bi-County Mental Health Fund* is a special revenue fund used to account for revenues and expenditures for mental health activities.
- The *Welfare Fund* is a special revenue fund used to account for revenues and expenditures for social welfare programs.
- The *Public Safety Fund* is a special revenue fund used to account for revenues and expenditures for public safety programs.

The County reports the following additional fund types:

- An *Enterprise Fund* accounts for *Water Works District No. 1* activities related to the provision of water services.
- *Internal Service Funds* account for the County's fleet maintenance, communications, and self-insurance programs which provide services to other departments on a cost reimbursement basis.
- The *Private-Purpose Trust Funds* account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments such as escheat property.
- The *Investment Trust Funds* account for the assets of legally separate entities that deposit cash with the County Treasurer. The entities include school and community college districts, other special districts governed by local boards, regional boards and authorities, and pass-through funds for tax collections for cities. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.

COUNTY OF SUTTER

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

Note 1: **Financial Reporting Entity and Summary of Significant Accounting Policies**
(continued)

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

Fund Financial Statements (continued)

- *Agency Funds* account for assets held by the County as an agent for various local governments and for individuals.

D. **Basis of Accounting and Measurement Focus**

The government-wide and proprietary 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 tax, 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 eligibility requirements have been satisfied.

For its business-type activities and enterprise funds, the County has elected under Governmental Accounting Standards Board (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 as well as any applicable 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. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The County has elected not to follow subsequent private-sector guidance. 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 accounting principles generally accepted in the United States of America (GAAP) for governmental units.

COUNTY OF SUTTER

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

Note 1: **Financial Reporting Entity and Summary of Significant Accounting Policies**
(continued)

D. Basis of Accounting and Measurement Focus (continued)

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. Property and sales taxes, interest, certain state and federal grants, and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be both 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 claims and judgments are recorded only when payment is due. General capital acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise and internal service funds are charges to customers for sales and services.

Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary funds include trust and agency funds. All trust funds employ the same economic resources measurement focus and accrual basis of accounting as do proprietary funds. Agency funds, however, are unlike all other types of funds, reporting only assets and liabilities. So agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

E. Cash and Cash Equivalents

For purposes of the accompanying statement of cash flows, the enterprise and internal service funds consider all highly liquid investments with a maturity of three months or less when purchased, and their equity in the County Treasurer's Investment pool, to be cash equivalents.

COUNTY OF SUTTER

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

Note 1: **Financial Reporting Entity and Summary of Significant Accounting Policies**
(continued)

F. Investments

The County sponsors an investment pool that is managed by the County Treasurer. The Treasurer invests on behalf of most funds of the County and external participants in accordance with the California State Government Code and the County's investment policy. State statutes authorize the County to invest its cash surplus in obligations of the U.S. Treasury, agencies and instrumentalities, corporate bonds, medium term notes, bankers' acceptance, certificates of deposit, commercial paper, repurchase agreements, and the State of California Local Agency Investment Fund.

Investment transactions are recorded on the trade date. Investments are recorded at cost. The fair value represents the amount the County could reasonably expect to receive for an investment in a current sale between a willing buyer and seller. Short term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Cash deposits are reported at carrying amount which reasonably estimates fair value. Managed funds not listed on an established market are reported at the estimated fair value as determined by the respective fund managers based on quoted sales prices of the underlying securities.

Participant's equity in the investment pool is determined by the dollar amount of participant deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on an amortized cost basis. Amortized premiums and accreted discounts, accrued interest, and realized gains and losses, net of expenses, are apportioned to pool participants every quarter. This method differs from the fair value method used to value investments in these financial statements, as unrealized gains or losses are not apportioned to pool participants. During the fiscal year ended June 30, 2009, the County Treasurer has not entered into any legally binding guarantees to support the value of participant equity in the investment pool.

Income from pooled investments is allocated to the individual funds or external participants based on the fund or participant's average daily cash balance at quarter end in relation to the total pool investments. Interest income earned in agency funds where there are no interest earnings requirements are assigned to the General Fund per County Policy. Income from non-pooled investments is recorded based on the specific investments held by the fund. The interest income is recorded in the fund that earned the interest.

COUNTY OF SUTTER

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

Note 1: **Financial Reporting Entity and Summary of Significant Accounting Policies**
(continued)

G. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include taxes, grants, and interest. Business-type activities report user fees and interest earnings as their major receivables. All receivables were determined to be collectible.

In the fund financial statements, material receivables in governmental funds include revenue accounts such as taxes, grants, interest, and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. User fee receivable and interest earnings compose the majority of proprietary fund receivables. Allowance for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

H. Interfund Transactions

Interfund transactions are reflected as either loans, services provided or used, reimbursements or transfers.

- Loans reported as receivables and payables 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) as appropriate and are subject to elimination upon consolidation. Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.
- Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. These services provide information on the net cost of each government function and, therefore, are not eliminated in the process of preparing the government-wide Statement of Activities.

COUNTY OF SUTTER

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

Note 1: **Financial Reporting Entity and Summary of Significant Accounting Policies**
(continued)

H. Interfund Transactions (continued)

- Reimbursements occur when the funds responsible for particular expenditures or expenses repay the funds that initially paid for them. Such reimbursements are treated as an adjustment to expenditures or expenses; that is, a corresponding increase in expenditures or expenses in the reimbursing fund and a corresponding decrease in expenditures or expenses in the reimbursed fund.
- All other interfund transactions are treated as transfers. Transfers between funds are netted as part of the reconciliation to the government-wide presentation.

I. Inventory and Prepaid Costs

Inventories are stated at cost (first-in, first-out basis) for governmental funds and proprietary funds. Inventory recorded by governmental funds includes expendable supplies held for consumption. Governmental fund inventories are recorded as expenditures at the time the inventory is consumed. Reported inventories of governmental funds are equally offset by a fund balance reservation to indicate that portion of fund balance not available for future appropriation.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid costs.

J. Loans Receivable

Loans receivable are comprised of mortgage subsidies and long-term loans to other agencies.

K. Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets (roads, bridges, sidewalks, water, sewer, and similar items). Capital assets are defined by the County as equipment with a cost of \$5,000 or more, structures and improvements with a cost of \$150,000 and all land regardless of cost. Equipment reported in the financial statements is reported at actual historical cost. Structures and improvements and land have been stated at actual cost when available or estimated historical cost. Estimated historical cost was arrived at by a variety of methods including the use of factors and comparative sales. Infrastructure assets, including bridges and roads, have been stated at estimated historical cost.

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

Note 1: **Financial Reporting Entity and Summary of Significant Accounting Policies**
(continued)

K. **Capital Assets** (continued)

Estimated historical cost for bridges was arrived at by developing a listing of all bridges constructed after 1980 and multiplying total square footage by the average cost per square foot and the price level factor from the Price Trends for Federal-Aid Highway Construction. Estimated historical cost for roads was arrived at by multiplying the number of land-miles constructed since 1980 for asphalt and asphalt with curb and gutter by the average cost per lane-mile and the price level factor from the Price Trends for Federal-Aid Highway Construction. The County has determined the cost of gravel and dirt roads to be minimal and has elected not to capitalize these road types. Contributed capital assets are recorded at estimated fair market value at the date of donation.

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Statements

In the government-wide financial statements, property, plant, equipment and infrastructure are accounted for as capital assets.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

<u>Depreciable Asset</u>	<u>Estimated Lives</u>
Equipment	5-25 years
Structures and improvements	5-50 years
Infrastructure	30-50 years

Maintenance and repairs are charged to operation when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

COUNTY OF SUTTER

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

Note 1: **Financial Reporting Entity and Summary of Significant Accounting Policies**
(continued)

K. Capital Assets (continued)

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

L. Unearned Revenue/Deferred Revenue

Under both the accrual and modified accrual basis of accounting, revenues are recognized only when earned. Thus, the government-wide statement of net assets, governmental funds, and enterprise funds defer revenue recognition for resources that have been received at year-end, but not yet earned. Assets recognized before the earning process is complete are offset by a corresponding liability as unearned revenues. Under the modified accrual basis of accounting, revenues are recognized when earned and susceptible to accrual. Revenues are considered susceptible to accrual if they are measurable and available to finance expenditures of the current period. Thus, governmental funds also defer revenue recognition of revenues not considered available to liquidate liabilities of the current period.

M. Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of loans payable, accrued compensated absences, certificates of participation, and capital leases payable.

Long-term debt for governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

COUNTY OF SUTTER

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

Note 1: **Financial Reporting Entity and Summary of Significant Accounting Policies**
(continued)

N. Compensated Absences

The County's policy regarding compensated absences is to permit employees to accumulate earned but unused vacation and sick leave. The liability for these compensated absences is recorded as debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the governmental fund financial statements, the expenditures and liabilities related to those obligations are recognized only when they mature. In the proprietary funds the accrued compensated absences is recorded as an expense and related liability in the year earned. The County includes its share of social security and medicare taxes payable on behalf of the employees in the accrual for compensated absences.

O. Fund Balances/Net Assets

The government-wide and business-type fund financial statements utilize a net assets presentation. Net assets are categorized as follows:

- Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations or other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted Net Assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When both restricted and unrestricted net assets are available, unrestricted resources are depleted first before the restricted resources are used.

In the fund financial statements governmental funds report reserves and designations as segregated portions of fund balance. Reservations of fund balance are for amounts that are not available or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance are established by action of management and represent tentative plans that are subject to change.

COUNTY OF SUTTER

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

Note 1: **Financial Reporting Entity and Summary of Significant Accounting Policies**
(continued)

O. **Fund Balances/Net Assets** (continued)

At June 30, 2009, reservations of fund balance included:

- Reserved for encumbrances – to reflect the outstanding contractual obligations for which goods and services have not been received.
- Reserved for imprest cash – to reflect the amount of cash held which does not represent available spendable resources.
- Reserved for inventory – to reflect the portion of assets which do not represent available, spendable resources.
- Reserved for long-term receivables and advances – to reflect the portion of assets which do not represent available, spendable resources.

As of June 30, 2009, designations of fund balance were reported in the following governmental funds:

- General Fund – to reflect management’s intent to set aside certain funds to support the County’s general reserve, central services equipment, farm advisor agriculture building, future remodel agriculture department capital projects, health facility debt service, health facility issue amortization, telephone repair/replacement, STC equipment replacement, VMC equipment replacement disaster expenses, Williamson Act subvention, transient occupancy tax, library trust and other.
- Special Revenue Funds – to reflect management’s intent to set aside certain funds to support the 5th street bridge maintenance, road equipment replacement, FEMA/OES, general reserve, Riego reserve, firing range maintenance and improvement, hospital, physician, 15% resident physician, truck maintenance, truck replacement and other.

P. **Property Tax Levy, Collection and Maximum Rates**

The State of California’s (State) Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed 1% of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value, as defined by Article XIII A; and may be adjusted by no more than 2% per year unless the property is sold or transferred. The State Legislature has determined the method of distribution of receipts from a 1% tax levy among the County, cities, school districts, and other districts.

