

**YUBA COMMUNITY  
COLLEGE DISTRICT  
MEASURE J BOND FUND**

**Marysville, California**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITORS' REPORTS**

**June 30, 2010**

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Yuba Community College District  
Marysville, California

We have audited the accompanying statement of net deficit of the Measure J Bond Fund (the Measure) of Yuba Community College District (the District) as of June 30, 2010, and the related statements of revenues, expenses, and changes in net deficit, and cash flows for the year then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in note 1, the financial statements present only the Measure and do not purport to, and do not, present fairly, the financial position of the District as of June 30, 2010, and the changes in its financial position and cash flows of the District for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure as of June 30, 2010, and the respective changes in financial position and cash flows 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 our report dated November 18, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Measure has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

*Matson and Isom*

November 18, 2010

**FINANCIAL SECTION**

**STATEMENT OF NET DEFICIT****Yuba Community College District  
Measure J Bond Fund**

June 30, 2010

**ASSETS****CURRENT ASSETS**Accounts receivable \$ 169,198**NONCURRENT ASSETS**Restricted cash and cash equivalents 65,434,037Deferred charges 1,473,421Capital assets - net 32,520,609**Total Noncurrent Assets** 99,428,067**Total Assets** \$ 99,597,265**LIABILITIES AND NET DEFICIT****CURRENT LIABILITIES**Current portion of long-term liabilities \$ 1,150,000Accounts payable 4,347,149Due to District funds 39,340Accrued interest 1,414,198**Total Current Liabilities** 6,950,687**NONCURRENT LIABILITIES**Long-term liabilities 94,730,313**Total Liabilities** 101,681,000**NET DEFICIT**Restricted for Measure J Bonds (2,083,735)**Total Liabilities and Net Deficit** \$ 99,597,265*The accompanying notes are an integral part of these financial statements.*

**STATEMENT OF REVENUES,  
EXPENSES, AND CHANGES IN  
NET DEFICIT**

*Yuba Community College District  
Measure J Bond Fund*

Year Ended June 30, 2010

<b>OPERATING EXPENSES</b>	
Depreciation	\$ 205,412
<b>Operating Loss</b>	<u>(205,412)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment income - noncapital	15,812
Amortization of deferred charges	<u>(77,890)</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(62,078)</u>
<b>Loss Before Other Revenues, Expenses, Gains, or Losses</b>	(267,490)
Local property taxes and revenues - capital	4,635,942
Investment income - capital	169,719
Interest expense - on capital asset related liability	(3,266,365)
Supplies, materials, and other expenses and services - capital	<u>(814,653)</u>
<b>Increase in Net Assets</b>	457,153
<b>Net Deficit - Beginning of Year</b>	<u>(2,540,888)</u>
<b>Net Deficit - End of Year</b>	<u>\$ (2,083,735)</u>

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

**STATEMENT OF CASH FLOWS***Yuba Community College District  
Measure J Bond Fund*

Year Ended June 30, 2010

**CASH FLOWS FROM CAPITAL AND  
RELATED FINANCING ACTIVITIES**

Purchases of capital assets	\$ (21,390,728)
Payments on capital debt	(940,000)
Interest paid on capital debt	(3,412,875)
Interest on capital investments	169,719
Local property taxes and other revenues for capital purposes	4,654,506
Other payments	2,684,979
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b>(18,234,399)</b>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest on capital investments	40,191
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(18,194,208)</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>83,628,245</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 65,434,037</b>

**RECONCILIATION OF NET OPERATING LOSS TO NET  
CASH PROVIDED BY OPERATING ACTIVITIES**

Operating loss	\$ (205,412)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation expense	205,412
<b>Net Cash Provided by Operating Activities</b>	<b>\$ -</b>

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

## 1. ORGANIZATION AND NATURE OF ACTIVITIES

**Definition of the Reporting Entity** Yuba Community College District (the District) provides higher education in the greater Yuba area, which consists of portions of eight counties. The District consists of two community colleges and one additional center. These financial statements present only the Measure J Bond Fund, which consists of the building fund and the bond debt service fund. These financial statements do not include financial data for the remainder of the District's funds and component unit, which accounting principles generally accepted in the United States of America require to be presented with the financial statements of the District.

