

County of Sutter
Financial Statements and
Independent Auditor's Report
June 30, 2012

County of Sutter

Index

	Page
Independent Auditor's Report	4
Management's Discussion and Analysis - Required Supplementary Information	6
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Assets	18
Statement of Activities	19
Fund Financial Statements	
Balance Sheet - Governmental Funds	21
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets - Governmental Activities	24
Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds	25
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27
Statement of Net Assets - Proprietary Funds	29
Statement of Revenue, Expenses And Changes In Net Assets - Proprietary Funds	31
Statement of Cash Flows - Proprietary Funds	32
Statement of Fiduciary Net Assets - Fiduciary Funds	34
Statement of Changes in Fiduciary Net Assets - Pension Trust Funds	35
Notes to Financial Statements	36
Required Supplementary Information	
Schedule of Defined Benefit Pension Plans Funded Status	74
Schedule of Post Employment Benefits Funded Status	75

County of Sutter

Index - Continued

	Page
Required Supplementary Information - Continued	
Schedule of Revenue Expenditures and Other Sources and Uses of Financial Resources, and Changes in Fund Balance - Budget (GAAP) and Actual - General Fund	76
Schedule of Revenue Expenditures and Other Sources and Uses of Financial Resources, and Changes in Fund Balance - Budget (GAAP) and Actual - Bi-County Mental Health	77
Schedule of Revenue Expenditures and Other Sources and Uses of Financial Resources, and Changes in Fund Balance - Budget (GAAP) and Actual - Welfare	78
Schedule of Revenue Expenditures and Other Sources and Uses of Financial Resources, and Changes in Fund Balance - Budget (GAAP) and Actual - Public Safety/Trial Courts	79
Schedule of Revenue Expenditures and Other Sources and Uses of Financial Resources, and Changes in Fund Balance - Budget (GAAP) and Actual - Mental Health Services Act	80
Schedule of Revenue, Expenditures and Other Sources and Uses of Financial Resources, and Changes in Fund Balance - Budget (GAAP) and Actual - Public Safety Realignment	81
Note to Required Supplementary Information	82
Supplementary Information - Combining Financial Statements - Governmental Fund Types	
Combining Balance Sheet - Nonmajor Governmental Funds	84
Combining Statement of Revenue, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	88
Combining Statement of Net Assets - Internal Service Funds	92
Combining Statement of Revenue, Expenses and Changes in Net Assets - Internal Service Funds	93
Combining Statement of Cash Flows - Internal Service Funds	94

Independent Auditor's Report

The 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 (the County) as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable thereof, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued, under separate cover, our report dated June 13, 2013, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Budgetary information on pages 6 through 16 and 74 through 95, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

A handwritten signature in cursive script that reads "Cohn Reznick LLP".

Sacramento, California
June 13, 2013

County of Sutter

Management's Discussion and Analysis - Required Supplemental Information

June 30, 2012

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, 2012.

Financial Highlights

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$150,792,209 (total net assets). Of this amount, \$40,161,940 is restricted for specific purposes (restricted net assets), and \$78,202,374 is invested in capital assets, net of related debt. The balance of \$32,427,895 is unrestricted.
- The County's total net assets decreased by \$4,287,640. This decrease in net assets was attributable to results of operations.
- As of June 30, 2012, the County's governmental funds reported combined fund balances of \$68,104,060, an increase of \$3,667,528. This increase in fund balance was attributable to revenues in excess of expenditures. Approximately 88% of the combined fund balances, \$59,994,204 is available to meet the County's current and future needs (spendable fund balance). Of the spendable fund balance, \$40,340,893 or approximately 59% is restricted by law for specific purposes. The Board of Supervisors has committed or assigned \$9,875,651 or approximately 15% for specific purposes. At the end of the current fiscal year, spendable fund balance for the General Fund was \$19,381,599 or approximately 52% 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 the reader 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.

County of Sutter

Management's Discussion and Analysis - Required Supplemental Information - Continued

June 30, 2012

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 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 revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

County of Sutter

Management's Discussion and Analysis - Required Supplemental Information - Continued

June 30, 2012

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 revenue, 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 - 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 - 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 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.

County of Sutter

Management's Discussion and Analysis - Required Supplemental Information - Continued

June 30, 2012

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 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

The following analysis discusses the County's financial position and changes to the financial position for the year ended June 30, 2012, with comparative information for the previous year.

Statement of Net Assets

	County of Sutter Net Assets						Total	
	Governmental Activities		Business-Type Activities		Total		Dollar Change	% Change
	2012	2011	2012	2011	2012	2011	2011 to 2012	2011 to 2012
Assets								
Current and other assets	\$ 96,849,370	\$ 96,904,199	\$ (824,336)	\$ (860,248)	\$ 96,025,034	\$ 96,043,951	\$ (18,917)	-0.02%
Capital assets	77,156,083	81,708,857	2,538,611	1,511,976	79,694,694	83,220,833	(3,526,139)	-4.24%
Total assets	\$ 174,005,453	\$ 178,613,056	\$ 1,714,275	\$ 651,728	\$ 175,719,728	\$ 179,264,784	\$ (3,545,056)	-1.98%
Liabilities								
Long-term liabilities	\$ 12,931,498	\$ 13,489,827	\$ 10,270	\$ 6,447	\$ 12,941,768	\$ 13,496,274	\$ (554,506)	-4.11%
Current and other liabilities	11,895,098	10,590,479	90,653	98,182	11,985,751	10,688,661	1,297,090	12.14%
Total liabilities	\$ 24,826,596	\$ 24,080,306	\$ 100,923	\$ 104,629	\$ 24,927,519	\$ 24,184,935	\$ 742,584	3.07%
Net assets								
Invested in capital assets, net of related debt	\$ 75,663,762	\$ 79,977,530	\$ 2,538,612	\$ 1,511,977	\$ 78,202,374	\$ 81,489,507	\$ (3,287,133)	-4.03%
Restricted	40,161,940	42,089,189	-	-	40,161,940	42,089,189	(1,927,249)	-4.58%
Unrestricted	33,353,155	32,466,031	(925,260)	(964,878)	32,427,895	31,501,153	926,742	2.94%
Total net assets	\$ 149,178,857	\$ 154,532,750	\$ 1,613,352	\$ 547,099	\$ 150,792,209	\$ 155,079,849	\$ (4,287,640)	-2.76%

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 \$150,792,209 at the close of the most recent fiscal year.

The largest portion of the County's net assets, \$78,202,374 (52 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

County of Sutter

**Management's Discussion and Analysis -
Required Supplemental Information - Continued**

June 30, 2012

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, \$40,161,940 (27 percent), represent resources that are subject to external restrictions on how they may be used. The remaining balance of total net assets, \$32,427,895 (21 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's Discussion and Analysis - Required Supplemental Information - Continued

June 30, 2012

County of Sutter Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total		Total	
	2012	2011	2012	2011	2012	2011	Dollar Change 2011 to 2012	% Change 2011 to 2012
Program revenues								
Charges for services	\$ 9,786,528	\$ 9,921,089	\$ 1,566,537	\$ 175,957	\$ 11,353,065	\$ 10,097,046	\$ 1,256,019	12.44%
Operating grants and contributions	87,174,420	103,181,143	-	-	87,174,420	103,181,143	(16,006,723)	-15.51%
Capital grants and contributions	-	-	-	-	-	-	-	0.00%
General revenues								
Property taxes	25,899,682	25,792,495	-	-	25,899,682	25,792,495	107,187	0.42%
Property taxes in lieu of sales taxes	605,059	649,033	-	-	605,059	649,033	(43,974)	-6.78%
Franchise taxes	1,161,740	1,571,540	-	-	1,161,740	1,571,540	(409,800)	-26.08%
Sales and use taxes	2,602,949	2,272,547	-	-	2,602,949	2,272,547	330,402	14.54%
Transportation taxes	105,649	89,694	-	-	105,649	89,694	15,955	17.79%
Transient occupancy taxes	29,189	30,837	-	-	29,189	30,837	(1,648)	-5.34%
Transfer taxes	244,168	235,620	-	-	244,168	235,620	8,548	3.63%
Fire taxes	276,622	269,970	-	-	276,622	269,970	6,652	2.46%
Unrestricted interest and investment earnings	1,209,568	1,459,879	17,473	(10,000)	1,227,041	1,449,879	(222,838)	-15.37%
Miscellaneous	5,430,252	2,411,965	-	-	5,430,252	2,411,965	3,018,287	125.14%
Total revenues	134,525,826	147,885,812	1,584,010	165,957	136,109,836	148,051,769	(11,941,933)	-8.07%
Expenses								
General government	9,239,225	9,921,133	-	-	9,239,225	9,921,133	(681,908)	-6.87%
Public safety	47,366,780	47,658,587	-	-	47,366,780	47,658,587	(291,807)	-0.61%
Public ways and facilities	8,049,797	9,565,508	-	-	8,049,797	9,565,508	(1,515,711)	-15.85%
Health and sanitation	41,837,452	40,773,098	-	-	41,837,452	40,773,098	1,064,354	2.61%
Public assistance	30,955,007	30,752,807	-	-	30,955,007	30,752,807	202,200	0.66%
Education	1,521,387	1,632,740	-	-	1,521,387	1,632,740	(111,353)	-6.82%
Culture and recreation	642,837	565,201	-	-	642,837	565,201	77,636	13.74%
Community development	87,044	1,728,577	-	-	87,044	1,728,577	(1,641,533)	-94.96%
Interest on long-term debt	180,190	120,239	-	-	180,190	120,239	59,951	49.86%
Water Works District No. 1	-	-	517,757	494,610	517,757	494,610	23,147	4.68%
Total expenses	139,879,719	142,717,890	517,757	494,610	140,397,476	143,212,500	(2,815,024)	-1.97%
Change in net assets	(5,353,893)	5,167,922	1,066,253	(328,653)	(4,287,640)	4,839,269	(9,126,909)	-188.60%
Prior period adjustment	-	2,030,937	-	(10,425)	-	2,020,512	(2,020,512)	-100.00%
Net assets, beginning, as previously reported	154,532,750	147,333,891	547,099	886,177	155,079,849	148,220,068	6,859,781	4.63%
Net assets, end	\$ 149,178,857	\$ 154,532,750	\$ 1,613,352	\$ 547,099	\$ 150,792,209	\$ 155,079,849	\$ (4,287,640)	-2.8%

County of Sutter

Management's Discussion and Analysis - Required Supplemental Information - Continued

June 30, 2012

Analysis of the Government's Funds

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, 2012, the County's governmental funds reported combined fund balances of \$68,104,060, an increase of \$3,667,528 in comparison with the prior year. Of these combined fund balances, \$59,994,204 constitutes spendable fund balance of the General, Special Revenue and Capital Projects Funds, of which \$9,777,660 is unassigned and \$50,216,544 is restricted, committed or assigned for specific purposes. The remainder of fund balance is nonspendable.

The General Fund is the chief operating fund of the County. At June 30, 2012, spendable fund balance was \$19,381,599, while total fund balance reached \$21,960,098. As a measure of the General Fund's liquidity, it may be useful to compare both spendable and total fund balance to total fund expenditures. Spendable fund balance represents 52% of total General Fund expenditures, while the total fund balance represents 58% of total General Fund expenditures.

The County's management also commits (earmarks) spendable fund balance to a particular function, project, or activity. Fund balance may also be committed for purposes beyond the current year. However, committed fund balance is available for appropriation at any time. Of the \$19,381,599 General Fund spendable fund balance, \$19,334,653 is available for appropriations.

The County has five other major governmental funds. The Bi-County Mental Health Fund has a total fund balance of \$213,043, the Welfare Fund has a total fund balance of \$19,491, the Public Safety/Trial Courts Fund, has a total fund balance of \$14,379, the Mental Services Act Fund has a total fund balance of \$3,625,301, and the Public Safety Realignment Fund has a total fund balance of \$2,558,728 at year end. The other governmental funds' fund balances increased \$477,370 to \$39,713,020. The five major governmental funds had changes in fund balances as follows: Bi-County Mental Health (\$5,491), Welfare (\$148,585), Public Safety/Trial Courts (\$39,369), Mental Health Services Act (\$1,126,935) and Public Safety Realignment \$2,558,728.

County of Sutter

Management's Discussion and Analysis -
Required Supplemental Information - Continued

June 30, 2012

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 \$1,613,352, an increase of \$1,066,253 from the prior year.

The net assets of the internal services funds decreased from \$3,864,340 to \$3,616,714.

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.

Differences between the original budget and the final amended budget for the General Fund are summarized in the table below:

	Original Budget	Final Budget	Variance	
			Amount	Percent
Total revenues	\$ 45,276,192	\$ 46,145,606	\$ 869,414	1.92%
Total expenditures	45,972,253	47,195,460	1,223,207	2.66%
Other financing sources (uses)	(6,221,000)	(6,221,000)	-	0.00%
Net change in fund balances	<u>\$ (6,917,061)</u>	<u>\$ (7,270,854)</u>	<u>\$ (353,793)</u>	<u>5.11%</u>

County of Sutter

Management's Discussion and Analysis -
Required Supplemental Information - Continued

June 30, 2012

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

	Final Budget	Actual	Variance	
			Amount	Percent
Total revenues	\$ 46,145,606	\$ 44,500,614	\$ (1,644,992)	-3.56%
Total expenditures	47,195,460	37,614,990	(9,580,470)	-20.30%
Other financing sources (uses)	<u>(6,221,000)</u>	<u>(4,933,814)</u>	<u>1,287,186</u>	<u>-20.69%</u>
Net change in fund balances	<u>\$ (7,270,854)</u>	<u>\$ 1,951,810</u>	<u>\$ 9,222,664</u>	<u>-126.84%</u>

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, 2012, was \$79,694,694 (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, dispositions and adjustments to capital assets were \$481,346 and net additions to accumulated depreciation were \$4,007,485. Therefore, the County's net investment in capital assets decreased \$3,526,139 from June 30, 2011.