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

Note 1: **Financial Reporting Entity and Summary of Significant Accounting Policies**
(continued)

P. Property Tax Levy, Collection and Maximum Rates (continued)

The County of Sutter assesses properties and bills for and collects property taxes as follows:

	Secured	Unsecured
Valuation/lien dates	January 1	January 1
Levy dates	October 1	July 1
Due Dates	November 1 (1 st installment) February 1 (2 nd installment)	July 1
Delinquent dates	December 10 (1 st installment) April 10 (2 nd installment)	August 31

The term “unsecured” refers to taxes on personal property other than land and buildings. These taxes are secured by liens on the personal property being taxes. Property tax revenues are recognized in the fiscal year for which they are levied, provided they are due and collected within sixty days after fiscal year-end.

The County apportions secured property tax revenue in accordance with the alternate methods of distribution, the “Teeter Plan,” as prescribed in Section 4717 of the California Revenue and Taxation code. Under this method of apportionment, penalties and interest collected on delinquent secured taxes are required to be held in trust in the Tax Loss Reserve Fund (TLRF). The primary purpose of TLRF is to cover losses that may occur as a result of special sales of tax-defaulted property.

The County has elected to follow the procedures authorized by Revenue and Taxation Code 4703.2 which requires that the tax losses reserve fund shall be maintained at not less than 25 percent of the local delinquent secured taxes and assessments for participating entities in the County as calculated at the end of the fiscal year. The net balance in the TLRF was \$1,493,803 at June 30, 2009. The County’s management believes that any ownership rights to the TLRF the County may have are effective only upon a Board approved transfer or to the extent of losses related to the sale of tax defaulted property. Amounts in the TLRF are considered to be held in a custodial capacity for the participants in the County’s Teeter Plan and accounted for in an agency fund.

COUNTY OF SUTTER

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

Note 1: **Financial Reporting Entity and Summary of Significant Accounting Policies**
(continued)

Q. Grant Revenues

Certain grant revenues are recognized when specific related expenditures have been incurred. In other grant programs, monies are virtually unrestricted as to purpose of expenditures and are only revocable for failure to comply with prescribed compliance requirements. These revenues are recognized at the time of receipt, or earlier if susceptible to accrual criteria is met. Cash received prior to incurrence of the related expenditure is recorded as unearned revenue.

R. Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, governmental fund report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources. Expenditure/expenses are classified as follows:

Government Funds – By Character
 Current (further classified by function)
 Debt Service
 Capital Outlay

Proprietary Fund – By Operating and Nonoperating

S. Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2: **Stewardship, Compliance, and Accountability**

Gann Spending Limitation

Under Article XIII B of the California Constitution (the Gann Spending Limitation), the County is restricted as to the amount of annual appropriations from proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates, revised fee schedules or other refund arrangements. The allowed appropriations for the

COUNTY OF SUTTER

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

Note 2: **Stewardship, Compliance, and Accountability** (continued)

Gann Spending Limitation (continued)

Gann Limit for the fiscal year ended June 30, 2009 were \$152,845,884. The proceeds of tax for the year ended June 30, 2009 were \$36,154,766. Therefore, the proceeds of tax were \$116,691,118 less than, or 23.65% of, the appropriations limit.

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. The 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. The County has established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the Board of Supervisors reviews and approves the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the oversight committee and the investment pool participants every month. The report covers the type of investment in the pool, maturity dates, par value, actual cost and fair value.

The County sponsored investment pool includes both internal and external participants. The portion of the pool attributable to external pool participants, which are considered involuntary participants, are included in the primary government as an Investment Trust Fund which does not have separate financial reports. The State of California statutes require certain special districts and other governmental entities to maintain their cash surplus with the County Treasurer.

At June 30, 2009, total County cash and investments were as follows:

<i>Cash:</i>	
Cash on hand	\$ 124,138
Deposits	10,958,075
Outstanding warrants	(8,543,192)
Total cash	<u>2,539,021</u>
<i>Investments:</i>	
Investment pool	171,064,503
External to investment pool	2,630,487
Total investments	<u>173,694,990</u>
Total cash and investments	<u>\$ 176,234,011</u>

COUNTY OF SUTTER

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

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

Total cash and investments at June 30, 2009 were presented on the County's financial statements as follows:

Primary government	\$ 67,460,641
Private purpose trust funds	37,081
Investment trust fund	97,785,078
Agency fund	10,951,211
	<hr/>
Total	<u>\$ 176,234,011</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, 2009, the carrying value of the County's deposits was \$2,414,883 and the bank balance was \$10,302,085. The difference between the carrying amount and the bank balance is a result of transactions in transit. Of the bank balance, \$250,000 was covered by Federal Depository Insurance Corporation (FDIC) and the remainder was covered by the multiple financial institution collateral pool that insures public deposits.

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 SUTTER

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

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

Investments (continued)

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment of One Issuer</u>
Federal Agency Obligations	5 years	None	None
U.S. Treasury Bills	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days, but dollar weighted average may not exceed 31 days	30%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Non-Negotiable Certificates of Deposit	5 years	None	None
Repurchase Agreements	1 year	None	None
Medium-Term Corporate Notes	5 years	30%	None
Money Market Mutual Funds	N/A	20%	None
Local Agency Investment Fund	N/A	None	\$40M
California Asset Management Program	N/A	None	None

At June 30, 2009, the County had the following investments:

	<u>Interest Rates</u>	<u>Maturities</u>	<u>Par</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Weighted Average Maturity (Years)</u>
Primary Investment Pool						
Federal Agency Issues - Coupon	3.30 - 4.80%	1/23/09 - 4/29/13	\$ 62,000,000	\$ 62,785,325	\$ 61,990,995	3.92
Medium Term Corporate Notes	2.86% - 4.75%	9/25/08 - 7/27/12	52,900,000	53,837,945	53,268,233	0.90
LAIF	Variable	On Demand	30,595,440	30,635,359	30,595,440	--
California Asset Management Pool (CAMP)	Variable	On Demand	25,209,835	25,209,835	25,209,835	--
Total			<u>\$ 170,705,275</u>	<u>\$ 172,468,464</u>	<u>\$ 171,064,503</u>	1.71
Investments Outside Investment Pool						
LAIF - Sutter Cemetery	Variable	On Demand	2,630,487	2,633,919	2,630,487	--
			<u>\$ 2,630,487</u>	<u>\$ 2,633,919</u>	<u>\$ 2,630,487</u>	--

At June 30, 2009, the difference between the cost and fair value of cash and investments was not material (fair value was 100.81% of carrying value). No adjustment has been recorded on the financial statements.

COUNTY OF SUTTER

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

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 change 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 limits investments in commercial paper to the rating of A1 by Standards & Poor's or P-1 by Moody's Investors Service. State law also limit investments in corporate bonds to the rating of A by Standard & Poor's and Moody's Investors Service. The County does not have credit limits on governmental agency securities.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. Approximately 36% of the County's investments at year-end are in U.S. Government or Agencies issues. There is no limitation on amounts invested in these types of issues. At June 30, 2009, the County held 31% of its net investments in issues by the Federal National Mortgage Association. State law restricts the County's investments in commercial paper to 40% of its investment pool and to 10% per issuer. At June 30, 2009, the County held 8% and 7% of its investments in General Electric and Wells Fargo, respectively. State law also limits the County's investments in corporate notes and negotiable certificates of deposit to 30% of its investment pool and to 10% per issuer. At June 30, 2009, the County's investments were in compliance with concentration of credit risk State law.

COUNTY OF SUTTER

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

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

Concentration of Credit Risk (continued)

	<u>Standard & Poor's Rating</u>	<u>% of Portfolio</u>
Federal Agencies	AAA	35.87%
Medium Term Notes	A	3.56%
Medium Term Notes	A+	2.36%
Medium Term Notes	AA-	4.62%
Medium Term Notes	AA	2.34%
Medium Term Notes	AA+	8.61%
Medium Term Notes	AAA	9.26%
LAIF	Unrated	18.98%
CAMP	Unrated	<u>14.40%</u>
Total		<u><u>100.00%</u></u>

Custodial Credit Risk

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

Local Agency Investment Fund

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

COUNTY OF SUTTER

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

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

Local Agency Investment Fund (continued)

At June 30, 2009, the County's investment position in the State of California Local Agency Investment Fund (LAIF) was \$30.6 million for the primary investment pool and \$2.6 million for investments outside the pool, 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 \$50.7 billion. Of that amount, 14.71% was invested in structured notes and asset-backed securities with the remaining 85.29% invested in other non-derivative financial products.

County Investment Pool Condensed Financial Information

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, 2009:

Statement of Net Assets

Net assets held for pool participants	<u><u>\$ 173,603,524</u></u>
Equity of internal pool participants	78,448,933
Equity of external pool participants	<u>95,154,591</u>
Total net assets	<u><u>\$ 173,603,524</u></u>

Statement of Changes in Net Assets

Net assets at July 1, 2008	\$ 170,290,155
Net changes in investments by pool participants	<u>3,313,369</u>
Net assets at June 30, 2009	<u><u>\$ 173,603,524</u></u>

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

Note 4: **Loans Receivable**

Loans receivable at June 30, 2009 consisted of the following:

	<u>General Fund</u>	<u>Other Governmental Funds</u>
Loans to Sutter-Butte Flood Control Agency *	\$ 2,520,053	\$ --
less allowance for doubtful accounts	<u>(2,520,053)</u>	<u>--</u>
	--	--
Loan to Sutter-Yuba Housing Authority	--	328,563
Economic Development loans	<u>--</u>	<u>1,823,538</u>
Loans receivable - net	<u>\$ --</u>	<u>\$ 2,152,101</u>

* Loan repayment is contingent on the Sutter-Butte Flood Control Agency receiving sufficient funds to repay the loan through a benefit assessment, tax or other source of funding to the Agency.

COUNTY OF SUTTER

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

Note 5: **Capital Assets**

Capital assets activity for the year ended June 30, 2009, was as follows:

	Restated ¹ Balance July 1, 2008	Additions	Retirements	Adjustments	Balance June 30, 2009
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 2,651,983	\$ --	\$ --	\$ --	\$ 2,651,983
Construction in progress	6,995,074	6,910,463	--	(459,022)	13,446,515
Total Capital Assets, Not Being Depreciated	9,647,057	6,910,463	--	(459,022)	16,098,498
Capital Assets, Being Depreciated:					
Structures and improvements	32,798,910	224,353	--	24,697	33,047,960
Equipment	19,721,754	2,100,750	(780,143)	434,325	21,476,686
Infrastructure	88,514,599	--	--	--	88,514,599
Total Capital Assets, Being Depreciated	141,035,263	2,325,103	(780,143)	459,022	143,039,245
Less Accumulated Depreciation for:					
Structures and improvements	(14,300,102)	(599,518)	--	--	(14,899,620)
Equipment	(14,969,112)	(1,501,597)	733,066	--	(15,737,643)
Infrastructure	(41,978,721)	(2,646,317)	--	--	(44,625,038)
Total Accumulated Depreciation	(71,247,935)	(4,747,432)	733,066	--	(75,262,301)
Total Capital Assets, Being Depreciated, Net	69,787,328	(2,422,329)	(47,077)	459,022	67,776,944
Governmental Activities, Capital Assets, Net	\$ 79,434,385	\$ 4,488,134	\$ (47,077)	\$ --	\$ 83,875,442

¹ The beginning balance of governmental activities structures and improvements was restated as explained in Note 11.

