

**COUNTY OF SUTTER**

**AUDIT REPORT**

**JUNE 30, 2008**

**COUNTY OF SUTTER  
AUDIT REPORT  
JUNE 30, 2008**

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Sutter, California (the County), as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of County management. Our responsibility is to express opinions on these statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Sutter, California, as of June 30, 2008 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 17, 2009 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not

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

to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

 Gallina LLP

Roseville, California  
June 17, 2009

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

## COUNTY OF SUTTER

### Management Discussion and Analysis For the Year Ended June 30, 2008

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, 2008.

#### **Financial Highlights**

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$155,341,996 (total net assets). Of this amount, \$42,250,746 is restricted for specific purposes (restricted net assets), and \$79,190,172 is invested in capital assets, net of related debt. The balance of \$33,901,078 is totally unrestricted.
- The County's total net assets increased by \$2,799,424. This increase in net assets was attributable to results of operations.
- As of June 30, 2008, the County's governmental funds reported combined fund balances of \$76,287,012, an increase of \$4,030,529. This increase in fund balance was attributable to revenues in excess of expenditures. Approximately 92% of the combined fund balances, \$70,191,611 is available to meet the County's current and future needs (unreserved fund balance). Of the unreserved fund balance, the Board of Supervisors has designated \$44,386,269 or approximately 62% for specific purposes. At the end of the current fiscal year, unreserved fund balance for the General Fund was \$33,276,383 or approximately 125% of total General Fund expenditures.

#### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### **Government-Wide Financial Statements**

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

**Statement of Net Assets** presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

**Statement of Activities** presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in

## COUNTY OF SUTTER

### Management Discussion and Analysis For the Year Ended June 30, 2008

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (**governmental activities**) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (**business-type activities**). The governmental activities of the County include general government, public safety, highways and streets, sanitation, health and social services, culture-recreation, public improvement, planning and zoning, and general administrative services and internal service funds. The business-type activities of the County include Water Works District No. 1.

#### **Fund Financial Statements**

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

**Governmental Funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on (1) how cash and other financial assets can readily be converted to available resources and (2) the balances left at year-end that are available for spending. Such information may be useful in determining what financial resources are available in the near future to finance the County's programs.

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

## COUNTY OF SUTTER

### Management Discussion and Analysis For the Year Ended June 30, 2008

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

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

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

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

**Fiduciary Funds** are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

#### **Notes to the Financial Statements**

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

#### **Other Information**

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

## COUNTY OF SUTTER

### Management Discussion and Analysis For the Year Ended June 30, 2008

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

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

#### Analysis of Statement of Net Assets

County of Sutter's Net Assets  
June 30, 2008

	Governmental Activities		Business-Type Activities		Total		Total	
	2008	2007	2008	2007	2008	2007	Dollar Change 2007 to 2008	% Change 2007 to 2008
<b>Assets:</b>								
Current and other assets	\$ 96,292,721	\$ 84,573,355	\$ (285,259)	\$ (173,425)	\$ 96,007,462	\$ 84,399,930	\$ 11,607,532	13.75
Capital assets	79,589,420	79,090,724	1,858,244	1,978,406	81,447,664	81,069,130	378,534	0.47
Total assets	175,882,141	163,664,079	1,572,985	1,804,981	177,455,126	165,469,060	11,986,066	7.24
<b>Liabilities:</b>								
Current and other liabilities	14,306,509	9,162,256	16,327	11,042	14,322,836	9,173,298	5,149,538	56.14
Long-term liabilities	7,670,833	3,633,732	119,461	119,458	7,790,294	3,753,190	4,037,104	107.56
Total liabilities	21,977,342	12,795,988	135,788	130,500	22,113,130	12,926,488	9,186,642	71.07
<b>Net Assets:</b>								
Invested in capital net of related debt	77,451,389	76,791,069	1,738,783	1,852,269	79,190,172	78,643,338	546,834	0.70
Restricted net assets	42,250,746	37,529,871	--	--	42,250,746	37,529,871	4,720,875	12.58
Unrestricted net assets	34,202,664	36,547,151	(301,586)	(177,788)	33,901,078	36,369,363	(2,468,285)	(6.79)
Total net assets	\$ 153,904,799	\$ 150,868,091	\$ 1,437,197	\$ 1,674,481	\$ 155,341,996	\$ 152,542,572	\$ 2,799,424	1.84

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 \$155,341,996 at the close of the most recent fiscal year.

The largest portion of the County's net assets, \$79,190,172 (50.98 percent), reflects its investment in capital assets (e.g. land, infrastructure, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another significant portion of the County's net assets, \$42,250,746 (27.20 percent), represent resources that are subject to external restrictions on how they may be used. The remaining balance of total net assets, \$33,901,078 (21.82 percent), is unrestricted and primarily available to finance future services.

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

# COUNTY OF SUTTER

## Management Discussion and Analysis For the Year Ended June 30, 2008

### Analysis of Statement of Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total		Total	
	2008	2007	2008	2007	2008	2007	Dollar Change 2007 to 2008	% Change 2007 to 2008
<b>Revenues:</b>								
<b>Program Revenues:</b>								
Charges for services	\$ 15,500,223	\$ 11,445,542	\$ 81,211	\$ 78,135	\$ 15,581,434	\$ 11,523,677	\$ 4,057,757	35.21
Operating grants and contributions	81,252,023	81,040,817	--	--	81,252,023	81,040,817	211,206	0.26
Capital grants and contributions	6,067,167	1,801,101	--	--	6,067,167	1,801,101	4,266,066	236.86
<b>General Revenues:</b>								
Property taxes	27,525,707	26,314,318	--	--	27,525,707	26,314,318	1,211,389	4.60
Property taxes in lieu of sales taxes	1,064,450	619,250	--	--	1,064,450	619,250	445,200	71.89
Franchise taxes	2,091,514	1,932,138	--	--	2,091,514	1,932,138	159,376	8.25
Sales and use taxes	2,877,339	3,397,116	--	--	2,877,339	3,397,116	(519,777)	(15.30)
Transportation taxes	847,655	868,442	--	--	847,655	868,442	(20,787)	(2.39)
Transient occupancy taxes	77,288	51,144	--	--	77,288	51,144	26,144	51.12
Transfer taxes	336,717	457,616	--	--	336,717	457,616	(120,899)	(26.42)
Fire taxes	265,997	257,462	--	--	265,997	257,462	8,535	3.32
Unrestricted interest and investment earnings	2,895,061	4,429,506	--	--	2,895,061	4,429,506	(1,534,445)	(34.64)
Miscellaneous	3,714,993	3,156,176	--	--	3,714,993	3,156,176	558,817	17.71
<b>Total revenues</b>	<b>144,516,134</b>	<b>135,770,628</b>	<b>81,211</b>	<b>78,135</b>	<b>144,597,345</b>	<b>135,848,763</b>	<b>8,748,582</b>	<b>6.44</b>
<b>Expenses:</b>								
General government	15,425,657	14,715,312	--	--	15,425,657	14,715,312	710,345	4.83
Public protection	42,570,633	36,604,720	--	--	42,570,633	36,604,720	5,965,913	16.30
Public ways and facilities	8,923,373	6,673,405	--	--	8,923,373	6,673,405	2,249,968	33.72
Health and sanitation	40,711,612	32,847,069	--	--	40,711,612	32,847,069	7,864,543	23.94
Public assistance	31,350,751	27,684,872	--	--	31,350,751	27,684,872	3,665,879	13.24
Education	1,584,214	1,246,983	--	--	1,584,214	1,246,983	337,231	27.04
Culture and recreation	483,698	707,119	--	--	483,698	707,119	(223,421)	(31.60)
Community development	257,664	542,385	--	--	257,664	542,385	(284,721)	(52.49)
Interest on long-term debt	171,824	245,057	--	--	171,824	245,057	(73,233)	(29.88)
Water Works District No. 1	--	--	318,495	178,371	318,495	178,371	140,124	78.56
<b>Total expenses</b>	<b>141,479,426</b>	<b>121,266,922</b>	<b>318,495</b>	<b>178,371</b>	<b>141,797,921</b>	<b>121,445,293</b>	<b>20,352,628</b>	<b>16.76</b>
<b>Transfers</b>	<b>--</b>	<b>75,161</b>	<b>--</b>	<b>(75,161)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>Change in net assets</b>	<b>3,036,708</b>	<b>14,578,867</b>	<b>(237,284)</b>	<b>(175,397)</b>	<b>2,799,424</b>	<b>14,403,470</b>	<b>(11,604,046)</b>	<b>(80.56)</b>
<b>Prior period adjustment</b>	<b>--</b>	<b>509,976</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>509,976</b>	<b>(509,976)</b>	<b>(100.00)</b>
<b>Net assets at beginning year</b>	<b>150,868,091</b>	<b>135,779,248</b>	<b>1,674,481</b>	<b>1,849,878</b>	<b>152,542,572</b>	<b>137,629,126</b>	<b>14,913,446</b>	<b>10.84</b>
<b>Net assets at end of year</b>	<b>\$ 153,904,799</b>	<b>\$ 150,868,091</b>	<b>\$ 1,437,197</b>	<b>\$ 1,674,481</b>	<b>\$ 155,341,996</b>	<b>\$ 152,542,572</b>	<b>\$ 2,799,424</b>	<b>1.84</b>

## COUNTY OF SUTTER

### Management Discussion and Analysis For the Year Ended June 30, 2008

#### **ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

#### **Governmental Funds**

The general government functions are contained in the General, Special Revenue, and Capital Projects Funds. Included in these funds are the special districts governed by the Board of Supervisors. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At June 30, 2008, the County's governmental funds reported combined fund balances of \$76,287,012, an increase of \$4,030,529 in comparison with the prior year. Of these combined fund balances, \$70,191,611 constitutes unreserved fund balance of the General, Special Revenue and Capital Projects Funds, \$25,805,342 is available to meet the County's current and future needs and \$44,386,269 is designated for specific purposes. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has been committed: 1) to pay encumbrances \$418,260; 2) for imprest cash \$31,132; 3) to fund inventory \$138,898; and 5) as a reserve for long-term receivables \$5,491,111.

The General Fund is the chief operating fund of the County. At June 30, 2008, unreserved fund balance was \$33,276,383, while total fund balance reached \$36,902,427. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved and total fund balance to total fund expenditures. Unreserved fund balance represents 118% of total General Fund expenditures, while the total fund balance represents 131% of total General Fund expenditures.

The County's management also designates (earmarks) unreserved fund balance to a particular function, project, or activity. Fund balance may also be designated for purposes beyond the current year. However, designated fund balance is available for appropriation at any time. Of the \$33,276,383 General Fund unreserved fund balance, all is available for appropriations.

The County has three other major governmental funds. The Bi-County Mental Health Fund has a total fund balance of \$1,266,900, the Welfare Fund has a total fund balance of \$1,775, and the Public Safety Fund has a total fund balance of \$37,265 at year end. Overall, the other governmental funds' fund balances increased \$1,854,715 to \$39,384,585. The three major governmental funds had changes in fund balances as follows: Bi-County Mental Health \$(2,066,809), Welfare \$0 and Public Safety (\$311,880). The non-major governmental funds' fund balances increased by \$3,609,644.

## COUNTY OF SUTTER

### Management Discussion and Analysis For the Year Ended June 30, 2008

#### 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 \$1,437,197, a decrease of \$237,284 from the prior year.

The net assets of the internal services funds decreased from \$4,716,507 to \$4,668,255.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

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

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

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

	Original Budget	Final Budget	Variance	
			Amount	Percent
Total Revenues	\$ 45,578,935	\$ 46,029,512	\$ 450,577	0.99%
Total Expenditures	36,244,229	37,711,073	1,466,844	4.05%
Other Financing Sources (Uses)	(18,804,828)	(18,440,256)	364,572	-1.94%
Net Changes in Fund Balances	<u>\$ (9,470,122)</u>	<u>\$ (10,121,817)</u>	<u>\$ (651,695)</u>	<u>6.88%</u>

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

	Final Budget	Actual	Variance	
			Amount	Percent
Total Revenues	\$ 46,029,512	\$ 52,683,702	\$ 6,654,190	14.46%
Total Expenditures	37,711,073	28,120,784	(9,590,289)	-25.43%
Other Financing Sources (Uses)	(18,440,256)	(22,387,104)	(3,946,848)	21.40%
Net Changes in Fund Balances	<u>\$ (10,121,817)</u>	<u>\$ 2,175,814</u>	<u>\$ 12,297,631</u>	<u>-121.50%</u>

## COUNTY OF SUTTER

### Management Discussion and Analysis For the Year Ended June 30, 2008

#### 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, 2008, was \$81,447,664 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. Net additions and adjustments to capital assets were \$4,137,605 and net additions to accumulated depreciation were \$4,541,892. Therefore, the County's net investment in capital assets increased \$378,535 from June 30, 2007.

Additional information on the County of Sutter's capital assets can be found in Note 4 to the financial statements.

##### Debt Administration

At the end of the current fiscal year, the County had total long-term obligations outstanding of \$7,790,294, a decrease of \$98,063 from June 30, 2007.

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

#### FUTURE ECONOMIC OUTLOOK

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

The County population as of January 1, 2008, was approximately 96,554<sup>1</sup>, which was a 1.3% increase from 95,306 as compared to January 1, 2007.

The average annual unemployment rate for the Yuba City metropolitan statistical area (MSA) increased from 9.7% in 2007 to 12.3% percent in 2008, with a forecasted increase in 2009 to 12.9%<sup>2</sup>.

Taxable Sales within the Yuba City MSA increased from \$1.989 million in 2006 to \$2.037 million in 2007 (a 2.4% increase). Figures are not yet available for 2008, but the Sacramento Forecast Project estimated that sales would remain flat in 2008 at \$2.037 million, with a slight increase in 2009 to \$2.051 million.

