

COUNTY OF SHASTA

AUDIT REPORT

FOR THE FISCAL YEAR
ENDED JUNE 30, 2009

COUNTY OF SHASTA

COUNTY OFFICIALS

JUNE 30, 2009

OFFICIALS

POSITION

David Kehoe

Supervisor, First District

Leonard Moty

Supervisor, Second District

Glenn Hawes

Supervisor, Third District

Linda Hartman

Supervisor, Fourth District

Les Baugh

Supervisor, Fifth District

Leslie Morgan

Assessor-Recorder

Connie Regnell

Auditor-Controller

Cathy Darling

County Clerk/Registrar of Voters

Gerald Benito

District Attorney

Tom Bosenko

Sheriff-Coroner

Lori J. Scott

Treasurer-Tax Collector,
Public Administrator

Lawrence G. Lees

County Administrative Officer

COUNTY OF SHASTA

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Supervisors and Grand Jury
County of Shasta
Redding, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Shasta, California (the "County"), as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Children and Families First Commission (Commission), which represents 100 percent of the assets, net assets, and revenue of the County's discretely presented component unit. Those statements were audited by other auditors whose report, dated October 22, 2009 was unqualified, and in our opinion, insofar as it relates to the amounts included for the Commission is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the County of Shasta, as of June 30, 2009, and the respective changes in financial positions and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Supervisors and Grand Jury
County of Shasta

In accordance with *Government Auditing Standards*, we have also issued our report under separate cover, dated December 14, 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 grants and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and other required supplementary information 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 have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit this information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the County of Shasta's basic financial statements. The accompanying information identified in the table of contents as combining and individual nonmajor fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit, such information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Gallina LLP

Roseville, California
December 14, 2009

MANAGEMENT'S DISCUSSION & ANALYSIS (MD &A)

COUNTY OF SHASTA

Management's Discussion and Analysis June 30, 2009

Within this section of Shasta County's annual financial report, the County's management provides narrative discussion and analysis of the financial activities of the County for the fiscal year ended June 30, 2009. Readers are encouraged to consider the information presented here in conjunction with the accompanying financial statements and disclosures following this section. The discussion focuses on the County's primary government and, unless otherwise noted, does not include separately reported component units.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded liabilities at the close of the most recent fiscal year by \$238,575,415 (*net assets*). Of this amount, \$69,610,663 (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors in accordance with the County's fund designation and fiscal policies. The remaining net assets are \$62,580,313 restricted for specific purpose (*restricted net assets*), and \$106,384,439 invested in capital assets, net of related debt. The government's total net assets decreased by \$7,373,150 in comparison with the restated prior year.
- The County's net assets invested in capital assets, net of related debt, decreased by \$3,115,428.
- The County's governmental funds reported combined fund balances of \$111,223,577 a decrease of \$4,723,566 in comparison with the restated prior year.
- The County's unreserved fund balance for the governmental funds was \$82,114,670, or 30% 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.

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

- The *statement of net assets* presents information on all County assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.
- The *statement of activities* presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

COUNTY OF SHASTA

Management's Discussion and Analysis June 30, 2009

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or in part a portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, recreation and interest expense. The business-type activities of the County include the Fall River Mills Airport, Solid Waste Disposal, West Central Landfill and County Service Areas that provide water and sewer services. Fiduciary activities are not included in the government-wide statements since these assets are not available to fund County programs.

The County's financial reporting includes the funds of the County (primary government) and organizations for which the County is accountable (component units). Most of these legally separated organizations operate like County departments, serve as financing vehicles for County services (revenue bond issuers), or are governed by a board that is substantively identical to the County's board. These organizations are blended into the primary government for financial reporting purposes and include: lighting districts, permanent road divisions, county service areas, the Shasta County Water Agency, the Shasta County Air Quality Management District, the Shasta County Fire Protection District, the Shasta County Redevelopment Agency, The Shasta Joint Financing Authority, the In-Home Supportive Services Public Authority, and the Sheriff's Inmate Welfare Fund. Other organizations operate more independently or provide services directly to the citizens, though the County remains accountable for their activities. The Children and Families First Commission is included in the County's overall reporting entity but is reported separately from the primary government. More complete information about the County's component units can be found in Note 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 state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on *near-term inflows* and *outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a county's near-term financing requirements.

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

COUNTY OF SHASTA

Management's Discussion and Analysis June 30, 2009

financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains individual governmental funds. 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; the Roads Administration Fund; the Public Safety Fund; and the other governmental funds combined into a single, aggregated column. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* in the supplementary information.