COUNTY OF SUTTER

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

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

	Restated Balance July 1, 2008	Additions	Retirements	Adjustments	Balance June 30, 2009
Business-Type Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 58,000	\$ --	\$ --	\$ --	\$ 58,000
Total Capital Assets, Not Being Depreciated	<u>58,000</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>58,000</u>
Capital Assets, Being Depreciated:					
Structures and improvements	3,063,174	--	--	--	3,063,174
Equipment	17,826	--	--	--	17,826
Total Capital Assets, Being Depreciated	<u>3,081,000</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,081,000</u>
Less Accumulated Depreciation for:					
Structures and improvements	(1,262,930)	(120,161)	--	--	(1,383,091)
Equipment	(17,826)	--	--	--	(17,826)
Total Accumulated Depreciation	<u>(1,280,756)</u>	<u>(120,161)</u>	<u>--</u>	<u>--</u>	<u>(1,400,917)</u>
Total Capital Assets, Being Depreciated, Net	<u>1,800,244</u>	<u>(120,161)</u>	<u>--</u>	<u>--</u>	<u>1,680,083</u>
Business-Type Activities, Capital Assets, Net	<u>\$ 1,858,244</u>	<u>\$ (120,161)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,738,083</u>

Depreciation

Depreciation expense was charged to governmental functions as follows:

General government	\$ 894,699
Public protection	788,434
Public ways and facilities	2,769,825
Health and sanitation	96,155
Public assistance	35,996
Education	
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>162,323</u>
Total	<u>\$ 4,747,432</u>

COUNTY OF SUTTER

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

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

Depreciation (continued)

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

Water Agency #1	<u><u>\$ 120,161</u></u>
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Construction in Progress

Construction in progress related primarily to work performed on the various construction projects within the County including bridge projects and the Human Services building construction.

Note 6: **Long-Term Liabilities**

Long-term debt at June 30, 2009 consisted of the following:

	Date of Issue	Date of Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2009
Governmental Activities						
Refinancing Lease Agreement - Health Building	2009	2020	4.50%	\$115,000-\$195,313	\$ 1,730,000	\$ 1,730,000
State of California Department of Transportation Loan	1998	2016	5.05%	\$7,600 - \$16,107	190,000	<u>95,868</u>
Total Governmental Activities						<u><u>\$ 1,825,868</u></u>
Business-Type Activities						
State of California Department of Water Resources Safe Drinking Water Loan	1988	2019	4.14%	\$916 - \$1,766	\$ 30,000	\$ 14,483
State Water Resources Control Board Loan	1998	2022	2.80%	\$5,506 - \$8,333	151,000	<u>98,099</u>
Total Business-Type Activities						<u><u>\$ 112,582</u></u>

On July 1, 2009, the County refinanced its Certificates of Participation (COPs) which were issued in 1991 for the construction of its Health Department facility. The County refinanced the debt through a lease-purchase agreement. The debt proceeds of \$1,730,000 were used to pay the outstanding principal on the 1991 COPs and to pay the issuance costs of \$45,001. The interest rate on the new debt is 4.5% and the maturity date is January 1, 2020. The total principal and interest over the life of the 1991 COPs would have been \$2,972,985 compared to the total principal and interest on the new lease purchase agreement of \$2,196,457, a difference of \$776,528.

COUNTY OF SUTTER

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

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

The following is a summary of all long-term liabilities transactions for the year ended June 30, 2009:

	Balance <u>July 1, 2008</u>	Additions/ <u>Adjustments</u>	<u>Retirements</u>	Balance <u>June 30, 2009</u>	Amounts Due Within <u>One Year</u>
Governmental Activities					
Loans	\$ 108,031	\$ --	\$ 12,163	\$ 95,868	\$ 12,820
Certificates of participation	2,030,000	--	2,030,000	--	--
Refinancing lease agreement	--	1,730,000		1,730,000	115,000
Compensated absences	4,708,286	5,247,714	4,808,498	5,147,502	3,530,389
Liability for self-insurance	824,516	--	86,710	737,806	737,806
	<u>7,670,833</u>	<u>6,977,714</u>	<u>6,937,371</u>	<u>7,711,176</u>	<u>4,396,015</u>
Total Governmental Activities - Long-Term Liabilities	<u>\$ 7,670,833</u>	<u>\$ 6,977,714</u>	<u>\$ 6,937,371</u>	<u>\$ 7,711,176</u>	<u>\$ 4,396,015</u>
Business-Type Activities					
Loans payable	\$ 119,461	\$ --	\$ 6,879	\$ 112,582	\$ 7,092
	<u>119,461</u>	<u>--</u>	<u>6,879</u>	<u>112,582</u>	<u>7,092</u>
Total Business-Type Activities - Long-Term Liabilities	<u>\$ 119,461</u>	<u>\$ --</u>	<u>\$ 6,879</u>	<u>\$ 112,582</u>	<u>\$ 7,092</u>

Compensated absences typically have been liquidated by the General and Special Revenue Funds. Claims payable typically have been liquidated by the Internal Service Funds.

As of June 30, 2009, annual debt service requirements of governmental activities to maturity are as follows:

Year Ended <u>June 30,</u>	<u>Governmental Activities</u>			
	<u>Certificate of Participation</u>		<u>Loans Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 115,000	\$ 40,439	\$ 12,820	\$ 4,841
2011	131,427	72,675	13,478	4,194
2012	137,341	66,761	14,135	3,513
2013	143,521	60,580	14,792	2,799
2014	149,980	54,122	15,450	2,052
2015-2019	857,418	163,091	25,193	1,731
2020	195,313	8,789	--	--
Total	<u>\$ 1,730,000</u>	<u>\$ 466,457</u>	<u>\$ 95,868</u>	<u>\$ 19,130</u>

COUNTY OF SUTTER

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

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

Annual debt service requirements to maturity are as follows:

Year Ended June 30,	Business Activities Loans Payable	
	Principal	Interest
2010	\$ 7,092	\$ 3,333
2011	7,308	3,117
2012	7,530	2,895
2013	7,761	2,664
2014	7,998	2,427
2015-2019	42,898	8,308
2020-2024	31,995	2,270
Total	<u>\$ 112,582</u>	<u>\$ 25,014</u>

Special Assessment District Debt for which County is Not Obligated

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 6, special assessment debt for which the County is not obligated in any manner has not been displayed in the County's financial statements. At June 30, 2009, special assessment debt for which the County is not obligated in any manner was \$235,000 for the 1997 Refunding Reassessment Bonds and \$140,000 for the Highland Estates Improvement Project Assessment Bonds.

COUNTY OF SUTTER

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

Note 7: **Interfund Transactions**

Due To/From Other Funds

Operating receivables and payables between funds are classified as due from or due to other funds. These interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, and (2) payments between funds are made. The following are due to and due from balances as of June 30, 2009:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 5,980,521	\$ 3,698,316
Bi-County Mental Health	998,144	1,110,206
Welfare	1,254,403	198,895
Public Safety	3,434,804	2,374,806
Nonmajor Governmental Funds	2,434,034	4,391,919
Nonmajor Enterprise Funds	--	350,926
Internal Service Funds	95	18,677
Investment Trust Funds	2,927,583	1,036
Agency Funds	1,781,843	6,666,646
Total	\$ 18,811,427	\$ 18,811,427

Advances To/From Other Funds

Advances to/from other funds are non-current interfund loans and are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriations and are not expendable available financial resources. The following are advance to/from other funds as of June 30, 2009:

	Advance to Other Funds	Advance from Other Funds
General Fund	\$ 5,829,583	\$ --
Bi-County Mental Health	--	3,356,746
Nonmajor Governmental Funds	--	2,410,053
Nonmajor Enterprise Funds	--	62,784
Total	\$ 5,829,583	\$ 5,829,583

Advances from the General Fund to Nonmajor Governmental Funds represent internal loans issued to County Service Area No. 7 for the construction of a fire station.

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

Note 7: **Interfund Transactions** (continued)

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various County operations and re-allocations of special revenues. The following are the interfund transfers for fiscal year ended June 30, 2009:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Bi-County Mental Health	\$ 1,655,703	Motor Vehicle In-Lieu Transfer
	Welfare	187,963	Motor Vehicle In-Lieu Transfer
	Nonmajor Governmental Funds	<u>4,622,223</u>	Motor Vehicle In-Lieu Transfer
		<u>\$ 6,465,889</u>	

Note 8: **Employees' Retirement Plan and Post Employment Benefits**

A. Defined Benefit Pension Plan

Plan Description

The County contributes to the miscellaneous plan of the County of Sutter and the safety plan of the County of Sutter (plans) which are part of the California Public Employees Retirement System (PERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for governmental entities in the State of California. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions and all other requirements are established by statute. copies of PERS' annual financial report may be obtained from their executive office – 400 P Street, Sacramento, CA 95814.

Funding Policy

Miscellaneous plan members are required to contribute 8 percent of their annual covered salary. Safety plan members are required to contribute 9 percent of their annual covered salary. The County is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The County has committed to contribute a portion of the employee's required contribution in addition to their own required contributions. The actuarial methods and assumptions used are those adopted by the PERS Board of Administration. The required employer contribution rate for fiscal year 2008/2009 was 16.517 percent for miscellaneous employees and 22.856 percent for safety employees. The

COUNTY OF SUTTER

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

Note 8: **Employees' Retirement Plan and Post Employment Benefits** (continued)

A. **Defined Benefit Pension Plan** (continued)

Funding Policy (continued)

contribution requirements of the plan are established by State statute and the employer contribution rate is established and may be amended by PERS. The County is required to contribute the remaining amounts necessary to fund the benefits of its members using the actuarial basis adopted by the PERS Board of Administrators.

Annual Pension Cost

For fiscal year 2008/2009, the County's annual pension cost was \$9,013,690 and the County contributed \$9,013,690. The required contributions for fiscal year 2008/2009 were determined as part of the June 30, 2006 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75 percent investment rate of return (net of administrative expenses), (b) projected annual salary increases of 3.25 percent to 14.45 percent for miscellaneous plan and 3.25 percent to 13.15 percent for safety plan, depending on age, service, and type of employment, and (c) 3.25 percent per year cost of living adjustment. Both (a) and (b) included an inflation component of 3.00 percent. The actuarial value of PERS assets were determined using techniques that smooth the effect of short term volatility in the market value of investments over a two to five year period (smoothed market value).

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into PERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20 year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 6% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

COUNTY OF SUTTER

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

Note 8: **Employees' Retirement Plan and Post Employment Benefits** (continued)

A. **Defined Benefit Pension Plan** (continued)

Three Year Trend Information for PERS

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2007	\$ 7,894,419	100%	\$ --
June 30, 2008	7,799,565	100%	--
June 30, 2009	9,013,690	100%	--

Note 9: **Other Post Employment Benefits (OPEB)**

The County contributes to the miscellaneous plan of the County of Sutter and the safety plan of the County of Sutter (plans) which are part of the California Public Employees Retirement System (PERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for governmental entities in the State of California. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions and all other requirements are established by statute. Copies of PERS' annual financial report may be obtained from their executive office – 400 P Street, Sacramento, CA 95814.