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<sup>1</sup> Source: California Department of Finance

<sup>2</sup> Source for unemployment, taxable sales, and building permit data: Sacramento Forecast Project, California State University Sacramento.

## COUNTY OF SUTTER

### Management Discussion and Analysis For the Year Ended June 30, 2008

Total Assessed Property Valuation for Fiscal Year 2007-08 was \$8.56 billion. In FY 2008-09, that figure increased by 1.1% to \$8.65 billion. Due to the significant number of foreclosures and property re-assessments, the forecast for FY 2009-10 is a decrease of approximately 5%, to \$8.22 billion.<sup>3</sup>

A dramatic illustration of the housing market meltdown can be seen in the statistics regarding building permits. The number of building permits issued by the City of Yuba City (where the bulk of County development takes place) fell from 965 in 2007 to 226 in 2008. The Sacramento Forecast Project's estimate for 2009 involves another decrease, to 194 permits to be issued.

As the figures above show, Sutter County has not been immune to the downturn in the national economy. Unemployment rates and property foreclosures are expected to increase, coupled with a moderate decline in sales and property taxes.

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.

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<sup>3</sup> Sutter County Property Tax Assessment Roll Data can be found at the Sutter County Assessor's Office

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

## COUNTY OF SUTTER

### Statement of Net Assets

June 30, 2008

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
<b>Assets</b>			
Cash and investments	\$ 74,222,913	\$ --	\$ 74,222,913
Cash with fiscal agent	329,440	--	329,440
Imprest cash	132,401	--	132,401
Accounts receivable	16,642,728	17,749	16,660,477
Interest receivable	686,491	53	686,544
Internal balances	303,061	(303,061)	--
Prepaid expenses	258,026	--	258,026
Inventories	146,953	--	146,953
Loans receivable	3,570,708	--	3,570,708
Capital assets:			
Nondepreciable	9,647,057	58,000	9,705,057
Depreciable, net	69,942,363	1,800,244	71,742,607
Total assets	<u>\$ 175,882,141</u>	<u>\$ 1,572,985</u>	<u>\$ 177,455,126</u>
<b>Liabilities</b>			
Accounts payable	\$ 4,893,302	\$ 15,832	\$ 4,909,134
Salaries & benefits payable	1,709,703	--	1,709,703
Deposits and other liabilities	153,690	495	154,185
Due to other governments	5,031,839	--	5,031,839
Unearned revenue	2,517,975	--	2,517,975
Long-term liabilities			
Due within one year	4,281,160	6,883	4,288,043
Due in more than one year	3,389,673	112,578	3,502,251
Total liabilities	<u>21,977,342</u>	<u>135,788</u>	<u>22,113,130</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	77,451,389	1,738,783	79,190,172
Restricted for:			
Taxes and Fees	6,501,985	--	6,501,985
Public protection	10,652,658	--	10,652,658
Public facilities	9,960,150	--	9,960,150
Health & sanitation	10,860,940	--	10,860,940
Community Development	3,275,036	--	3,275,036
Other	999,977	--	999,977
Unrestricted	34,202,664	(301,586)	33,901,078
Total net assets	<u>153,904,799</u>	<u>1,437,197</u>	<u>155,341,996</u>
Total liabilities and net assets	<u>\$ 175,882,141</u>	<u>\$ 1,572,985</u>	<u>\$ 177,455,126</u>

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

**COUNTY OF SUTTER**

Statement of Activities  
For the Year Ended June 30, 2008

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>		
		<b>Fees, Fines and Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$ 15,425,657	\$ 5,869,024	\$ 8,440,470	\$ --
Public safety	42,570,633	6,200,784	14,950,818	--
Public ways and facilities	8,923,373	715,979	2,360,721	6,067,167
Health and sanitation	40,711,612	2,520,186	27,652,156	--
Public assistance	31,350,751	25,457	26,994,629	--
Education	1,584,214	83,340	383,963	--
Culture and recreation	483,698	11,920	47,479	--
Community development	257,664	73,533	421,787	--
Interest on long-term debt	171,824	--	--	--
<b>Total governmental activities</b>	<b>141,479,426</b>	<b>15,500,223</b>	<b>81,252,023</b>	<b>6,067,167</b>
Business-Type Activities:				
Waterworks District No. 1	318,495	81,211	--	--
<b>Total business-type activities</b>	<b>318,495</b>	<b>81,211</b>	<b>--</b>	<b>--</b>
<b>Total primary government</b>	<b>\$ 141,797,921</b>	<b>\$ 15,581,434</b>	<b>\$ 81,252,023</b>	<b>\$ 6,067,167</b>

General Revenues:

Taxes:

- Property taxes
- Property taxes in lieu of sales taxes
- Franchise taxes
- Sales and use taxes
- Transportation taxes
- Transient occupancy taxes
- Transfer taxes
- Fire taxes
- Unrestricted interest and investment earnings
- Miscellaneous
- Total general revenues and transfers

Change in net assets

Net assets, beginning of year

Net assets, end of year

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

Net (Expense) Revenue and  
Changes in Net Assets

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (1,116,163)	\$ --	\$ (1,116,163)
(21,419,031)	--	(21,419,031)
220,494	--	220,494
(10,539,270)	--	(10,539,270)
(4,330,665)	--	(4,330,665)
(1,116,911)	--	(1,116,911)
(424,299)	--	(424,299)
237,656	--	237,656
(171,824)	--	(171,824)
<u>(38,660,013)</u>	<u>--</u>	<u>(38,660,013)</u>
--	(237,284)	(237,284)
--	(237,284)	(237,284)
<u>(38,660,013)</u>	<u>(237,284)</u>	<u>(38,897,297)</u>
27,525,707	--	27,525,707
1,064,450	--	1,064,450
2,091,514	--	2,091,514
2,877,339	--	2,877,339
847,655	--	847,655
77,288	--	77,288
336,717	--	336,717
265,997	--	265,997
2,895,061	--	2,895,061
3,714,993	--	3,714,993
<u>41,696,721</u>	<u>--</u>	<u>41,696,721</u>
3,036,708	(237,284)	2,799,424
<u>150,868,091</u>	<u>1,674,481</u>	<u>152,542,572</u>
<u>\$ 153,904,799</u>	<u>\$ 1,437,197</u>	<u>\$ 155,341,996</u>

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**BASIC FINANCIAL STATEMENTS  
FUND FINANCIAL STATEMENTS**

**COUNTY OF SUTTER**

**Balance Sheet  
Governmental Funds  
June 30, 2008**

	General Fund	Bi-County Mental Health	Welfare	Public Safety	Other Governmental Funds	Total
<b>ASSETS</b>						
Cash and investments	\$ 29,109,518	\$ 2,074,807	\$1,321,502	\$ 97,263	\$ 36,425,235	\$ 69,028,325
Cash with fiscal agent	329,440	--	--	--	--	329,440
Accounts receivable	1,118,767	675,557	356,434	865,267	6,908,605	9,924,630
Interest receivable	393,237	20,944	6,923	474	234,108	655,686
Due from other funds	9,970,790	1,095,046	619,278	5,616,451	1,598,588	18,900,153
Prepaid expenses	20,433	24,642	28,561	950	23,615	98,201
Inventory	--	--	--	--	138,898	138,898
Advances to other funds	1,920,403	--	--	--	--	1,920,403
Loans receivable	1,600,000	--	--	--	1,970,708	3,570,708
	<u>\$ 44,462,588</u>	<u>\$ 3,890,996</u>	<u>\$2,332,698</u>	<u>\$ 6,580,405</u>	<u>\$ 47,299,757</u>	<u>\$104,566,444</u>
Total assets						
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 745,169	\$ 790,962	\$ 260,966	\$ 698,794	\$ 2,223,404	\$ 4,719,295
Salaries & benefits payable	468,753	238,726	225,934	430,682	281,429	1,645,524
Deposits and other liabilities	5,843	--	--	85,534	62,313	153,690
Due to other funds	5,530,628	594,408	22,216	5,010,662	5,491,704	16,649,618
Advances from other funds	--	1,000,000	--	--	857,619	1,857,619
Unearned revenue	600,000	--	1,821,807	--	96,168	2,517,975
Deferred revenue	209,768	--	--	317,468	208,475	735,711
	<u>7,560,161</u>	<u>2,624,096</u>	<u>2,330,923</u>	<u>6,543,140</u>	<u>9,221,112</u>	<u>28,279,432</u>
Total liabilities						
Fund balances:						
Reserved:						
Encumbrances	72,788	--	--	--	345,472	418,260
Imprest cash	16,853	350	1,775	11,729	425	31,132
Inventory	--	--	--	--	138,898	138,898
Long term receivables and advances	3,520,403	--	--	--	1,970,708	5,491,111
Other	16,000	--	--	--	--	16,000
Unreserved, reported in:						
General fund						
Designated	21,759,480	--	--	--	--	21,759,480
Undesignated	11,516,903	--	--	--	--	11,516,903
Special revenue funds						
Designated	--	544,929	--	25,536	21,898,701	22,469,166
Undesignated	--	721,621	--	--	13,558,059	14,279,680
Capital projects funds						
Designated	--	--	--	--	157,623	157,623
Undesignated	--	--	--	--	8,759	8,759
	<u>36,902,427</u>	<u>1,266,900</u>	<u>1,775</u>	<u>37,265</u>	<u>38,078,645</u>	<u>76,287,012</u>
Total fund balances						
Total liabilities and fund balances	<u>\$ 44,462,588</u>	<u>\$ 3,890,996</u>	<u>\$2,332,698</u>	<u>\$ 6,580,405</u>	<u>\$ 47,299,757</u>	<u>\$104,566,444</u>

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

## COUNTY OF SUTTER

Reconciliation of the Governmental Funds Balance Sheet  
to the Government-Wide Statement of Net Assets - Governmental Activities  
June 30, 2008

Fund Balance - total governmental funds	\$ 76,287,012
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.	78,884,729
Accrued revenue, which is not available soon enough to pay for the current period's expenditures, is deferred in the governmental funds	735,711
Long-term liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds.	
Certificates of Participation	(2,030,000)
Loan payable	(108,031)
Compensated absences	(4,532,877)
Internal service funds are used by management to charge the cost of self-insurance risk management and management of fleet maintenance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. Internal service fund net assets are:	<u>4,668,255</u>
Net assets of governmental activities	<u><u>\$ 153,904,799</u></u>

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

**COUNTY OF SUTTER**

Statement of Revenues, Expenditures and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended June 30, 2008

	General Fund	Bi-County		Public Safety	Other Governmental Funds	Total
		Mental Health	Welfare			
<b>Revenues</b>						
Taxes	\$ 29,601,332	\$ --	\$ --	\$ 27,368	\$ 3,952,027	\$ 33,580,727
Licenses and permits	2,552,714	--	--	16,505	719,299	3,288,518
Fines, forfeitures and penalties	124,936	--	--	1,068,509	786,919	1,980,364
Use of money and property	1,789,750	148,804	(28,122)	(168,459)	1,156,722	2,898,695
Intergovernmental	10,392,625	15,466,140	27,003,481	2,618,880	33,473,362	88,954,488
Charges for services	6,773,309	1,316,492	25,457	1,681,440	2,333,372	12,130,070
Other revenues	1,449,036	267,255	375,132	573,260	957,465	3,622,148
Total revenues	<u>52,683,702</u>	<u>17,198,691</u>	<u>27,375,948</u>	<u>5,817,503</u>	<u>43,379,166</u>	<u>\$ 146,455,010</u>
<b>Expenditures</b>						
Current:						
General government	14,392,968	--	--	--	4,800	14,397,768
Public protection	10,617,038	--	--	28,147,006	3,474,427	42,238,471
Public ways and facilities	140,176	--	--	--	9,479,120	9,619,296
Health and sanitation	--	25,638,937	--	--	15,278,067	40,917,004
Public assistance	39,085	--	31,353,249	--	--	31,392,334
Education	1,547,108	--	--	--	--	1,547,108
Culture and recreation	473,012	--	--	--	--	473,012
Community development	--	--	--	--	257,664	257,664
Debt Service:						
Principal	60,119	--	--	--	101,505	161,624
Interest	1,578	--	--	--	161,850	163,428
Capital outlay	849,700	--	75,033	366,383	418,121	1,709,237
Total expenditures	<u>28,120,784</u>	<u>25,638,937</u>	<u>31,428,282</u>	<u>28,513,389</u>	<u>29,175,554</u>	<u>142,876,946</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>24,562,918</u>	<u>(8,440,246)</u>	<u>(4,052,334)</u>	<u>(22,695,886)</u>	<u>14,203,612</u>	<u>3,578,064</u>
<b>Other Financing Sources (Uses)</b>						
Transfers in	4,285,015	6,373,437	4,052,334	23,009,951	9,795,343	47,516,080
Transfers out	<u>(26,672,119)</u>	<u>--</u>	<u>--</u>	<u>(2,185)</u>	<u>(20,389,311)</u>	<u>(47,063,615)</u>
Total other financing sources (uses)	<u>(22,387,104)</u>	<u>6,373,437</u>	<u>4,052,334</u>	<u>23,007,766</u>	<u>(10,593,968)</u>	<u>452,465</u>
Net change in fund balances	2,175,814	(2,066,809)	--	311,880	3,609,644	4,030,529
Fund balances, beginning of year	<u>34,726,613</u>	<u>3,333,709</u>	<u>1,775</u>	<u>(274,615)</u>	<u>34,469,001</u>	<u>72,256,483</u>
Fund balances, end of year	<u>\$ 36,902,427</u>	<u>\$ 1,266,900</u>	<u>\$ 1,775</u>	<u>\$ 37,265</u>	<u>\$ 38,078,645</u>	<u>\$ 76,287,012</u>