Measure J is a facilities and equipment bond measure for the District adopted by the Board of Trustees and passed by voters on November 7, 2006, authorizing the issuance and sale of general obligation bonds of \$190,000,000. On May 22, 2007, Series A and Series B bonds, in the amount of \$29,504,047 and \$65,492,278, respectively, were issued. The Series A bonds provide \$20,755,000 from current interest serial bonds and \$8,749,047 from capital appreciation serial bonds. The Series A current interest serial bonds of \$20,755,000 are financed over 18 years with principal payments due each August 1 beginning on August 1, 2008. The Series A capital appreciation serial bonds of \$8,749,047 are financed over 19 years with principal payments due each August 1 beginning on August 1, 2012. The Series B bonds provide \$15,142,278 from capital appreciation serial bonds and \$50,350,000 from current-interest term bonds. The Series B capital appreciation serial bonds of \$15,142,278 are financed over 13 years with principal payments due each August 1 beginning on August 1, 2031. The Series B current-interest term bonds of \$50,350,000 are due in one installment of \$26,270,000 due on August 1, 2037, and one installment of \$24,080,000 due on August 1, 2046. Interest payments for both Series A and B bonds will be made semiannually each February 1 and August 1 beginning on August 1, 2007.

The Board of Supervisors of Yuba, Sutter, Colusa, Glenn, Lake, Yolo, Butte, and Placer counties are empowered and obligated to levy property taxes, without limitation as to rate or amount (except for certain property which is taxable at limited rates), for payment of principal and maturity value of and interest on the bonds.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Basis of Accounting** For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities (BTA). Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant interfund transactions have been eliminated.

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and, where applicable, Financial Accounting Standards Board (FASB) statements issued through 1989.

The budgetary and financial accounts of the District are recorded and maintained in accordance with the *Budget and Accounting Manual* issued by the Chancellor's Office of the California Community Colleges, which is consistent with generally accepted accounting principles.

**Accounts Receivable** Accounts receivable consist of interest, local property taxes, and other revenue. The District utilizes the allowance method of accounting for uncollectible accounts receivable. No allowance was necessary at June 30, 2010.

**Restricted Cash and Cash Equivalents** Cash that is externally restricted for contractual obligations such as debt service payments, sinking or reserve funds, or to purchase or construct capital or other noncurrent assets is classified as noncurrent assets in the statement of net deficit.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at the time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

In accordance with *California Education Code*, Section 41001, the District maintains a portion of its cash in the Yuba County Treasury as part of the common investment pool. The county is restricted by *California Government Code*, Section 53635 pursuant to Section 53601 to invest in time deposits, U.S. government securities, state registered warrants, notes, or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. Investments in the county pool are valued using the amortized cost method (which approximates fair value) and includes accrued interest. The pool has deposits and investments with a weighted-average maturity of less than one year. As of June 30, 2010, the fair value of the county pool is 100.98% of the carrying value and is deemed to not represent a material difference. Information regarding the amount of dollars invested in derivatives with the county was not available. The county investment pool is subject to regulatory oversight by the Treasury Oversight Committee as required by *California Government Code*, Section 27130. The District is considered to be an involuntary participant in the external investment pool.

In accordance with *California Education Code*, Section 81965, the District maintains the bond capital project funds in the California Asset Management Program (CAMP), a California common law trust. The District participation in CAMP is described further in note 8. The value of the District's investment in CAMP is the fair value of the pool shares. As of June 30, 2010, the fair value of CAMP is 100.02% of the carrying value and is deemed to not represent a material difference. There are no CAMP funds invested in derivatives as of June 30, 2010. Oversight of CAMP is provided by the Board of Trustees, which consists of seven trustees. The trustees are appointed to the Board of Trustees from members of the governing body, officers, or full-time employees of a public agency that is a participant in the trust and approved annually by the participants. The District is considered to be a voluntary participant in the CAMP investment pool.

The calculation of realized gains and losses is independent of the calculation of the net increase or decrease in the fair value of restricted cash and cash equivalents. Realized gains and losses on cash and cash equivalents that had been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of cash and cash equivalents reported in the prior year. The change in fair value of cash and cash equivalents was insignificant during the year ended June 30, 2010, and there was no significant unrealized gain or loss on cash and cash equivalents held June 30, 2010.

**Investments** Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Fair value is determined from quoted market prices. The District is restricted by state law and the Board's investment policy in the types of investments that can be made. Permissible investments include the county treasury, the state local agency investment fund (LAIF), federally insured deposits, and individual securities. The District's investment policy established safety of principal as the primary investment objective. The District's investment strategy is to realize a reasonable interest yield, and investment decisions are executed with the intent that they will be held to maturity.

**Deferred Charges** Deferred charges are bond issuance costs and are deferred and amortized over the term of bonds using the straight-line method since the results are not significantly different from the effective interest method.