Debt Administration

At the end of the current fiscal year, the County had total long-term obligations outstanding of \$11,985,751, an increase of \$1,297,090 from June 30, 2011.

Future Economic Outlook

The state of the national economy has impacted Sutter County just as it has affected the rest of the country. Though sectors of the broader economy have demonstrated signs of improvement, Sutter County will continue to face challenges in balancing its budgets and maintaining services levels until such time as a sustained local economic recovery is witnessed. However, as a result of the Board of Supervisors' consistency in budgeting conservatively and maintaining healthy reserves, the County has been able to stave off the devastating budget and service-level cuts that other jurisdictions have experienced in recent years.

County of Sutter

Management's Discussion and Analysis - Required Supplemental Information - Continued

June 30, 2012

The County population as of July 1, 2012 was 95,022, which was a .3% increase from the population of 94,737 on April 1, 2010¹.

The annual unemployment rate for the Yuba City Metropolitan Statistical Area (MSA) for April 2013 was 15.3%, down from 18.6% in April 2012.²

Taxable Sales, all Outlets increased 2.4% to \$1.2 billion in 2010. The forecast for 2011, based on actual data through the 3rd quarter of 2011, is for an increase of 8.3%, followed by a 4.2% increase in 2012 and a 4.2% increase in 2013³.

The Total Assessed Valuation before any deduction of exemptions for the Fiscal Year 2011-12 was \$7.93 million. The Total Assessed Valuation before any deduction of exemptions for the Fiscal Year 2012-13 was \$7.84 million or a 1.1% decrease from 2011-12. The forecast for FY 2013-14 is not available as of this writing; however, due to relative improvements in the local market, the County anticipates a minor increase in its total Assessed Valuation⁴.

Sutter County has not been immune to the downturn in the national economy. There are some early signs of improvement as seen with the moderate increase in taxable sales within the Yuba City MSA and anticipated increase in Assessed Valuation.

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. 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.

The annual unemployment rate for the Yuba City Metropolitan Statistical Area (MSA) for 2011 was 18.8%, down from 19.5% in 2010. The rate for 2012, based on actual data through December, 2011, is expected to increase to 19.7%.⁵

Taxable sales within the Yuba City MSA is forecast to increase by 2.7% for 2010, and is expected to be followed by an increase of 2.85% in 2011².

The Total Assessed Valuation before any deduction of exemptions for the Fiscal Year 2009-10 was \$8.863 million. The Total Assessed Valuation before any deduction of

¹ Source: US Census Bureau, Sutter County QuickFacts

² Source: State of California, Employment Development Department

³ Sacramento Forecast Project

⁴ Sutter County Assessor

⁵ Source for unemployment, taxable sales and building permit data: Sacramento Forecast Project, California State University Sacramento, January 2012

County of Sutter

Management's Discussion and Analysis - Required Supplemental Information - Continued

June 30, 2012

exemptions for the Fiscal Year 2010-11 was \$8,428 million or a 4.9% decrease from 2009-10⁶. The forecast for FY 2011-12 is not available as of this writing; however, due to continued foreclosures, 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. While unemployment rates and property foreclosures are not expected to recover in the near future, there is evidence that the rate of decline is slowing and may in fact plateau in the coming years. There are some early signs of improvement as seen with the moderate increase in taxable sales within the Yuba City MSA.

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.

⁶ Source: Sutter County Assessor

Basic Financial Statements

Government-Wide Financial Statements

County of Sutter

Statement of Net Assets

June 30, 2012

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	\$ 70,939,685	\$ 278,361	\$ 71,218,046
Accounts receivable, net	636,610	134,142	770,752
Due from other governments	18,111,731	-	18,111,731
Taxes receivable	1,560,232	-	1,560,232
Interest receivable	484,601	2,645	487,246
Internal balances	1,239,484	(1,239,484)	-
Prepaid expenses	235,707	-	235,707
Inventories	84,920	-	84,920
Loans receivable	5,045,272	-	5,045,272
Less allowance	(1,488,872)	-	(1,488,872)
Capital assets			
Nondepreciable	7,685,949	58,000	7,743,949
Depreciable, net	69,470,134	2,480,611	71,950,745
Total assets	\$174,005,453	\$ 1,714,275	\$175,719,728
Liabilities			
Bank overdraft	\$ 224,316	\$ -	\$ 224,316
Accounts payable	3,420,032	10,160	3,430,192
Due to other governments	96,775	-	96,775
Salaries and benefits payable	3,051,610	-	3,051,610
Deposits and other liabilities	729,142	110	729,252
Unearned revenue	5,409,623	-	5,409,623
Long-term liabilities			
Due within one year	4,036,727	7,761	4,044,488
Due in more than one year	3,284,721	82,892	3,367,613
Liability for post-employment benefits	4,573,650	-	4,573,650
Total liabilities	24,826,596	100,923	24,927,519
Net assets			
Invested in capital assets, net of related debt	75,663,762	2,538,612	78,202,374
Restricted for			
Taxes and fees	7,322,967	-	7,322,967
Public protection	8,680,661	-	8,680,661
Public facilities	11,290,394	-	11,290,394
Health and sanitation	10,283,479	-	10,283,479
Community development	1,340,661	-	1,340,661
Other	1,243,778	-	1,243,778
Unrestricted	33,353,155	(925,260)	32,427,895
Total net assets	149,178,857	1,613,352	150,792,209
Total liabilities and net assets	\$174,005,453	\$ 1,714,275	\$175,719,728

See notes to financial statements

County of Sutter
Statement of Activities
Year ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Primary Government		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental activities							
General government	\$ 9,239,225	\$ 1,644,630	\$ 5,493,743	\$ -	\$ (2,100,852)	\$ -	\$ (2,100,852)
Public safety	47,366,780	5,661,424	24,836,982	-	(16,868,374)	-	(16,868,374)
Public ways and facilities	8,049,797	387,091	4,449,419	-	(3,213,287)	-	(3,213,287)
Health and sanitation	41,837,452	2,018,460	27,878,817	-	(11,940,175)	-	(11,940,175)
Public assistance	30,955,007	9,240	22,943,270	-	(8,002,497)	-	(8,002,497)
Education	1,521,387	65,683	377,098	-	(1,078,606)	-	(1,078,606)
Culture and recreation	642,837	-	1,195,091	-	552,254	-	552,254
Community development	87,044	-	-	-	(87,044)	-	(87,044)
Interest on long-term debt	180,190	-	-	-	(180,190)	-	(180,190)
Total governmental activities	139,879,719	9,786,528	87,174,420	-	(42,918,771)	-	(42,918,771)
Business-type activities							
Waterworks District No. 1	517,757	1,566,537	-	-	-	1,048,780	1,048,780
Total business-type activities	517,757	1,566,537	-	-	-	1,048,780	1,048,780
Total primary government	\$ 140,397,476	\$ 11,353,065	\$ 87,174,420	\$ -	(42,918,771)	1,048,780	(41,869,991)

(continued)

County of Sutter
Statement of Activities - Continued
Year ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Primary Government		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
General revenues							
Taxes							
Property taxes					25,899,682	-	25,899,682
Property taxes in lieu of sales taxes					605,059	-	605,059
Franchise taxes					1,161,740	-	1,161,740
Sales and use taxes					2,602,949	-	2,602,949
Transportation taxes					105,649	-	105,649
Transient occupancy taxes					29,189	-	29,189
Transfer taxes					244,168	-	244,168
Fire taxes					276,622	-	276,622
Unrestricted interest and investment earnings					1,209,568	17,473	1,227,041
Miscellaneous					5,430,252	-	5,430,252
Total general revenues and transfers					<u>37,564,878</u>	<u>17,473</u>	<u>37,582,351</u>
Change in net assets					(5,353,893)	1,066,253	(4,287,640)
Net assets - beginning of year					<u>154,532,750</u>	<u>547,099</u>	<u>155,079,849</u>
Net assets - end of year					<u>\$ 149,178,857</u>	<u>\$ 1,613,352</u>	<u>\$ 150,792,209</u>

See notes to financial statements

County of Sutter

Balance Sheet - Governmental Funds

June 30, 2012

	<u>General Fund</u>	<u>Bi-County Mental Health</u>	<u>Welfare</u>	<u>Public Safety/ Trial Courts</u>	<u>Mental Health Services Act</u>	<u>Public Safety Realignment</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Assets								
Cash and investments	\$ 13,791,243	\$ 2,637,656	\$ 2,694,124	\$ 1,075,388	\$ 6,139,440	\$ 2,227,962	\$ 37,958,268	\$ 66,524,081
Accounts receivable, net	66,439	327,384	40	17,819	98,327	-	118,071	628,080
Due from other governments	3,174,039	6,614,193	1,098,282	620,087	1,104,696	2,881,741	2,618,693	18,111,731
Interest receivable	231,792	18,780	389	1,193	18,564	29,839	165,981	466,538
Taxes receivable	1,560,232	-	-	-	-	-	-	1,560,232
Due from other funds	4,289,427	1,779,427	2,017,365	2,592,833	24,567	1,479,411	1,864,228	14,047,258
Prepaid expenses	-	-	163,448	57,694	-	-	-	221,142
Inventory	-	-	-	-	-	-	75,035	75,035
Advances to other funds	1,703,190	-	-	-	2,097,848	-	2,095,307	5,896,345
Loans receivable	2,348,464	-	-	-	328,563	27,805	2,340,440	5,045,272
Less allowance	-	-	-	-	-	-	(1,488,872)	(1,488,872)
Total assets	\$ 27,164,826	\$ 11,377,440	\$ 5,973,648	\$ 4,365,014	\$ 9,812,005	\$ 6,646,758	\$ 45,747,151	\$111,086,842

(continued)

County of Sutter

Balance Sheet - Governmental Funds - Continued

June 30, 2012

	<u>General Fund</u>	<u>Bi-County Mental Health</u>	<u>Welfare</u>	<u>Public Safety/ Trial Courts</u>	<u>Mental Health Services Act</u>	<u>Public Safety Realignment</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Liabilities and Fund Balances								
Liabilities								
Bank overdraft	\$ -	\$ -	\$ 224,316	\$ -	\$ -	\$ -	\$ -	\$ 224,316
Accounts payable	609,846	817,493	425,168	711,836	162,427	-	653,336	3,380,106
Salaries and benefits payable	722,236	407,810	415,789	761,310	171,397	-	466,726	2,945,268
Deposits and other liabilities	451,295	-	-	185,194	-	-	92,653	729,142
Due to other funds	1,111,305	209,484	1,443,556	2,545,428	1,216,903	3,551,277	3,231,883	13,309,836
Advances from other funds	-	2,937,994	-	-	1,255,161	-	954,190	5,147,345
Unearned revenue	750	-	3,136,243	-	2,181,300	-	91,330	5,409,623
Unavailable revenue	2,309,296	6,791,616	309,085	146,867	1,199,516	536,753	544,013	11,837,146
Total liabilities	<u>5,204,728</u>	<u>11,164,397</u>	<u>5,954,157</u>	<u>4,350,635</u>	<u>6,186,704</u>	<u>4,088,030</u>	<u>6,034,131</u>	<u>42,982,782</u>

(continued)

County of Sutter

Balance Sheet - Governmental Funds - Continued

June 30, 2012

	General Fund	Bi-County Mental Health	Welfare	Public Safety/ Trial Courts	Mental Health Services Act	Public Safety Realignment	Other Governmental Funds	Total
Fund balances								
Nonspendable								
Imprest cash	45,308	2,350	1,743	10,498	328,563	-	350	388,812
Advances due in more than one year	1,703,190	-	-	-	2,097,848	-	2,095,307	5,896,345
Loans due in more than one year	830,001	-	-	-	-	-	831,968	1,661,969
Inventory and prepaid expenses	-	-	-	57,694	-	-	75,036	132,730
Endowment	-	-	-	-	-	-	30,000	30,000
Restricted								
Special revenue fund programs	-	210,693	-	-	1,198,890	2,558,728	36,323,920	40,292,231
Capital projects	-	-	-	-	-	-	1,524	1,524
Library endowment	-	-	-	-	-	-	192	192
Other purposes	46,946	-	-	-	-	-	-	46,946
Committed								
Special revenue fund programs	-	-	-	-	-	-	198,295	198,295
Capital projects	5,379,352	-	-	-	-	-	181,789	5,561,141
Other purposes	3,935,687	-	-	-	-	-	-	3,935,687
Assigned								
Encumbrances	162,780	-	-	-	-	-	-	162,780
Other purposes	-	-	17,748	-	-	-	-	17,748
Unassigned	9,856,834	-	-	(53,813)	-	-	(25,361)	9,777,660
Total fund balance	<u>21,960,098</u>	<u>213,043</u>	<u>19,491</u>	<u>14,379</u>	<u>3,625,301</u>	<u>2,558,728</u>	<u>39,713,020</u>	<u>68,104,060</u>
Total liabilities and fund balance	<u>\$ 27,164,826</u>	<u>\$ 11,377,440</u>	<u>\$ 5,973,648</u>	<u>\$ 4,365,014</u>	<u>\$ 9,812,005</u>	<u>\$ 6,646,758</u>	<u>\$ 45,747,151</u>	<u>\$111,086,842</u>

See notes to financial statements

County of Sutter

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of
Net Assets - Governmental Activities

June 30, 2012

Fund Balance - total governmental funds \$ 68,104,060

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.