Proprietary funds are maintained two ways. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the airport, solid waste disposal, landfill, water and sewer operations. *Internal services funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses five internal service funds to account for its fleet maintenance, risk management, information systems, facilities management, and County utilities functions. 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 Solid Waste Disposal, West Central Landfill, and the Fall River Mills Airport operations are considered to be major funds of the County; and are separately presented with combined other enterprise funds and combined internal service funds in the proprietary funds financial statements. Individual fund data for the other enterprise and internal service funds is provided in the form of *combining statements* in the supplementary information.

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.

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

Required Supplementary Information provides the schedule of funding progress for the County Employees Retirement Plan and Other Post Employment Benefits. Also presented are the County's General Fund and Major Special Revenue Funds budgetary schedules. The County adopts an annual appropriated budget for each fiscal year. A budgetary comparison schedule has been provided for the General Fund, Road Administration Fund, and the Public Safety Fund to demonstrate compliance with this budget.

Other Supplementary Information presented is the combining statements referred to earlier in connection with the non-major governmental, enterprise, and internal service funds.

COUNTY OF SHASTA

Management's Discussion and Analysis June 30, 2009

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, combined assets exceeded liabilities by \$238,575,415 at the close of the most recent fiscal year. Of these combined net assets 45% reflects the County's invested in capital assets, net of related debt. Another 26% of the County's net assets are subject to external restrictions on how they may be used. In addition, a portion of the remaining 29%, referred to as unrestricted, is dedicated for spending on specific programs or services.

The County's Net Assets (in thousands)

	Governmental Activities		Business-Type Activities		Total Activities	
	FY 2009	FY 2008	FY 2009	FY 2008	FY 2009	FY 2008
Current and Other Assets	\$ 173,038	\$ 187,621	\$ 18,941	\$ 18,153	\$ 191,979	\$ 205,774
Capital Assets	130,225	137,295	32,361	30,976	162,586	168,271
Total Assets	303,263	324,916	51,302	49,129	354,565	374,045
Current and Other Liabilities	13,769	38,216	93	1,188	13,862	39,404
Long-Term Liabilities	88,150	69,164	13,978	19,529	102,128	88,693
Total Liabilities	101,919	107,380	14,071	20,717	115,990	128,097
Invested in Capital Assets, net of related debt	78,476	83,659	27,908	25,841	106,384	109,500
Restricted	61,915	63,132	665	70	62,580	63,202
Unrestricted	60,953	70,745	8,658	2,501	69,611	73,246
Total Net Assets	\$ 201,344	\$ 217,536	\$ 37,231	\$ 28,412	\$ 238,575	\$ 245,948

A significant portion of the County's net assets \$69,610,663 represents unrestricted net assets, which may be used to meet the County's ongoing obligations to citizens and creditors. The majority of these net assets have been designated for specific purposes and are not available for general use.

Another significant portion of the County's net assets \$106,384,439 reflects the amount invested in capital assets (e.g. land and easements, structures and improvements, infrastructure, and equipment), less any related 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 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.

The restricted portion of the County's net assets \$62,580,313 represent resources that are subject to external restrictions on how they may be used. At the end of the current fiscal year, the County reported positive balances in all three categories of net assets, both for the County as a whole, as well as for its separate governmental activities and business-type activities.

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Management's Discussion and Analysis June 30, 2009

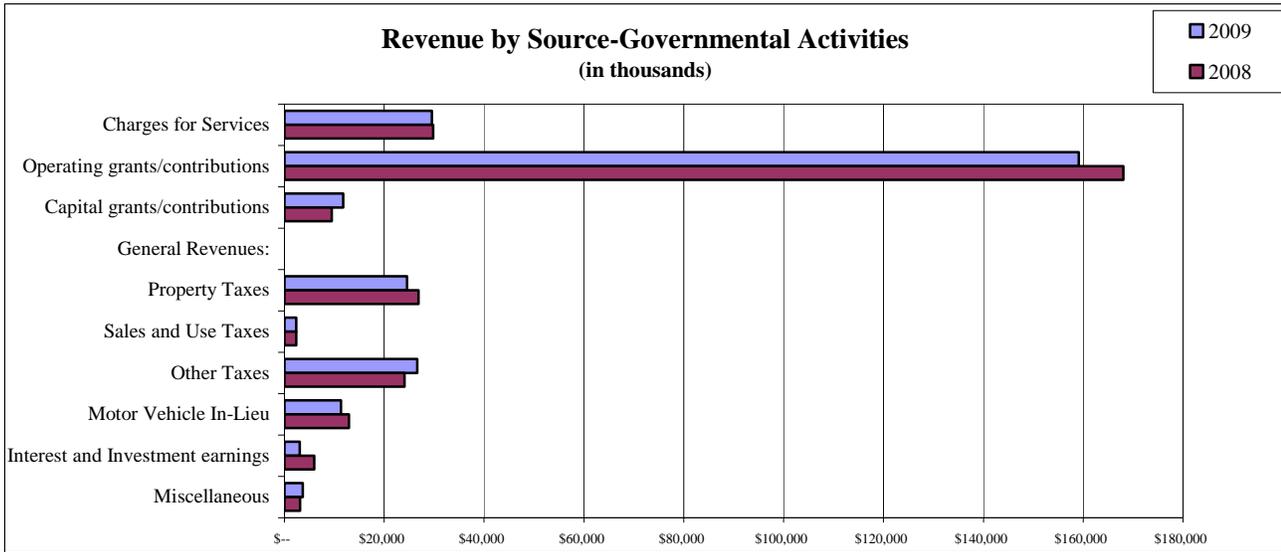
The County's net assets decreased by \$7,373,150 during the current fiscal year. The net decrease in net assets represents the effect of the County transferring the Library and the remaining Library Capital Project Funds to the City of Redding, for more information see Note 14, and the updated study of the estimated costs associated with the closure and postclosure and the remaining capacity of the landfill.