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

**COUNTY OF SUTTER**

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Government-Wide Statement of Activities - Governmental Activities  
For the Year Ended June 30, 2008

Net change to fund balance - total governmental funds		\$ 4,030,529
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.		(2,117,935)
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	\$ 5,085,558	
Transfer of capital assets from internal service fund sales, retirements, trade-ins and donations	(68,183)	
Less: current year depreciation	<u>(4,142,688)</u>	
		874,687
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:		
Certificates or participation	90,000	
Loans payable	11,505	
Capital leases	<u>60,119</u>	
		161,624
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	58,510	
Change in accounts payable	<u>77,545</u>	
		136,055
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>(48,252)</u>
Change in net assets of governmental activities		<u><u>\$ 3,036,708</u></u>

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

**COUNTY OF SUTTER**

Statement of Fund Net Assets  
Proprietary Funds  
June 30, 2008

	<u>Business-Type Activities - Nonmajor Enterprise Fund Waterworks District No. 1</u>	<u>Governmental Activities  Internal Service Funds</u>
<b>Assets</b>		
Current assets:		
Cash and investments	\$ --	\$ 5,326,989
Accounts receivable	17,749	4,700
Interest receivable	53	30,805
Due from other funds	1,070	136,373
Prepaid expenses	--	159,825
Inventory	--	8,055
Total current assets	<u>18,872</u>	<u>5,666,747</u>
Noncurrent assets:		
Capital assets:		
Nondepreciable	58,000	137,535
Depreciable, net	1,800,244	567,156
Total noncurrent assets	<u>1,858,244</u>	<u>704,691</u>
Total assets	<u>\$ 1,877,116</u>	<u>\$ 6,371,438</u>
<b>Liabilities</b>		
Current Liabilities:		
Accounts payable	\$ 15,832	\$ 174,007
Salaries & benefits payable	--	64,179
Compensated absences payable	--	119,279
Claims payable	--	824,516
Due to other funds	241,347	465,072
Deposits payable	495	--
Current portion of debt	6,883	--
Total current liabilities	<u>264,557</u>	<u>1,647,053</u>
Noncurrent liabilities:		
Advances from other funds	62,784	--
Compensated absences payable	--	56,130
Loans payable	112,578	--
Total noncurrent liabilities	<u>175,362</u>	<u>56,130</u>
Total liabilities	<u>439,919</u>	<u>1,703,183</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	1,738,783	704,691
Unrestricted	(301,586)	3,963,564
Total net assets	<u>1,437,197</u>	<u>4,668,255</u>
Total liabilities and net assets	<u>\$ 1,877,116</u>	<u>\$ 6,371,438</u>

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

**COUNTY OF SUTTER**

Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2008

	Business-Type Activities	Governmental Activities
	Nonmajor Enterprise Fund	
	Waterworks District No. 1	Internal Service Funds
<b>Operating Revenues:</b>		
Charges for services	\$ 81,211	\$ 7,927,935
Other revenues	--	9,496
Total operating revenues	81,211	7,937,431
<b>Operating Expenses:</b>		
Salaries and benefits	--	2,842,512
Services and supplies	189,106	4,160,243
Claims	--	1,500
Depreciation	120,161	279,043
Total operating expenses	309,267	7,283,298
Operating income (loss)	(228,056)	654,133
<b>Nonoperating Revenues (Expenses):</b>		
Interest revenue	--	170,458
Interest expense	(9,228)	(8,396)
Total nonoperating revenues (expenses)	(9,228)	162,062
Net income before transfers	(237,284)	816,195
Transfers in	--	129,300
Transfers out	--	(993,747)
Change in net assets	(237,284)	(48,252)
Net assets, beginning of year	1,674,481	4,716,507
Net assets, end of year	\$ 1,437,197	\$ 4,668,255

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

**COUNTY OF SUTTER**

Statement of Cash Flows  
 Proprietary Funds  
 For the Year Ended June 30, 2008

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	Nonmajor <u>Enterprise Fund</u>	
	Waterworks District No. 1	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from customers	\$ 76,289	\$ 7,949,359
Payments to suppliers	(177,141)	(4,164,345)
Payments to employees	--	(2,826,563)
	<u>(100,852)</u>	<u>958,451</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Interfund loans received	117,860	655,503
Interfund loans paid	(1,070)	(69,013)
Transfers from other funds	--	129,300
Transfers to other funds	--	(617,918)
	<u>116,790</u>	<u>97,872</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchase of capital assets	--	(319,564)
Principal paid on debt	(6,676)	--
Interest paid on debt	(3,746)	--
	<u>(10,422)</u>	<u>(319,564)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	(5,516)	168,022
	<u>(5,516)</u>	<u>168,022</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	--	904,781
<b>Cash and cash equivalents, beginning of year</b>	<u>--</u>	<u>4,422,208</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ --</u></u>	<u><u>\$ 5,326,989</u></u>

continued

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

**COUNTY OF SUTTER**

Statement of Cash Flows (continued)  
 Proprietary Funds  
 For the Year Ended June 30, 2008

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Nonmajor Enterprise Fund</u>	
	<u>Waterworks District No. 1</u>	<u>Internal Service Funds</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>		
Operating income (loss)	\$ (228,056)	\$ 654,133
Adjustments to reconcile operating income (loss) to cash flows from operating activities:		
Depreciation	120,161	279,043
Decrease (increase) in:		
Accounts receivable	(4,922)	11,928
Prepaid costs	--	(101,821)
Inventory	--	302
Increase (decrease) in:		
Accounts payable	11,470	31,059
Salaries and benefits payable	--	13,556
Compensated absences payable	--	2,393
Deposits payable	495	(58,496)
Claims payable	--	126,354
	<u>                    </u>	<u>                    </u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ (100,852)</u>	<u>\$ 958,451</u>
<b>Noncash investing, capital, and financing activities:</b>		
Transfer of capital assets to governmental funds	<u>                    </u>	<u>\$ 396,540</u>

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

**COUNTY OF SUTTER**

Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2008

	Private- Purpose Trust Funds	Investment Trust Funds	Agency Funds
<b>Assets</b>			
Cash and investments	\$ 19,237	\$ 85,013,726	\$ 13,539,213
Interest receivable	108	--	--
Taxes receivable	--	--	10,423,885
Due from other funds	--	3,505,384	1,526,455
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 19,345</u>	<u>\$ 88,519,110</u>	<u>\$ 25,489,553</u>
<b>Liabilities</b>			
Due to other funds	\$ --	\$ 31,648	\$ 6,681,750
Agency funds held for others	--	--	18,807,803
	<hr/>	<hr/>	<hr/>
Total liabilities	<u>--</u>	<u>31,648</u>	<u>25,489,553</u>
<b>Net Assets</b>			
Held in trust for pool participants	<u>\$ 19,345</u>	<u>\$ 88,487,462</u>	<u>\$ --</u>

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

## COUNTY OF SUTTER

### Statement of Changes in Fiduciary Net Assets For the Year Ended June 30, 2008

	Private- Purpose Trust Funds	Investment Trust Funds
<b>ADDITIONS:</b>		
Interest and investment income	\$ 575	\$ 3,688,864
Contributions from participants	5,911	421,101,600
Total Additions	6,486	424,790,464
<b>DEDUCTIONS:</b>		
Distributions to participants	--	407,625,252
Change in net assets	6,486	17,165,212
Net assets, beginning of year	12,859	71,322,250
Net assets, end of year	\$ 19,345	\$ 88,487,462

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

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**NOTES TO THE FINANCIAL STATEMENTS**

## COUNTY OF SUTTER

### Notes to the Basic Financial Statements For the Year Ended June 30, 2008

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

**A. Reporting Entity**

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

The accounting methods and procedures adopted by the County conform to generally accepted accounting principles as applied to governmental entities. These financial statements present the government and its component units, entities for which the government is considered to be financially accountable under the criteria set by Governmental Accounting Standards Board (GASB) Statement No. 14.

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

Reporting for component units on the County's financial statements can be blended or discretely presented. Blended component units; although legally separate entities, are in substance part of the County's operations and, therefore, data from these units is combined with data of the primary government. Discretely presented component units, on the other hand, would be reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

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

## COUNTY OF SUTTER

### Notes to the Basic Financial Statements For the Year Ended June 30, 2008

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

A. **Reporting Entity** (continued)

Blended Component Units

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

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

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

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

Discretely Presented Component Units

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

B. **Basis of Presentation**

Government-Wide Financial Statements

The statement of net assets and statement of activities display information on all the non-fiduciary activities of the County, and its blended component units. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the County. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

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

# COUNTY OF SUTTER

## Notes to the Basic Financial Statements For the Year Ended June 30, 2008

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

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

Government-Wide Financial Statements (continued)

requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

Fund Financial Statements

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

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

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.

## COUNTY OF SUTTER

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2008

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

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

#### Fund Financial Statements (continued)

- The *Welfare Fund* is a special revenue fund used to account for revenues and expenditures for social welfare programs.
- The *Public Safety Fund* is a special revenue fund used to account for revenues and expenditures for public safety programs.

The County reports the following additional fund types:

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

### C. **Basis of Accounting and Measurement Focus**

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales tax,

## COUNTY OF SUTTER

### Notes to the Basic Financial Statements For the Year Ended June 30, 2008

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

**C. Basis of Accounting and Measurement Focus** (continued)

grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

For its business-type activities and enterprise funds, the County has elected under Governmental Accounting Standards Board (GASB) Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting", to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The County has elected not to follow subsequent private-sector guidance. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes accounting principles generally accepted in the United States of America (GAAP) for governmental units.

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

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

## COUNTY OF SUTTER

### Notes to the Basic Financial Statements For the Year Ended June 30, 2008

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

**C. Basis of Accounting and Measurement Focus** (continued)

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.

**D. 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.

**E. Investments**

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

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

## COUNTY OF SUTTER

### Notes to the Basic Financial Statements For the Year Ended June 30, 2008

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

E. **Investments** (continued)

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, 2008, the County Treasurer has not entered into any legally binding guarantees to support the value of participant equity in the investment pool.

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

F. **Receivables**

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

In the fund financial statements, material receivables in governmental funds include revenue accounts such as taxes, grants, interest, and other similar intergovernmental revenues since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material

## COUNTY OF SUTTER

### Notes to the Basic Financial Statements For the Year Ended June 30, 2008

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

F. **Receivables** (continued)

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.

G. **Interfund Transactions**

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

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

# COUNTY OF SUTTER

## Notes to the Basic Financial Statements For the Year Ended June 30, 2008

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

### H. 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.

### I. Loans Receivable

For the purpose of the fund financial statements, special revenue fund expenditures relating to long-term loans receivable arising from mortgage subsidy programs are charged to operations upon funding and the loans receivable are recorded. At June 30, 2008, the nonmajor governmental fund Economic Development had recorded loans receivable of \$1,642,145. In addition, the General Fund had a loan receivable of \$1,600,000 made to Sutter Butte Flood Control Agency and the Mental Health Services fund had a loan receivable of \$328,563 made to Sutter Yuba Housing Authority.

### J. 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. 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

COUNTY OF SUTTER

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2008

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

J. **Capital Assets** (continued)

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 the Basic Financial Statements For the Year Ended June 30, 2008

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

**K. 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.

**L. 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.

**M. 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 the Basic Financial Statements For the Year Ended June 30, 2008

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

#### N. Fund Balances/Net Assets

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

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

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

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

At June 30, 2008, reservations of fund balance included:

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

# COUNTY OF SUTTER

## Notes to the Basic Financial Statements For the Year Ended June 30, 2008

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

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

As of June 30, 2008, designations of fund balance were reported in the following governmental funds:

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

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

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

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

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

## COUNTY OF SUTTER

### Notes to the Basic Financial Statements For the Year Ended June 30, 2008

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

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

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

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

The County has elected to follow the procedures authorized by Revenue and Taxation Code 4703.2 which requires that the tax losses reserve fund shall be maintained at not less than 25 percent of the local delinquent secured taxes and assessments for participating entities in the County as calculated at the end of the fiscal year. The net balance in the TLRF was \$1,461,811 at June 30, 2008. 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.

**P. 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.

**Q. 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 the Basic Financial Statements For the Year Ended June 30, 2008

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

Q. **Expenditures/Expenses** (continued)

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

R. **Estimates**

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

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

**Gann Spending Limitation**

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

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

## COUNTY OF SUTTER

### Notes to the Basic Financial Statements For the Year Ended June 30, 2008

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

Supervisors reviews and approves the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the oversight committee and the investment pool participants every month. The report covers the type of investment in the pool, maturity dates, par value, actual cost and fair value.

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

At June 30, 2008, total County cash and investments were as follows:

<i>Cash:</i>	
Cash on hand	\$ 528,172
Deposits	14,666,770
Outstanding warrants	(11,169,142)
Total cash	<u>4,025,800</u>
<i>Investments:</i>	
Investment pool	166,396,756
External to investment pool	2,504,934
Held with fiscal agents	329,440
Total investments	<u>169,231,130</u>
Total cash and investments	<u>\$ 173,256,930</u>

Total cash and investments at June 30, 2008 were presented on the County's financial statements as follows:

Primary government	\$ 74,684,754
Private purpose trust funds	19,237
Investment trust fund	85,013,726
Agency fund	<u>13,539,213</u>
Total	<u>\$ 173,256,930</u>

## COUNTY OF SUTTER

### Notes to the Basic Financial Statements For the Year Ended June 30, 2008

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

Deposits – Custodial Risk

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

At June 30, 2008, the carrying value of the County's deposits was \$3,497,628 and the bank balance was \$13,330,474. The difference between the carrying amount and the bank balance is a result of transactions in transit. Of the bank balance, \$100,000 was covered by Federal Depository Insurance Corporation (FDIC) and the remainder was covered by the multiple financial institution collateral pool that insures public deposits.