Cost of capital assets	\$ 162,510,502	
Accumulated depreciation	<u>(85,616,660)</u>	76,893,842

Accrued revenue, which is not available soon
enough to pay for the current period's
expenditures, is deferred in the governmental
funds.

11,837,146

Long-term liabilities are not due and payable
in the current period, and therefore are not
reported as liabilities in the governmental

Refinancing lease agreement	(1,346,232)	
Loan payable	(55,435)	
Compensated absences	(5,297,588)	
OPEB liability	<u>(4,573,650)</u>	(11,272,905)

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	<u>3,616,714</u>
----------------------------------	------------------

Total net assets - governmental activities	<u><u>\$ 149,178,857</u></u>
--	------------------------------

See notes to financial statements

County of Sutter

Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds

Year ended June 30, 2012

	General Fund	Bi-County Mental Health	Welfare	Public Safety/ Trial Courts	Mental Health Services Act	Public Safety Realignment	Other Governmental Funds	Total
Revenue								
Taxes	\$ 26,629,672	\$ -	\$ -	\$ 18,103	\$ -	\$ -	\$ 3,115,086	\$ 29,762,861
Licenses and permits	1,910,854	-	-	13,688	-	-	166,004	2,090,546
Fines, forfeitures and penalties	70,576	-	-	770,322	-	-	413,751	1,254,649
Use of money and property	457,912	67,191	(41,374)	(9,216)	106,008	81,489	507,769	1,169,779
Intergovernmental	8,223,505	12,377,178	23,514,864	2,703,387	6,334,114	15,724,767	22,043,919	90,921,734
Charges for services	2,897,179	503,661	-	991,904	33,461	1,012,926	1,422,447	6,861,578
Other revenues	4,310,916	93,897	46,302	126,061	2	-	841,085	5,418,263
Total revenue	44,500,614	13,041,927	23,519,792	4,614,249	6,473,585	16,819,182	28,510,061	137,479,410
Expenditures								
Current								
General government	6,793,122	-	-	-	-	-	9,095	6,802,217
Public safety	24,703,217	-	-	5,611,729	-	447,604	15,382,869	46,145,419
Public ways and facilities	105,649	-	-	-	-	-	4,784,134	4,889,783
Health and sanitation	2,741,246	14,792,361	-	-	7,568,980	4,197,388	12,120,533	41,420,508
Public assistance	527,126	-	30,068,047	-	-	-	-	30,595,173
Education	1,511,798	-	-	-	-	-	-	1,511,798
Culture and recreation	642,344	-	-	-	-	-	-	642,344
Community development	-	-	-	-	-	6,673	80,371	87,044
Debt service								
Principal	-	-	-	-	-	-	151,476	151,476
Interest	-	74,840	-	-	31,540	-	73,810	180,190
Capital outlay	590,488	-	111,892	129,623	-	-	553,927	1,385,930
Total expenditures	37,614,990	14,867,201	30,179,939	5,741,352	7,600,520	4,651,665	33,156,215	133,811,882
Excess (deficiency) of revenue over expenditures	6,885,624	(1,825,274)	(6,660,147)	(1,127,103)	(1,126,935)	12,167,517	(4,646,154)	3,667,528

(continued)

County of Sutter

Statement of Revenue, Expenditures and Changes in Fund Balances - Governmental Funds - Continued

Year ended June 30, 2012

	<u>General Fund</u>	<u>Bi-County Mental Health</u>	<u>Welfare</u>	<u>Public Safety/ Trial Courts</u>	<u>Mental Health Services Act</u>	<u>Public Safety Realignment</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Other financing sources (uses)								
Transfers in	-	1,819,783	6,511,562	1,087,734	-	2,109,656	6,524,298	18,053,033
Transfers out	<u>(4,933,814)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,718,445)</u>	<u>(1,400,774)</u>	<u>(18,053,033)</u>
Total other financing sources (uses)	<u>(4,933,814)</u>	<u>1,819,783</u>	<u>6,511,562</u>	<u>1,087,734</u>	<u>-</u>	<u>(9,608,789)</u>	<u>5,123,524</u>	<u>-</u>
Net change in fund balances	1,951,810	(5,491)	(148,585)	(39,369)	(1,126,935)	2,558,728	477,370	3,667,528
Fund balances at beginning of year	<u>20,008,288</u>	<u>218,534</u>	<u>168,076</u>	<u>53,748</u>	<u>4,752,236</u>	<u>-</u>	<u>39,235,650</u>	<u>64,436,532</u>
Fund balances at end of year	<u>\$ 21,960,098</u>	<u>\$ 213,043</u>	<u>\$ 19,491</u>	<u>\$ 14,379</u>	<u>\$ 3,625,301</u>	<u>\$ 2,558,728</u>	<u>\$ 39,713,020</u>	<u>\$ 68,104,060</u>

See notes to financial statements

County of Sutter

Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year ended June 30, 2012

Net change to fund balance - total governmental funds \$ 3,667,528

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. (2,996,661)

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	\$ 1,505,845	
Transfer of capital assets from internal service fund sales, retirements, trade-ins and donations	(1,110,205)	
Less: Current year depreciation	<u>(4,762,445)</u>	(4,366,805)

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:		
Refinancing lease agreement	137,341	
Loans payable	<u>14,135</u>	151,476

(continued)

County of Sutter

Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities - Continued

Year ended June 30, 2012

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	(431,639)	
Change in OPEB liability	<u>(1,130,166)</u>	(1,561,805)

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>(247,626)</u>
Change in net assets of governmental activities		<u>\$ (5,353,893)</u>

See notes to financial statements

County of Sutter

Statement of Net Assets - Proprietary Funds

June 30, 2012

	<u>Business- Type Activities Nonmajor Enterprise Fund Waterworks District No. 1</u>	<u>Governmental Activities Internal Service Funds</u>
<u>Assets</u>		
Current assets		
Cash and investments	\$ 278,361	\$ 4,415,604
Accounts receivable, net	134,142	8,530
Interest receivable	2,645	18,063
Due from other funds	35,000	251,177
Prepaid expenses	-	14,565
Inventory	-	9,885
	<u>450,148</u>	<u>4,717,824</u>
Total current assets		
Noncurrent assets		
Capital assets		
Nondepreciable	58,000	-
Depreciable	<u>2,480,611</u>	<u>262,241</u>
	<u>2,538,611</u>	<u>262,241</u>
Total noncurrent assets		
	<u>\$ 2,988,759</u>	<u>\$ 4,980,065</u>
Total assets		

(continued)

County of Sutter

Statement of Net Assets - Proprietary Funds - Continued

June 30, 2012

	Business- Type Activities Nonmajor Enterprise Fund	Governmental Activities
	Waterworks District No. 1	Internal Service Funds
<u>Liabilities</u>		
Current liabilities		
Accounts payable	\$ 10,160	\$ 136,701
Salaries and benefits payable	-	106,342
Compensated absences payable	-	144,875
Claims payable	-	434,000
Due to other funds	525,484	498,115
Deposits payable	110	-
Current portion of debt	7,761	-
Total current liabilities	543,515	1,320,033
Noncurrent liabilities		
Advances from other funds	749,000	-
Compensated absences payable	-	43,318
Loans payable	82,892	-
Total noncurrent liabilities	831,892	43,318
<u>Net assets</u>		
Invested in capital assets, net of related debt	2,538,612	262,240
Unrestricted	(925,260)	3,354,474
Total net assets	1,613,352	3,616,714
Total liabilities and net assets	\$ 2,988,759	\$ 4,980,065

See notes to financial statements

County of Sutter

Statement of Revenue, Expenses and Changes in Net Assets - Proprietary Funds

Year ended June 30, 2012

	Business- Type Activities Waterworks District No. 1	Governmental Activities Internal Service Funds
Operating revenue		
Charges for services	\$ 185,541	\$ 7,196,879
Fines and forfeitures	2,430	-
Other revenues	1,378,566	158,671
Total operating revenue	1,566,537	7,355,550
Operating expenses		
Salaries and benefits	-	2,854,759
Services and supplies	372,059	4,606,423
Depreciation	129,003	185,970
Total operating expenses	501,062	7,647,152
Operating income (loss)	1,065,475	(291,602)
Nonoperating revenues (expenses)		
Investment income (expense)	17,473	43,976
Interest expense	(16,695)	-
Total nonoperating revenues (expenses)	778	43,976
Change in net assets	1,066,253	(247,626)
Net assets - beginning of year	547,099	3,864,340
Net assets - end of year	\$ 1,613,352	\$ 3,616,714

See notes to financial statements

County of Sutter

Statement of Cash Flows - Proprietary Funds

Year ended June 30, 2012

	Business-Type Activities Waterworks District No. 1	Governmental Activities Internal Service Funds
Cash flows for operating activities		
Receipts from customers	\$ 1,440,274	\$ 7,354,851
Payments to suppliers	(111,631)	(4,828,042)
Payments to employees	-	(2,843,245)
Net cash provided by (used in) operating activities	1,328,643	(316,436)
Cash flows from noncapital financing activities		
Interfund loans received	352,164	(116,115)
Interfund loans paid	-	514,608
Net cash provided by noncapital financing activities	352,164	398,493
Cash flows from capital and related financing activities		
Purchase of capital assets	(1,412,243)	(1)
Principal paid on debt	(7,529)	-
Interest paid on debt	(16,695)	-
Net cash used in capital and related financing activities	(1,436,467)	(1)
Cash flows from investing activities		
Interest earned	15,061	38,988
Net cash provided by investing activities	15,061	38,988
Net decrease in cash and cash equivalents	259,401	121,044
Cash and cash equivalents, beginning of year	18,960	4,294,560
Cash and cash equivalents, end of year	\$ 278,361	\$ 4,415,604

(continued)

County of Sutter

Statement of Cash Flows - Proprietary Funds - Continued

Year ended June 30, 2012

	Business-Type Activities Waterworks District No. 1	Governmental Activities Internal Service Funds
Reconciliation of operating income (loss) to net cash used in operating activities		
Operating Income (loss)	\$ 1,065,475	\$ (291,602)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities		
Depreciation	129,003	185,970
Loss on disposal of capital assets	256,605	-
Decrease (increase) in		
Accounts receivable	(126,263)	(699)
Prepaid costs	-	38,361
Inventory	-	498
Increase (decrease) in		
Accounts payable	3,823	(155,016)
Salaries and benefits payable	-	11,762
Compensated absences payable	-	(248)
Claims payable	-	(105,462)
Net cash provided by (used in) operating activities	\$ 1,328,643	\$ (316,436)

See notes to financial statements

County of Sutter

Statement of Fiduciary Net Assets - Fiduciary Funds

June 30, 2012

	Private- Purpose Trust Funds	Investment Trust Funds	Agency Funds
Assets			
Cash and investments	\$ 59,313	\$ 70,891,593	\$ 10,713,667
Interest receivable	93	498,988	238,278
Taxes receivable	-	-	8,742,358
Total assets	<u>\$ 59,406</u>	<u>\$ 71,390,581</u>	<u>\$ 19,694,303</u>
Liabilities			
Bank overdraft	\$ -	\$ 1,849,487	\$ -
Agency funds held for others	-	-	19,694,303
Total liabilities	<u>-</u>	<u>1,849,487</u>	<u>19,694,303</u>
Net assets			
Held in trust for pool participants	<u>\$ 59,406</u>	<u>\$ 69,541,094</u>	<u>\$ -</u>

See notes to financial statements

County of Sutter

Statement of Changes in Fiduciary Net Assets -
Pension Trust Funds

Year ended June 30, 2012

	Private- Purpose Trust Funds	Investment Trust Funds
Additions		
Interest and investment income	\$ 320	\$ 1,527,722
Contributions from participants	21,590	535,977,001
Total additions	21,910	537,504,723
Deductions		
Distributions to participants	816	548,653,079
Total deductions	816	548,653,079
Changes in net assets	21,094	(11,148,356)
Net assets - beginning of year	38,312	80,689,450
Net assets - end of year	\$ 59,406	\$ 69,541,094

See notes to financial statements

County of Sutter

Notes to Financial Statements

June 30, 2012

Note 1 - Summary of Significant Accounting Policies

The County of Sutter (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 U.S. generally accepted accounting principles (GAAP) 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 Financial Statements - Continued

June 30, 2012

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 special 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.

Government-Wide and Fund 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.

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.

County of Sutter

Notes to Financial Statements - Continued

June 30, 2012

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 10 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.

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/Trial Courts Fund* is a special revenue fund used to account for revenues and expenditures for public safety programs.
- The *Mental Health Services Act Fund* is a special revenue fund used to account for revenues and expenditures for Proposition 63, the Mental Health Services Act.
- The *Public Safety Realignment Fund* is a special revenue fund used to account for the realignment of revenues and expenditures for public safety programs.