COUNTY OF SUTTER

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

Note 9: **Other Post Employment Benefits (OPEB)** (continued)

The County provides medical, dental and vision insurance to retirees under an approved County ordinance. Employees that meet the following requirements are eligible for coverage under the County of Sutter Retiree Healthcare Plan: 1) the employee retires directly from the County under CalPERS; or 2) participates in the Tri County Schools Insurance Group (TCSIG) plan. The County has elected to contribute a percentage toward the cost of premiums for the retiree and spouse based on years of service.

Funding Policy

The contribution requirements of the plan members and the County are established and may be amended by the County. The contribution is based on pay-as-you-go financing requirements. For fiscal year 2008/2009, the County contributed \$93,616, or 7.5%, of the actuarially required contributions to the Retiree Healthcare Plan.

Annual OPEB Cost and Net OPEB Obligation

The annual required contribution (ARC) is an amount actuarially determined in accordance with the parameters of GASB Statement 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pension*. The County's 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 30 years.

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation to the Retiree Healthcare Plan:

Annual required contribution	<u>\$ 1,244,000</u>
Annual OPEB cost (expense)	1,244,000
Contributions made	<u>(93,616)</u>
Increase in net OPEB obligation	1,150,384
Net OPEB obligation - beginning of year	--
Net OPEB obligation - end of year	<u><u>\$ 1,150,384</u></u>

COUNTY OF SUTTER

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

Note 9: **Other Post Employment Benefits (OPEB)** (continued)

Annual OPEB Cost and Net OPEB Obligation (continued)

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 fiscal year 2008/2009 is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2009	\$ 1,244,000	7.5%	\$ 1,150,384

In future years, three year trend information will be presented. Fiscal year 2008/2009 was the first year of implementation of GASB Statement 45, and the County elected to implement prospectively; therefore prior year comparative data is not available.

Funded Status and Funding Progress

The funded status of the plan, based on an actuarial valuation as of June 30, 2009, the plan's most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 9,512,000
Actuarial value of plan assets	<u> --</u>
Unfunded actuarial accrued liability (UAAL)	\$ 9,512,000
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active Plan members)	\$ 52,099,000
UAAL as a percentage of covered payroll	18%

Actuarial Methods and Assumptions

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

COUNTY OF SUTTER

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

Note 9: **Other Post Employment Benefits (OPEB)** (continued)

Actuarial Methods and Assumptions (continued)

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

In the June 30, 2009 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return, an inflation rate of 3.25% per year, and assumed medical inflation of 9% graded down to 4.5% over 9 years. The OPEB plan's unfunded actuarial liability is being amortized by level percent of payroll contributions over 30 years. The remaining amortization period at June 30, 2009, was 30 years.

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. The County has Risk Management Funds (internal service funds) to account for and finance its uninsured risks of loss for general liability and worker's compensation. Under this program, the Risk Management Funds provide coverage for up to a maximum of \$100,000 for each general liability claim. The County is a member of the County Supervisors Association of California Excess Insurance Authority, a public entity risk pool currently operating as a common risk management and insurance program for Counties. The County pays an annual premium to the Authority for excess liability insurance coverage and all workers' compensation coverage.

All funds of the County participate in the program and make payments to the Risk Management Funds based on actuarial estimates of the amounts needed to pay prior and current year claims and premiums and to establish a reserve for future liability losses. The Board of Supervisors adopted a policy that the claims liability will be adjusted annually to not less than the 75% confidence level and not more than the 90% confidence level as determined by the actuary or actual, whichever is greater. At June 30, 2009, the General Liability fund had net assets of \$1,061,664 and the Workers' Compensation fund had net assets of \$339,998. The claims liability of \$737,806 reported in the General Liability fund at fiscal year ended is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements and the amount of the loss can be reasonably estimated. The following represents the amount of the outstanding liabilities determined by the actuaries.

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

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

Changes in the County's claims liability amount for the fiscal years 2007, 2008 and 2009 were as follows:

<u>Fiscal Year Ending</u>	<u>Balance at Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at End of Fiscal Year</u>
June 30, 2007	\$ 653,000	\$ 273,305	\$ 228,143	\$ 698,162
June 30, 2008	698,162	127,854	1,500	824,516
June 30, 2009	824,516	--	86,710	737,806

Note 11: **Restatement of Net Assets/Fund Balance**

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

	<u>Government-Wide Statement of Activities</u>	<u>Fund Statements Other Governmental Funds</u>
Net assets/fund balances, June 30, 2008, as previously reported	\$ 153,904,799	\$ 38,078,645
Restatement of Mental Health Patient Government Fund from Special Revenue Fund to Private Purpose Trust Fund	(999)	(999)
Remove capital asset that was incorrectly capitalized in prior year	(155,035)	--
Total Restatements	(156,034)	(999)
Net assets/fund balances, July 1, 2008, as restated	\$ 153,748,765	\$ 38,077,646

COUNTY OF SUTTER

Notes to the Basic Financial Statements
For the Year Ended June 30, 2009

Note 12: **General Fund Designated Fund Balance**

Fund balance designations for the General Fund are presented below:

Designated for Capital Projects	\$ 14,730,322
Designated for Future Appropriation	4,000,651
Designations – General	<u>3,470,908</u>
	<u>\$ 22,201,881</u>

Note 13: **Fund Balance/Net Assets Deficit**

The following funds had deficit fund balances at June 30, 2009:

	<u>Deficit Amount</u>
Bi-County Mental Health	\$ 74,525
Special Aviation	198,060

The Bi-County Mental Health Fund had a deficit fund balance of \$74,525 at June 30, 2009. The deficit fund balance for the Bi-County Mental Health Fund resulted from delays in funding from the State of California and posting of the account receivable was overlooked because it was an atypical transaction for this fund. The County has implemented plans to eliminate the deficit fund balance in future years.

The Special Aviation Fund had a deficit fund balance of \$198,060 at June 30, 2009. The deficit fund balance for the Special Aviation Fund was the result of a duplicate payment of an expenditure which was corrected in the subsequent year.

Note 14: **Other Information**

A. **Construction Commitments**

The County has signed agreements to construct various capital improvements subsequent to June 30, 2009. The balance owed on the commitments at June 30, 2009 was approximately \$877,936.

B. **Contingent Liabilities**

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amount already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

COUNTY OF SUTTER

Notes to the Basic Financial Statements For the Year Ended June 30, 2009

Note 14: **Other Information** (continued)

B. Contingent Liabilities (continued)

Other Claims

The County is subject to various lawsuits, inverse condemnation cases, personnel actions, disputes over tax assessments, and other actions incidental to the ordinary course of County operations. In the opinion of the County Counsel, the total potential claims against the County not covered by insurance resulting from litigation would not materially affect the financial statements of the County at June 30, 2009.

C. Joint Agencies

The CSAC Excess Insurance Authority is a joint powers authority organized for the purpose to develop and fund excess insurance programs for member counties. The Authority operates public entity risk pools for workers' compensation, comprehensive liability, property, medical malpractice, and pool purchases excess insurance and services for members. The Authority is under the control and direction of a board of directors consisting of representatives of the fifty member counties.

Completed audited financial statements for CSAC Excess Insurance Authority can be obtained from the Authority's office at 3017 Gold Canal Drive, Suite 300, Rancho Cordova, California 95670.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

COUNTY OF SUTTER

Schedule of Defined Benefit Pension Plans Funded Status For the Year Ended June 30, 2009

EMPLOYEE'S RETIREMENT PLAN

Schedule of Funding Progress:

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, 2009, for the County Miscellaneous Plan and the County Safety Plan:

Miscellaneous Plan:

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Ratios		Annual Covered Payroll	UAAL as a % of Payroll
				Actuarial Value	Market Value		
June 30, 2006	\$ 172,344,243	\$ 143,377,116	\$ 28,967,127	83.2%	88.2%	\$ 34,792,503	83.3%
June 30, 2007	192,402,490	158,615,579	33,786,911	82.4%	95.4%	39,053,687	86.5%
June 30, 2008	213,022,873	173,553,342	39,469,531	81.5%	82.8%	42,149,910	93.9%

Safety Plan:

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Ratios		Annual Covered Payroll	UAAL as a % of Payroll
				Actuarial Value	Market Value		
June 30, 2006	\$ 55,634,422	\$ 47,757,299	\$ 7,877,123	85.8%	90.5%	\$ 7,392,781	106.6%
June 30, 2007	63,043,307	52,042,078	11,001,229	82.5%	95.1%	8,427,269	130.5%
June 30, 2008	68,950,947	56,463,579	12,487,368	81.9%	83.0%	8,948,932	139.5%

COUNTY OF SUTTER

Schedule of Post Employment Benefits Funded Status
For the Year Ended June 30, 2009

POST-EMPLOYMENT HEALTH PLAN

Schedule of Funding Progress:

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

In future years, three year trend information will be presented. Fiscal year 2008/2009 was the first year of implementation of GASB Statement 45, and the County elected to implement prospectively; therefore prior year comparative data is not available.

<u>Valuation Date</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded/ (Overfunded) Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
6/30/2009	\$ 9,512,000	\$ --	\$ 9,512,000	0.00%	\$ 52,099,000	18.3%

COUNTY OF SUTTER

Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Taxes	\$ 27,704,338	\$ 27,704,338	\$ 29,386,551	\$ 1,682,213
Licenses and permits	2,413,500	2,413,500	2,925,165	511,665
Fines, forfeitures and penalties	104,000	104,000	117,409	13,409
Use of money and property	1,476,004	1,476,004	1,253,626	(222,378)
Intergovernmental	13,501,886	13,133,914	11,645,366	(1,488,548)
Charges for services	1,958,753	2,172,753	4,020,184	1,847,431
Other revenues	4,739,240	4,788,282	1,442,629	(3,345,653)
Total revenues	<u>51,897,721</u>	<u>51,792,791</u>	<u>50,790,930</u>	<u>(1,001,861)</u>
Expenditures				
Current:				
General government	10,416,476	10,780,954	9,852,706	928,248
Public protection	30,351,776	30,933,972	29,161,447	1,772,525
Public ways and facilities	180,000	180,000	145,751	34,249
Health and sanitation	3,059,448	3,055,598	2,563,527	492,071
Public assistance	1,831,466	1,831,466	886,334	945,132
Education	1,871,498	1,920,245	1,858,390	61,855
Culture and recreation	1,957,915	1,958,954	802,609	1,156,345
Debt Service:				
Principal	123,400	123,400	--	123,400
Issuance costs	--	--	45,001	(45,001)
Capital outlay	4,003,098	4,011,098	2,066,811	1,944,287
Total expenditures	<u>53,795,077</u>	<u>54,795,687</u>	<u>47,382,576</u>	<u>7,413,111</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,897,356)</u>	<u>(3,002,896)</u>	<u>3,408,354</u>	<u>6,411,250</u>
Other Financing Sources (Uses)				
Transfers out	(7,187,527)	(7,187,527)	(6,465,889)	721,638
Debt refunding to escrow agent	--	--	(1,935,000)	(1,935,000)
Issuance of debt	--	--	1,730,000	1,730,000
Total other financing sources (uses)	<u>(7,187,527)</u>	<u>(7,187,527)</u>	<u>(6,670,889)</u>	<u>516,638</u>
Net change in fund balance	(9,084,883)	(10,190,423)	(3,262,535)	6,927,888
Fund balances, beginning of year	<u>36,902,427</u>	<u>36,902,427</u>	<u>36,902,427</u>	<u>--</u>
Fund balances, end of year	<u>\$ 27,817,544</u>	<u>\$ 26,712,004</u>	<u>\$ 33,639,892</u>	<u>\$ 6,927,888</u>