The County's Changes in Net Activities (in thousands)

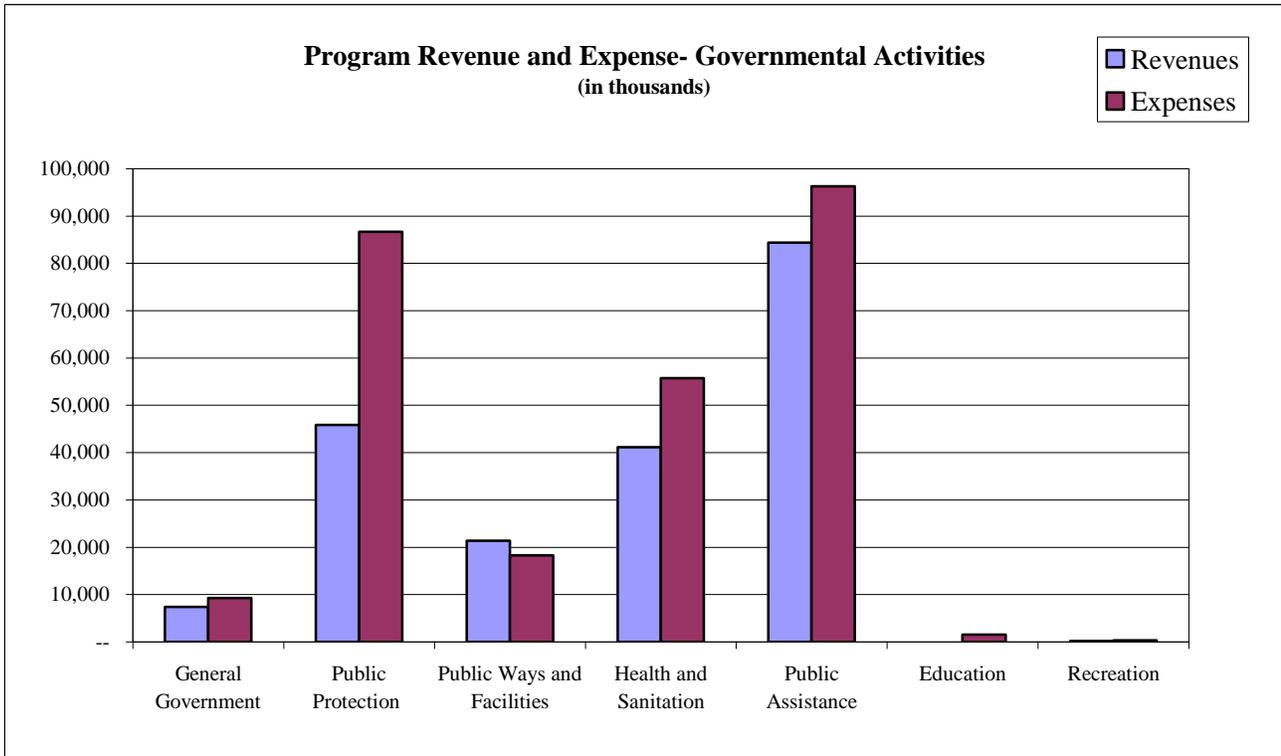
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Activities</u>	
	<u>FY 2009</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2008</u>
Revenues						
Program Revenues:						
Charges for Services	\$ 29,556	\$ 29,802	\$ 4,373	\$ 4,815	\$ 33,929	\$ 34,617
Operating grants/contributions	159,093	168,023	10	--	159,103	168,023
Capital grants/contributions	11,798	9,484	1,733	1,670	13,531	11,154
General Revenues:						
Property Taxes	24,583	26,853	29	--	24,612	26,853
Sales and Use Taxes	2,382	2,326	--	--	2,382	2,326
Other Taxes	26,598	24,046	--	--	26,598	24,046
Motor Vehicle In-Lieu	11,349	12,889	--	--	11,349	12,889
Interest and Investment earnings	3,059	5,974	358	593	3,417	6,567
Miscellaneous	3,660	3,145	4	105	3,664	3,250
Special item - Transfer of Library	(17,585)	--	--	--	(17,585)	--
Change in landfill closure est	--	--	6,210	--	6,210	--
Total Revenues	<u>254,493</u>	<u>282,542</u>	<u>12,717</u>	<u>7,183</u>	<u>267,210</u>	<u>289,725</u>
Expenses						
General Government	9,296	15,790	--	--	9,296	15,790