County of Sutter

Notes to Financial Statements - Continued

June 30, 2012

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

County of Sutter

Notes to Financial Statements - Continued

June 30, 2012

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.

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 60 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 services 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.

County of Sutter

Notes to Financial Statements - Continued

June 30, 2012

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.

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 and adjusted to fair value for financial statement presentation. 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, 2012, 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

County of Sutter

Notes to Financial Statements - Continued

June 30, 2012

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.

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.

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.

Interfund Transactions

Interfund transactions are reflected as 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,

County of Sutter

Notes to Financial Statements - Continued

June 30, 2012

therefore, are not eliminated in the process of preparing the government-wide Statement of Activities.

- 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.

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.

Loans Receivable

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

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 Financial Statements - Continued

June 30, 2012

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.

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.

County of Sutter

Notes to Financial Statements - Continued

June 30, 2012

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.

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.

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.

County of Sutter

Notes to Financial Statements - Continued

June 30, 2012

Net Assets/Fund Balances

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, restricted resources are depleted first before the unrestricted resources are used.

In the fund financial statements governmental fund balance is reported in classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

- Nonspendable - This component includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted - This component includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of the resource providers.
- Committed - This component includes amounts that can only be used for the specific purposes determined by a formal action of the County's Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action that imposed the constraint originally.

County of Sutter

Notes to Financial Statements - Continued

June 30, 2012

- Assigned - This component comprises amounts intended to be used for specific purposes that are neither restricted nor committed. Intent is expressed by (1) the County’s Board of Supervisors or (b) a body (for example: a budget or finance committee) or official to which the County’s Board of Supervisors has delegated the authority to assign amounts to be used for specific purposes.
- Unassigned - This classification represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund.

When both restricted and unrestricted resources are available for use, it is the County’s policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the County’s policy to use committed resources first, then assigned, and then unassigned as they are needed.

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 counties, cities, school districts and other districts.

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

	<u>Secured</u>	<u>Unsecured</u>
Valuation/lien dates	January 1	January 1
Levy dates	October 1	July 1
Due dates	November 1* February 1**	July 1
Delinquent dates	December 10* April 10**	August 31

*First installment

**Second installment

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

County of Sutter

Notes to Financial Statements - Continued

June 30, 2012

taxed. Property tax revenues are recognized in the fiscal year for which they are levied, provided they are due and collected within 60 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 \$1,378,360 at June 30, 2012. 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.

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.

Expenditures/Expenses

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

County of Sutter

Notes to Financial Statements - Continued

June 30, 2012

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

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.

New Governmental Accounting Standards Board (GASB) Standard

GASB has issued several pronouncements prior to the year ended June 30, 2012

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the County:

- GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA Pronouncements", will be effective for the County beginning with its year ending June 30, 2013. This Statement codifies all sources of generally accepted accounting principles for state and local governments so that they derive from a single source.
- GASB issued Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of resources, and Net Position, will be effective for the County beginning with its year ending June 30, 2013. This Statement establishes standards for reporting deferred outflows of resources, deferred inflows of resources, and net position.
- GASB Statement No. 65 "Items Previously Reported as Assets and Liabilities", will be effective for the County beginning with its year ending June 30, 2014. The Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of

County of Sutter

Notes to Financial Statements - Continued

June 30, 2012

resources, certain items that were previously reported as assets and liabilities.

- GASB Statement No. 67, "Financial Reporting for Pension Plans", will be effective for the County beginning with its year ending June 30, 2014. The objective of this Statement is to improve financial reporting by state and local governmental pension plans.
- GASB Statement No. 68, "Accounting and Financial Reporting for Pensions", will be effective for the County beginning with its year ending June 30, 2015. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions.

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. Gann Limits are calculated for the County of Sutter, Community Service Areas and Other Special Districts. The Gann Limit and proceeds of tax for the year ended June 30, 2012 are as follows:

	<u>Gann Limit</u>	<u>Proceeds of Taxes</u>	<u>Amount Under Limit</u>	<u>Percentage of Limit</u>
County of Sutter	\$162,183,916	\$ 32,588,076	\$129,595,840	20.09%
Community Service Areas	13,974,762	2,525,847	11,448,915	18.07%
Other Special Districts	299,978	81,408	218,570	27.14%

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

County of Sutter

Notes to Financial Statements - Continued

June 30, 2012

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

Cash	
Deposits	\$ 3,186,946
Outstanding warrants	<u>(5,159,517)</u>
Carrying value of deposits	(1,972,571)
Cash on hand	<u>256,255</u>
Total cash	<u>(1,716,316)</u>
Investments	
Investment pool	149,322,341
External investment pool	2,519,102
Accrued interest	<u>683,689</u>
Total investments	<u>152,525,132</u>
Total cash and investments	<u>\$ 150,808,816</u>

The above total cash and investments were held as follows:

Primary investment pool	\$ 148,289,714
External investment pool	<u>2,519,102</u>
Total cash and investments	<u>\$ 150,808,816</u>

County of Sutter

Notes to Financial Statements - Continued

June 30, 2012

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

Primary government	\$ 71,218,046
Primary government overdraft	(224,316)
Private purpose trust funds	59,313
Investment trust fund	70,891,593
Investment trust fund overdraft	(1,849,487)
Agency fund	<u>10,713,667</u>
Total	<u>\$ 150,808,816</u>

Deposits - Custodial Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code requires that a financial institution secure the County's cash deposits by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of pledged securities in the collateral pool must equal at least 110% of the County's cash deposits. California law also allows institutions to secure County deposits by pledging first trust deed mortgage notes having a value of 150% of the County's total cash deposits.

At June 30, 2012, the carrying value of the County's deposits was \$(1,972,496) and the bank balance was \$6,368,794. The difference between the carrying value 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 Financial Statements - Continued

June 30, 2012

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment of One Issuer*
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 years	None	None
Medium-term corporate notes	5 years	30%	None
Money market mutual funds	N/A	20%	10%
Certificates of deposit	5 years	None	None
Local agency investment fund	N/A	None	\$50M
California Asset Management Program	N/A	None	None

*Allowable percentage per investment category, listed above, is of the date of purchase of the investment. It is possible during the portfolio's cycles these guidelines may be exceeded due to a reduction in the total portfolio. When this occurs, no new purchases are made in any category exceeding the defined limit.

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

	Interest Rates	Maturities	Par	Fair Value	Carrying Value	Weighted Average Maturity (Years)
Primary Investment Pool						
Federal agency issues - coupon	0.50 - 4.05%	1/22/13 - 5/8/17	\$ 82,000,000	\$ 82,504,993	\$ 82,023,817	3.61
Medium term corporate notes	1.019 - 5.25%	10/19/12 - 1/9/17	56,000,000	57,190,320	56,695,808	2.67
LAIF	Variable	On demand	9,578,389	9,578,389	9,578,389	
California Asset Management Pool	Variable	On demand	48,639	48,639	48,639	
Total			<u>\$ 147,627,028</u>	<u>\$ 149,322,341</u>	<u>\$ 148,346,653</u>	
Investments Outside Investment Pool						
LAIF - Sutter Cemetery	Variable	On demand	\$ 2,519,102	\$ 2,519,102	\$ 2,519,102	
Total			<u>\$ 2,519,102</u>	<u>\$ 2,519,102</u>	<u>\$ 2,519,102</u>	

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

County of Sutter

Notes to Financial Statements - Continued

June 30, 2012

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 55% 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, 2012, the County held 37% of its net investments in issues by Federal National Mortgage Association and 11% by Federal Home Loan Bank. At June 30, 2012, the County held 14%, 6%, 5%, and 5% of its net investments in General Electric, JP Morgan Chase, Morgan Stanley, and Goldman Sachs Group, Inc., respectively. At June 30, 2012, the County's investments were in compliance with concentration of credit risk State law.

	<u>Standard & Poor's Rating</u>	<u>% of Portfolio</u>
Federal agencies	AAA	55.25%
Medium term notes	AA+	13.91%
Medium term notes	AA-	2.77%
Medium term notes	A+	4.28%
Medium term notes	A	5.53%
Medium term notes	A-	11.81%
CAMP	Unrated	0.03%
LAIF	Unrated	6.42%
Total		<u>100.00%</u>

County of Sutter

Notes to Financial Statements - Continued

June 30, 2012

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.

At June 30, 2012, the County's investment position in the State of California Local Agency Investment Fund (LAIF) was \$7.05 million for the primary investment pool and \$2.52 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 \$60.5 billion. Of that amount, 3.47% was invested in structured notes and asset-backed securities with the remaining 96.53% invested in other non-derivative financial products.

County of Sutter

Notes to Financial Statements - Continued

June 30, 2012

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, 2012:

Statement of Net Assets

Net assets held for pool participants	<u>\$ 148,289,714</u>
Equity of internal pool participants	\$ 81,766,710
Equity of external pool participants	<u>66,523,004</u>
Total net assets	<u>\$ 148,289,714</u>

Statement of Changes in Net Assets

Net assets at June 30, 2011	\$ 157,287,172
Net changes in investments by pool participants	<u>(8,997,458)</u>
Net assets at June 30, 2012	<u>\$ 148,289,714</u>

Note 4 - Accounts Receivable, Net

Accounts receivable are reported net of an allowance for doubtful accounts. Management's estimate of the allowance is based on historical collection experience and a review of the current status of accounts receivable. It is reasonably possible that management's estimate of the allowance will change. At June 30, 2012, accounts receivable balances were considered to be fully collectible and therefore no allowance for doubtful accounts has been recorded.

County of Sutter

Notes to Financial Statements - Continued

June 30, 2012

Note 5 - Loans Receivable

Loans receivable at June 30, 2012 consisted of the following:

	<u>General Fund</u>	<u>Mental Health Services Act</u>	<u>Other Governmental Funds</u>	<u>Public Safety Realignment Fund</u>
Loans to Sutter-Butte Flood Control Agency*	\$ 1,518,462	\$ -	\$ -	\$ -
Loan Receivable City of Live Oak	39,474	-	-	-
Loan Receivable City of Yuba City	289,472	-	-	-
Loan to Sutter-Yuba Housing Authority	-	328,563	-	-
Loan Receivable East Nicholas High School	501,056	-	-	-
Economic Development loans	-	-	2,340,440	27,805
Loans receivable total	2,348,464	328,563	2,340,440	27,805
accounts	-	-	(1,488,872)	-
Loans receivables, net	<u>\$ 2,348,464</u>	<u>\$ 328,563</u>	<u>\$ 851,568</u>	<u>\$ 27,805</u>

- * The balance of the loans to the Sutter-Butte Flood Control Agency includes loans that are contingent on the Agency receiving sufficient funds (revenue), and the Agency agreeing to repay the loans, if and when the Agency has sufficient funds available to repay all loans in equal proportion to all loans made to it by Sutter County, Yuba City and Levee District 1. If the Agency dissolves, the Agency is no longer responsible for payment of the loan and is only required to refund any unused portion of the loan, to the extent allowed by law and the JPA Agreement. The County received a payment of approximately half of the loan receivable in the year ended June 30, 2012 and expects to receive full payment of the remaining balance in the following fiscal year. These amounts had been written off in prior years, so the full \$2,973,625 has been recovered as revenue during the year ended June 30, 2012.

County of Sutter

Notes to Financial Statements - Continued

June 30, 2012

Note 6 - Capital Assets

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

	Balance, June 30, 2011	Additions	Retirements	Adjustments	Balance, June 30, 2012
Governmental Activities					
Capital assets, not being depreciated					
Land	\$ 2,651,983	\$ 369,765	\$ -	\$ -	\$ 3,021,748
Construction in progress	9,414,845	648,034	(1,076,023)	(4,322,655)	4,664,201
Total capital assets, not being depreciated	<u>12,066,828</u>	<u>1,017,799</u>	<u>(1,076,023)</u>	<u>(4,322,655)</u>	<u>7,685,949</u>
Capital assets, being depreciated					
Structures and improvements	33,217,037	-	-	4,172,746	37,389,783
Equipment	22,295,465	488,047	(916,596)	149,909	22,016,825
Infrastructure	97,897,137	-	-	-	97,897,137
Total capital assets, being depreciated	<u>153,409,639</u>	<u>488,047</u>	<u>(916,596)</u>	<u>4,322,655</u>	<u>157,303,745</u>
Less accumulated depreciation for					
Structures and improvements	(16,108,321)	(776,678)	-	-	(16,884,999)
Equipment	(17,631,234)	(1,415,037)	882,414	-	(18,163,857)
Infrastructure	(50,028,055)	(2,756,700)	-	-	(52,784,755)
Total accumulated depreciation	<u>(83,767,610)</u>	<u>(4,948,415)</u>	<u>882,414</u>	<u>-</u>	<u>(87,833,611)</u>
Total capital assets, being depreciated, net	<u>69,642,029</u>	<u>(4,460,368)</u>	<u>(34,182)</u>	<u>4,322,655</u>	<u>69,470,134</u>
Governmental activities, capital assets, net	<u>\$ 81,708,857</u>	<u>\$ (3,442,569)</u>	<u>\$ (1,110,205)</u>	<u>\$ -</u>	<u>\$ 77,156,083</u>
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	1,412,243	(444,124)	-	4,031,293
Equipment	17,826	-	-	-	17,826
Total capital assets, being depreciated	<u>3,081,000</u>	<u>1,412,243</u>	<u>(444,124)</u>	<u>-</u>	<u>4,049,119</u>
Less accumulated depreciation for					
Structures and improvements	(1,609,198)	(129,003)	187,519	-	(1,550,682)
Equipment	(17,826)	-	-	-	(17,826)
Total accumulated depreciation	<u>(1,627,024)</u>	<u>(129,003)</u>	<u>187,519</u>	<u>-</u>	<u>(1,568,508)</u>
Total capital assets, being depreciated, net	<u>1,453,976</u>	<u>1,283,240</u>	<u>(256,605)</u>	<u>-</u>	<u>2,480,611</u>
Business-type activities, capital assets, net	<u>\$ 1,511,976</u>	<u>\$ 1,283,240</u>	<u>\$ (256,605)</u>	<u>\$ -</u>	<u>\$ 2,538,611</u>