**Capital Assets** Capital assets are recorded at cost on the date of acquisition or fair value at the date of donation. For equipment, the District's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life of greater than one year. Renovations to buildings and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred.

Depreciation is computed using the straight-line method using the monthly convention over the estimated useful life of the assets; generally 50 years for buildings, 20 years for land improvements, 8 years for equipment, and 3 years for technology equipment. Land and construction in progress are considered nondepreciable capital assets; therefore, no depreciation is computed.

**Bond Premium** Bond premiums are deferred and amortized over the term of the bonds using the effective interest method. Bond premiums are recorded as long-term liabilities.

**Net Assets** The District's net assets are classified as follows:

*Restricted for Measure J Bonds Funds* includes resources in which the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

**Classification of Revenues** The District has classified its revenues as nonoperating revenues according to the following criteria:

*Nonoperating revenues* include activities that have the characteristics of nonexchange transactions, such as capital gifts and contributions, and other revenue sources that are defined as nonoperating revenues, such as state appropriations and investment income, according to GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, *Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments*.

**Risk Management** The District’s property and liability coverage is self-insured through the Northern California Community Colleges Self Insurance Authority (NCCC SIA). The District retains the risk up to \$1,000 per occurrence. The NCCC SIA retains the risk up to \$25,000 on property and \$25,000 on liability. Insurance above these levels is ceded to another joint power authority, Statewide Association of Community Colleges (SWACC), and to a level of \$5 million on liability and \$250 million on property. Schools Excess Liability (SELF) provides insurance coverage from \$5 million to \$45 million.

The District is also a member of the NCCC SIA for its workers’ compensation coverage. Within NCCC SIA, the workers’ compensation insurance program is self-insured with first dollar coverage through a joint powers authority, Protected Insurance Program for Schools (PIPS).

**Estimates Used in Financial Reporting** In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements as well as revenues and expenses during the reporting period. Actual results could differ from those estimates. The Measure’s largest source of revenues are property taxes which is subject to estimation at the date of the financial statements.

**Budgets and Budgetary Accounting** By state law, the District’s governing board must approve a tentative budget no later than July 1, and adopt a final budget no later than September 15 of each year. A hearing must be conducted for public comments prior to adoption. The District’s governing board satisfied these requirements.

The budget is revised during the year to incorporate categorical funds which are awarded during the year and for miscellaneous changes to the spending plans. Revisions to the budget are approved by the District’s governing board.

**Property Tax** The counties are responsible for assessing, collecting, and apportioning property taxes. Taxes are levied each fiscal year on taxable real and personal property in the counties. Secured property taxes attach as an enforceable lien on property as of March 1. Taxes are payable in two installments on November 1 and February 1, and become delinquent if paid after December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The following counties bill and collect the taxes for the District: Butte, Colusa, Glenn, Lake, Placer, Sutter, Yolo, and Yuba. Tax revenues are recognized by the District when received.

Secured property taxes are recorded as revenue when apportioned in the fiscal year of the levy. The counties apportion secured property tax revenue in accordance with the alternate method of distribution prescribed by Section 4705 of the *California Revenue and Taxation Code*. This alternate method provides for crediting each applicable fund with its total secured taxes upon completion of the secured tax roll, approximately October 1 of each year. Property taxes are recorded as local revenue sources by the District.

**3. RESTRICTED CASH AND CASH EQUIVALENTS**

The following is a summary of restricted cash and cash equivalents at June 30, 2010:

	<b>Fair Value</b>
<b>INVESTMENTS THAT ARE NOT SECURITIES (1)</b>	
County treasurer's investment pool	\$ 2,903,288
California Asset Management Program	62,530,749
<b>Total Restricted Cash and Cash Equivalents</b>	<b>\$ 65,434,037</b>

(1) *Investments That are Not Securities* A “security” is a transferable financial instrument that evidences ownership or creditorship, whether in physical or book-entry form. Restricted investments that are not securities do not have custodial credit risk because they do not involve a transferable financial instrument. Thus, they are not categorized into custodial credit risk categories.

**Investment Credit Risk**

*California Government Code*, Section 53601, limits investments in commercial paper to “prime” quality of the highest ranking, or of the highest letter and numerical rating as provided by nationally recognized statistical rating organizations (NRSRO), and limits investments in medium-term notes to a rating of A or better. Individual securities must be backed by the federal government or rated AAA, AA, or A by Standard & Poor’s or Aaa, Aa, or A by Moody’s indices. The District does not have an investment policy that would further limit investment choices. The following are rated by Standard & Poor’s as of June 30, 2010:

<b>Investment Type</b>	<b>Fair Value</b>	<b>S &amp; P's Rating as of Year End</b>	
		<b>AAAm</b>	<b>Unrated</b>
County treasurer's investment pool	\$ 2,903,288	\$ -	\$ 2,903,288
California Asset Management Program	62,530,749	62,530,749	-
<b>Totals</b>	<b>\$ 65,434,037</b>	<b>\$ 62,530,749</b>	<b>\$ 2,903,288</b>

**Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. There were no concentrations of credit risk for the District at June 30, 2010.