Public Protection	86,690	87,084	--	--	86,690	87,084
Public Ways and Facilities	18,325	17,528	--	--	18,325	17,528
Health and Sanitation	55,733	56,461	--	--	55,733	56,461
Public Assistance	96,278	90,910	--	--	96,278	90,910
Education	1,523	1,792	--	--	1,523	1,792
Recreation	335	245	--	--	335	245
Debt Service	--	--	--	--	--	--
Interest on Debt	2,505	2,576	--	--	2,505	2,576
Fall River Mills Airport	--	--	116	101	116	101
Solid Waste Disposal	--	--	1,476	875	1,476	875
West Central Landfill	--	--	509	978	509	978
County Service Areas (water/sewer)	--	--	1,797	1,663	1,797	1,663
Total Expenses	<u>270,685</u>	<u>272,386</u>	<u>3,898</u>	<u>3,617</u>	<u>274,583</u>	<u>276,003</u>
Change in Net Assets	<u>(16,192)</u>	<u>10,156</u>	<u>8,819</u>	<u>3,566</u>	<u>(7,373)</u>	<u>13,722</u>
Net Assets - Beg as previously stated	218,304	207,908	28,208	24,642	246,512	232,550
Prior Period Adjustments	(768)	(528)	204	204	(564)	(324)
Net Assets - Beg as restated	<u>217,536</u>	<u>207,380</u>	<u>28,412</u>	<u>24,846</u>	<u>245,948</u>	<u>232,226</u>
Net Assets - Ending	<u>\$ 201,344</u>	<u>\$ 217,536</u>	<u>\$ 37,231</u>	<u>\$ 28,412</u>	<u>\$ 238,575</u>	<u>\$ 245,948</u>