County of Sutter

Notes to Financial Statements - Continued

June 30, 2012

Depreciation

Depreciation expense was charged to governmental functions as follows:

General government	\$ 903,245
Public protection	547,564
Public ways and facilities	3,193,889
Health and sanitation	59,016
Public assistance	48,921
Education	9,271
Culture and recreation	539
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>185,970</u>
	<u><u>\$ 4,948,415</u></u>

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

Water Agency #1	<u><u>\$ 129,003</u></u>
-----------------	--------------------------

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 7 - Long-Term Liabilities

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

	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at 6/30/12</u>
Governmental Activities						
Refinancing Lease Agreement - Health Building	2009	2020	4.50%	\$ 115,000	\$ 1,730,000	\$ 1,346,232
State of California Department of Transportation Loan	1998	2016	5.05%	\$9,086 - \$14,135	190,000	<u>55,435</u>
Total						<u><u>\$ 1,401,667</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	\$ 9,186
State Water Resources Control Board Loan	1998	2022	2.80%	\$5,506 - \$8,333	151,000	<u>81,467</u>
Total						<u><u>\$ 90,653</u></u>

County of Sutter

Notes to Financial Statements - Continued

June 30, 2012

Refinancing Loan Agreement - Health Building

On January 1, 1991, the County entered into a Lease Agreement in order to finance the construction of a health services facility utilizing Certificates of Participation (COPs). On July 1, 2009, the County refinanced its COPs 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, or on the date all lease payments have been paid in full. Upon maturity, all rights, titles and interest in the health services facility shall be transferred to the County.

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

	Balance June 30, 2011	Additions/ Adjustments	Retirements	Balance, June 30, 2012	Amounts Due Within One Year
Governmental Activities					
Loans	\$ 69,570	\$ -	\$ 14,135	\$ 55,435	\$ 14,792
Refinancing lease agreement	1,483,573	-	137,341	1,346,232	143,521
Compensated absences	5,054,390	5,033,950	4,602,559	5,485,781	3,444,414
Liability for self-insurance	539,462	175,309	280,771	434,000	434,000
	<u>539,462</u>	<u>175,309</u>	<u>280,771</u>	<u>434,000</u>	<u>434,000</u>
Total Governmental Activities - Long-term Liabilities	<u>\$ 7,146,995</u>	<u>\$ 5,209,259</u>	<u>\$ 5,034,806</u>	<u>\$ 7,321,448</u>	<u>\$ 4,036,727</u>
Business-Type Activities					
Loans payable	\$ 98,182	\$ -	\$ 7,529	\$ 90,653	\$ 7,761
	<u>\$ 98,182</u>	<u>\$ -</u>	<u>\$ 7,529</u>	<u>\$ 90,653</u>	<u>\$ 7,761</u>
Total Business-Type Activities	<u>\$ 98,182</u>	<u>\$ -</u>	<u>\$ 7,529</u>	<u>\$ 90,653</u>	<u>\$ 7,761</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.

County of Sutter

Notes to Financial Statements - Continued

June 30, 2012

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

Year Ended June 30,	Governmental Activities			
	Certificates of Participation		Loans Payable	
	Principal	Interest	Principal	Interest
2013	\$ 143,521	\$ 60,580	\$ 14,792	\$ 2,799
2014	149,980	54,122	15,450	2,052
2015	156,729	47,373	16,107	1,272
2016	163,782	40,320	9,086	459
2017	171,152	32,950	-	-
2018 - 2020	561,068	51,237	-	-
	<u>\$ 1,346,232</u>	<u>\$ 286,582</u>	<u>\$ 55,435</u>	<u>\$ 6,582</u>

Annual debt service requirements to maturity are as follows:

Year Ended June 30,	Business Activities	
	Loans Payable	
	Principal	Interest
2013	\$ 7,761	\$ 2,664
2014	7,998	2,427
2015	8,242	2,183
2016	8,515	1,929
2017	8,747	1,670
2018 - 2022	41,052	4,580
2022 - 2024	8,338	232
	<u>\$ 90,653</u>	<u>\$ 15,685</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, 2012, special assessment debt for which the County is not obligated in any manner was \$55,000 for the Highland Estates Improvement Project Assessment Bonds.

County of Sutter

Notes to Financial Statements - Continued

June 30, 2012

Note 8 - 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, 2012:

Receivable	Payable	Amount
General Fund	Internal Service Funds	\$ 139,537
	Nonmajor Governmental Funds	1,174,433
	Public Safety / Trial Courts	2,449,938
	Welfare	35
	Nonmajor Enterprise Fund	525,484
		4,289,427
Welfare	Bi-County Mental Health	180,000
	Internal Service Funds	56,888
	Public Safety Realignment	902,951
	Nonmajor Governmental Funds	877,526
		2,017,365
Bi-County Mental Health	Public Safety/Trial Courts	7,915
	Internal Service Fund	65,883
	Mental Health Services Act	1,208,100
	Public Safety Realignment	419,916
	Welfare	77,613
		1,779,427
Public Safety / Trial Courts	Internal Service Fund	103,730
	General Fund	745,754
	Nonmajor Governmental Funds	536,666
	Welfare	2,671
	Public Safety Realignment	1,204,012
		2,592,833

County of Sutter

Notes to Financial Statements - Continued

June 30, 2012

Receivable	Payable	Amount
Mental Health Services Act	Welfare	32
	Internal Service Funds	13,377
	Bi-County Mental Health	11,158
		<u>24,567</u>
Public Safety Realignment	Public Safety Realignment	894,572
	Welfare	584,839
		<u>1,479,411</u>
Nonmajor Governmental Funds	Internal Service Fund	49,449
	General Fund	289,842
	Bi-County Mental Health	9,088
	Mental Health Services Act	6,676
	Public Safety/Trial Courts	35,325
	Nonmajor Governmental Funds	580,214
	Welfare	763,808
	Public Safety Realignment	129,826
		<u>1,864,228</u>
Nonmajor Enterprise Fund	General Fund	<u>35,000</u>
Internal Service Fund	Internal Service Fund	69,251
	General Fund	40,709
	Bi-County Mental Health	9,238
	Mental Health Services Act	2,127
	Nonmajor Governmental Funds	63,044
	Public Safety / Trial Courts	52,250
	Welfare	14,558
		<u>251,177</u>
	Total	<u><u>\$ 14,333,435</u></u>

County of Sutter

Notes to Financial Statements - Continued

June 30, 2012

Advances to/from Other Funds

Advances to/from other funds are non-current interfund loans to address cash flow needs 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 advances to/from other funds as of June 30, 2012:

<u>Advances to Other Funds</u>	<u>Advances from Other Funds</u>	<u>Amount</u>
General Fund	Nonmajor Enterprise Fund	\$ 749,000
	Nonmajor Governmental Funds	954,190
Mental Health Services Act	Bi-County Mental Health	2,097,848
Nonmajor Governmental Funds	Bi-County Mental Health	840,146
	Mental Health Services Act	<u>1,255,161</u>
		<u><u>\$ 5,896,345</u></u>

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, 2012 which were all transfers of the Motor Vehicle In-Lieu Tax and Public Safety Realignment:

<u>Transfers from</u>	<u>Transfers to</u>	<u>Amount</u>
General Fund	Bi-County Mental Health	\$ 234,183
	Welfare	183,643
	Nonmajor Governmental Funds	4,515,988
Public Safety Realignment	Bi-County Mental Health	1,585,600
	Welfare	6,327,919
	Public Safety / Trial Courts	1,087,734
	Public Safety Realignment	2,109,656
	Nonmajor Governmental Funds	607,536
Nonmajor Governmental Funds	Nonmajor Governmental Funds	<u>1,400,774</u>
		<u><u>\$ 18,053,033</u></u>

County of Sutter

Notes to Financial Statements - Continued

June 30, 2012

Note 9 - Employees' Retirement Plan and Post Employment Benefits

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 (CalPERS), 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. CalPERS 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 CalPERS' annual financial report may be obtained from their executive office 400 P Street, Sacramento, California 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 CalPERS Board of Administration. The required employer contribution rate for fiscal year 2011/2012 was 18.7 percent for miscellaneous employees and 27 percent for safety employees. The contribution requirements of the plan are established by State statute and the employer contribution rate is established and may be amended by CalPERS. The County is required to contribute the remaining amounts necessary to fund the benefits of its members using the actuarial basis adopted by the CalPERS Board of Administrators.

Annual Pension Cost - For fiscal year 2011/2012, the County's annual pension cost was \$10,338,635 and the County contributed \$10,338,635. The required contributions for fiscal year 2011/2012 were determined as part of the June 30, 2009 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 3.55 percent to 14.45 percent for miscellaneous plan and 3.55 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 CalPERS 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).

County of Sutter

Notes to Financial Statements - Continued

June 30, 2012

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. 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.

Three-Year Trend Information for CalPERS

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of Annual APC Cost Contributed</u>	<u>Net Pension Obligation</u>
6/30/2010	\$ 9,436,930	100%	-
6/30/2011	9,742,536	100%	-
6/30/2012	10,338,635	100%	-

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

	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded (Overfunded Liability)	Funded Ratios		Annual Covered Payroll	UAAL as a % of Payroll
				Actuarial Value	Market Value		
Miscellaneous	\$ 272,054,995	\$ 214,316,763	\$ 57,738,232	78.8%	70.8%	\$ 44,845,200	128.8%
Safety	87,025,635	68,616,279	18,409,356	78.8%	70.4%	10,431,447	176.5%

Note 10 - 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 CalPERS, 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. CalPERS 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 CalPERS' annual financial report may be obtained from their executive office - 400 P Street, Sacramento, California 95814.

The County provides medical, dental and vision insurance to retirees under an approved County ordinance. Employees that meet the following requirements are

County of Sutter

Notes to Financial Statements - Continued

June 30, 2012

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 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 2011/2012, the County contributed \$119,641, or 9.73%, 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>\$ 1,229,374</u>
Annual OPEB cost	1,229,374
Contributions made	<u>(99,208)</u>
Increase in net OPEB obligation	1,130,166
Net OPEB obligation - beginning of year	<u>3,443,484</u>
Net OPEB obligation - end of year	<u><u>\$ 4,573,650</u></u>

County of Sutter

Notes to Financial Statements - Continued

June 30, 2012

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 years 2009/2010, 2010/2011 and 2011/2012 are 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>
6/30/2010	\$ 1,328,000	7.50%	\$ 2,378,360
6/30/2011	1,161,916	8.33%	3,443,484
6/30/2012	1,229,374	8.07%	4,573,650

Funded Status and Funding Process

The funded status of the plan, based on an actuarial valuation as of June 30, 2011, the plan's most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	\$ 11,405,612
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	11,405,612
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active Plan members)	49,965,211
UAAL as a percentage of covered payroll	23%

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.

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.

County of Sutter

Notes to Financial Statements - Continued

June 30, 2012

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2011 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4.1% investment rate of return, an inflation rate of 3.25% per year, and assumed medical inflation of 9.5% graded down to 5.0% over 10 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, 2011, was 28 years.

Note 11 - 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 funding policy that program assets be maintained between 75% and 90% confidence level as determined by the actuary. At June 30, 2012, the General Liability fund had net assets of \$870,501 and the Workers' Compensation fund had a net asset deficit of \$(5,234). The claims liability of \$434,000 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 Financial Statements - Continued

June 30, 2012

Changes in the County's claims liability amount for the fiscal years 2010, 2011 and 2012 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>
6/30/2010	\$ 737,806	\$ 282,000	\$ 259,181	\$ 760,625
6/30/2011	760,625	628,931	850,094	539,462
6/30/2012	539,462	175,309	280,771	434,000

Note 12 - General Fund Aggregate Fund Balances

Aggregated fund balances for the General Fund are presented below:

Committed Fund Balance - Other Purposes	
General	\$ 1,100,000
Future vehicle purchase	716,801
Flood control project	463,000
Williamson Act	409,183
Disaster expense	300,000
Transient occup tax	389,868
Telephone repair/replacement	125,588
Agriculture	61,159
Wellness program	15,579
Central services equipment	19,509
Courthouse mitigation	335,000
	<hr/>
Total	<u><u>\$ 3,935,687</u></u>
Assigned Fund Balance	
Encumbrances - Engineering	\$ 70,501
Encumbrances - Architects	2,568
Encumbrances - Contractor	70,225
Encumbrances - Other	19,486
	<hr/>
Total	<u><u>\$ 162,780</u></u>

County of Sutter

Notes to Financial Statements - Continued

June 30, 2012

Note 13 - Net Assets/Fund Balances Deficit

The following non-major governmental funds and internal service fund had deficit fund balances at June 30, 2012:

Special Aviation	\$	16,424
Candidates Statement of Election		6,096
Workers' Compensation		5,234

The Special Aviation Fund had a deficit fund balance of \$16,424 at June 30, 2012. The deficit fund balance for the Special Aviation Fund resulted from revenues received being less than expected. The County is working to manage revenues and expenditures to resolve the deficit.