Investments

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

## COUNTY OF SUTTER

### Notes to the Basic Financial Statements For the Year Ended June 30, 2008

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

**Investments** (continued)

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

At June 30, 2008, the County had the following investments:

	<u>Interest Rates</u>	<u>Maturities</u>	<u>Par</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Weighted Average Maturity (Years)</u>
<b>Primary Investment Pool</b>						
Federal Agency Issues - Coupon	3.30 - 4.80%	1/23/09 - 4/29/13	\$ 62,000,000	\$ 61,712,915	\$ 61,987,723	4.25
Medium Term Corporate Notes	2.86% - 4.75%	9/25/08 - 7/27/12	24,900,000	24,785,018	24,985,919	2.29
LAIF	Variable	On Demand	32,963,073	32,963,073	32,963,073	--
California Asset Management Pool (CAMP)	Variable	On Demand	46,460,041	46,460,041	46,460,041	--
Total			<u>\$ 166,323,114</u>	<u>\$ 165,921,047</u>	<u>\$ 166,396,756</u>	1.92
<b>Investments Outside Investment Pool</b>						
LAIF - Sutter Cemetery	Variable	On Demand	2,504,934	2,504,934	2,504,934	--
Cash held with fiscal agent:						
Money market mutual funds	Variable	On Demand	329,440	329,440	329,440	--
			<u>\$ 2,834,374</u>	<u>\$ 2,834,374</u>	<u>\$ 2,834,374</u>	--

At June 30, 2008, the difference between the cost and fair value of cash and investments was not material (fair value was 99.72% of carrying value). Therefore, an adjustment to fair value was not required.

## COUNTY OF SUTTER

### Notes to the Basic Financial Statements For the Year Ended June 30, 2008

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

##### Interest Rate Risk

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

##### Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law limits investments in commercial paper to the rating of A1 by Standards & Poor's or P-1 by Moody's Investors Service. State law also limit investments in corporate bonds to the rating of A by Standard & Poor's and Moody's Investors Service. The County does not have credit limits on governmental agency securities.

##### Concentration of Credit Risk

Concentration of Credit Risk – 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 37% 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. State law restricts the County's investments in commercial paper to 40% of its investment pool and to 10% per issuer. State law also limits the County's investments in corporate notes and negotiable certificates of deposit to 30% of its investment pool and to 10% per issuer. At June 30, 2008, the County's investments were in compliance with concentration of credit risk State law.

## COUNTY OF SUTTER

### Notes to the Basic Financial Statements For the Year Ended June 30, 2008

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

Concentration of Credit Risk (continued)

	<u>Standard &amp; Poor's Rating</u>	<u>% of Portfolio</u>
Federal Agencies	AAA	36.64%
Medium Term Notes	A	2.38%
Medium Term Notes	AA-	4.70%
Medium Term Notes	AA+	2.90%
Medium Term Notes	AAA	4.74%
LAIF	Unrated	21.06%
CAMP	Unrated	<u>27.58%</u>
Total		<u><u>100.00%</u></u>

Custodial Credit Risk

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

Local Agency Investment Fund

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

## COUNTY OF SUTTER

### Notes to the Basic Financial Statements For the Year Ended June 30, 2008

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

Local Agency Investment Fund (continued)

At June 30, 2008, the County's investment position in the State of California Local Agency Investment Fund (LAIF) was \$33.0 million for the primary investment pool and \$2.5 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 \$70 billion. Of that amount, 14.72% was invested in structured notes and asset-backed securities with the remaining 85.28% invested in other non-derivative financial products.

County Investment Pool Condensed Financial Information

The following represents a condensed statement of net assets and changes in net assets for the County's primary investment pool and bond investment pool as of June 30, 2008:

**Statement of Net Assets**

Net assets held for pool participants	<u>\$ 170,290,155</u>
Equity of internal pool participants	81,802,693
Equity of external pool participants	<u>88,487,462</u>
Total net assets	<u>170,290,155</u>

**Statement of Changes in Net Assets**

Net assets at July 1, 2007	\$ 152,799,390
Net changes in investments by pool participants	<u>17,490,765</u>
Net assets at June 30, 2008	<u>\$ 170,290,155</u>

## COUNTY OF SUTTER

### Notes to the Basic Financial Statements For the Year Ended June 30, 2008

Note 4: **Capital Assets**

Capital assets activity for the year ended June 30, 2008, was as follows:

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	<u>Balance June 30, 2008</u>
<b>Governmental Activities</b>					
Capital Assets, Not Being Depreciated:					
Land	\$ 2,651,983	\$ --	\$ --	\$ --	\$ 2,651,983
Construction in progress	4,736,327	4,268,647	--	(2,009,900)	6,995,074
<b>Total Capital Assets, Not Being Depreciated</b>	<b>7,388,310</b>	<b>4,268,647</b>	<b>--</b>	<b>(2,009,900)</b>	<b>9,647,057</b>
Capital Assets, Being Depreciated:					
Structures and improvements	31,048,458	--	--	1,905,487	32,953,945
Equipment	19,396,770	1,136,475	(915,904)	104,413	19,721,754
Infrastructure	88,866,211	--	(351,612)	--	88,514,599
<b>Total Capital Assets, Being Depreciated</b>	<b>139,311,439</b>	<b>1,136,475</b>	<b>(1,267,516)</b>	<b>2,009,900</b>	<b>141,190,298</b>
Less Accumulated Depreciation for:					
Structures and improvements	(13,722,701)	(577,401)	--	--	(14,300,102)
Equipment	(14,351,020)	(1,400,913)	782,821	--	(14,969,112)
Infrastructure	(39,535,304)	(2,443,417)	--	--	(41,978,721)
<b>Total Accumulated Depreciation</b>	<b>(67,609,025)</b>	<b>(4,421,731)</b>	<b>782,821</b>	<b>--</b>	<b>(71,247,935)</b>
<b>Total Capital Assets, Being Depreciated, Net</b>	<b>71,702,414</b>	<b>(3,285,256)</b>	<b>(484,695)</b>	<b>2,009,900</b>	<b>69,942,363</b>
<b>Governmental Activities, Capital Assets, Net</b>	<b>\$ 79,090,724</b>	<b>\$ 983,391</b>	<b>\$ (484,695)</b>	<b>\$ --</b>	<b>\$ 79,589,420</b>

## COUNTY OF SUTTER

### Notes to the Basic Financial Statements For the Year Ended June 30, 2008

Note 4: **Capital Assets** (continued)

	Balance July 1, 2007	Additions	Retirements	Adjustments	Balance June 30, 2008
<b>Business-Type Activities</b>					
Capital Assets, Not Being Depreciated:					
Land	\$ 58,000	\$ --	\$ --	\$ --	\$ 58,000
Total Capital Assets, Not Being Depreciated	58,000	--	--	--	58,000
Capital Assets, Being Depreciated:					
Structures and improvements	3,063,174	--	--	--	3,063,174
Equipment	17,826	--	--	--	17,826
Total Capital Assets, Being Depreciated	3,081,000	--	--	--	3,081,000
Less Accumulated Depreciation for:					
Structures and improvements	(1,142,769)	(120,161)	--	--	(1,262,930)
Equipment	(17,826)	--	--	--	(17,826)
Total Accumulated Depreciation	(1,160,595)	(120,161)	--	--	(1,280,756)
Total Capital Assets, Being Depreciated, Net	1,920,405	(120,161)	--	--	1,800,244
Business-Type Activities, Capital Assets, Net	\$ 1,978,405	\$ (120,161)	\$ --	\$ --	\$ 1,858,244

### Depreciation

Depreciation expense was charged to governmental functions as follows:

General government	\$ 693,052
Public protection	815,998
Public ways and facilities	2,512,809
Health and sanitation	86,226
Public assistance	31,223
Education	3,380
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	279,043
Total	\$ 4,421,731

## COUNTY OF SUTTER

### Notes to the Basic Financial Statements For the Year Ended June 30, 2008

Note 4: **Capital Assets** (continued)

#### **Depreciation** (continued)

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

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

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

Note 5: **Long-Term Liabilities**

Long-term debt at June 30, 2008 consisted of the following:

	Date of Issue	Date of Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2008
<b>Governmental Activities</b>						
1991 Certificates of Participation*	1991	2021	6.00% - 7.8%	\$30,000 - \$235,000	\$ 2,925,000	\$ 2,030,000
State of California Department of Transportation Loan	1998	2016	5.05%	\$7,600 - \$16,107	190,000	<u>108,031</u>
Total Governmental Activities						<u>\$ 2,138,031</u>
<b>Business-Type Activities</b>						
State of California Department of Water Resources Safe Drinking Water Loan	1988	2019	4.14%	\$916 - \$1,766	\$ 30,000	\$ 15,701
State Water Resources Control Board Loan	1998	2022	2.80%	\$5,506 - \$8,333	151,000	<u>103,760</u>
Total Business-Type Activities						<u>\$ 119,461</u>

\* The County has pledged its County Administration Building to the 1991 Certificates of Participation.

## COUNTY OF SUTTER

### Notes to the Basic Financial Statements For the Year Ended June 30, 2008

Note 5: **Long-Term Liabilities** (continued)

The following is a summary of all long-term liabilities transactions for the year ended June 30, 2008:

	<u>Balance July 1, 2007</u>	<u>Additions/ Adjustments</u>	<u>Retirements</u>	<u>Balance June 30, 2008</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities</b>					
Loans	\$ 119,536	\$ --	\$ 11,505	\$ 108,031	\$ 12,163
Certificates of participation	2,120,000	--	90,000	2,030,000	95,000
Compensated absences	4,764,403	5,281,041	5,337,158	4,708,286	3,230,202
Capital leases	60,119	--	60,119	--	--
Liability for self-insurance	698,162	127,854	1,500	824,516	824,516
	<u>698,162</u>	<u>127,854</u>	<u>1,500</u>	<u>824,516</u>	<u>824,516</u>
Total Governmental Activities - Long-Term Liabilities	<u>\$ 7,762,220</u>	<u>\$ 5,408,895</u>	<u>\$ 5,500,282</u>	<u>\$ 7,670,833</u>	<u>\$ 4,161,881</u>
<b>Business-Type Activities</b>					
Loans payable	<u>\$ 126,137</u>	<u>\$ --</u>	<u>\$ 6,676</u>	<u>\$ 119,461</u>	<u>\$ 6,883</u>
Total Business-Type Activities - Long-Term Liabilities	<u>\$ 126,137</u>	<u>\$ --</u>	<u>\$ 6,676</u>	<u>\$ 119,461</u>	<u>\$ 6,883</u>

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

As of June 30, 2008, annual debt service requirements of governmental activities to maturity are as follows:

<u>Year Ended June 30,</u>	<u>Governmental Activities</u>			
	<u>Certificate of Participation</u>		<u>Loans Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 95,000	\$ 154,635	\$ 12,163	\$ 5,455
2010	105,000	146,835	12,820	4,841
2011	110,000	138,450	13,478	4,194
2012	120,000	129,480	14,135	3,513
2013	130,000	119,730	14,792	2,799
2014-2018	815,000	424,125	40,643	3,783
2019-2023	655,000	79,365	--	--
Total	<u>\$ 2,030,000</u>	<u>\$ 1,192,620</u>	<u>\$ 108,031</u>	<u>\$ 24,585</u>

## COUNTY OF SUTTER

### Notes to the Basic Financial Statements For the Year Ended June 30, 2008

Note 5: **Long-Term Liabilities** (continued)

Annual debt service requirements to maturity are as follows:

Year Ended June 30,	Business Activities Loans Payable	
	Principal	Interest
2009	\$ 6,883	\$ 3,543
2010	7,092	3,333
2011	7,308	3,117
2012	7,530	2,895
2013	7,761	2,664
2014-2018	42,514	9,612
2019-2023	40,373	3,393
Total	<u>\$ 119,461</u>	<u>\$ 28,557</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, 2008, special assessment debt for which the County is not obligated in any manner was \$285,000 for the 1997 Refunding Reassessment Bonds and \$165,000 for the Highland Estates Improvement Project Assessment Bonds.

## COUNTY OF SUTTER

### Notes to the Basic Financial Statements For the Year Ended June 30, 2008

Note 6: **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, 2008:

	Due from Other Funds	Due to Other Funds
General Fund	\$ 9,970,790	\$ 5,530,628
Bi-County Mental Health	1,095,046	594,408
Welfare	619,278	22,216
Public Safety	5,616,451	5,010,662
Nonmajor Governmental Funds	1,598,588	5,491,704
Nonmajor Enterprise Funds	1,070	241,347
Internal Service Funds	136,373	465,072
Investment Trust Funds	3,505,384	31,648
Agency Funds	1,526,455	6,681,750
Total	\$ 24,069,435	\$ 24,069,435

**Advances To/From Other Funds**

Advances to/from other funds are non-current interfund loans and are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriations and are not expendable available financial resources. The following are advance to/from other funds as of June 30, 2008:

	Advance to Other Funds	Advance from Other Funds
General Fund	\$ 1,920,403	\$ --
Bi-County Mental Health	--	1,000,000
Nonmajor Governmental Funds	--	857,619
Nonmajor Enterprise Funds	--	62,784
Total	\$ 1,920,403	\$ 1,920,403

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

**COUNTY OF SUTTER**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2008

Note 6: **Interfund Transactions** (continued)

**Transfers**

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various County operations and re-allocations of special revenues. The following are the interfund transfers for fiscal year ended June 30, 2008:

Transfer Out:	Transfer In:						Total
	General Fund	Bi-County Mental Health Fund	Welfare Fund	Public Safety Fund	Nonmajor Governmental Funds	Internal Service Funds	
General Fund	\$ --	\$ 1,877,989	\$ 1,701,167	\$ 15,449,877	\$ 7,513,786	\$ 129,300	\$ 26,672,119
Public Safety Fund	2,185	--	--	--	--	--	2,185
Nonmajor Governmental Funds	3,701,065	4,495,448	2,351,167	7,560,074	2,281,557	--	20,389,311
Internal Service Funds	581,765	--	--	--	--	--	581,765
<b>Total</b>	<b>\$ 4,285,015</b>	<b>\$ 6,373,437</b>	<b>\$ 4,052,334</b>	<b>\$ 23,009,951</b>	<b>\$ 9,795,343</b>	<b>\$ 129,300</b>	<b>\$ 47,645,380</b>

During the year, capital assets of \$411,982 were transferred from Internal Service Funds to the General Fund. Because the General Fund is reported on a modified accrual basis and the Internal Service Funds are reported on a full accrual basis, the transaction resulted in a “transfer out” in the Internal Service Fund with no corresponding “transfer in” in the General Fund. As a result, “transfers in” do not equal “transfers out” on the fund financial statements.