COUNTY OF SUTTER

Budgetary Comparison Schedule
 Bi-County Mental Health
 For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Use of money and property	\$ 80,000	\$ 80,000	\$ 28,247	\$ (51,753)
Intergovernmental	15,435,132	15,435,132	12,952,255	(2,482,877)
Charges for services	1,020,243	1,020,243	935,098	(85,145)
Other revenues	95,000	120,000	177,599	57,599
Total revenues	<u>16,630,375</u>	<u>16,655,375</u>	<u>14,093,199</u>	<u>(2,562,176)</u>
Expenditures				
Current:				
Health and sanitation	18,868,564	18,903,564	17,031,316	1,872,248
Debt service - interest	--	--	59,011	(59,011)
Total expenditures	<u>18,868,564</u>	<u>18,903,564</u>	<u>17,090,327</u>	<u>1,813,237</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,238,189)</u>	<u>(2,248,189)</u>	<u>(2,997,128)</u>	<u>(748,939)</u>
Other Financing Sources (Uses)				
Transfers in	1,830,963	1,830,963	1,655,703	(175,260)
Total other financing sources (uses)	<u>1,830,963</u>	<u>1,830,963</u>	<u>1,655,703</u>	<u>(175,260)</u>
Net change in fund balance	(407,226)	(417,226)	(1,341,425)	(924,199)
Fund balances, beginning of year	<u>1,266,900</u>	<u>1,266,900</u>	<u>1,266,900</u>	<u>--</u>
Fund balances, end of year	<u>\$ 859,674</u>	<u>\$ 849,674</u>	<u>\$ (74,525)</u>	<u>\$ (924,199)</u>

COUNTY OF SUTTER

Budgetary Comparison Schedule
Welfare
For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Use of money and property	\$ --	\$ --	\$ 23,267	\$ 23,267
Intergovernmental	34,163,344	34,021,429	28,630,588	(5,390,841)
Charges for services	15,000	15,000	187,592	172,592
Other revenues	405,000	405,000	2,362	(402,638)
Total revenues	<u>34,583,344</u>	<u>34,441,429</u>	<u>28,843,809</u>	<u>(5,597,620)</u>
Expenditures				
Current:				
Public assistance	34,320,258	34,150,537	28,969,858	5,180,679
Capital outlay	72,000	72,000	61,914	10,086
Total expenditures	<u>34,392,258</u>	<u>34,222,537</u>	<u>29,031,772</u>	<u>5,190,765</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>191,086</u>	<u>218,892</u>	<u>(187,963)</u>	<u>(406,855)</u>
Other Financing Sources (Uses)				
Transfers in	209,422	209,422	187,963	(21,459)
Total other financing sources (uses)	<u>209,422</u>	<u>209,422</u>	<u>187,963</u>	<u>(21,459)</u>
Net change in fund balance	400,508	428,314	--	(428,314)
Fund balances, beginning of year	<u>1,775</u>	<u>1,775</u>	<u>1,775</u>	<u>--</u>
Fund balances, end of year	<u>\$ 402,283</u>	<u>\$ 430,089</u>	<u>\$ 1,775</u>	<u>\$ (428,314)</u>

COUNTY OF SUTTER

Budgetary Comparison Schedule Public Safety For the Year Ended June 30, 2009

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 28,611	\$ 28,611	\$ 28,514	\$ (97)
Licenses and permits	16,900	16,900	10,546	(6,354)
Fines, forfeitures and penalties	11,000	11,000	924,891	913,891
Use of money and property	9,000	9,000	(70,559)	(79,559)
Intergovernmental	2,497,759	3,296,210	2,684,736	(611,474)
Charges for services	1,199,388	1,199,388	1,829,913	630,525
Other revenues	596,463	618,271	58,026	(560,245)
Total revenues	<u>4,359,121</u>	<u>5,179,380</u>	<u>5,466,067</u>	<u>286,687</u>
Expenditures				
Current:				
Public protection	5,014,749	5,676,656	4,658,439	1,018,217
Capital outlay	603,300	815,929	700,575	115,354
Total expenditures	<u>5,618,049</u>	<u>6,492,585</u>	<u>5,359,014</u>	<u>1,133,571</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,258,928)</u>	<u>(1,313,205)</u>	<u>107,053</u>	<u>1,420,258</u>
Other Financing Sources (Uses)				
Transfers out	(1,015)	(1,015)	--	1,015
Total other financing sources (uses)	<u>(1,015)</u>	<u>(1,015)</u>	<u>--</u>	<u>1,015</u>
Net change in fund balance	(1,259,943)	(1,314,220)	107,053	1,421,273
Fund balances, beginning of year	<u>37,265</u>	<u>37,265</u>	<u>37,265</u>	<u>--</u>
Fund balances, end of year	<u><u>\$ (1,222,678)</u></u>	<u><u>\$ (1,276,955)</u></u>	<u><u>\$ 144,318</u></u>	<u><u>\$ 1,421,273</u></u>

COUNTY OF SUTTER

Note to Required Supplementary Information For the Year Ended June 30, 2009

BUDGETARY BASIS OF ACCOUNTING

The County follows these procedures annually in establishing the budgetary data reflected in the financial statements:

1. The County Administrative Officer submits to the Board of Supervisors a proposed draft budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. The Board of Supervisors reviews the proposed budget at regularly scheduled meetings, which are open to the public. The Board also conducts a public hearing on the proposed budget to obtain comments from interested persons.
3. Prior to July 1, the budget is adopted through the passage of a resolution.
4. From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein, as proposed expenditures become appropriations to the various County departments. The Board of Supervisors may amend the budget by motion during the fiscal year.

Formal budgetary integration is employed as a management control device during the year. The County presents a comparison of annual budgets to actual results for all governmental funds except for debt service funds, the expenditures of which are controlled by provisions of debt agreements. The amounts reported on the budgetary basis are generally on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

Encumbrances outstanding at year end are recorded as reservations of fund balance since they do not constitute expenditures or liabilities. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward in the ensuing year's budget.

SUPPLEMENTARY INFORMATION

COUNTY OF SUTTER

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

Special Revenue

	<u>Road</u>	<u>Special Aviation</u>	<u>Fish & Game</u>	<u>Sutter County Health</u>	<u>Housing Rehab CDBG</u>
Assets					
Cash and investments	\$ 4,359,290	\$ 26,260	\$ 64,279	\$ 328,978	\$ 16,471
Imprest cash	100	--	150	100	--
Accounts receivable	854	9,900	--	450,561	--
Due from other governments	825,570	--	--	405,056	--
Interest receivable	22,938	487	344	1,366	88
Due from other funds	148,166	7,759	523	612,977	--
Prepaid expenses	--	--	--	1,190	--
Inventory	123,458	--	--	--	--
Loans receivable, net	--	--	--	--	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 5,480,376</u>	<u>\$ 44,406</u>	<u>\$ 65,296</u>	<u>\$ 1,800,228</u>	<u>\$ 16,559</u>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 182,993	\$ 7,567	\$ --	\$ 181,632	\$ --
Salaries and benefits payable	54,399	101	--	167,876	--
Deposits payable	--	10,445	--	--	--
Due to other funds	148,985	224,353	50	575,435	--
Advance from other funds	--	--	--	--	--
Unearned revenue	--	--	--	--	--
Unavailable revenue	304,567	--	--	697,600	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>690,944</u>	<u>242,466</u>	<u>50</u>	<u>1,622,543</u>	<u>--</u>
Fund Balances:					
Reserved for:					
Encumbrances	--	--	--	11,276	--
Imprest cash	100	--	150	100	--
Inventory and prepaid expenses	123,458	--	--	1,190	--
Long-term receivables	--	--	--	--	--
Unreserved:					
Designated	--	--	54,851	165,119	--
Undesignated	4,665,874	(198,060)	10,245	--	16,559
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>4,789,432</u>	<u>(198,060)</u>	<u>65,246</u>	<u>177,685</u>	<u>16,559</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 5,480,376</u>	<u>\$ 44,406</u>	<u>\$ 65,296</u>	<u>\$ 1,800,228</u>	<u>\$ 16,559</u>

continued

COUNTY OF SUTTER

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2009

	Special Revenue			
	Child Support Services Reimb/ Adjustment	EMSA	Survey Monument Preservation	County Fees & Taxes
Assets				
Cash and investments	\$ 246,618	\$ 26,883	\$ 27,371	\$ 7,326,447
Imprest cash	--	--	--	--
Accounts receivable	13	--	--	--
Due from other governments	--	--	--	--
Interest receivable	--	--	145	39,003
Due from other funds	--	--	--	--
Prepaid expenses	--	--	--	--
Inventory	--	--	--	--
Loans receivable, net	--	--	--	--
	<u>\$ 246,631</u>	<u>\$ 26,883</u>	<u>\$ 27,516</u>	<u>\$ 7,365,450</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 3,538	\$ 26,883	\$ --	\$ --
Salaries and benefits payable	--	--	--	--
Deposits payable	--	--	--	--
Due to other funds	13,394	--	1,216	79,925
Advance from other funds	--	--	--	--
Unearned revenue	--	--	--	--
Unavailable revenue	--	--	--	--
	<u>16,932</u>	<u>26,883</u>	<u>1,216</u>	<u>79,925</u>
Fund Balances:				
Reserved for:				
Encumbrances	--	--	--	--
Imprest cash	--	--	--	--
Inventory and prepaid expenses	--	--	--	--
Long-term receivables	--	--	--	--
Unreserved:				
Designated	--	--	12,716	6,685,709
Undesignated	229,699	--	13,584	599,816
	<u>229,699</u>	<u>--</u>	<u>26,300</u>	<u>7,285,525</u>
Total Liabilities and Fund Balances	<u>\$ 246,631</u>	<u>\$ 26,883</u>	<u>\$ 27,516</u>	<u>\$ 7,365,450</u>