The Candidates Statement of Election Fund had a deficit fund balance of \$6,096 at June 30, 2012. The deficit fund balance for the Candidates Statement of Election Fund resulted from revenues received being less than expected. The deficit fund balance is related to a change in revenue recognition practices and will be resolved in the following fiscal year.

The Workers' Compensation Fund had a net assets deficit of \$5,234 at June 30, 2012. The deficit fund balance for the Sutter County Health Fund resulted from revenues received being less than expected. The County is working to align revenues and expenditures through the budget process to resolve the deficit.

Note 14 - Other Information

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.

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, 2012.

Joint Agencies - The CSAC Excess Insurance Authority (the Authority) is a joint powers authority organized for the purpose to develop and fund excess insurance

County of Sutter

Notes to Financial Statements - Continued

June 30, 2012

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 50 member counties.

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

Note 15 - Subsequent Events

Management evaluated the activity of the County through June 13, 2013 and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to financial statements.

Required Supplementary Information

County of Sutter

Schedule of Defined Benefit Pension Plans Funded Status

Year ended June 30, 2012

Employees 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, 2012 for the County Miscellaneous Plan and the County Safety Plan as follows:

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, 2009	237,884,335	185,945,857	51,938,478	78.2%	57.1%	45,889,321	113.2%
June 30, 2010	250,204,020	199,167,170	51,036,850	79.6%	62.8%	44,706,692	114.2%
June 30, 2011	272,054,995	214,316,763	57,738,232	78.8%	70.8%	44,845,200	128.8%

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, 2009	76,209,773	59,950,281	16,259,492	78.7%	57.2%	10,223,111	159.0%
June 30, 2010	80,534,214	63,984,697	16,549,517	79.5%	62.3%	10,459,080	158.2%
June 30, 2011	87,025,635	68,616,279	18,409,356	78.8%	70.4%	10,431,447	176.5%

County of Sutter

Schedule of Post Employment Benefits Funded Status

Year ended June 30, 2012

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, 2012.

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.

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded/ (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
June 30, 2009	\$ 9,512,000	\$ -	\$ 9,512,000	0.0%	\$ 52,099,000	18.3%
June 30, 2011	10,275,446	-	10,275,446	0.0%	49,965,211	20.6%

County of Sutter

**Schedule of Revenue, Expenditures and Other Sources and Uses of Financial Resources,
and Changes in Fund Balance - Budget (GAAP) and Actual - General Fund**

Year ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenue				
Taxes	\$ 24,981,440	\$ 24,981,440	\$ 26,629,672	\$ 1,648,232
Licenses and permits	2,280,420	2,280,420	1,910,854	(369,566)
Fines, forfeitures and penalties	78,224	78,224	70,576	(7,648)
Use of money and property	569,186	589,186	457,912	(131,274)
Intergovernmental	9,841,351	10,576,743	8,223,505	(2,353,238)
Charges for services	5,992,679	6,102,679	2,897,179	(3,205,500)
Other revenue	1,532,892	1,536,914	4,310,916	2,774,002
Total revenue	45,276,192	46,145,606	44,500,614	(1,644,992)
Expenditures				
Current				
General government	7,436,859	7,746,518	6,793,122	953,396
Public protection	30,844,063	31,243,119	24,703,217	6,539,902
Public ways and facilities	150,000	150,000	105,649	44,351
Health and sanitation	3,168,754	2,910,951	2,741,246	169,705
Public assistance	540,998	590,340	527,126	63,214
Education	1,579,874	1,657,394	1,511,798	145,596
Culture and recreation	642,305	692,405	642,344	50,061
Capital outlay	1,609,400	2,204,733	590,488	1,614,245
Appropriation for contingency	-	-	-	-
Total expenditures	45,972,253	47,195,460	37,614,990	9,580,470
(Deficit) excess of revenue over expenditures	(696,061)	(1,049,854)	6,885,624	7,935,478
Other financing uses				
Transfers out	(6,221,000)	(6,221,000)	(4,933,814)	1,287,186
Net change in fund balance	(6,917,061)	(7,270,854)	1,951,810	9,222,664
Fund balances at beginning of year	20,008,288	20,008,288	20,008,288	-
Fund balances at end of year	\$ 13,091,227	\$ 12,737,434	\$ 21,960,098	\$ 9,222,664

County of Sutter

**Schedule of Revenue, Expenditures and Other Sources and Uses of Financial Resources,
and Changes in Fund Balance - Budget (GAAP) and Actual - Bi-County Mental Health**

Year ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenue				
Use of money and property	\$ 16,000	\$ 16,000	\$ 67,191	\$ 51,191
Intergovernmental	12,676,609	13,581,418	12,377,178	(1,204,240)
Charges for services	453,422	453,422	503,661	50,239
Other revenue	85,662	85,662	93,897	8,235
Total revenue	<u>13,231,693</u>	<u>14,136,502</u>	<u>13,041,927</u>	<u>1,094,575</u>
Expenditures				
Current				
Health and sanitation	14,908,139	15,812,948	14,792,361	1,020,587
Debt service				
Interest	60,000	60,000	74,840	(14,840)
Total expenditures	<u>14,968,139</u>	<u>15,872,948</u>	<u>14,867,201</u>	<u>1,005,747</u>
(Deficit) excess of revenue over expenditures	(1,736,446)	(1,736,446)	(1,825,274)	(88,828)
Other financing uses				
Transfers in	1,646,000	1,646,000	1,819,783	173,783
Net change in fund balance	(90,446)	(90,446)	(5,491)	84,955
Fund balances at beginning of year	218,534	218,534	218,534	-
Fund balances at end of year	<u>\$ 128,088</u>	<u>\$ 128,088</u>	<u>\$ 213,043</u>	<u>\$ 84,955</u>

County of Sutter

**Schedule of Revenue, Expenditures and Other Sources and Uses of Financial Resources,
and Changes in Fund Balance - Budget (GAAP) and Actual - Welfare**

Year ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenue				
Use of money and property	\$ -	\$ -	\$ (41,374)	\$ (41,374)
Intergovernmental	32,683,927	32,833,927	23,514,864	(9,319,063)
Charges for services	195,010	180,010	-	(180,010)
Other revenue	5,000	5,000	46,302	41,302
Total revenue	<u>32,883,937</u>	<u>33,018,937</u>	<u>23,519,792</u>	<u>(9,499,145)</u>
Expenditures				
Current				
Public assistance	32,909,437	32,977,095	30,068,047	2,909,048
Capital outlay	149,500	149,500	111,892	37,608
Total expenditures	<u>33,058,937</u>	<u>33,126,595</u>	<u>30,179,939</u>	<u>2,946,656</u>
(Deficit) excess of revenue over expenditures	(175,000)	(107,658)	(6,660,147)	(6,552,489)
Other financing uses				
Transfers in	175,000	175,000	6,511,562	6,336,562
Net change in fund balance	-	67,342	(148,585)	(215,927)
Fund balances at beginning of year	168,076	168,076	168,076	-
Fund balances at end of year	<u>\$ 168,076</u>	<u>\$ 235,418</u>	<u>\$ 19,491</u>	<u>\$ (215,927)</u>

County of Sutter

**Schedule of Revenue, Expenditures and Other Sources and Uses of Financial Resources,
and Changes in Fund Balance - Budget (GAAP) and Actual - Public Safety/Trial Courts**

Year ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenue				
Taxes	\$ 22,637	\$ 22,637	\$ 18,103	\$ (4,534)
Licenses and permits	5,900	5,900	13,688	7,788
Fines, forfeitures and penalties	669,550	669,550	770,322	100,772
Use of money and property	-	-	(9,216)	(9,216)
Intergovernmental	2,950,563	3,168,819	2,703,387	(465,432)
Charges for services	1,750,561	1,750,561	991,904	(758,657)
Other revenue	67,044	68,044	126,061	58,017
Total revenue	<u>5,466,255</u>	<u>5,685,511</u>	<u>4,614,249</u>	<u>(1,071,262)</u>
Expenditures				
Current				
Public protection	5,324,295	5,461,967	5,611,729	(149,762)
Capital outlay	125,111	207,218	129,623	77,595
Total expenditures	<u>5,449,406</u>	<u>5,669,185</u>	<u>5,741,352</u>	<u>(72,167)</u>
(Deficit) excess of revenue over expenditures	16,849	16,326	(1,127,103)	(1,143,429)
Other financing uses				
Transfers out	-	-	-	-
Net change in fund balance	16,849	16,326	(1,127,103)	(1,143,429)
Fund balances at beginning of year	<u>53,748</u>	<u>53,748</u>	<u>53,748</u>	<u>-</u>
Fund balances at end of year	<u>\$ 70,597</u>	<u>\$ 70,074</u>	<u>\$ (1,073,355)</u>	<u>\$ (1,143,429)</u>

County of Sutter

**Schedule of Revenue, Expenditures and Other Sources and Uses of Financial Resources,
and Changes in Fund Balance - Budget (GAAP) and Actual - Mental Health Services Act**

Year ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenue				
Use of money and property	\$ 55,000	\$ 55,000	\$ 106,008	\$ 51,008
Intergovernmental	6,641,829	6,957,504	6,334,114	(623,390)
Charges for services	41,000	41,000	33,461	(7,539)
Other revenue	5,000	5,000	2	(4,998)
Total revenue	<u>6,742,829</u>	<u>7,058,504</u>	<u>6,473,585</u>	<u>(584,919)</u>
Expenditures				
Current				
Health and sanitation	7,109,945	8,698,419	7,568,980	1,129,439
Debt service				
Interest	<u>25,000</u>	<u>25,000</u>	<u>31,540</u>	<u>(6,540)</u>
Total expenditures	<u>7,134,945</u>	<u>8,723,419</u>	<u>7,600,520</u>	<u>1,122,899</u>
(Deficit) excess of revenue over expenditures	(392,116)	(1,664,915)	(1,126,935)	537,980
Other financing uses				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(392,116)	(1,664,915)	(1,126,935)	537,980
Fund balances at beginning of year	<u>4,752,236</u>	<u>4,752,236</u>	<u>4,752,236</u>	<u>-</u>
Fund balances at end of year	<u>\$ 4,360,120</u>	<u>\$ 3,087,321</u>	<u>\$ 3,625,301</u>	<u>\$ 537,980</u>

County of Sutter

**Schedule of Revenue, Expenditures and Other Sources and Uses of Financial Resources,
and Changes in Fund Balance - Budget (GAAP) and Actual - Public Safety Realignment**

Year ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenue				
Use of money and property	\$ -	\$ -	\$ 81,489	\$ 81,489
Intergovernmental	800,000	2,065,472	15,724,767	13,659,295
Charges for services	-	-	1,012,926	1,012,926
Total revenue	<u>800,000</u>	<u>2,065,472</u>	<u>16,819,182</u>	<u>14,753,710</u>
Expenditures				
Current				
Public protection	629,033	1,894,505	447,604	1,446,901
Health and sanitation	-	-	4,197,388	(4,197,388)
Community development	170,967	170,967	6,673	164,294
Debt service				
Interest	-	-	-	-
Total expenditures	<u>800,000</u>	<u>2,065,472</u>	<u>4,651,665</u>	<u>(2,586,193)</u>
(Deficit) excess of revenue over expenditures	-	-	12,167,517	12,167,517
Other financing uses				
Transfers out	-	-	2,109,656	2,109,656
Transfers out	-	-	(11,718,445)	(11,718,445)
Net change in fund balance	-	-	2,558,728	2,558,728
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,558,728</u>	<u>\$ 2,558,728</u>

County of Sutter

Note to Required Supplementary Information

Year ended June 30, 2012

Note 1 - 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 recommended 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 recommended budget at regularly scheduled meetings, which are open to the public. The Board of Supervisors also conducts a public hearing on the proposed budget to obtain comments from interested persons.
3. Prior to July 1, the Board of Supervisors approves the recommended budget, and prior to October 2 the final 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