Note 7: **Employees’ Retirement Plan and Post Employment Benefits**

**A. Defined Benefit Pension Plan**

**Plan Description**

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

## COUNTY OF SUTTER

### Notes to the Basic Financial Statements For the Year Ended June 30, 2008

Note 7: **Employees' Retirement Plan and Post Employment Benefits** (continued)

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

##### **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 required employee contribution in addition to their own required contributions. The actuarial methods and assumptions used are those adopted by the PERS Board of Administration. The required employer contribution rate for fiscal year 2007/2008 was 15.9 percent for miscellaneous employees and 20.4 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 PERS. The County is required to contribute the remaining amounts necessary to fund the benefits of its members using the actuarial basis adopted by the PERS Board of Administrators.

##### **Annual Pension Cost**

For fiscal year 2007/2008, the County's annual pension cost of \$6,077,585 for the miscellaneous plan and \$1,721,980 for the safety plan was equal to the County's actual contributions. The required contributions for fiscal year 2007/2008 were determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75 percent investment rate of return (net of administrative expenses), (b) projected annual salary increases of 3.25 percent to 14.45 percent for miscellaneous plan and 3.25 percent to 13.15 percent for safety plan, depending on age, service, and type of employment, and (c) 3.25 percent per year cost of living adjustment. Both (a) and (b) included an inflation component of 3.00 percent. The actuarial value of PERS assets were determined using techniques that smooth the effect of short term volatility in the market value of investments over a two to five year period (smoothed market value).

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

**COUNTY OF SUTTER**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2008

Note 7: **Employees' Retirement Plan and Post Employment Benefits** (continued)

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

**Three Year Trend Information for PERS**

Miscellaneous

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2006	\$ 5,480,580	100%	\$ --
June 30, 2007	5,456,967	100%	--
June 30, 2008	6,077,585	100%	--

Safety

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
June 30, 2006	\$ 1,753,375	100%	\$ --
June 30, 2007	2,437,452	100%	--
June 30, 2008	1,721,980	100%	--

B. **Post Employment Benefits**

The County provides medical, dental and vision insurance to retirees under an approved County ordinance. Retirees' premiums are paid by the County at varying percentages based on years of service. The plan is funded on a pay-as-you-go (cash) basis. During the year ended June 30, 2008, 124 retirees participated in the program at a cost to the County of \$75,360.

Note 8: **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

**COUNTY OF SUTTER**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2008

Note 8: **Risk Management** (continued)

Supervisors Association of California Excess Insurance Authority, a public entity risk pool currently operating as a common risk management and insurance program for Counties. The County pays an annual premium to the Authority for excess liability insurance coverage and all workers' compensation coverage.

All funds of the County participate in the program and make payments to the Risk Management Funds based on actuarial estimates of the amounts needed to pay prior and current year claims and premiums and to establish a reserve for future liability losses. The Board of Supervisors adopted a policy that the claims liability will be adjusted annually to not less than the 75% confidence level and not more than the 90% confidence level as determined by the actuary or actual, whichever is greater. At June 30, 2008, the General Liability fund had net assets of \$659,668 and the Workers' Compensation fund had net assets of \$939,409. The claims liability of \$824,516 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.

Changes in the County's claims liability amount for the fiscal years 2006, 2007, and 2008 were as follows:

<u>Fiscal Year Ending</u>	<u>Balance at Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at End of Fiscal Year</u>
June 30, 2006	\$ 592,738	\$ 145,047	\$ 205,309	\$ 653,000
June 30, 2007	653,000	273,305	228,143	698,162
June 30, 2008	698,162	127,854	1,500	824,516

Note 9: **Other Information**

A. **Construction Commitments**

The County has signed agreements to construct various capital improvements subsequent to June 30, 2008. The balance owed on the commitments at June 30, 2008 was approximately \$5,661,799.

## COUNTY OF SUTTER

### Notes to the Basic Financial Statements For the Year Ended June 30, 2008

Note 9: **Other Information** (continued)

**B. Contingent Liabilities**

**Grants**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amount already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the County expect 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, 2008.

**C. Joint Agencies**

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

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

Note 10: **Subsequent Events**

The County is in the process of refinancing its Certificates of Participation (COPs) which were issued in 1991 for the construction of its Health Department facility. The County plans to refinance the debt through a lease-purchase agreement. The proceeds will be combined with the current balance in the 1991 COPs debt service reserve fund, which is approximately \$250,000, to pay the outstanding principal on the 1991 COPs and to pay the issuance costs of approximately \$45,000. Therefore, it is estimated the County will need to issue a lease-purchase in the amount of \$1,730,000 to refinance the 1991 COPs. The anticipated closing date of the refinancing is July 1, 2009.

## COUNTY OF SUTTER

### Notes to the Basic Financial Statements For the Year Ended June 30, 2008

Note 11: **New Accounting Pronouncement**

GASB Statement No. 45 establishes standards for the measurement, recognition and display of OPEB expenses/expenditures, related assets and liabilities, note disclosures and, if applicable, required supplementary information in the financial reports of state and local government employers. GASB No. 45 will be effective for the fiscal year ending June 30, 2009.

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**REQUIRED SUPPLEMENTARY INFORMATION**  
**(Unaudited)**

**COUNTY OF SUTTER**

Schedule of Defined Benefit Pension Plans Funded Status  
For the Year Ended June 30, 2008

**EMPLOYEE'S RETIREMENT PLAN**

**Schedule of Funding Progress:**

The table below shows a three-year analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll as of June 30, 2008, for the County Miscellaneous Plan and the County Safety Plan:

Miscellaneous Plan:

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Ratios		Annual Covered Payroll	UAAL as a % of Payroll
				Actuarial Value	Market Value		
June 30, 2005	\$ 157,829,137	\$ 129,421,852	\$ 28,407,285	82.0%	84.5%	\$ 33,930,332	83.7%
June 30, 2006	172,344,243	143,377,116	28,967,127	83.2%	88.2%	34,792,503	83.3%
June 30, 2007	192,402,490	158,615,579	33,786,911	82.4%	95.4%	39,053,687	86.5%

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, 2005	\$ 50,873,132	\$ 43,625,552	\$ 7,247,580	85.8%	87.7%	\$ 7,571,007	95.7%
June 30, 2006	55,634,422	47,757,299	7,877,123	85.8%	90.5%	7,392,781	106.6%
June 30, 2007	63,043,307	52,042,078	11,001,229	82.5%	95.1%	8,427,269	130.5%

## COUNTY OF SUTTER

### Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 25,309,574	\$ 25,309,574	\$ 29,601,332	\$ 4,291,758
Licenses and permits	2,361,900	2,370,270	2,552,714	182,444
Fines, forfeitures and penalties	111,559	111,559	124,936	13,377
Use of money and property	1,313,122	1,313,122	1,789,750	476,628
Intergovernmental	11,644,315	12,095,220	10,392,625	(1,702,595)
Charges for services	2,293,657	2,293,657	6,773,309	4,479,652
Other revenues	2,544,808	2,536,110	1,449,036	(1,087,074)
Total revenues	<u>45,578,935</u>	<u>46,029,512</u>	<u>52,683,702</u>	<u>6,654,190</u>
<b>Expenditures</b>				
Current:				
General government	17,541,479	18,076,840	14,392,968	3,683,872
Public protection	12,932,998	13,010,838	10,617,038	2,393,800
Public ways and facilities	180,000	180,000	140,176	39,824
Public assistance	66,848	66,848	39,085	27,763
Education	1,552,803	1,586,594	1,547,108	39,486
Culture and recreation	392,304	482,827	473,012	9,815
Debt Service:				
Principal	124,000	124,000	60,119	63,881
Interest	--	--	1,578	(1,578)
Capital outlay	2,703,797	3,360,298	849,700	2,510,598
Contingencies	750,000	822,828	--	822,828
Total expenditures	<u>36,244,229</u>	<u>37,711,073</u>	<u>28,120,784</u>	<u>9,590,289</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>9,334,706</u>	<u>8,318,439</u>	<u>24,562,918</u>	<u>16,244,479</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	10,531,124	11,174,469	4,285,015	(6,889,454)
Transfers out	(29,335,952)	(29,614,725)	(26,672,119)	2,942,606
Total other financing sources (uses)	<u>(18,804,828)</u>	<u>(18,440,256)</u>	<u>(22,387,104)</u>	<u>(3,946,848)</u>
Net change in fund balance	(9,470,122)	(10,121,817)	2,175,814	12,297,631
Fund balances, beginning of year	<u>34,726,613</u>	<u>34,726,613</u>	<u>34,726,613</u>	<u>--</u>
Fund balances, end of year	<u>\$ 25,256,491</u>	<u>\$ 24,604,796</u>	<u>\$ 36,902,427</u>	<u>\$ 12,297,631</u>

**COUNTY OF SUTTER**

Budgetary Comparison Schedule  
 Bi-County Mental Health  
 For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ 106,000	\$ 106,000	\$ 148,804	\$ 42,804
Intergovernmental	13,355,889	15,594,123	15,466,140	(127,983)
Charges for services	983,543	983,543	1,316,492	332,949
Other revenues	77,600	77,600	267,255	189,655
Total revenues	<u>14,523,032</u>	<u>16,761,266</u>	<u>17,198,691</u>	<u>437,425</u>
<b>Expenditures</b>				
Current:				
Health and sanitation	22,500,483	26,554,318	25,638,937	915,381
Contingencies	540,974	--	--	--
Total expenditures	<u>23,041,457</u>	<u>26,554,318</u>	<u>25,638,937</u>	<u>915,381</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,518,425)</u>	<u>(9,793,052)</u>	<u>(8,440,246)</u>	<u>1,352,806</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	6,932,401	7,055,841	6,373,437	(682,404)
Total other financing sources (uses)	<u>6,932,401</u>	<u>7,055,841</u>	<u>6,373,437</u>	<u>(682,404)</u>
Net change in fund balance	(1,586,024)	(2,737,211)	(2,066,809)	670,402
Fund balances, beginning of year	<u>3,333,709</u>	<u>3,333,709</u>	<u>3,333,709</u>	<u>--</u>
Fund balances, end of year	<u>\$ 1,747,685</u>	<u>\$ 596,498</u>	<u>\$ 1,266,900</u>	<u>\$ 670,402</u>

**COUNTY OF SUTTER**

Budgetary Comparison Schedule  
Welfare  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Use of money and property	\$ --	\$ --	\$ (28,122)	\$ (28,122)
Intergovernmental	29,098,703	29,008,047	27,003,481	(2,004,566)
Charges for services	15,000	15,000	25,457	10,457
Other revenues	406,370	406,370	375,132	(31,238)
Total revenues	<u>29,520,073</u>	<u>29,429,417</u>	<u>27,375,948</u>	<u>(2,053,469)</u>
<b>Expenditures</b>				
Current:				
Public assistance	35,839,430	35,839,430	31,353,249	4,486,181
Capital outlay	82,500	82,500	75,033	7,467
Total expenditures	<u>35,921,930</u>	<u>35,921,930</u>	<u>31,428,282</u>	<u>4,493,648</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,401,857)</u>	<u>(6,492,513)</u>	<u>(4,052,334)</u>	<u>2,440,179</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	6,401,857	6,492,513	4,052,334	(2,440,179)
Total other financing sources (uses)	<u>6,401,857</u>	<u>6,492,513</u>	<u>4,052,334</u>	<u>(2,440,179)</u>
Net change in fund balance	--	--	--	--
Fund balances, beginning of year	<u>1,775</u>	<u>1,775</u>	<u>1,775</u>	<u>--</u>
Fund balances, end of year	<u>\$ 1,775</u>	<u>\$ 1,775</u>	<u>\$ 1,775</u>	<u>\$ --</u>