continued

COUNTY OF SUTTER

Combining Balance Sheet (continued)
Nonmajor Governmental Funds
June 30, 2009

Special Revenue

	<u>Economic Development</u>	<u>Criminal Justice & Law</u>	<u>Health Education & Welfare</u>	<u>Local Health & Welfare</u>	<u>Public Ways & Facilities</u>
Assets					
Cash and investments	\$ 1,385,451	\$ 2,668,619	\$ 1,318,052	\$ 8,402,459	\$ 1,935,401
Imprest cash	--	--	--	--	--
Accounts receivable	1,967	47,833	581	--	--
Due from other governments	210,734	689,220	10,437	1,220,863	--
Interest receivable	7,331	16,091	7,580	--	10,250
Due from other funds	13	23,608	69,162	375,810	6,179
Prepaid expenses	--	--	--	--	--
Inventory	--	--	--	--	--
Loans receivable, net	2,142,002	--	--	--	--
	<u>2,142,002</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
 Total Assets	 <u>\$ 3,747,498</u>	 <u>\$ 3,445,371</u>	 <u>\$ 1,405,812</u>	 <u>\$ 9,999,132</u>	 <u>\$ 1,951,830</u>
 Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 129,828	\$ 104,919	\$ 1,200	\$ --	\$ 736,735
Salaries and benefits payable	--	2,338	--	--	--
Deposits payable	--	--	2	--	59,288
Due to other funds	13	1,063,277	173,702	1,440,410	--
Advance from other funds	--	--	--	--	--
Unearned revenue	--	--	--	--	--
Unavailable revenue	--	8	2,352	--	--
	<u>--</u>	<u>8</u>	<u>2,352</u>	<u>--</u>	<u>--</u>
 Total Liabilities	 <u>129,841</u>	 <u>1,170,542</u>	 <u>177,256</u>	 <u>1,440,410</u>	 <u>796,023</u>
 Fund Balances:					
Reserved for:					
Encumbrances	--	--	--	--	--
Imprest cash	--	--	--	--	--
Inventory and prepaid expenses	--	--	--	--	--
Long-term receivables	2,142,002	--	--	--	--
Unreserved:					
Designated	1,475,655	1,389,854	1,071,122	7,216,411	1,155,807
Undesignated	--	884,975	157,434	1,342,311	--
	<u>--</u>	<u>884,975</u>	<u>157,434</u>	<u>1,342,311</u>	<u>--</u>
 Total Fund Balances	 <u>3,617,657</u>	 <u>2,274,829</u>	 <u>1,228,556</u>	 <u>8,558,722</u>	 <u>1,155,807</u>
 Total Liabilities and Fund Balances	 <u>\$ 3,747,498</u>	 <u>\$ 3,445,371</u>	 <u>\$ 1,405,812</u>	 <u>\$ 9,999,132</u>	 <u>\$ 1,951,830</u>

continued

COUNTY OF SUTTER

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2009

	Special Revenue			
	Workers' Comp Dividend	Vision Run-Out	Candidates Statement of Election	County Recorder Upgrade Fee
Assets				
Cash and investments	\$ 46,178	\$ 46,547	\$ --	\$ 274,569
Imprest cash	--	--	--	--
Accounts receivable	--	--	--	533
Due from other governments	--	--	--	277
Interest receivable	246	248	--	3,152
Due from other funds	--	--	--	--
Prepaid expenses	--	--	--	--
Inventory	--	--	--	--
Loans receivable, net	--	--	--	--
Total Assets	<u>\$ 46,424</u>	<u>\$ 46,795</u>	<u>\$ --</u>	<u>\$ 278,531</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ --	\$ --	\$ --	\$ --
Salaries and benefits payable	--	--	--	--
Deposits payable	--	--	--	--
Due to other funds	--	--	--	100
Advance from other funds	--	--	--	--
Unearned revenue	--	--	--	--
Unavailable revenue	--	--	--	16
Total Liabilities	<u>--</u>	<u>--</u>	<u>--</u>	<u>116</u>
Fund Balances:				
Reserved for:				
Encumbrances	--	--	--	--
Imprest cash	--	--	--	--
Inventory and prepaid expenses	--	--	--	--
Long-term receivables	--	--	--	--
Unreserved:				
Designated	46,424	46,795	--	239,176
Undesignated	--	--	--	39,239
Total Fund Balances	<u>46,424</u>	<u>46,795</u>	<u>--</u>	<u>278,415</u>
Total Liabilities and Fund Balances	<u>\$ 46,424</u>	<u>\$ 46,795</u>	<u>\$ --</u>	<u>\$ 278,531</u>

continued

COUNTY OF SUTTER

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2009

	Special Revenue			
	Automated County Warrants	ORC Collections	Plan Check Inspection Fees	Community Services
Assets				
Cash and investments	\$ 161,266	\$ 213,224	\$ 261,924	\$ 7,470
Imprest cash	--	--	--	--
Accounts receivable	--	--	--	--
Due from other governments	--	358	--	--
Interest receivable	--	--	1,413	40
Due from other funds	2,564	--	--	--
Prepaid expenses	--	--	--	--
Inventory	--	--	--	--
Loans receivable, net	--	--	--	--
Total Assets	<u>\$ 163,830</u>	<u>\$ 213,582</u>	<u>\$ 263,337</u>	<u>\$ 7,510</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ --	\$ 2,493	\$ --	\$ --
Salaries and benefits payable	--	--	--	--
Deposits payable	--	--	--	--
Due to other funds	--	--	19,679	--
Advance from other funds	--	--	--	--
Unearned revenue	--	102,224	--	--
Unavailable revenue	--	358	--	--
Total Liabilities	<u>--</u>	<u>105,075</u>	<u>19,679</u>	<u>--</u>
Fund Balances:				
Reserved for:				
Encumbrances	--	--	--	--
Imprest cash	--	--	--	--
Inventory and prepaid expenses	--	--	--	--
Long-term receivables	--	--	--	--
Unreserved:				
Designated	151,752	108,507	189,281	5,724
Undesignated	12,078	--	54,377	1,786
Total Fund Balances	<u>163,830</u>	<u>108,507</u>	<u>243,658</u>	<u>7,510</u>
Total Liabilities and Fund Balances	<u>\$ 163,830</u>	<u>\$ 213,582</u>	<u>\$ 263,337</u>	<u>\$ 7,510</u>

continued

COUNTY OF SUTTER

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2009

	Special Revenue			
	Animal Control Spay/Neuter	Vital Statistics Recorder	Child Passenger Restraint	Mental Health Services Act
Assets				
Cash and investments	\$ 169,691	\$ 160,775	\$ 54,327	\$ 193,278
Imprest cash	--	--	--	--
Accounts receivable	80	63	--	1,775
Due from other governments	--	--	--	892,075
Interest receivable	924	857	287	2,538
Due from other funds	26	--	266	1,074,845
Prepaid expenses	--	--	--	6,858
Inventory	--	--	--	--
Loans receivable, net	--	--	--	328,563
Total Assets	\$ 170,721	\$ 161,695	\$ 54,880	\$ 2,499,932
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 360	\$ --	\$ --	\$ 25,960
Salaries and benefits payable	--	--	--	100,493
Deposits payable	3,320	--	--	--
Due to other funds	--	--	--	368,316
Advance from other funds	--	--	--	1,561,293
Unearned revenue	--	--	--	--
Unavailable revenue	--	--	--	--
Total Liabilities	3,680	--	--	2,056,062
Fund Balances:				
Reserved for:				
Encumbrances	--	--	--	--
Imprest cash	--	--	--	--
Inventory and prepaid expenses	--	--	--	6,858
Long-term receivables	--	--	--	328,563
Unreserved:				
Designated	166,082	154,996	54,843	--
Undesignated	959	6,699	37	108,449
Total Fund Balances	167,041	161,695	54,880	443,870
Total Liabilities and Fund Balances	\$ 170,721	\$ 161,695	\$ 54,880	\$ 2,499,932

continued

COUNTY OF SUTTER

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2009

	Special Revenue			
	Mental Health Patient Government	Bioterrorism	County Service Areas	Water Agencies
Assets				
Cash and investments	\$ --	\$ 420,638	\$ 1,202,661	\$ 2,253,398
Imprest cash	--	--	--	--
Accounts receivable	--	--	3,330	--
Due from other governments	--	41,248	--	--
Interest receivable	--	2,728	8,624	12,023
Due from other funds	--	--	103,094	6,280
Prepaid expenses	--	--	--	--
Inventory	--	--	--	--
Loans receivable, net	--	--	--	--
Total Assets	<u>\$ --</u>	<u>\$ 464,614</u>	<u>\$ 1,317,709</u>	<u>\$ 2,271,701</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ --	\$ --	\$ 75,828	\$ --
Salaries and benefits payable	--	--	38,472	--
Deposits payable	--	--	--	--
Due to other funds	--	41,659	4,489	236,916
Advance from other funds	--	--	848,760	--
Unearned revenue	--	--	--	--
Unavailable revenue	--	--	3,330	--
Total Liabilities	<u>--</u>	<u>41,659</u>	<u>970,879</u>	<u>236,916</u>
Fund Balances:				
Reserved for:				
Encumbrances	--	--	273,184	--
Imprest cash	--	--	--	--
Inventory and prepaid expenses	--	--	--	--
Long-term receivables	--	--	--	--
Unreserved:				
Designated	--	313,864	73,646	1,954,332
Undesignated	--	109,091	--	80,453
Total Fund Balances	<u>--</u>	<u>422,955</u>	<u>346,830</u>	<u>2,034,785</u>
Total Liabilities and Fund Balances	<u>\$ --</u>	<u>\$ 464,614</u>	<u>\$ 1,317,709</u>	<u>\$ 2,271,701</u>

continued

COUNTY OF SUTTER

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2009

	Special Revenue				Total Nonmajor Governmental Funds
	Other Special Districts	Landscape Districts	Total Special Revenue	Capital Projects	
Assets					
Cash and investments	\$ 2,593,943	\$ 3,453	\$ 36,195,921	\$ 169,983	\$ 36,365,904
Imprest cash	--	--	350	--	350
Accounts receivable	--	--	517,490	--	517,490
Due from other governments	--	--	4,295,838	--	4,295,838
Interest receivable	14,585	30	153,318	905	154,223
Due from other funds	2,762	--	2,434,034	--	2,434,034
Prepaid expenses	--	--	8,048	--	8,048
Inventory	--	--	123,458	--	123,458
Loans receivable, net	--	--	2,470,565	--	2,470,565
Total Assets	\$ 2,611,290	\$ 3,483	\$ 46,199,022	\$ 170,888	\$ 46,369,910
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	\$ 4,271	\$ --	\$ 1,484,207	\$ --	\$ 1,484,207
Salaries and benefits payable	--	--	363,679	--	363,679
Deposits payable	--	--	73,055	--	73,055
Due to other funds	--	--	4,391,919	--	4,391,919
Advance from other funds	--	--	2,410,053	--	2,410,053
Unearned revenue	--	--	102,224	--	102,224
Unavailable revenue	--	--	1,008,231	--	1,008,231
Total Liabilities	4,271	--	9,833,368	--	9,833,368
Fund Balances:					
Reserved for:					
Encumbrances	--	--	284,460	--	284,460
Imprest cash	--	--	350	--	350
Inventory and prepaid expenses	--	--	131,506	--	131,506
Long-term receivables	--	--	2,470,565	--	2,470,565
Unreserved:					
Designated	2,576,457	2,810	25,311,933	157,860	25,469,793
Undesignated	30,562	673	8,166,840	13,028	8,179,868
Total Fund Balances	2,607,019	3,483	36,365,654	170,888	36,536,542
Total Liabilities and Fund Balances	\$ 2,611,290	\$ 3,483	\$ 46,199,022	\$ 170,888	\$ 46,369,910