COUNTY OF SHASTA

Management's Discussion and Analysis June 30, 2009

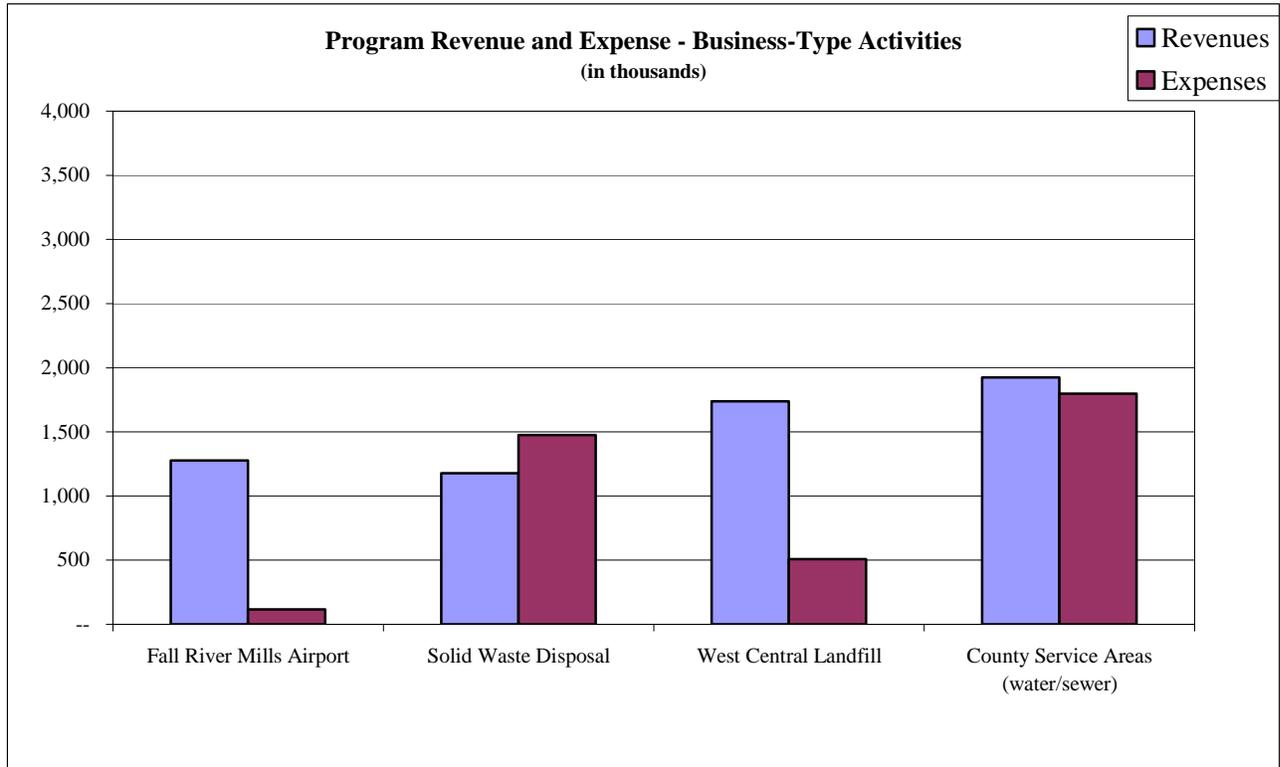


The 2009 Special Item – Transfer of Library to City of Redding for \$17,584,873, and the change in the landfill closure estimate of \$6,209,920 are excluded from the above chart.



COUNTY OF SHASTA

Management's Discussion and Analysis June 30, 2009



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As described 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, Debt Service, and Capital Project Funds. Included in these funds are the special districts governed by the Board of Supervisors. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances 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.

Net Change in Fund Balance Governmental Funds

	FY 2009	FY 2008	Net Change	
			Amount	Percent
Fund Balance - Beginning	\$ 116,714,698	\$ 105,494,235	\$ 11,220,463	10.64%
Prior Period Adjustments	(767,555)	(527,740)	(239,815)	
Fund Balance - Beg as restated	\$ 115,947,143	\$ 104,966,495	\$ 10,980,648	10.46%
Revenues	270,133,223	283,566,172	(13,432,949)	-4.74%
Expenditures	(273,478,041)	(272,081,296)	(1,396,745)	0.51%
Other Financing Sources (Uses)	(968,688)	(504,228)	(464,460)	92.11%
Special item - Transfer of Library	(410,060)	--	(410,060)	
Fund Balance - Ending	\$ 111,223,577	\$ 115,947,143	\$ (4,723,566)	-4.07%

COUNTY OF SHASTA

Management's Discussion and Analysis June 30, 2009

At June, 30, 2009, the County's governmental funds reported combined fund balances of \$111,223,577. Of these combined fund balances, \$82,114,670 constitutes *unreserved fund balance of the General, Special Revenue, Capital Projects, and Debt Service Funds*, which is available to meet the County's current and future need. The remainder of fund balance, \$29,108,907 is *reserved* to indicate that it is *not* available for new spending. The reserved amount is to liquidate contractual commitments of the period.

The General Fund is the chief operating fund of the County. At June 30, 2009, unreserved fund balance was \$42,858,545, while total fund balance was \$53,241,414. 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 28% of total General Fund expenditures, while the total fund balance represents 35% 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 \$42,858,545 General Fund unreserved fund balance, 65% is designated.

Total governmental funds Fund Balance decreased by \$4,723,566 in comparison with the restated prior year. The major governmental funds had changes in fund balance as follows: General Fund decreased \$879,104, Roads Administration Fund decreased by \$2,252,058 and Public Safety Fund decreased \$1,203,245. The non-major governmental funds decreased by \$389,159.