**COUNTY OF SUTTER**

Budgetary Comparison Schedule  
Public Safety  
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 26,649	\$ 26,649	\$ 27,368	\$ 719
Licenses and permits	19,100	19,100	16,505	(2,595)
Fines, forfeitures and penalties	11,000	94,273	1,068,509	974,236
Use of money and property	9,000	40,000	(168,459)	(208,459)
Intergovernmental	3,483,629	3,820,783	2,618,880	(1,201,903)
Charges for services	1,399,083	1,448,308	1,681,440	233,132
Other revenues	515,764	525,764	573,260	47,496
Total revenues	<u>5,464,225</u>	<u>5,974,877</u>	<u>5,817,503</u>	<u>(157,374)</u>
<b>Expenditures</b>				
Current:				
Public protection	29,147,640	29,878,836	28,147,006	1,731,830
Capital outlay	444,621	482,202	366,383	115,819
Total expenditures	<u>29,592,261</u>	<u>30,361,038</u>	<u>28,513,389</u>	<u>1,847,649</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(24,128,036)</u>	<u>(24,386,161)</u>	<u>(22,695,886)</u>	<u>1,690,275</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	24,130,764	24,488,933	23,009,951	(1,478,982)
Transfers out	(2,659)	(2,659)	(2,185)	474
Total other financing sources (uses)	<u>24,128,105</u>	<u>24,486,274</u>	<u>23,007,766</u>	<u>(1,478,508)</u>
Net change in fund balance	69	100,113	311,880	211,767
Fund balances, beginning of year	<u>(274,615)</u>	<u>(274,615)</u>	<u>(274,615)</u>	<u>--</u>
Fund balances, end of year	<u>\$ (274,546)</u>	<u>\$ (174,502)</u>	<u>\$ 37,265</u>	<u>\$ 211,767</u>

## COUNTY OF SUTTER

### Note to Required Supplementary Information For the Year Ended June 30, 2008

#### **BUDGETARY BASIS OF ACCOUNTING**

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

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

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

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

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**SUPPLEMENTARY INFORMATION**

**COUNTY OF SUTTER**

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2008

Special Revenue

	<u>Road</u>	<u>Special Aviation</u>	<u>Fish &amp; Game</u>	<u>Sutter County Health</u>	<u>Housing Rehab CDBG</u>
<b>Assets</b>					
Cash and investments	\$ 3,879,451	\$ 40,112	\$ 64,164	\$ 345,473	\$ 15,999
Imprest cash	100	--	150	100	--
Accounts receivable	4,064,261	12,068	--	411,642	--
Interest receivable	33,819	283	488	130	123
Due from other funds	248,906	--	--	690,681	--
Prepaid expenses	--	--	--	1,090	--
Inventory	138,898	--	--	--	--
Loans receivable	--	--	--	--	--
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 8,365,435</u>	<u>\$ 52,463</u>	<u>\$ 64,802</u>	<u>\$ 1,449,116</u>	<u>\$ 16,122</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 1,745,108	\$ 1,412	\$ 4,845	\$ 164,826	\$ --
Salaries and benefits payable	50,800	75	--	137,201	--
Deposits payable	--	9,291	--	--	--
Due to other funds	368,896	15,478	--	750,647	--
Advance from other funds	--	--	--	--	--
Unearned revenue	--	--	--	--	--
Deferred revenue	13,580	--	--	181,943	--
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>2,178,384</u>	<u>26,256</u>	<u>4,845</u>	<u>1,234,617</u>	<u>--</u>
<b>Fund Balances:</b>					
Reserved for:					
Encumbrances	--	--	--	62,190	--
Imprest cash	100	--	150	100	--
Inventory	138,898	--	--	--	--
Long-term receivables	--	--	--	--	--
Unreserved:					
Designated	--	5,000	56,150	152,209	--
Undesignated	6,048,053	21,207	3,657	--	16,122
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>6,187,051</u>	<u>26,207</u>	<u>59,957</u>	<u>214,499</u>	<u>16,122</u>
Total Liabilities and Fund Balances	<u>\$ 8,365,435</u>	<u>\$ 52,463</u>	<u>\$ 64,802</u>	<u>\$ 1,449,116</u>	<u>\$ 16,122</u>

continued

**COUNTY OF SUTTER**

Combining Balance Sheet (continued)  
 Nonmajor Governmental Funds  
 June 30, 2008

	Special Revenue			
	Child Support Services Reimb/ Adjustment	EMSA	Survey Monument Preservation	County Fees & Taxes
<b>Assets</b>				
Cash and investments	\$ 212,487	\$ 26,112	\$ 25,451	\$ 7,046,182
Imprest cash	--	--	--	--
Accounts receivable	--	--	10	--
Interest receivable	--	201	195	54,039
Due from other funds	--	--	--	--
Prepaid expenses	--	--	--	--
Inventory	--	--	--	--
Loans receivable	--	--	--	--
<b>Total Assets</b>	<u>\$ 212,487</u>	<u>\$ 26,313</u>	<u>\$ 25,656</u>	<u>\$ 7,100,221</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ --	\$ --	\$ --	\$ --
Salaries and benefits payable	--	--	--	--
Deposits payable	--	--	--	--
Due to other funds	12,944	--	--	--
Advance from other funds	--	--	--	--
Unearned revenue	--	--	--	--
Deferred revenue	--	--	--	--
<b>Total Liabilities</b>	<u>12,944</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Fund Balances:</b>				
Reserved for:				
Encumbrances	--	--	--	--
Imprest cash	--	--	--	--
Inventory	--	--	--	--
Long-term receivables	--	--	--	--
Unreserved:				
Designated	--	--	23,800	5,585,692
Undesignated	199,543	26,313	1,856	1,514,529
<b>Total Fund Balances</b>	<u>199,543</u>	<u>26,313</u>	<u>25,656</u>	<u>7,100,221</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 212,487</u>	<u>\$ 26,313</u>	<u>\$ 25,656</u>	<u>\$ 7,100,221</u>

continued

**COUNTY OF SUTTER**

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2008

Special Revenue

	<u>Economic Development</u>	<u>Criminal Justice &amp; Law</u>	<u>Health Education &amp; Welfare</u>	<u>Local Health &amp; Welfare</u>	<u>Public Ways &amp; Facilities</u>
<b>Assets</b>					
Cash and investments	\$ 1,684,340	\$ 3,181,513	\$ 1,455,641	\$ 7,802,096	\$ 1,545,859
Imprest cash	--	--	--	--	--
Accounts receivable	1,583	705,521	116,630	1,532,072	210
Interest receivable	12,557	24,971	11,570	--	21,774
Due from other funds	343	1,538	--	514,622	--
Prepaid expenses	--	--	--	--	--
Inventory	--	--	--	--	--
Loans receivable	1,642,145	--	--	--	--
<b>Total Assets</b>	<b>\$ 3,340,968</b>	<b>\$ 3,913,543</b>	<b>\$ 1,583,841</b>	<b>\$ 9,848,790</b>	<b>\$ 1,567,843</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 65,589	\$ 40,402	\$ 53,308	\$ --	\$ --
Salaries and benefits payable	--	--	--	--	--
Deposits payable	--	--	2	--	42,509
Due to other funds	343	1,744,298	269,447	1,736,495	11,773
Advance from other funds	--	--	--	--	--
Unearned revenue	--	--	--	--	--
Deferred revenue	--	35	70	--	--
<b>Total Liabilities</b>	<b>65,932</b>	<b>1,784,735</b>	<b>322,827</b>	<b>1,736,495</b>	<b>54,282</b>
<b>Fund Balances:</b>					
<b>Reserved for:</b>					
Encumbrances	--	--	--	--	--
Imprest cash	--	--	--	--	--
Inventory	--	--	--	--	--
Long-term receivables	1,642,145	--	--	--	--
<b>Unreserved:</b>					
Designated	869,743	1,299,324	1,141,093	5,865,270	909,896
Undesignated	763,148	829,484	119,921	2,247,025	603,665
<b>Total Fund Balances</b>	<b>3,275,036</b>	<b>2,128,808</b>	<b>1,261,014</b>	<b>8,112,295</b>	<b>1,513,561</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,340,968</b>	<b>\$ 3,913,543</b>	<b>\$ 1,583,841</b>	<b>\$ 9,848,790</b>	<b>\$ 1,567,843</b>

continued

**COUNTY OF SUTTER**

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2008

	Special Revenue			
	Workers' Comp Dividend	Vision Run-Out	Candidates Statement of Election	County Recorder Upgrade Fee
<b>Assets</b>				
Cash and investments	\$ 44,854	\$ 45,212	\$ 4,800	\$ 765,910
Imprest cash	--	--	--	--
Accounts receivable	--	--	--	968
Interest receivable	346	348	--	5,806
Due from other funds	--	--	--	--
Prepaid expenses	--	--	--	--
Inventory	--	--	--	--
Loans receivable	--	--	--	--
Total Assets	\$ 45,200	\$ 45,560	\$ 4,800	\$ 772,684
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ --	\$ --	\$ 1,127	\$ --
Salaries and benefits payable	--	--	--	--
Deposits payable	--	--	--	--
Due to other funds	--	--	3,673	266,287
Advance from other funds	--	--	--	--
Unearned revenue	--	--	--	--
Deferred revenue	--	--	--	185
Total Liabilities	--	--	4,800	266,472
<b>Fund Balances:</b>				
Reserved for:				
Encumbrances	--	--	--	--
Imprest cash	--	--	--	--
Inventory	--	--	--	--
Long-term receivables	--	--	--	--
Unreserved:				
Designated	45,200	45,398	--	506,212
Undesignated	--	162	--	--
Total Fund Balances	45,200	45,560	--	506,212
Total Liabilities and Fund Balances	\$ 45,200	\$ 45,560	\$ 4,800	\$ 772,684

continued

**COUNTY OF SUTTER**

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2008

	Special Revenue			
	Automated County Warrants	ORC Collections	Plan Check Inspection Fees	Community Services
<b>Assets</b>				
Cash and investments	\$ 136,752	\$ 194,532	\$ 316,525	\$ 7,069
Imprest cash	--	--	--	--
Accounts receivable	--	9,494	--	--
Interest receivable	--	--	2,438	54
Due from other funds	--	--	--	--
Prepaid expenses	--	--	--	--
Inventory	--	--	--	--
Loans receivable	--	--	--	--
<b>Total Assets</b>	<u>\$ 136,752</u>	<u>\$ 204,026</u>	<u>\$ 318,963</u>	<u>\$ 7,123</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ --	\$ --	\$ --	\$ --
Salaries and benefits payable	--	--	--	--
Deposits payable	--	--	--	(40)
Due to other funds	--	2,541	39,682	--
Advance from other funds	--	--	--	--
Unearned revenue	--	94,097	--	889
Deferred revenue	--	--	--	--
<b>Total Liabilities</b>	<u>--</u>	<u>96,638</u>	<u>39,682</u>	<u>849</u>
<b>Fund Balances:</b>				
Reserved for:				
Encumbrances	--	--	--	--
Imprest cash	--	--	--	--
Inventory	--	--	--	--
Long-term receivables	--	--	--	--
Unreserved:				
Designated	124,047	100,931	257,078	4,458
Undesignated	12,705	6,457	22,203	1,816
<b>Total Fund Balances</b>	<u>136,752</u>	<u>107,388</u>	<u>279,281</u>	<u>6,274</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 136,752</u>	<u>\$ 204,026</u>	<u>\$ 318,963</u>	<u>\$ 7,123</u>

continued

**COUNTY OF SUTTER**

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2008

	Special Revenue			
	Animal Control Spay/Neuter	Vital Statistics Recorder	Child Passenger Restraint	Mental Health Services Act
<b>Assets</b>				
Cash and investments	\$ 158,696	\$ 152,881	\$ 48,964	\$ 845,011
Imprest cash	--	--	--	--
Accounts receivable	--	52	--	9
Interest receivable	1,201	1,165	379	8,381
Due from other funds	--	--	--	--
Prepaid expenses	--	--	--	22,525
Inventory	--	--	--	--
Loans receivable	--	--	--	328,563
Total Assets	\$ 159,897	\$ 154,098	\$ 49,343	\$ 1,204,489
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 560	\$ --	\$ --	\$ 23,420
Salaries and benefits payable	--	--	--	59,352
Deposits payable	4,655	--	--	--
Due to other funds	--	7,229	--	1,021
Advance from other funds	--	--	--	--
Unearned revenue	--	--	--	--
Deferred revenue	--	--	--	--
Total Liabilities	5,215	7,229	--	83,793
<b>Fund Balances:</b>				
Reserved for:				
Encumbrances	--	--	--	--
Imprest cash	--	--	--	--
Inventory	--	--	--	--
Long-term receivables	--	--	--	328,563
Unreserved:				
Designated	136,008	145,527	49,123	--
Undesignated	18,674	1,342	220	792,133
Total Fund Balances	154,682	146,869	49,343	1,120,696
Total Liabilities and Fund Balances	\$ 159,897	\$ 154,098	\$ 49,343	\$ 1,204,489

continued

**COUNTY OF SUTTER**

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2008

	Special Revenue			
	Mental Health Patient Government	Bioterrorism	County Service Areas	Water Agencies
<b>Assets</b>				
Cash and investments	\$ 2,172	\$ 425,684	\$ 1,156,073	\$ 2,117,711
Imprest cash	75	--	--	--
Accounts receivable	--	41,247	176	12,662
Interest receivable	17	3,279	12,671	16,038
Due from other funds	--	--	97,017	42,882
Prepaid expenses	--	--	--	--
Inventory	--	--	--	--
Loans receivable	--	--	--	--
<b>Total Assets</b>	<u>\$ 2,264</u>	<u>\$ 470,210</u>	<u>\$ 1,265,937</u>	<u>\$ 2,189,293</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts payable	\$ --	\$ --	\$ 118,460	\$ --
Salaries and benefits payable	--	--	34,001	--
Deposits payable	83	--	5,813	--
Due to other funds	--	41,247	1,224	212,497
Advance from other funds	--	--	857,619	--
Unearned revenue	1,182	--	--	--
Deferred revenue	--	--	--	12,662
<b>Total Liabilities</b>	<u>1,265</u>	<u>41,247</u>	<u>1,017,117</u>	<u>225,159</u>
<b>Fund Balances:</b>				
Reserved for:				
Encumbrances	--	--	283,282	--
Imprest cash	75	--	--	--
Inventory	--	--	--	--
Long-term receivables	--	--	--	--
Unreserved:				
Designated	--	401,650	(34,462)	1,773,994
Undesignated	924	27,313	--	190,140
<b>Total Fund Balances</b>	<u>999</u>	<u>428,963</u>	<u>248,820</u>	<u>1,964,134</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 2,264</u>	<u>\$ 470,210</u>	<u>\$ 1,265,937</u>	<u>\$ 2,189,293</u>