Combining Financial Statements - Governmental Fund Types

County of Sutter

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

June 30, 2012

	Special Revenue								
	Road	Special Aviation	Fish & Game	Sutter County Health	Housing Rehab CDBG	Child Support Services Reimbursements/ Adjustment	Survey Monument Preservation	Economic Development	Criminal Justice and Law
Assets									
Cash and investments	\$ 7,602,242	\$ 158,392	\$ 63,527	\$ (127,585)	\$ 260	\$ 316,306	\$ 31,892	\$ 1,379,088	\$ 2,174,543
Imprest cash	100	1,369	150	100	-	-	-	-	-
Accounts receivable, net	-	15,876	-	58,277	-	-	70	1,254	37,725
Due from other governments	610	-	455	604,475	-	-	-	-	1,227,176
Interest receivable	41,103	1,096	338	216	-	2,021	168	7,215	15,112
Due from other funds	36,521	3	-	643,660	258	3,716	-	7,143	137,829
Advances to other funds	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-
Inventory	63,425	11,610	-	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-	2,340,440 (1,488,872)	-
Total assets	\$ 7,744,001	\$ 188,346	\$ 64,470	\$ 1,179,143	\$ 518	\$ 322,043	\$ 32,130	\$ 2,246,268	\$ 3,592,385
Liabilities									
Accounts payable	\$ 103,925	\$ 24	\$ -	\$ 263,972	\$ -	\$ 5,685	\$ -	\$ 67,962	\$ 33,893
Salaries and benefits payable	71,606	118	-	244,557	-	89,127	-	-	3,040
Deposits payable	-	9,835	-	5,268	-	-	-	-	-
Due to other funds	156,125	2,596	-	323,731	258	484	-	5,937	809,031
Advance from other funds	-	190,488	-	-	-	-	-	-	-
Unearned revenue	1,050	-	-	-	-	-	-	-	-
Unavailable revenue	-	1,709	-	338,842	-	-	-	-	147
Total liabilities	332,706	204,770	-	1,176,370	258	95,296	-	73,899	846,111
Fund Balances									
Nonspendable									
Imprest cash	100	-	150	100	-	-	-	-	-
Advances due in more than one year	-	-	-	-	-	-	-	-	-
Loans due in more than one year	-	-	-	-	-	-	-	831,968	-
Inventory and prepaid expenses	63,426	11,610	-	-	-	-	-	-	-
Endowment	-	-	-	-	-	-	-	-	-
Restricted	7,347,769	-	64,320	-	260	226,747	32,130	1,340,401	2,746,274
Committed	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	(28,034)	-	2,673	-	-	-	-	-
Total fund balances	7,411,295	(16,424)	64,470	2,773	260	226,747	32,130	2,172,369	2,746,274
Total liabilities and fund balances	\$ 7,744,001	\$ 188,346	\$ 64,470	\$ 1,179,143	\$ 518	\$ 322,043	\$ 32,130	\$ 2,246,268	\$ 3,592,385

County of Sutter

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS - CONTINUED

June 30, 2012

	Special Revenue								
	County Fees and Taxes	Health Education and Welfare	Local Health and Welfare - Health	Local Health and Welfare - Social Services	Local Health and Welfare - Mental Health	Public Ways and Facilities	Workers' Comp Dividend	Vision Run-Out	Candidates Statement of Election
Assets									
Cash and investments	\$ 7,293,207	\$ 2,079,237	\$ -	\$ 7,105,452	\$ -	\$ 1,944,672	\$ 49,537	\$ 49,932	\$ 14,492
Imprest cash	-	-	-	-	-	-	-	-	-
Accounts receivable, net	-	211	-	-	-	755	-	-	-
Due from other governments	-	299,990	131,584	329,741	-	-	-	-	-
Interest receivable	35,150	11,284	-	-	-	10,281	263	265	-
Due from other funds	5,358	15,878	247,642	708,563	-	-	-	-	-
Advances to other funds	13,517	-	-	2,081,790	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-	-	-
Total assets	\$ 7,347,232	\$ 2,406,600	\$ 379,226	\$ 10,225,546	\$ -	\$ 1,955,708	\$ 49,800	\$ 50,197	\$ 14,492
Liabilities									
Accounts payable	\$ -	\$ 30,402	\$ -	\$ -	\$ -	\$ 96,775	\$ -	\$ -	\$ 20,588
Salaries and benefits payable	-	-	-	-	-	-	-	-	-
Deposits payable	-	2	-	-	-	73,628	-	-	-
Due to other funds	10,748	443,018	379,226	724,044	-	-	-	-	-
Advance from other funds	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-
Unavailable revenue	-	177,539	-	-	-	-	-	-	-
Total liabilities	10,748	650,961	379,226	724,044	-	170,403	-	-	20,588
Fund Balances									
Nonspendable									
Imprest cash	-	-	-	-	-	-	-	-	-
Advances due in more than one year	13,517	-	-	2,081,790	-	-	-	-	-
Loans due in more than one year	-	-	-	-	-	-	-	-	-
Inventory and prepaid expenses	-	-	-	-	-	-	-	-	-
Endowment	-	-	-	-	-	-	-	-	-
Restricted	7,322,967	1,747,410	-	7,419,712	-	1,785,305	49,800	50,197	(6,096)
Committed	-	8,229	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	7,336,484	1,755,639	-	9,501,502	-	1,785,305	49,800	50,197	(6,096)
Total liabilities and fund balances	\$ 7,347,232	\$ 2,406,600	\$ 379,226	\$ 10,225,546	\$ -	\$ 1,955,708	\$ 49,800	\$ 50,197	\$ 14,492

County of Sutter

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS - CONTINUED

June 30, 2012

	Special Revenue								
	County Recorder Upgrade Fee	Automated County Warrants	ORC Collections	Plan Check Inspection Fees	Community Services	Animal Control Spay/Neuter	Vital Statistics Recorder	Child Passenger Restraint	Bioterrorism
Assets									
Cash and investments	\$ 246,259	\$ 226,556	\$ 180,091	\$ 260,030	\$ 8,374	\$ 198,577	\$ 108,031	\$ 62,540	\$ 398,946
Imprest cash	-	-	-	-	-	-	-	-	-
Accounts receivable, net	1,044	-	2,492	-	-	-	38	-	-
Due from other governments	438	1,469	-	-	-	-	-	90	22,509
Interest receivable	1,234	-	-	1,379	44	1,100	566	331	1,954
Due from other funds	-	-	68	-	-	20	-	-	-
Advances to other funds	-	-	-	-	-	-	-	-	-
Prepaid expenses	-	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-	-	-
Total assets	\$ 248,975	\$ 228,025	\$ 182,651	\$ 261,409	\$ 8,418	\$ 199,697	\$ 108,635	\$ 62,961	\$ 423,409
Liabilities									
Accounts payable	\$ -	\$ -	\$ 15	\$ -	\$ -	\$ 400	\$ -	\$ -	\$ -
Salaries and benefits payable	-	-	-	-	-	-	-	-	-
Deposits payable	-	-	-	-	-	3,920	-	-	-
Due to other funds	70,500	-	-	-	-	1,680	15,320	7,561	45,370
Advance from other funds	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	90,280	-	-	-	-	-	-
Unavailable revenue	438	-	2,492	-	-	-	38	-	22,509
Total liabilities	70,938	-	92,787	-	-	6,000	15,358	7,561	67,879
Fund Balances									
Nonspendable									
Imprest cash	-	-	-	-	-	-	-	-	-
Advances due in more than one year	-	-	-	-	-	-	-	-	-
Loans due in more than one year	-	-	-	-	-	-	-	-	-
Inventory and prepaid expenses	-	-	-	-	-	-	-	-	-
Endowment	-	-	-	-	-	-	-	-	-
Restricted	178,037	228,025	89,864	261,409	8,418	3,631	93,277	55,400	355,530
Committed	-	-	-	-	-	190,066	-	-	-
Assigned	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-
Total fund balances	178,037	228,025	89,864	261,409	8,418	193,697	93,277	55,400	355,530
Total liabilities and fund balances	\$ 248,975	\$ 228,025	\$ 182,651	\$ 261,409	\$ 8,418	\$ 199,697	\$ 108,635	\$ 62,961	\$ 423,409

County of Sutter

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS - CONTINUED

June 30, 2012

	Special Revenue					Capital Projects	Permanent	Total Nonmajor Governmental Funds
	County Service Areas	Water Agencies	Other Special Districts	Landscape Districts	Total Special Revenue		Live Oak Library Endowment	
Assets								
Cash and investments	\$ 1,694,654	\$ 2,289,407	\$ 1,928,870	\$ 6,482	\$ 37,744,011	\$ 182,346	\$ 30,192	\$ 37,956,549
Imprest cash	-	-	-	-	1,719	-	-	1,719
Accounts receivable, net	-	-	329	-	118,071	-	-	118,071
Due from other governments	-	156	-	-	2,618,693	-	-	2,618,693
Interest receivable	11,021	12,378	10,458	37	165,014	967	-	165,981
Due from other funds	3,202	54,367	-	-	1,864,228	-	-	1,864,228
Advances to other funds	-	-	-	-	2,095,307	-	-	2,095,307
Prepaid expenses	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	75,035	-	-	75,035
	-	-	-	-	2,340,440	-	-	2,340,440
Loans receivable	-	-	-	-	(1,488,872)	-	-	(1,488,872)
Total assets	\$ 1,708,877	\$ 2,356,308	\$ 1,939,657	\$ 6,519	\$ 45,533,646	\$ 183,313	\$ 30,192	\$ 45,747,151
Liabilities								
Accounts payable	\$ 19,392	\$ -	\$ 10,303	\$ -	\$ 653,336	\$ -	\$ -	\$ 653,336
Salaries and benefits payable	58,278	-	-	-	466,726	-	-	466,726
Deposits payable	-	-	-	-	92,653	-	-	92,653
Due to other funds	4,514	225,819	5,921	-	3,231,883	-	-	3,231,883
Advance from other funds	763,702	-	-	-	954,190	-	-	954,190
Unearned revenue	-	-	-	-	91,330	-	-	91,330
Unavailable revenue	-	-	299	-	544,013	-	-	544,013
Total liabilities	845,886	225,819	16,523	-	6,034,131	-	-	6,034,131
Fund Balances								
Nonspendable								
Imprest cash	-	-	-	-	350	-	-	350
Advances due in more than one year	-	-	-	-	2,095,307	-	-	2,095,307
Loans due in more than one year	-	-	-	-	831,968	-	-	831,968
Inventory and prepaid expenses	-	-	-	-	75,036	-	-	75,036
Endowment	-	-	-	-	-	-	30,000	30,000
Restricted	862,991	2,130,489	1,923,134	6,519	36,323,920	1,524	192	36,325,636
Committed	-	-	-	-	198,295	181,789	-	380,084
Assigned	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(25,361)	-	-	(25,361)
Total fund balances	862,991	2,130,489	1,923,134	6,519	39,499,515	183,313	30,192	39,713,020
Total liabilities and fund balances	\$ 1,708,877	\$ 2,356,308	\$ 1,939,657	\$ 6,519	\$ 45,533,646	\$ 183,313	\$ 30,192	\$ 45,747,151

County of Sutter

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

Year ended June 30, 2012

	Special Revenue								
	Road	Special Aviation	Fish & Game	Sutter County Health	Housing Rehab CDBG	Child Support Services Reimbursements/ Adjustment	Survey Monument Preservation	Economic Development	Criminal Justice and Law
Revenue									
Taxes	\$ 324,134	\$ 17,116	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	42,494	-	-	-	-	-	1,279	-	-
Fines and forfeitures	-	437	7,296	-	-	-	-	-	230,578
Use of money and property	59,906	135,010	487	81,445	(319)	2,723	277	52,820	14,567
Intergovernmental	4,438,935	10,751	-	1,972,743	-	2,941,623	-	-	6,591,393
Charges for services	230,849	125,765	-	428,053	-	-	-	-	75,749
Other revenues	15,436	-	-	158,676	-	34	-	1,596	278,879
Total revenue	5,111,754	289,079	7,783	2,640,917	(319)	2,944,380	1,556	54,416	7,191,166
Expenditures									
Current									
General government	-	-	-	-	-	-	-	-	-
Public protection	-	-	8,935	-	-	2,949,520	-	-	7,897,033
Public ways and facilities	4,556,620	224,486	-	-	-	-	-	-	-
Health and sanitation	-	-	-	6,853,235	17,036	-	-	-	-
Community development	-	-	-	-	-	-	-	80,371	-
Debt service									
Principal	-	14,135	-	137,341	-	-	-	-	-
Interest	-	9,001	-	64,809	-	-	-	-	-
Capital outlay	455,448	-	-	57,479	-	-	-	-	-
Total expenditures	5,012,068	247,622	8,935	7,112,864	17,036	2,949,520	-	80,371	7,897,033
Excess of revenue over (under) expenditures	99,686	41,457	(1,152)	(4,471,947)	(17,355)	(5,140)	1,556	(25,955)	(705,867)
Other financing sources (uses)									
Transfers in	-	-	-	4,515,989	-	-	-	-	531,653
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	4,515,989	-	-	-	-	531,653
Net changes in fund balances	99,686	41,457	(1,152)	44,042	(17,355)	(5,140)	1,556	(25,955)	(174,214)
Fund balances, beginning of year	7,311,609	(57,881)	65,622	(41,269)	17,615	231,887	30,574	2,198,324	2,920,488
Fund balances, end of year	\$ 7,411,295	\$ (16,424)	\$ 64,470	\$ 2,773	\$ 260	\$ 226,747	\$ 32,130	\$ 2,172,369	\$ 2,746,274