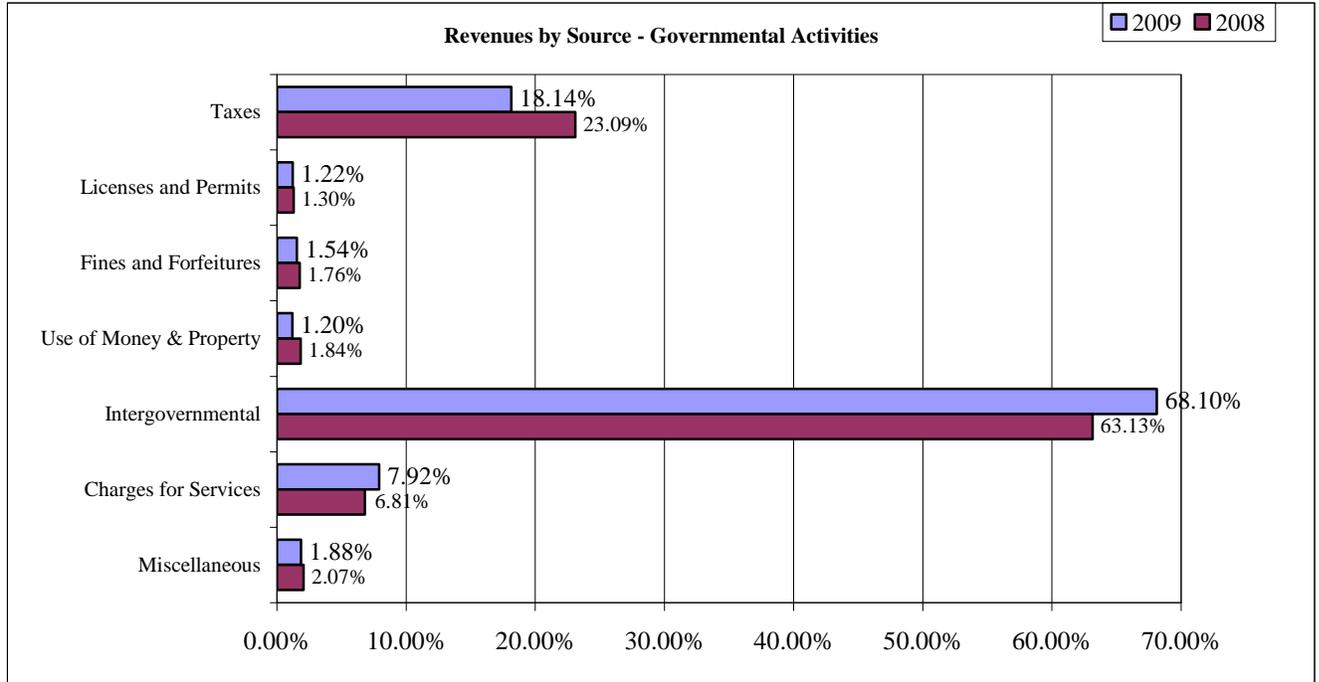
The following table presents the amount of revenues from various sources as well as increases or decreases from the prior year.

	Revenues Classified by Source Governmental Funds					
	FY 2009		FY 2008		Increase(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes	\$ 49,008,924	18.14%	\$ 65,331,636	23.09%	\$(16,322,712)	-24.98%
Licenses and Permits	3,292,981	1.22%	3,688,130	1.30%	(395,149)	-10.71%
Fines and Forfeitures	4,170,109	1.54%	5,006,304	1.76%	(836,195)	-16.70%
Use of Money & Property	3,237,731	1.20%	5,227,636	1.84%	(1,989,905)	-38.07%
Intergovernmental	183,958,043	68.10%	179,125,006	63.13%	4,833,037	2.70%
Charges for Services	21,385,727	7.92%	19,306,530	6.81%	2,079,197	10.77%
Miscellaneous	5,079,708	1.88%	5,880,930	2.07%	(801,222)	-13.62%
Total Revenue by Source	<u>\$270,133,223</u>	<u>100.00%</u>	<u>\$ 283,566,172</u>	<u>100.00%</u>	<u>\$(13,432,949)</u>	

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Management's Discussion and Analysis June 30, 2009

The following graph shows an illustrative picture of where the County funds come from.