continued

**COUNTY OF SUTTER**

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2008

	Special Revenue				Total Nonmajor Governmental Funds
	Other Special Districts	Landscape Districts	Total Special Revenue	Capital Projects	
<b>Assets</b>					
Cash and investments	\$ 2,507,471	\$ 4,503	\$ 36,259,700	\$ 165,110	\$ 36,424,810
Imprest cash	--	--	425	--	425
Accounts receivable	--	--	6,908,605	--	6,908,605
Interest receivable	20,525	38	232,836	1,272	234,108
Due from other funds	2,599	--	1,598,588	--	1,598,588
Prepaid expenses	--	--	23,615	--	23,615
Inventory	--	--	138,898	--	138,898
Loans receivable	--	--	1,970,708	--	1,970,708
<b>Total Assets</b>	<b>\$ 2,530,595</b>	<b>\$ 4,541</b>	<b>\$ 47,133,375</b>	<b>\$ 166,382</b>	<b>\$ 47,299,757</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 4,157	\$ 190	\$ 2,223,404	\$ --	\$ 2,223,404
Salaries and benefits payable	--	--	281,429	--	281,429
Deposits payable	--	--	62,313	--	62,313
Due to other funds	5,982	--	5,491,704	--	5,491,704
Advance from other funds	--	--	857,619	--	857,619
Unearned revenue	--	--	96,168	--	96,168
Deferred revenue	--	--	208,475	--	208,475
<b>Total Liabilities</b>	<b>10,139</b>	<b>190</b>	<b>9,221,112</b>	<b>--</b>	<b>9,221,112</b>
<b>Fund Balances:</b>					
Reserved for:					
Encumbrances	--	--	345,472	--	345,472
Imprest cash	--	--	425	--	425
Inventory	--	--	138,898	--	138,898
Long-term receivables	--	--	1,970,708	--	1,970,708
Unreserved:					
Designated	2,432,115	3,245	21,898,701	157,623	22,056,324
Undesignated	88,341	1,106	13,558,059	8,759	13,566,818
<b>Total Fund Balances</b>	<b>2,520,456</b>	<b>4,351</b>	<b>37,912,263</b>	<b>166,382</b>	<b>38,078,645</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,530,595</b>	<b>\$ 4,541</b>	<b>\$ 47,133,375</b>	<b>\$ 166,382</b>	<b>\$ 47,299,757</b>

**COUNTY OF SUTTER**

Combining Statement of Revenues, Expenses and  
Changes in Net Assets  
Nonmajor Governmental Funds  
June 30, 2008

	Special Revenue				
	Road	Special Aviation	Fish & Game	Sutter County Health	Housing Rehab CDBG
<b>Revenues:</b>					
Taxes	\$ 1,049,295	\$ 14,206	\$ --	\$ --	\$ --
Licenses and permits	228,555	--	--	--	--
Fines and forfeitures	--	--	6,815	951	--
Use of money and property	129,160	72,186	2,509	(47,254)	623
Intergovernmental	8,672,755	40,000	--	1,971,349	--
Charges for services	464,695	66,900	--	911,895	--
Other revenues	74,194	3,090	--	12,492	--
<b>Total Revenues</b>	<u>10,618,654</u>	<u>196,382</u>	<u>9,324</u>	<u>2,849,433</u>	<u>623</u>
<b>Expenditures:</b>					
Current:					
General government	--	--	--	--	--
Public protection	--	--	14,104	--	--
Public ways and facilities	7,935,167	215,466	--	--	--
Health and welfare	--	--	--	11,922,954	--
Community development	--	--	--	--	--
Debt Service:					
Principal	--	11,505	--	90,000	--
Interest	--	--	--	161,850	--
Capital outlay	115,627	--	--	12,499	--
<b>Total Expenditures</b>	<u>8,050,794</u>	<u>226,971</u>	<u>14,104</u>	<u>12,187,303</u>	<u>--</u>
Excess of Revenues Over (Under) Expenditures	<u>2,567,860</u>	<u>(30,589)</u>	<u>(4,780)</u>	<u>(9,337,870)</u>	<u>623</u>
Other Financing Sources (Uses)					
Transfers in	--	--	--	9,455,002	--
Transfers out	--	--	--	--	--
<b>Total Other Financing Sources (Uses)</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>9,455,002</u>	<u>--</u>
<b>Net Changes in Fund Balances</b>	<u>2,567,860</u>	<u>(30,589)</u>	<u>(4,780)</u>	<u>117,132</u>	<u>623</u>
Fund Balance Beginning	<u>3,619,191</u>	<u>56,796</u>	<u>64,737</u>	<u>97,367</u>	<u>15,499</u>
Fund Balances - Ending	<u>\$ 6,187,051</u>	<u>\$ 26,207</u>	<u>\$59,957</u>	<u>\$ 214,499</u>	<u>\$ 16,122</u>

continued

**COUNTY OF SUTTER**

Combining Statement of Revenues, Expenses and  
Changes in Net Assets  
Nonmajor Governmental Funds  
June 30, 2008

	Special Revenue			
	Child Support Services Reimb/ Adjustment	EMSA	Survey Monument Preservation	County Fees & Taxes
<b>Revenues:</b>				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	1,290	488,024
Fines and forfeitures	--	--	--	--
Use of money and property	--	1,017	966	264,234
Intergovernmental	2,923,552	--	--	--
Charges for services	--	--	--	--
Other revenues	--	--	--	--
Total Revenues	<u>2,923,552</u>	<u>1,017</u>	<u>2,256</u>	<u>752,258</u>
<b>Expenditures:</b>				
Current:				
General government	--	--	--	--
Public protection	--	--	--	--
Public ways and facilities	--	--	--	--
Health and welfare	--	--	--	--
Community development	--	--	--	--
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	--
Capital outlay	--	--	--	--
Total Expenditures	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Excess of Revenues Over (Under) Expenditures	<u>2,923,552</u>	<u>1,017</u>	<u>2,256</u>	<u>752,258</u>
Other Financing Sources (Uses)				
Transfers in	--	--	--	--
Transfers out	(2,896,496)	--	--	--
Total Other Financing Sources (Uses)	<u>(2,896,496)</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Changes in Fund Balances	27,056	1,017	2,256	752,258
Fund Balance Beginning	<u>172,487</u>	<u>25,296</u>	<u>23,400</u>	<u>6,347,963</u>
Fund Balances - Ending	<u>\$ 199,543</u>	<u>\$ 26,313</u>	<u>\$ 25,656</u>	<u>\$ 7,100,221</u>

continued

**COUNTY OF SUTTER**

Combining Statement of Revenues, Expenses and  
Changes in Net Assets  
Nonmajor Governmental Funds  
June 30, 2008

	Special Revenue				
	Economic Development	Criminal Justice & Law	Health Education & Welfare	Local Health & Welfare	Public Ways & Facilities
<b>Revenues:</b>					
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	1,236	--	--
Fines and forfeitures	--	406,222	263,633	--	82,915
Use of money and property	117,236	110,529	32,099	--	92,696
Intergovernmental	421,787	7,782,615	672,301	8,763,429	--
Charges for services	73,533	31,605	25,979	--	--
Other revenues	--	266,641	46,343	29,881	503,055
<b>Total Revenues</b>	<u>612,556</u>	<u>8,597,612</u>	<u>1,041,591</u>	<u>8,793,310</u>	<u>678,666</u>
<b>Expenditures:</b>					
Current:					
General government	--	--	--	--	--
Public protection	--	396,169	--	--	--
Public ways and facilities	--	--	8,397	--	1,300,000
Health and welfare	--	--	175,193	--	--
Community development	257,664	--	--	--	--
Debt Service:					
Principal	--	--	--	--	--
Interest	--	--	--	--	--
Capital outlay	--	--	--	--	--
<b>Total Expenditures</b>	<u>257,664</u>	<u>396,169</u>	<u>183,590</u>	<u>--</u>	<u>1,300,000</u>
Excess of Revenues Over (Under) Expenditures	<u>354,892</u>	<u>8,201,443</u>	<u>858,001</u>	<u>8,793,310</u>	<u>(621,334)</u>
Other Financing Sources (Uses)					
Transfers in	321,932	--	--	18,409	--
Transfers out	(321,932)	(8,123,620)	(918,411)	(7,364,676)	--
<b>Total Other Financing Sources (Uses)</b>	<u>--</u>	<u>(8,123,620)</u>	<u>(918,411)</u>	<u>(7,346,267)</u>	<u>--</u>
Net Changes in Fund Balances	354,892	77,823	(60,410)	1,447,043	(621,334)
Fund Balance Beginning	<u>2,920,144</u>	<u>2,050,985</u>	<u>1,321,424</u>	<u>6,665,252</u>	<u>2,134,895</u>
Fund Balances - Ending	<u>\$ 3,275,036</u>	<u>\$ 2,128,808</u>	<u>\$ 1,261,014</u>	<u>\$ 8,112,295</u>	<u>\$ 1,513,561</u>

continued

**COUNTY OF SUTTER**

Combining Statement of Revenues, Expenses and  
Changes in Net Assets  
Nonmajor Governmental Funds  
June 30, 2008

	Special Revenue			
	Workers' Comp Dividend	Vision Run-Out	Candidates Statement of Election	County Recorder Upgrade Fee
<b>Revenues:</b>				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	--	--
Fines and forfeitures	--	--	--	--
Use of money and property	1,749	1,761	--	28,842
Intergovernmental	--	--	--	--
Charges for services	--	--	4,800	114,443
Other revenues	--	--	--	--
<b>Total Revenues</b>	<u>1,749</u>	<u>1,761</u>	<u>4,800</u>	<u>143,285</u>
<b>Expenditures:</b>				
Current:				
General government	--	--	4,800	--
Public protection	--	--	--	--
Public ways and facilities	--	--	--	--
Health and welfare	--	--	--	--
Community development	--	--	--	--
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	--
Capital outlay	--	--	--	--
<b>Total Expenditures</b>	<u>--</u>	<u>--</u>	<u>4,800</u>	<u>--</u>
Excess of Revenues Over (Under) Expenditures	<u>1,749</u>	<u>1,761</u>	<u>--</u>	<u>143,285</u>
Other Financing Sources (Uses)				
Transfers in	--	--	--	--
Transfers out	--	--	--	(266,287)
<b>Total Other Financing Sources (Uses)</b>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(266,287)</u>
Net Changes in Fund Balances	1,749	1,761	--	(123,002)
Fund Balance Beginning	<u>43,451</u>	<u>43,799</u>	<u>--</u>	<u>629,214</u>
Fund Balances - Ending	<u>\$ 45,200</u>	<u>\$ 45,560</u>	<u>\$ --</u>	<u>\$ 506,212</u>

continued

**COUNTY OF SUTTER**

Combining Statement of Revenues, Expenses and  
Changes in Net Assets  
Nonmajor Governmental Funds  
June 30, 2008

	Special Revenue			
	Automated County Warrants	ORC Collections	Plan Check Inspection Fees	Community Services
<b>Revenues:</b>				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	--	194
Fines and forfeitures	22,705	--	--	--
Use of money and property	--	--	13,351	271
Intergovernmental	--	--	--	--
Charges for services	--	21,457	--	--
Other revenues	--	--	--	--
<b>Total Revenues</b>	<u>22,705</u>	<u>21,457</u>	<u>13,351</u>	<u>465</u>
<b>Expenditures:</b>				
Current:				
General government	--	--	--	--
Public protection	--	--	80,149	--
Public ways and facilities	--	--	--	--
Health and welfare	--	--	--	--
Community development	--	--	--	--
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	--
Capital outlay	--	--	--	--
<b>Total Expenditures</b>	<u>--</u>	<u>--</u>	<u>80,149</u>	<u>--</u>
 Excess of Revenues Over (Under) Expenditures	 <u>22,705</u>	 <u>21,457</u>	 <u>(66,798)</u>	 <u>465</u>
 Other Financing Sources (Uses)				
Transfers in	--	--	--	--
Transfers out	--	(2,915)	--	--
<b>Total Other Financing Sources (Uses)</b>	<u>--</u>	<u>(2,915)</u>	<u>--</u>	<u>--</u>
 Net Changes in Fund Balances	 22,705	 18,542	 (66,798)	 465
 Fund Balance Beginning	 <u>114,047</u>	 <u>88,846</u>	 <u>346,079</u>	 <u>5,809</u>
 Fund Balances - Ending	 <u>\$ 136,752</u>	 <u>\$ 107,388</u>	 <u>\$ 279,281</u>	 <u>\$ 6,274</u>

continued

**COUNTY OF SUTTER**

Combining Statement of Revenues, Expenses and  
Changes in Net Assets  
Nonmajor Governmental Funds  
June 30, 2008