County of Sutter

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS - CONTINUED

Year ended June 30, 2012

	Special Revenue							
	County Fees and Taxes	Health Education and Welfare	Local Health and Welfare - Health	Local Health and Welfare - Social Services	Local Health and Welfare - Mental Health	Public Ways and Facilities	Workers' Comp Dividend	Vision Run-Out
Revenue								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	120,890	1,214	-	-	-	-	-	-
Fines and forfeitures	-	155,225	-	-	-	-	-	-
Use of money and property	98,963	5,973	-	(11,343)	-	16,387	415	417
Intergovernmental	-	1,024,878	1,297,133	3,226,785	346,248	-	-	-
Charges for services	-	46,111	-	-	-	-	-	-
Other revenues	-	6,500	-	373,363	-	-	-	-
Total revenue	<u>219,853</u>	<u>1,239,901</u>	<u>1,297,133</u>	<u>3,588,805</u>	<u>346,248</u>	<u>16,387</u>	<u>415</u>	<u>417</u>
Expenditures								
Current								
General government	9,095	-	-	-	-	-	-	-
Public protection	131,450	358,379	-	-	-	-	-	-
Public ways and facilities	-	-	-	-	-	-	-	-
Health and sanitation	-	865,243	1,475,251	2,117,660	784,547	-	-	-
Community development	-	-	-	-	-	-	-	-
Debt service								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	<u>140,545</u>	<u>1,223,622</u>	<u>1,475,251</u>	<u>2,117,660</u>	<u>784,547</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenue over (under) expenditures	<u>79,308</u>	<u>16,279</u>	<u>(178,118)</u>	<u>1,471,145</u>	<u>(438,299)</u>	<u>16,387</u>	<u>415</u>	<u>417</u>
Other financing sources (uses)								
Transfers in	-	75,883	1,346,038	54,736	(1)	-	-	-
Transfers out	-	-	(1,346,038)	(54,736)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>75,883</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>79,308</u>	<u>92,162</u>	<u>(178,118)</u>	<u>1,471,145</u>	<u>(438,300)</u>	<u>16,387</u>	<u>415</u>	<u>417</u>
Fund balances, beginning of year	<u>7,257,176</u>	<u>1,663,477</u>	<u>178,118</u>	<u>8,030,357</u>	<u>438,300</u>	<u>1,768,918</u>	<u>49,385</u>	<u>49,780</u>
Fund balances, end of year	<u>\$ 7,336,484</u>	<u>\$ 1,755,639</u>	<u>\$ -</u>	<u>\$ 9,501,502</u>	<u>\$ -</u>	<u>\$ 1,785,305</u>	<u>\$ 49,800</u>	<u>\$ 50,197</u>

County of Sutter

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS - CONTINUED

Year ended June 30, 2012

	Special Revenue								
	Candidates Statement of Election	County Recorder Upgrade Fee	Automated County Warrants	ORC Collections	Plan Check Inspection Fees	Community Services	Animal Control Spay/Neuter	Vital Statistics Recorder	Child Passenger Restraint
Revenue									
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	127	-	-	-
Fines and forfeitures	-	-	17,702	-	-	-	228	-	777
Use of money and property	-	2,370	-	-	2,173	72	1,732	(128)	529
Intergovernmental	-	-	-	-	-	-	-	-	-
Charges for services	(6,102)	91,557	-	4,450	-	-	25,671	10,760	-
Other revenues	-	-	-	-	-	-	-	-	-
Total revenue	(6,102)	93,927	17,702	4,450	2,173	199	27,631	10,632	1,306
Expenditures									
Current									
General government	-	-	-	-	-	-	-	-	-
Public protection	-	70,500	-	43,272	-	-	24,000	15,320	-
Public ways and facilities	-	-	-	-	-	-	-	-	-
Health and sanitation	-	-	-	-	-	-	-	-	7,561
Community development	-	-	-	-	-	-	-	-	-
Debt service									
Principal	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Total expenditures	-	70,500	-	43,272	-	-	24,000	15,320	7,561
Excess of revenue over (under) expenditures	(6,102)	23,427	17,702	(38,822)	2,173	199	3,631	(4,688)	(6,255)
Other financing sources (uses)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Net changes in fund balances	(6,102)	23,427	17,702	(38,822)	2,173	199	3,631	(4,688)	(6,255)
Fund balances, beginning of year	6	154,610	210,323	128,686	259,236	8,219	190,066	97,965	61,655
Fund balances, end of year	\$ (6,096)	\$ 178,037	\$ 228,025	\$ 89,864	\$ 261,409	\$ 8,418	\$ 193,697	\$ 93,277	\$ 55,400

County of Sutter

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS - CONTINUED

Year ended June 30, 2012

	Special Revenue					Total Special Revenue	Capital Projects	Permanent	Total Nonmajor Governmental Funds
	Bioterrorism	County Service Areas	Water Agencies	Other Special Districts	Landscape Districts			Live Oak Library Endowment	
Revenue									
Taxes	\$ -	\$ 2,459,573	\$ 237,305	\$ 73,978	\$ 2,980	\$ 3,115,086	\$ -	\$ -	\$ 3,115,086
Licenses and permits	-	-	-	-	-	166,004	-	-	166,004
Fines and forfeitures	-	1,508	-	-	-	413,751	-	-	413,751
Use of money and property	1,566	16,753	17,288	6,097	65	506,245	1,524	-	507,769
Intergovernmental	153,569	33,781	5,245	835	-	22,043,919	-	-	22,043,919
Charges for services	-	383,108	1,903	4,573	-	1,422,447	-	-	1,422,447
Other revenues	-	6,968	-	-	-	841,452	-	(367)	841,085
Total revenue	155,135	2,901,691	261,741	85,483	3,045	28,508,904	1,524	(367)	28,510,061
Expenditures									
Current									
General government	-	-	-	-	-	9,095	-	-	9,095
Public protection	122,193	2,637,565	241,462	883,240	-	15,382,869	-	-	15,382,869
Public ways and facilities	-	-	-	749	2,279	4,784,134	-	-	4,784,134
Health and sanitation	-	-	-	-	-	12,120,533	-	-	12,120,533
Community development	-	-	-	-	-	80,371	-	-	80,371
Debt service									
Principal	-	-	-	-	-	151,476	-	-	151,476
Interest	-	-	-	-	-	73,810	-	-	73,810
Capital outlay	-	41,000	-	-	-	553,927	-	-	553,927
Total expenditures	122,193	2,678,565	241,462	883,989	2,279	33,156,215	-	-	33,156,215
Excess of revenue over (under) expenditures	32,942	223,126	20,279	(798,506)	766	(4,647,311)	1,524	(367)	(4,646,154)
Other financing sources (uses)									
Transfers in	-	-	-	-	-	6,524,298	-	-	6,524,298
Transfers out	-	-	-	-	-	(1,400,774)	-	-	(1,400,774)
Total other financing sources (uses)	-	-	-	-	-	5,123,524	-	-	5,123,524
Net changes in fund balances	32,942	223,126	20,279	(798,506)	766	476,213	1,524	(367)	477,370
Fund balances, beginning of year	322,588	639,865	2,110,210	2,721,640	5,753	39,023,302	181,789	30,559	39,235,650
Fund balances, end of year	\$ 355,530	\$ 862,991	\$ 2,130,489	\$ 1,923,134	\$ 6,519	\$ 39,499,515	\$ 183,313	\$ 30,192	\$ 39,713,020

County of Sutter

Combining Statement of Net Assets - Internal Service Funds

Year ended June 30, 2012

	Risk Management		Fleet Management	Information Technology	Totals
	General Liability	Workers' Compensation			
Assets					
Current assets					
Cash and investments	\$ 1,376,361	\$ (66,777)	\$ 661,956	\$ 2,444,064	\$ 4,415,604
Accounts receivable, net	-	(157)	7,390	1,297	8,530
Interest receivable	7,239	17	1,396	9,411	18,063
Due from other funds	-	87,487	158,775	4,915	251,177
Prepaid expenses	-	-	-	14,565	14,565
Inventory	-	-	9,885	-	9,885
Total current assets	1,383,600	20,570	839,402	2,474,252	4,717,824
Noncurrent assets					
Capital assets					
Depreciable, net	-	-	28,943	233,298	262,241
Total noncurrent assets	-	-	28,943	233,298	262,241
Total assets	\$ 1,383,600	\$ 20,570	\$ 868,345	\$ 2,707,550	\$ 4,980,065
Liabilities					
Current liabilities					
Accounts payable	\$ 14,043	\$ 7,203	\$ 81,497	\$ 33,958	\$ 136,701
Salaries and benefits payable	-	11,700	18,021	76,621	106,342
Compensated absences payable	-	6,901	13,479	124,495	144,875
Claims payable	434,000	-	-	-	434,000
Due to other funds	65,056	-	673	432,386	498,115
Total current liabilities	513,099	25,804	113,670	667,460	1,320,033
Noncurrent liabilities					
Compensated absences payable	-	-	8,667	34,651	43,318
Total noncurrent liabilities	-	-	8,667	34,651	43,318
Total liabilities	513,099	25,804	122,337	702,111	1,363,351
Net Assets					
Invested in capital assets, net of related debt	-	-	28,943	233,297	262,240
Unrestricted	870,501	(5,234)	717,065	1,772,142	3,354,474
Total net assets	870,501	(5,234)	746,008	2,005,439	3,616,714
Total liabilities and net assets	\$ 1,383,600	\$ 20,570	\$ 868,345	\$ 2,707,550	\$ 4,980,065

County of Sutter

Combining Statement of Revenues, Expenses and
Changes in Net Assets - Internal Service Funds

Year ended June 30, 2012

	Risk Management		Fleet Management	Information Technology	Totals
	General Liability	Workers' Compensation			
Operating revenue					
Charges for services	\$ 568,032	\$ 2,074,851	\$ 1,570,659	\$ 2,983,337	\$ 7,196,879
Other revenue	149,625	-	1,959	7,087	158,671
Total operating revenue	717,657	2,074,851	1,572,618	2,990,424	7,355,550
Operating expenses					
Salaries and benefits	-	288,951	492,310	2,073,498	2,854,759
Services and supplies	699,476	1,762,913	1,037,356	1,106,678	4,606,423
Depreciation	-	-	18,725	167,245	185,970
Total operating expenses	699,476	2,051,864	1,548,391	3,347,421	7,647,152
Net operating income (loss)	18,181	22,987	24,227	(356,997)	(291,602)
Non-operating revenue and expenses					
Interest income	5,468	(2,119)	5,653	34,974	43,976
Total non-operating revenue and expenses	5,468	(2,119)	5,653	34,974	43,976
Change in net assets	23,649	20,868	29,880	(322,023)	(247,626)
Net assets, beginning of year	846,852	(26,102)	716,128	2,327,462	3,864,340
Net assets, end of year	\$ 870,501	\$ (5,234)	\$ 746,008	\$ 2,005,439	\$ 3,616,714

County of Sutter

Combining Statement of Cash Flows - Internal Service Funds

Year ended June 30, 2012

	Risk Management		Fleet Management	Information Technology	Totals
	General Liability	Workers' Compensation			
Cash flows from operating activities					
Receipts from customers	\$ 717,657	\$ 2,075,008	\$ 1,568,699	\$ 2,993,487	\$ 7,354,851
Payments to suppliers	(796,720)	(1,765,971)	(1,024,030)	(1,241,321)	(4,828,042)
Payments to employees	-	(289,604)	(487,319)	(2,066,322)	(2,843,245)
Net cash (used in) provided by operating activities	(79,063)	19,433	57,350	(314,156)	(316,436)
Cash flows from noncapital financing activities					
Interfund loans received	65,056	-	(181,171)	-	(116,115)
Interfund loans paid	-	(85,976)	-	600,584	514,608
Net cash provided by (used in) noncapital financing activities	65,056	(85,976)	(181,171)	600,584	398,493
Cash flows from capital and related financing activities					
Purchase of capital assets	-	-	(1)	-	(1)
Net cash used in capital and related financing activities	-	-	(1)	-	(1)
Cash flows from investing activities					
Interest on investments	4,510	(1,647)	6,193	29,932	38,988
Net cash provided by (used in) investing activities	4,510	(1,647)	6,193	29,932	38,988
Net (decrease) increase in cash and cash equivalents	(9,497)	(68,190)	(117,629)	316,360	121,044
Balances, beginning of year	1,385,858	1,413	779,585	2,127,704	4,294,560
Balances, end of year	\$ 1,376,361	\$ (66,777)	\$ 661,956	\$ 2,444,064	\$ 4,415,604

County of Sutter

Combining Statement of Cash Flows - Internal Service Funds - Continued

Year ended June 30, 2012

	Risk Management		Fleet Management	Information Technology	Totals
	General Liability	Workers' Compensation			
Reconciliation of operating income (loss) to net cash (used in) provided by operating activities					
Operating income (loss)	\$ 18,181	\$ 22,987	\$ 24,227	\$ (356,997)	\$ (291,602)
Adjustments to reconcile net income (loss) to net cash (used in) provided by operating activities					
Depreciation	-	-	18,725	167,245	185,970
Decrease (increase) in					
Accounts receivable	-	157	(3,919)	3,063	(699)
Due from other governments	-	-	-	-	-
Prepaid costs	-	-	-	38,361	38,361
Inventory	-	-	498	-	498
Increase (decrease) in					
Accounts payable	8,218	(3,058)	12,828	(173,004)	(155,016)
Salaries and benefits payable	-	479	1,960	9,323	11,762
Compensated absences payable	-	(1,132)	3,031	(2,147)	(248)
Claims payable	(105,462)	-	-	-	(105,462)
Net cash (used in) provided by operating activities	<u>\$ (79,063)</u>	<u>\$ 19,433</u>	<u>\$ 57,350</u>	<u>\$ (314,156)</u>	<u>\$ (316,436)</u>