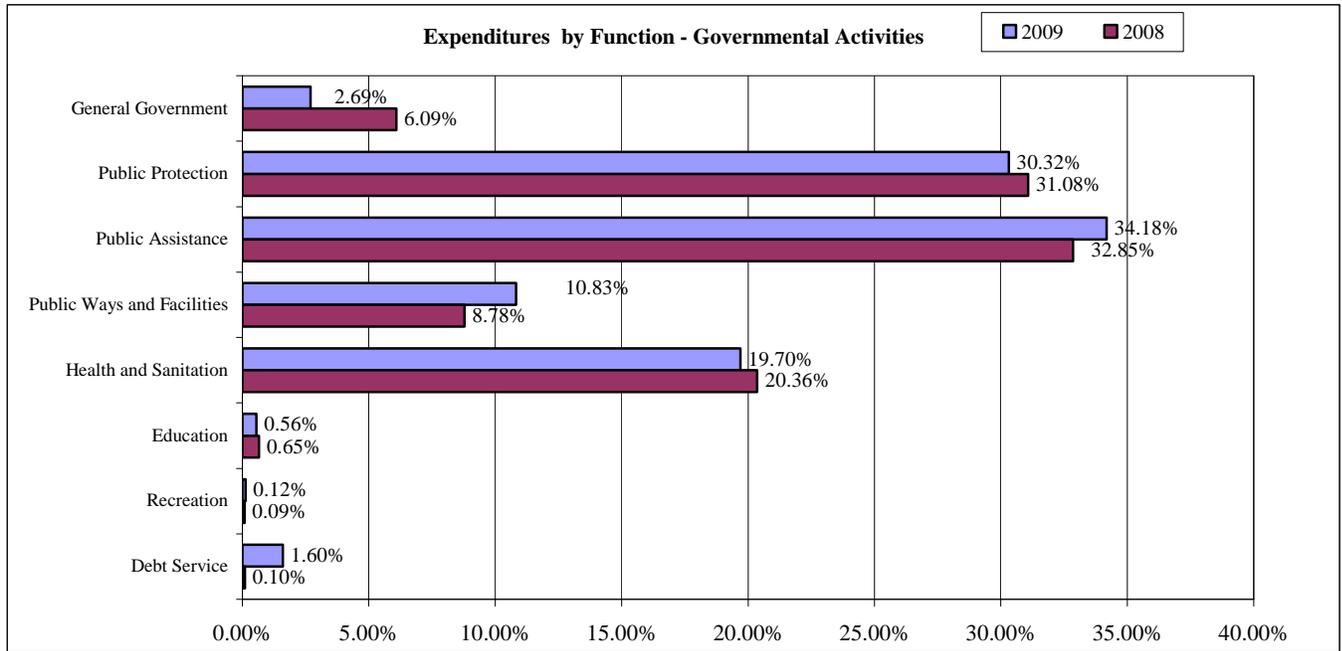
The following table presents expenditures by function compared to prior year amounts. In the prior year when debt service payments were made, the principal and interest expense were recorded in the department's cost center and included in the department's function expense. The debt service included in prior year General Government was \$2,869,775 and the debt service included in the prior year public protection was \$1,255,980. To provide a better accounting for the debt service, in the current year debt service funds were created and all of the principal and interest expense is presented in the debt service function. This change also makes the accounting of the actual transactions consistent with the budget presentation required by the state.

	Expenditures Classified by Function Governmental Funds					
	FY 2009		FY 2008		Increase(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
General Government	\$ 7,357,730	2.69%	\$ 16,576,871	6.09%	\$(9,219,141)	-55.61%
Public Protection	82,919,537	30.32%	84,572,152	31.08%	(1,652,615)	-1.95%
Public Assistance	93,470,995	34.18%	89,347,777	32.85%	4,123,218	4.61%
Public Ways and Facilities	29,609,907	10.83%	23,899,525	8.78%	5,710,382	23.89%
Health and Sanitation	53,878,534	19.70%	55,387,792	20.36%	(1,509,258)	-2.72%
Education	1,519,566	0.56%	1,769,668	0.65%	(250,102)	-14.13%
Recreation	336,902	0.12%	246,240	0.09%	90,662	36.82%
Debt Service	4,384,870	1.60%	281,271	0.10%	4,103,599	1458.95%
Total by Function	\$ 273,478,041	100.00%	\$ 272,081,296	100.00%	\$ 1,396,745	

COUNTY OF SHASTA

Management's Discussion and Analysis June 30, 2009

The following graph shows an illustrative picture of how County funds were spent.



Other financing sources and uses are presented below to illustrate changes from the prior year.

Other Financing Sources (Uses) Governmental Funds

	FY 2009	FY 2008	Increase(Decrease)	
			Amount	Percent
Proceeds from Sale of Capital Assets	\$ 152,547	\$ 81,988	\$ 70,559	86.06%
Transfers In	41,508,133	28,459,897	13,048,236	45.85%
Transfers Out	(42,629,368)	(29,046,113)	(13,583,255)	46.76%
Net financing sources(uses)	<u>\$(968,688)</u>	<u>\$(504,228)</u>	<u>\$(464,460)</u>	

Proceeds from sale of capital assets are the result of sale transactions involving property that was not needed for public use by the County.

Proprietary funds reporting focuses on determining operating income, changes in net assets (or cost recovery), financial position, and cash flows using the full accrual basis of accounting.

Enterprise funds report the business-type activities of the County. Enterprise funds are used to account for its solid waste, landfill, airport, and water/sewer operations.