COUNTY OF SUTTER

Combining Statement of Revenues, Expenses and
Changes in Net Assets
Nonmajor Governmental Funds
For the Year Ended June 30, 2009

	Special Revenue				
	Road	Special Aviation	Fish & Game	Sutter County Health	Housing Rehab CDBG
Revenues:					
Taxes	\$ 545,254	\$ 14,117	\$ --	\$ --	\$ --
Licenses and permits	454,644	--	--	--	--
Fines and forfeitures	--	--	9,163	25	--
Use of money and property	106,243	92,995	1,692	(7,836)	437
Intergovernmental	9,095,119	268,137	--	2,085,871	--
Charges for services	5,454	70,710	--	377,886	--
Other revenues	112,119	907	2,250	61,804	--
Total Revenues	<u>10,318,833</u>	<u>446,866</u>	<u>13,105</u>	<u>2,517,750</u>	<u>437</u>
Expenditures:					
Current:					
General government	--	--	--	--	--
Public protection	--	--	7,816	--	--
Public ways and facilities	11,243,710	658,970	--	--	--
Health and sanitation	--	--	--	6,837,581	--
Community development	--	--	--	--	--
Debt Service:					
Principal	--	12,163	--	95,000	--
Interest	--	--	--	154,635	--
Capital outlay	472,742	--	--	89,571	--
Total Expenditures	<u>11,716,452</u>	<u>671,133</u>	<u>7,816</u>	<u>7,176,787</u>	<u>--</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,397,619)</u>	<u>(224,267)</u>	<u>5,289</u>	<u>(4,659,037)</u>	<u>437</u>
Other Financing Sources (Uses)					
Transfers in	--	--	--	4,622,223	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>4,622,223</u>	<u>--</u>
Net Changes in Fund Balances	<u>(1,397,619)</u>	<u>(224,267)</u>	<u>5,289</u>	<u>(36,814)</u>	<u>437</u>
Fund Balances - Beginning	<u>6,187,051</u>	<u>26,207</u>	<u>59,957</u>	<u>214,499</u>	<u>16,122</u>
Fund Balances - Ending	<u>\$ 4,789,432</u>	<u>\$ (198,060)</u>	<u>\$ 65,246</u>	<u>\$ 177,685</u>	<u>\$ 16,559</u>

continued

COUNTY OF SUTTER

Combining Statement of Revenues, Expenses and
Changes in Net Assets (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2009

	Special Revenue			
	Child Support Services Reimb/ Adjustment	EMSA	Survey Monument Preservation	County Fees & Taxes
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	1,150	71,954
Fines and forfeitures	--	--	--	--
Use of money and property	--	570	711	193,274
Intergovernmental	2,817,251	--	--	--
Charges for services	--	--	--	--
Other revenues	--	--	--	--
Total Revenues	<u>2,817,251</u>	<u>570</u>	<u>1,861</u>	<u>265,228</u>
Expenditures:				
Current:				
General government	--	--	--	79,924
Public protection	2,787,095	26,883	--	--
Public ways and facilities	--	--	1,217	--
Health and sanitation	--	--	--	--
Community development	--	--	--	--
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	--
Capital outlay	--	--	--	--
Total Expenditures	<u>2,787,095</u>	<u>26,883</u>	<u>1,217</u>	<u>79,924</u>
Excess of Revenues Over (Under) Expenditures	<u>30,156</u>	<u>(26,313)</u>	<u>644</u>	<u>185,304</u>
Other Financing Sources (Uses)				
Transfers in	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Changes in Fund Balances	30,156	(26,313)	644	185,304
Fund Balances - Beginning	<u>199,543</u>	<u>26,313</u>	<u>25,656</u>	<u>7,100,221</u>
Fund Balances - Ending	<u>\$ 229,699</u>	<u>\$ --</u>	<u>\$ 26,300</u>	<u>\$ 7,285,525</u>

continued

COUNTY OF SUTTER

Combining Statement of Revenues, Expenses and
Changes in Net Assets (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2009

	Special Revenue				
	Economic Development	Criminal Justice & Law	Health Education & Welfare	Local Health & Welfare	Public Ways & Facilities
Revenues:					
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	1,168	--	--
Fines and forfeitures	--	339,341	240,974	--	79,391
Use of money and property	83,090	76,608	18,890	--	48,259
Intergovernmental	600,873	6,770,039	526,832	7,623,779	--
Charges for services	--	31,356	19,241	--	--
Other revenues	--	356,294	43,474	--	251,329
Total Revenues	<u>683,963</u>	<u>7,573,638</u>	<u>850,579</u>	<u>7,623,779</u>	<u>378,979</u>
Expenditures:					
Current:					
General government	(318,464)	--	--	--	--
Public protection	--	7,427,617	--	--	--
Public ways and facilities	--	--	--	--	736,733
Health and sanitation	--	--	883,037	7,177,352	--
Community development	659,806	--	--	--	--
Debt Service:					
Principal	--	--	--	--	--
Interest	--	--	--	--	--
Capital outlay	--	--	--	--	--
Total Expenditures	<u>341,342</u>	<u>7,427,617</u>	<u>883,037</u>	<u>7,177,352</u>	<u>736,733</u>
Excess of Revenues Over (Under) Expenditures	<u>342,621</u>	<u>146,021</u>	<u>(32,458)</u>	<u>446,427</u>	<u>(357,754)</u>
Other Financing Sources (Uses)					
Transfers in	--	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Changes in Fund Balances	<u>342,621</u>	<u>146,021</u>	<u>(32,458)</u>	<u>446,427</u>	<u>(357,754)</u>
Fund Balances - Beginning	<u>3,275,036</u>	<u>2,128,808</u>	<u>1,261,014</u>	<u>8,112,295</u>	<u>1,513,561</u>
Fund Balances - Ending	<u><u>\$ 3,617,657</u></u>	<u><u>\$ 2,274,829</u></u>	<u><u>\$ 1,228,556</u></u>	<u><u>\$ 8,558,722</u></u>	<u><u>\$ 1,155,807</u></u>

continued

COUNTY OF SUTTER

Combining Statement of Revenues, Expenses and
Changes in Net Assets (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2009

	Special Revenue			
	Workers' Comp Dividend	Vision Run-Out	Candidates Statement of Election	County Recorder Upgrade Fee
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	--	--
Fines and forfeitures	--	--	--	--
Use of money and property	1,224	1,235	--	15,937
Intergovernmental	--	--	--	--
Charges for services	--	--	6,950	89,676
Other revenues	--	--	--	--
Total Revenues	<u>1,224</u>	<u>1,235</u>	<u>6,950</u>	<u>105,613</u>
Expenditures:				
Current:				
General government	--	--	6,950	--
Public protection	--	--	--	333,410
Public ways and facilities	--	--	--	--
Health and sanitation	--	--	--	--
Community development	--	--	--	--
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	--
Capital outlay	--	--	--	--
Total Expenditures	<u>--</u>	<u>--</u>	<u>6,950</u>	<u>333,410</u>
Excess of Revenues Over (Under) Expenditures	<u>1,224</u>	<u>1,235</u>	<u>--</u>	<u>(227,797)</u>
Other Financing Sources (Uses)				
Transfers in	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Changes in Fund Balances	<u>1,224</u>	<u>1,235</u>	<u>--</u>	<u>(227,797)</u>
Fund Balances - Beginning	<u>45,200</u>	<u>45,560</u>	<u>--</u>	<u>506,212</u>
Fund Balances - Ending	<u>\$ 46,424</u>	<u>\$ 46,795</u>	<u>\$ --</u>	<u>\$ 278,415</u>

continued

COUNTY OF SUTTER

Combining Statement of Revenues, Expenses and
Changes in Net Assets (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2009

	Special Revenue			
	Automated County Warrants	ORC Collections	Plan Check Inspection Fees	Community Services
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	--	151
Fines and forfeitures	27,078	--	--	--
Use of money and property	--	--	7,545	195
Intergovernmental	--	--	--	--
Charges for services	--	8,524	--	--
Other revenues	--	--	--	890
Total Revenues	<u>27,078</u>	<u>8,524</u>	<u>7,545</u>	<u>1,236</u>
Expenditures:				
Current:				
General government	--	--	--	--
Public protection	--	7,405	43,168	--
Public ways and facilities	--	--	--	--
Health and sanitation	--	--	--	--
Community development	--	--	--	--
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	--
Capital outlay	--	--	--	--
Total Expenditures	<u>--</u>	<u>7,405</u>	<u>43,168</u>	<u>--</u>
Excess of Revenues Over (Under) Expenditures	<u>27,078</u>	<u>1,119</u>	<u>(35,623)</u>	<u>1,236</u>
Other Financing Sources (Uses)				
Transfers in	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Changes in Fund Balances	<u>27,078</u>	<u>1,119</u>	<u>(35,623)</u>	<u>1,236</u>
Fund Balances - Beginning	<u>136,752</u>	<u>107,388</u>	<u>279,281</u>	<u>6,274</u>
Fund Balances - Ending	<u>\$ 163,830</u>	<u>\$ 108,507</u>	<u>\$ 243,658</u>	<u>\$ 7,510</u>

continued

COUNTY OF SUTTER

Combining Statement of Revenues, Expenses and
Changes in Net Assets (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2009

	Special Revenue			
	Animal Control Spay/Neuter	Vital Statistics Recorder	Child Passenger Restraint	Mental Health Services Act
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	--	--
Fines and forfeitures	252	--	4,159	--
Use of money and property	4,562	4,161	1,378	6,894
Intergovernmental	--	--	--	4,906,871
Charges for services	21,666	12,338	--	18,070
Other revenues	--	--	--	3,670
Total Revenues	26,480	16,499	5,537	4,935,505
Expenditures:				
Current:				
General government	--	--	--	--
Public protection	14,121	1,673	--	--
Public ways and facilities	--	--	--	--
Health and sanitation	--	--	--	5,598,704
Community development	--	--	--	--
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	13,627
Capital outlay	--	--	--	--
Total Expenditures	14,121	1,673	--	5,612,331
Excess of Revenues Over (Under) Expenditures	12,359	14,826	5,537	(676,826)
Other Financing Sources (Uses)				
Transfers in	--	--	--	--
Total Other Financing Sources (Uses)	--	--	--	--
Net Changes in Fund Balances	12,359	14,826	5,537	(676,826)
Fund Balances - Beginning	154,682	146,869	49,343	1,120,696
Fund Balances - Ending	\$ 167,041	\$ 161,695	\$ 54,880	\$ 443,870

continued

COUNTY OF SUTTER

Combining Statement of Revenues, Expenses and
Changes in Net Assets (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2009