**Interest Rate Risk – Investments**

*California Government Code*, Section 53601 limits the District's investments to maturities of five years. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Both the county treasurer's investment pool and CAMP mature in less than one year.

**4. ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following at June 30, 2010:

Interest receivable	\$ 17,776
Local property taxes	151,022
Other	400
<b>Total</b>	<b>\$ 169,198</b>

**5. CAPITAL ASSETS**

Changes in capital assets consist of the following:

	<b>Balance July 1, 2009</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2010</b>
<b>NONDEPRECIATED CAPITAL ASSETS</b>				
Construction in progress	\$ 10,058,217	\$ 16,511,562	\$ -	\$ 26,569,779
Land	-	4,687,154	-	4,687,154
<b>DEPRECIATED CAPITAL ASSETS</b>				
Buildings and improvements	888,490	120,679	-	1,009,169
Equipment	539,875	71,333	-	611,208
Vehicles	131,200	-	-	131,200
<b>Total Capital Assets</b>	<b>11,617,782</b>	<b>21,390,728</b>	<b>-</b>	<b>33,008,510</b>
Less: Accumulated depression	282,489	205,412	-	487,901
<b>Total Capital Assets - Net</b>	<b>\$ 11,335,293</b>	<b>\$ 21,185,316</b>	<b>\$ -</b>	<b>\$ 32,520,609</b>

**6. LONG-TERM LIABILITIES**

The long-term liabilities activity for the year ended June 30, 2010, is shown below:

	<b>Balance July 1, 2009</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2010</b>	<b>Current Portion</b>
General obligation bonds	\$ 94,256,325	\$ -	\$ 940,000	\$ 93,316,325	\$ 1,150,000
Unamortized premium	2,694,831	-	130,843	2,563,988	-
<b>Total Long-Term Liabilities</b>	<b>\$ 96,951,156</b>	<b>\$ -</b>	<b>\$ 1,070,843</b>	<b>\$ 95,880,313</b>	<b>\$ 1,150,000</b>

The general obligation bonds payable at June 30, 2010, with their outstanding balances are comprised of the following issuances:

2006 Series A general obligation bonds, due in annual installments of \$151,418 to \$4,600,000, beginning August 1, 2007, through August 1, 2031, with interest from 3.93% to 5.00%.	\$ 27,824,047
2006 Series B general obligation bonds, due in annual installments of \$367,774 to \$13,209,000, beginning August 1, 2007, through August 1, 2046, with interest from 4.75% to 5.06%.	65,492,278
<b>Total</b>	<b>\$ 93,316,325</b>

The amount of interest cost incurred during the year ended June 30, 2010, was \$3,266,365, all of which was charged to expenses.

The annual requirements to amortize the general obligation bonds payable are as follows:

Year Ending June 30	<b>Current Interest Bonds</b>		<b>Capital Appreciation Bonds</b>		<b>Total</b>
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	
2011	\$ 1,150,000	\$ 3,394,075	\$ -	\$ -	\$ 4,544,075
2012	-	3,348,075	-	-	3,348,075
2013	-	3,348,075	110,480	24,520	3,483,075
2014	-	3,348,075	215,422	59,578	3,623,075
2015	-	3,348,075	315,315	104,685	3,768,075
2016-2020	1,235,000	16,740,375	2,140,491	1,104,509	21,220,375
2021-2025	10,260,000	15,554,125	-	-	25,814,125
2026-2030	6,430,000	12,750,875	4,338,596	7,881,404	31,400,875
2031-2035	5,165,000	12,259,125	6,142,768	14,642,232	38,209,125
2036-2040	21,105,000	8,088,388	1,891,795	7,398,205	38,483,388
2041-2045	-	6,020,000	8,736,458	41,793,541	56,549,999
2046-2047	24,080,000	1,833,000	-	-	25,913,000
<b>Total</b>	<b>\$ 69,425,000</b>	<b>\$ 90,032,263</b>	<b>\$ 23,891,325</b>	<b>\$ 73,008,674</b>	<b>\$ 256,357,262</b>

**7. CONSTRUCTION PROJECT COMMITMENTS**

The District has entered into several construction commitments for a total of \$32,368,570. At June 30, 2010, total payments on the contracts totaled \$15,199,269. Subsequent to June 30, 2010, the District entered into several additional construction commitments for a total of \$24,321,563.