	Special Revenue			
	Animal Control Spay/Neuter	Vital Statistics Recorder	Child Passenger Restraint	Mental Health Services Act
<b>Revenues:</b>				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	--	--
Fines and forfeitures	93	--	3,585	--
Use of money and property	5,828	5,743	1,834	76,772
Intergovernmental	--	--	--	2,100,878
Charges for services	22,322	12,891	--	--
Other revenues	--	--	--	12,864
<b>Total Revenues</b>	<b>28,243</b>	<b>18,634</b>	<b>5,419</b>	<b>2,190,514</b>
<b>Expenditures:</b>				
Current:				
General government	--	--	--	--
Public protection	--	--	--	--
Public ways and facilities	--	--	--	--
Health and welfare	--	--	--	3,179,920
Community development	--	--	--	--
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	--
Capital outlay	--	--	--	28,475
<b>Total Expenditures</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>3,208,395</b>
Excess of Revenues Over (Under) Expenditures	28,243	18,634	5,419	(1,017,881)
Other Financing Sources (Uses)				
Transfers in	--	--	--	--
Transfers out	(5,220)	(7,230)	--	(400,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(5,220)</b>	<b>(7,230)</b>	<b>--</b>	<b>(400,000)</b>
Net Changes in Fund Balances	23,023	11,404	5,419	(1,417,881)
Fund Balance Beginning	131,659	135,465	43,924	2,538,577
Fund Balances - Ending	\$ 154,682	\$ 146,869	\$ 49,343	\$ 1,120,696

continued

**COUNTY OF SUTTER**

Combining Statement of Revenues, Expenses and  
Changes in Net Assets  
Nonmajor Governmental Funds  
June 30, 2008

	Special Revenue			
	Mental Health Patient Government	Bioterrorism	County Service Areas	Water Agencies
<b>Revenues:</b>				
Taxes	\$ --	\$ --	\$ 2,625,531	\$ 176,125
Licenses and permits	--	--	--	--
Fines and forfeitures	--	--	--	--
Use of money and property	--	16,754	42,630	77,175
Intergovernmental	--	82,494	35,693	5,536
Charges for services	--	--	438,437	142,819
Other revenues	52	--	8,853	--
<b>Total Revenues</b>	<b>52</b>	<b>99,248</b>	<b>3,151,144</b>	<b>401,655</b>
<b>Expenditures:</b>				
Current:				
General government	--	--	--	--
Public protection	--	--	2,711,542	220,638
Public ways and facilities	--	--	--	--
Health and welfare	--	--	--	--
Community development	--	--	--	--
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	--
Capital outlay	--	--	261,520	--
<b>Total Expenditures</b>	<b>--</b>	<b>--</b>	<b>2,973,062</b>	<b>220,638</b>
Excess of Revenues Over (Under) Expenditures	52	99,248	178,082	181,017
Other Financing Sources (Uses)				
Transfers in	--	--	--	--
Transfers out	--	(82,494)	(25)	--
<b>Total Other Financing Sources (Uses)</b>	<b>--</b>	<b>(82,494)</b>	<b>(25)</b>	<b>--</b>
Net Changes in Fund Balances	52	16,754	178,057	181,017
Fund Balance Beginning	947	412,209	70,763	1,783,117
Fund Balances - Ending	\$ 999	\$ 428,963	\$ 248,820	\$ 1,964,134

continued

**COUNTY OF SUTTER**

Combining Statement of Revenues, Expenses and  
Changes in Net Assets  
Nonmajor Governmental Funds  
June 30, 2008

	Special Revenue			Capital Projects	Total Nonmajor Governmental Funds
	Other Special Districts	Landscape Districts	Total Special Revenue		
<b>Revenues:</b>					
Taxes	\$ 83,870	\$ 3,000	\$ 3,952,027	\$ --	\$ 3,952,027
Licenses and permits	--	--	719,299	--	719,299
Fines and forfeitures	--	--	786,919	--	786,919
Use of money and property	101,421	153	1,150,285	6,437	1,156,722
Intergovernmental	973	--	33,473,362	--	33,473,362
Charges for services	1,596	--	2,333,372	--	2,333,372
Other revenues	--	--	957,465	--	957,465
<b>Total Revenues</b>	<u>187,860</u>	<u>3,153</u>	<u>43,372,729</u>	<u>6,437</u>	<u>43,379,166</u>
<b>Expenditures:</b>					
Current:					
General government	--	--	4,800	--	4,800
Public protection	51,825	--	3,474,427	--	3,474,427
Public ways and facilities	17,809	2,281	9,479,120	--	9,479,120
Health and welfare	--	--	15,278,067	--	15,278,067
Community development	--	--	257,664	--	257,664
Debt Service:					
Principal	--	--	101,505	--	101,505
Interest	--	--	161,850	--	161,850
Capital outlay	--	--	418,121	--	418,121
<b>Total Expenditures</b>	<u>69,634</u>	<u>2,281</u>	<u>29,175,554</u>	<u>--</u>	<u>29,175,554</u>
Excess of Revenues Over (Under) Expenditures	<u>118,226</u>	<u>872</u>	<u>--</u>	<u>6,437</u>	<u>14,203,612</u>
Other Financing Sources (Uses)					
Transfers in	--	--	9,795,343	--	9,795,343
Transfers out	(5)	--	(20,389,311)	--	(20,389,311)
<b>Total Other Financing Sources (Uses)</b>	<u>(5)</u>	<u>--</u>	<u>(10,593,968)</u>	<u>--</u>	<u>(10,593,968)</u>
<b>Net Changes in Fund Balances</b>	<u>118,221</u>	<u>872</u>	<u>3,603,207</u>	<u>6,437</u>	<u>3,609,644</u>
Fund Balance Beginning	<u>2,402,235</u>	<u>3,479</u>	<u>34,309,056</u>	<u>159,945</u>	<u>34,469,001</u>
Fund Balances - Ending	<u>\$ 2,520,456</u>	<u>\$ 4,351</u>	<u>\$ 37,912,263</u>	<u>\$ 166,382</u>	<u>\$ 38,078,645</u>

**COUNTY OF SUTTER**

Combining Statement of Net Assets  
Internal Service Funds  
June 30, 2008

	Risk Management		Fleet Management	Information Technology	Totals
	General Liability	Workers' Compensation			
<b>Assets</b>					
Current Assets:					
Cash and investments	\$ 1,477,235	\$ 944,817	\$ 1,584,064	\$ 1,320,873	\$ 5,326,989
Accounts receivable	--	--	1,638	3,062	4,700
Interest receivable	12,099	6,908	8,361	3,437	30,805
Due from other funds	4,012	4,012	124,063	4,286	136,373
Prepaid expenses	--	--	--	159,825	159,825
Inventory	--	--	8,055	--	8,055
Total Current Assets	<u>1,493,346</u>	<u>955,737</u>	<u>1,726,181</u>	<u>1,491,483</u>	<u>5,666,747</u>
Noncurrent Assets:					
Capital assets					
Nondepreciable	--	--	--	137,535	137,535
Depreciable, net	--	--	38,106	529,050	567,156
Total Assets	<u>\$ 1,493,346</u>	<u>\$ 955,737</u>	<u>\$ 1,764,287</u>	<u>\$ 2,158,068</u>	<u>\$ 6,371,438</u>
<b>Liabilities</b>					
Current Liabilities:					
Accounts payable	\$ 9,162	\$ 10,615	\$ 76,489	\$ 77,741	\$ 174,007
Salaries and benefits payable	--	5,071	11,572	47,536	64,179
Compensated absences payable	--	437	13,822	105,020	119,279
Claims payable	824,516	--	--	--	824,516
Due to other funds	--	--	376,930	88,142	465,072
Total Current Liabilities	<u>833,678</u>	<u>16,123</u>	<u>478,813</u>	<u>318,439</u>	<u>1,647,053</u>
Noncurrent Liabilities:					
Compensated absences payable	--	205	6,504	49,421	56,130
Total Noncurrent Liabilities	<u>--</u>	<u>205</u>	<u>6,504</u>	<u>49,421</u>	<u>56,130</u>
Total Liabilities	<u>833,678</u>	<u>16,328</u>	<u>485,317</u>	<u>367,860</u>	<u>1,703,183</u>
<b>Net Assets</b>					
Invested in capital assets, net of related debt	--	--	38,106	666,585	704,691
Unrestricted	<u>659,668</u>	<u>939,409</u>	<u>1,240,864</u>	<u>1,123,623</u>	<u>3,963,564</u>
Total Net Assets	<u>\$ 659,668</u>	<u>\$ 939,409</u>	<u>\$ 1,278,970</u>	<u>\$ 1,790,208</u>	<u>\$ 4,668,255</u>

**COUNTY OF SUTTER**

Combining Statement of Revenues, Expenses  
and Changes in Fund Net Assets  
Internal Service Funds  
For the Year Ended June 30, 2008

	Risk Management				Totals
	General Liability	Workers' Compensation	Fleet Management	Information Technology	
<b>Operating Revenues:</b>					
Charges for services	\$ 795,027	\$ 2,134,631	\$ 1,613,566	\$ 3,384,711	\$ 7,927,935
Other revenue	--	815	2,376	6,305	9,496
Total Operating Revenues	<u>795,027</u>	<u>2,135,446</u>	<u>1,615,942</u>	<u>3,391,016</u>	<u>7,937,431</u>
<b>Operating Expenses:</b>					
Salaries and benefits	--	221,812	550,055	2,070,645	2,842,512
Services and supplies	591,738	1,459,119	894,306	1,215,080	4,160,243
Claims	1,500	--	--	--	1,500
Depreciation	--	--	164,138	114,905	279,043
Total Operating Expenses	<u>593,238</u>	<u>1,680,931</u>	<u>1,608,499</u>	<u>3,400,630</u>	<u>7,283,298</u>
Net Operating Income (Loss)	<u>201,789</u>	<u>454,515</u>	<u>7,443</u>	<u>(9,614)</u>	<u>654,133</u>
<b>Non-Operating Revenues and Expenses:</b>					
Interest income	52,417	35,399	56,502	26,140	170,458
Interest expense	--	--	--	(8,396)	(8,396)
Total Non-Operating Revenues and Expenses	<u>52,417</u>	<u>35,399</u>	<u>56,502</u>	<u>17,744</u>	<u>162,062</u>
Income (Loss) Before Transfers	254,206	489,914	63,945	8,130	816,195
Transfers in	--	--	119,009	10,291	129,300
Transfers out	--	--	(954,401)	(39,346)	(993,747)
Change in Net Assets	254,206	489,914	(771,447)	(20,925)	(48,252)
Net Assets, Beginning of Year	<u>405,462</u>	<u>449,495</u>	<u>2,050,417</u>	<u>1,811,133</u>	<u>4,716,507</u>
Net Assets, End of Year	<u>\$ 659,668</u>	<u>\$ 939,409</u>	<u>\$ 1,278,970</u>	<u>\$ 1,790,208</u>	<u>\$ 4,668,255</u>

**COUNTY OF SUTTER**

Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2008

	Risk Management		Fleet Management	Information Technology	Total
	General Liability	Workers' Compensation			
<b>Cash Flows from Operating Activities:</b>					
Receipts from customers	\$ 795,027	\$ 2,135,446	\$ 1,621,035	\$ 3,397,851	\$ 7,949,359
Payments to suppliers	(464,384)	(1,451,044)	(957,732)	(1,291,185)	(4,164,345)
Payments to employees	--	(242,738)	(543,515)	(2,040,310)	(2,826,563)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>330,643</u>	<u>441,664</u>	<u>119,788</u>	<u>66,356</u>	<u>958,451</u>
<b>Cash Flows from Noncapital Financing Activities:</b>					
Interfund loans received	--	(1,400)	581,228	75,675	655,503
Interfund loans paid	(5,412)	(4,012)	--	(59,589)	(69,013)
Transfers from other funds	--	--	119,009	10,291	129,300
Transfers to other funds	--	--	(557,861)	(60,057)	(617,918)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>(5,412)</u>	<u>(5,412)</u>	<u>142,376</u>	<u>(33,680)</u>	<u>97,872</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Purchase of capital assets	--	--	(210,411)	(109,153)	(319,564)
<b>Net Cash Provided (Used) by Capital Related Financing Activities</b>	<u>--</u>	<u>--</u>	<u>(210,411)</u>	<u>(109,153)</u>	<u>(319,564)</u>
<b>Cash Flows from Investing Activities:</b>					
Interest on investments	<u>52,895</u>	<u>32,757</u>	<u>58,693</u>	<u>23,677</u>	<u>168,022</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>52,895</u>	<u>32,757</u>	<u>58,693</u>	<u>23,677</u>	<u>168,022</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalent</b>	<u>378,126</u>	<u>469,009</u>	<u>110,446</u>	<u>(52,800)</u>	<u>904,781</u>
<b>Balances - Beginning of Year</b>	<u>1,099,109</u>	<u>475,808</u>	<u>1,473,618</u>	<u>1,373,673</u>	<u>4,422,208</u>
<b>Balances - End of Year</b>	<u>\$ 1,477,235</u>	<u>\$ 944,817</u>	<u>\$ 1,584,064</u>	<u>\$ 1,320,873</u>	<u>\$ 5,326,989</u>

continued

**COUNTY OF SUTTER**

Combining Statement of Cash Flows (continued)  
Internal Service Funds  
For the Year Ended June 30, 2008

	Risk Management				
	General Liability	Workers' Compensation	Fleet Management	Information Technology	Total
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 201,789	\$ 454,515	\$ 7,443	\$ (9,614)	\$ 654,133
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation	--	--	164,138	114,905	279,043
Decrease (increase) in:					
Accounts receivable	--	--	5,093	6,835	11,928
Prepaid costs	--	--	--	(101,821)	(101,821)
Inventory	--	--	302	--	302
Increase (decrease) in:					
Accounts payable	2,500	8,075	(5,846)	26,330	31,059
Salaries and benefits payable	--	32	2,319	11,205	13,556
Compensated absences payable	--	(20,958)	4,221	19,130	2,393
Deposits payable	--	--	(57,882)	(614)	(58,496)
Claims payable	126,354	--	--	--	126,354
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 330,643</b>	<b>\$ 441,664</b>	<b>\$ 119,788</b>	<b>\$ 66,356</b>	<b>\$ 958,451</b>
<b>Noncash investing, capital, and financing activities:</b>					
Transfer of capital assets to governmental funds	\$ --	\$ --	\$ 396,540	\$ --	\$ 396,540