	<u>Bioterrorism</u>	<u>County Service Areas</u>	<u>Water Agencies</u>
Revenues:			
Taxes	\$ --	\$ 2,661,950	\$ 245,976
Licenses and permits	--	--	--
Fines and forfeitures	--	9,654	--
Use of money and property	12,626	31,873	56,976
Intergovernmental	250,927	35,897	5,980
Charges for services	--	571,173	62,691
Other revenues	--	5,594	--
Total Revenues	<u>263,553</u>	<u>3,316,141</u>	<u>371,623</u>
Expenditures:			
Current:			
General government	--	--	--
Public protection	269,561	2,840,228	300,972
Public ways and facilities	--	--	--
Health and sanitation	--	--	--
Community development	--	--	--
Debt Service:			
Principal	--	--	--
Interest	--	--	--
Capital outlay	--	377,903	--
Total Expenditures	<u>269,561</u>	<u>3,218,131</u>	<u>300,972</u>
Excess of Revenues Over (Under) Expenditures	<u>(6,008)</u>	<u>98,010</u>	<u>70,651</u>
Other Financing Sources (Uses)			
Transfers in	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net Changes in Fund Balances	<u>(6,008)</u>	<u>98,010</u>	<u>70,651</u>
Fund Balances - Beginning	<u>428,963</u>	<u>248,820</u>	<u>1,964,134</u>
Fund Balances - Ending	<u><u>\$ 422,955</u></u>	<u><u>\$ 346,830</u></u>	<u><u>\$ 2,034,785</u></u>

continued

COUNTY OF SUTTER

Combining Statement of Revenues, Expenses and
Changes in Net Assets (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2009

	Special Revenue			Capital Projects	Total Nonmajor Governmental Funds
	Other Special Districts	Landscape Districts	Total Special Revenue		
Revenues:					
Taxes	\$ 83,939	\$ 2,813	\$ 3,554,049	\$ --	\$ 3,554,049
Licenses and permits	--	--	529,067	--	529,067
Fines and forfeitures	--	--	710,037	--	710,037
Use of money and property	71,104	125	830,768	4,506	835,274
Intergovernmental	959	--	34,988,535	--	34,988,535
Charges for services	1,512	--	1,297,247	--	1,297,247
Other revenues	--	--	838,331	--	838,331
Total Revenues	<u>157,514</u>	<u>2,938</u>	<u>42,748,034</u>	<u>4,506</u>	<u>42,752,540</u>
Expenditures:					
Current:					
General government	--	--	(231,590)	--	(231,590)
Public protection	64,169	--	14,124,118	--	14,124,118
Public ways and facilities	6,782	3,806	12,651,218	--	12,651,218
Health and sanitation	--	--	20,496,674	--	20,496,674
Community development	--	--	659,806	--	659,806
Debt Service:					
Principal	--	--	107,163	--	107,163
Interest	--	--	168,262	--	168,262
Capital outlay	--	--	940,216	--	940,216
Total Expenditures	<u>70,951</u>	<u>3,806</u>	<u>48,915,867</u>	<u>--</u>	<u>48,915,867</u>
Excess of Revenues Over (Under) Expenditures	<u>86,563</u>	<u>(868)</u>	<u>--</u>	<u>4,506</u>	<u>(6,163,327)</u>
Other Financing Sources (Uses)					
Transfers in	--	--	4,622,223	--	4,622,223
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>4,622,223</u>	<u>--</u>	<u>4,622,223</u>
Net Changes in Fund Balances	<u>86,563</u>	<u>(868)</u>	<u>(1,545,610)</u>	<u>4,506</u>	<u>(1,541,104)</u>
Fund Balances - Beginning	<u>2,520,456</u>	<u>4,351</u>	<u>37,911,264</u>	<u>166,382</u>	<u>38,077,646</u>
Fund Balances - Ending	<u>\$ 2,607,019</u>	<u>\$ 3,483</u>	<u>\$ 36,365,654</u>	<u>\$ 170,888</u>	<u>\$ 36,536,542</u>

COUNTY OF SUTTER

Combining Statement of Net Assets
Internal Service Funds
June 30, 2009

	Risk Management		Fleet Management	Information Technology	Totals
	General Liability	Workers' Compensation			
Assets					
Current Assets:					
Cash and investments	\$ 1,794,346	\$ 354,103	\$ 671,649	\$ 1,350,004	\$ 4,170,102
Accounts receivable	--	--	4,290	3,072	7,362
Interest receivable	9,669	2,186	2,138	423	14,416
Due from other funds	--	95	--	--	95
Prepaid expenses	--	--	--	122,804	122,804
Inventory	--	--	7,624	--	7,624
Total Current Assets	<u>1,804,015</u>	<u>356,384</u>	<u>685,701</u>	<u>1,476,303</u>	<u>4,322,403</u>
Noncurrent Assets:					
Capital assets					
Nondepreciable	--	--	--	33,308	33,308
Depreciable, net	--	--	67,925	518,918	586,843
Total Assets	<u>1,804,015</u>	<u>356,384</u>	<u>753,626</u>	<u>2,028,529</u>	<u>4,942,554</u>
Liabilities					
Current Liabilities:					
Accounts payable	4,545	663	84,744	93,170	183,122
Salaries and benefits payable	--	8,508	13,834	58,067	80,409
Compensated absences payable	--	4,906	16,139	107,241	128,286
Claims payable	737,806	--	--	--	737,806
Due to other funds	--	--	18,547	130	18,677
Total Current Liabilities	<u>742,351</u>	<u>14,077</u>	<u>133,264</u>	<u>258,608</u>	<u>1,148,300</u>
Noncurrent Liabilities:					
Compensated absences payable	--	2,309	7,595	50,466	60,370
Total Noncurrent Liabilities	<u>--</u>	<u>2,309</u>	<u>7,595</u>	<u>50,466</u>	<u>60,370</u>
Total Liabilities	<u>742,351</u>	<u>16,386</u>	<u>140,859</u>	<u>309,074</u>	<u>1,208,670</u>
Net Assets					
Invested in capital assets, net of related debt	--	--	67,925	552,226	620,151
Unrestricted	<u>1,061,664</u>	<u>339,998</u>	<u>544,842</u>	<u>1,167,229</u>	<u>3,113,733</u>
Total Net Assets	<u>\$ 1,061,664</u>	<u>\$ 339,998</u>	<u>\$ 612,767</u>	<u>\$ 1,719,455</u>	<u>\$ 3,733,884</u>

COUNTY OF SUTTER

Combining Statement of Revenues, Expenses
and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2009

	<u>Risk Management</u>				<u>Totals</u>
	<u>General Liability</u>	<u>Workers' Compensation</u>	<u>Fleet Management</u>	<u>Information Technology</u>	
Operating Revenues:					
Charges for services	\$ 847,466	\$ 1,069,010	\$ 1,196,096	\$ 3,607,094	\$ 6,719,666
Other revenue	--	--	3,439	14,658	18,097
Total Operating Revenues	<u>847,466</u>	<u>1,069,010</u>	<u>1,199,535</u>	<u>3,621,752</u>	<u>6,737,763</u>
Operating Expenses:					
Salaries and benefits	--	308,167	520,204	2,141,913	2,970,284
Services and supplies	480,263	1,366,857	1,353,894	1,413,751	4,614,765
Depreciation	--	--	14,657	147,666	162,323
Total Operating Expenses	<u>480,263</u>	<u>1,675,024</u>	<u>1,888,755</u>	<u>3,703,330</u>	<u>7,747,372</u>
Net Operating Income (Loss)	<u>367,203</u>	<u>(606,014)</u>	<u>(689,220)</u>	<u>(81,578)</u>	<u>(1,009,609)</u>
Non-Operating Revenues and Expenses:					
Interest income	34,793	6,603	23,017	10,825	75,238
Total Non-Operating Revenues and Expenses	<u>34,793</u>	<u>6,603</u>	<u>23,017</u>	<u>10,825</u>	<u>75,238</u>
Change in Net Assets	401,996	(599,411)	(666,203)	(70,753)	(934,371)
Net Assets, Beginning of Year	<u>659,668</u>	<u>939,409</u>	<u>1,278,970</u>	<u>1,790,208</u>	<u>4,668,255</u>
Net Assets, End of Year	<u>\$ 1,061,664</u>	<u>\$ 339,998</u>	<u>\$ 612,767</u>	<u>\$ 1,719,455</u>	<u>\$ 3,733,884</u>

COUNTY OF SUTTER

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2009

	Risk Management				Total
	General Liability	Workers' Compensation	Fleet Management	Information Technology	
Cash Flows from Operating Activities:					
Receipts from customers	\$ 847,466	\$ 1,069,010	\$ 1,196,883	\$ 3,621,742	\$ 6,735,101
Payments to suppliers	(571,590)	(1,376,809)	(1,345,208)	(1,361,301)	(4,654,908)
Payments to employees	--	(298,157)	(514,534)	(2,128,116)	(2,940,807)
Net Cash Provided (Used) by Operating Activities	<u>275,876</u>	<u>(605,956)</u>	<u>(662,859)</u>	<u>132,325</u>	<u>(860,614)</u>
Cash Flows from Noncapital Financing Activities:					
Interfund loans received	4,012	3,917	--	--	7,929
Interfund loans paid	--	--	(234,320)	(83,726)	(318,046)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>4,012</u>	<u>3,917</u>	<u>(234,320)</u>	<u>(83,726)</u>	<u>(310,117)</u>
Cash Flows from Capital and Related Financing Activities:					
Purchase of capital assets	--	--	(44,476)	(33,307)	(77,783)
Net Cash Provided (Used) by Capital Related Financing Activities	<u>--</u>	<u>--</u>	<u>(44,476)</u>	<u>(33,307)</u>	<u>(77,783)</u>
Cash Flows from Investing Activities:					
Interest on investments	<u>37,223</u>	<u>11,325</u>	<u>29,240</u>	<u>13,839</u>	<u>91,627</u>
Net Cash Provided (Used) by Investing Activities	<u>37,223</u>	<u>11,325</u>	<u>29,240</u>	<u>13,839</u>	<u>91,627</u>
Net Increase (Decrease) in Cash and Cash Equivalants	317,111	(590,714)	(912,415)	29,131	(1,156,887)
Balances - Beginning of Year	<u>1,477,235</u>	<u>944,817</u>	<u>1,584,064</u>	<u>1,320,873</u>	<u>5,326,989</u>
Balances - End of Year	<u>\$ 1,794,346</u>	<u>\$ 354,103</u>	<u>\$ 671,649</u>	<u>\$ 1,350,004</u>	<u>\$ 4,170,102</u>

continued

COUNTY OF SUTTER

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2009

	Risk Management				
	General Liability	Workers' Compensation	Fleet Management	Information Technology	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 367,203	\$ (606,014)	\$ (689,220)	\$ (81,578)	\$ (1,009,609)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation	--	--	14,657	147,666	162,323
Decrease (increase) in:					
Accounts receivable	--	--	(2,652)	(10)	(2,662)
Prepaid costs	--	--	--	37,021	37,021
Inventory	--	--	431	--	431
Increase (decrease) in:					
Accounts payable	(4,617)	(9,952)	8,255	15,429	9,115
Salaries and benefits payable	--	3,437	2,262	10,531	16,230
Compensated absences payable	--	6,573	3,408	3,266	13,247
Claims payable	(86,710)	--	--	--	(86,710)
Net Cash Provided (Used) by Operating Activities	\$ 275,876	\$ (605,956)	\$ (662,859)	\$ 132,325	\$ (860,614)