**8. JOINT POWERS AUTHORITIES**

The District participates in joint ventures under joint powers agreements with the following joint powers authorities (JPAs): Schools Excess Liability Fund (SELF), Tri-County Schools Insurance Group (TCSIG), Northern California Community Colleges Self Insurance Authority (NCCC SIA), California Asset Management Program (CAMP), and Community College League of California (CCLC). The relationship between the District and the JPAs is such that the JPAs are not component units of the District for financial reporting purposes.

SELF is a JPA created to provide services and other items necessary and appropriate for the establishment, operation, and maintenance of self-funded excess liability fund for public educational agencies, which are parties thereto. TCSIG arranges for and provides health benefits coverage for its member districts. NCCC SIA arranges for and provides property, liability, and workers' compensation insurance programs. CAMP is a JPA created to provide investment management services for surplus funds and comprehensive investment management, accounting, and arbitrage rebate calculation services for proceeds of tax-exempt financings. CCLC has established the Retiree Health Benefit Program (RHBP) to use funds invested by the District to pay post-employment health care and welfare benefits for eligible employees and retirees. As of June 30, 2010, no funds have been contributed to RHBP.

Each JPA is governed by a board consisting of representatives selected by members of the JPAs. The boards control the operations of the JPAs, including selection of management and approval of operating budgets, independent of any influence by the member districts beyond their representation on the board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPA. The District's share of year-end assets, liabilities, or fund equity is not calculated by the JPAs (except CAMP and CCLC). Separately issued financial statements can be requested from each JPA. Condensed audited financial information for the JPAs is as follows:

	<b>June 30, 2009</b>				<b>December 31, 2009</b>
	<b>SELF</b>	<b>TCSIG</b>	<b>NCCC SIA</b>	<b>CCLC</b>	<b>CAMP</b>
Total assets	\$ 209,217,000	\$ 30,299,333	\$ 11,108,086	\$ 7,505,398	\$ 3,070,925,000
Total liabilities	161,555,000	9,462,303	5,022,171	4,768,210	66,935,000
<b>Net Assets</b>	<b>\$ 47,662,000</b>	<b>\$ 20,837,030</b>	<b>\$ 6,085,915</b>	<b>\$ 2,737,188</b>	<b>\$ 3,003,990,000</b>
Total revenues	\$ 18,330,000	\$ 52,082,952	\$ 7,348,859	\$ 5,177,460	\$ 19,774,000
Total expenses	27,701,000	51,651,853	7,132,708	4,795,956	3,715,000
Nonoperating income	8,315,000	868,160	317,050	(101,369)	81,000
<b>Total Change in Net Assets</b>	<b>\$ (1,056,000)</b>	<b>\$ 1,299,259</b>	<b>\$ 533,201</b>	<b>\$ 280,135</b>	<b>\$ 16,140,000</b>

**9. SUBSEQUENT EVENT**

On July 9, 2010, the District entered into escrow to purchase three acres of land for the construction of additional facilities at the Clear Lake campus. Escrow is expected to close in early 2011 with a purchase price of \$475,000.

**OTHER REPORT SECTION**



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

Board of Trustees  
Yuba Community College District  
Marysville, California

We have audited the financial statements of the Measure J Bond Fund (the Measure) of Yuba Community College District (the District) as of and for the year ended June 30, 2010, and have issued our report thereon dated November 18, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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

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

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
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Continued

**Compliance and Other Matters**

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

We noted certain matters that we reported to management of the District, in a separate letter dated November 12, 2010.

This report is intended solely for the information and use of the Citizens' Oversight Committee, Board of Trustees, management, and others within the Yuba Community College District, and is not intended to be and should not be used by anyone other than these specified parties.

*Matson and Isom*

November 18, 2010

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS SECTION**

**SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS**

June 30, 2010

*Yuba Community College District  
Measure J Bond Fund*

**SECTION II FINDINGS  
FINANCIAL STATEMENT AUDIT**

None.

**SECTION III FINDINGS  
FEDERAL AWARDS AUDIT**

None.

**SECTION IV FINDINGS  
STATE AWARDS AUDIT**

None.

**SUMMARY SCHEDULE OF  
PRIOR AUDIT FINDINGS**

June 30, 2010

*Yuba Community College District  
Measure J Bond Fund*

None.