COUNTY OF SHASTA

Management's Discussion and Analysis June 30, 2009

Net Change in Fund Net Assets Enterprise Funds

	FY 2009	FY 2008	Net Change	
			Amount	Percent
Total Net Assets - Beg as previously stated	\$ 28,207,983	\$ 24,642,517	\$ 3,565,466	14.47%
Prior Period Adjustment	204,136	204,136	--	
Total Net Assets - Beginning as Restated	<u>28,412,119</u>	<u>24,846,653</u>	3,565,466	14.35%
Operating Revenues	4,063,647	4,814,546	(750,899)	-15.60%
Operating Expenses	(3,710,555)	(3,469,284)	(241,271)	6.95%
Non-Operating Revenues (Expenses)	8,466,314	2,220,204	6,246,110	281.33%
Total Net Assets - Ending	<u>\$ 37,231,525</u>	<u>\$ 28,412,119</u>	<u>\$ 8,819,406</u>	

Net assets restricted for invested in capital assets net of related debt at fiscal year end were \$27,908,105, and for debt service were \$665,437. Unrestricted net assets of the enterprise funds at fiscal year end were \$8,657,983.

The net assets of the enterprise funds increased \$8,819,406 over the restated prior fiscal year. During the current year the County performed a cost study of the Closure and Postclosure Maintenance Plan for the West Central Landfill. The updated study revised the estimated closure and postclosure costs and the remaining capacity of the landfill. This change in estimates resulted in a \$6,209,920 decrease in the landfill closure and postclosure care costs liability.

Internal service funds are an accounting device to accumulate and allocate costs internally among the County's various functions. Internal service funds are used to account for its information technology services, vehicle maintenance, risk management, facilities maintenance, and utilities functions.

Net Change in Fund Net Assets Internal Service Funds

	FY 2009	FY 2008	Net Change	
			Amount	Percent
Total Net Assets - Beg as previously stated	\$ 16,446,278	\$ 21,913,686	\$ (5,467,408)	-24.95%
Prior Period Adjustment	-	-	-	
Total Net Assets - Beginning as Restated	<u>16,446,278</u>	<u>21,913,686</u>	(5,467,408)	-24.95%
Operating Revenues	23,939,215	25,479,973	(1,540,758)	-6.05%
Operating Expenses	(23,113,617)	(33,603,846)	10,490,229	-31.22%
Non-Operating Revenues (Expenses)	1,245,796	2,065,163	(819,367)	-39.68%
Transfers In (Out) and capital contributions	1,126,748	591,302	535,446	90.55%
Total Net Assets - Ending	<u>\$ 19,644,420</u>	<u>\$ 16,446,278</u>	<u>\$ 3,198,142</u>	

Total net assets of the internal service funds at fiscal year end were \$19,644,420 and include \$3,268,545 invested in capital assets.

The net assets of the internal service funds increased \$3,198,142 over the prior fiscal year. Operating revenues decreased 6% and operating expenses decreased 31%. The decrease in operating expenses was due to excess Workers Compensation and general liability insurance reserves being refunded to departments in the prior year.

COUNTY OF SHASTA

Management's Discussion and Analysis
June 30, 2009

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year the Board of Supervisors revised the County's budget many times. Each time a grant or specific revenue enhancement is made available to a County program, new appropriations and budget amendments are required.

The mid-year review is a formal 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 causes a budget overrun, a draw on the Contingency Reserve is not recommended.

Differences between the original budget and the final amended budget resulted in a \$8,176,988 decrease in appropriations. The components of appropriations variance are briefly summarized as follows: \$1,466,065 increase in general government; \$2,982,733 decrease in public protection; \$349,545 increase in public assistance; \$5,059,357 decrease in public health and sanitation; \$1,253,632 decrease in education; \$415,606 decrease in recreation; \$281,270 decrease in debt service.

Even with these adjustments, actual expenditures were \$24,364,799 below final budget amounts. Resources available for appropriation were \$3,585,391 below final budget amounts.

Differences between the original budget and the final amended budget is summarized in the table below:

	Budgetary Comparison			
	General Fund			
	Original Budget	Final Budget	Net Change	
		Amount	Percent	
Total Revenues	\$ 185,255,552	\$ 187,002,826	\$ 1,747,274	0.93%
Total Expenditures	(183,692,911)	(175,515,923)	8,176,988	-4.66%
Other Financing Sources (Uses)	(28,305,179)	(27,374,847)	930,332	-3.40%
Net Change in Fund Balances	<u>\$ (26,742,538)</u>	<u>\$ (15,887,944)</u>	<u>\$ 10,854,594</u>	

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

	Budgetary Comparison			
	General Fund			
	Final Budget	Actual Amounts	Net Change	
		Amount	Percent	
Total Revenues	\$ 187,002,826	\$ 183,417,435	\$ (3,585,391)	-1.95%
Total Expenditures	(175,515,923)	(151,151,124)	24,364,799	-16.12%
Other Financing Sources (Uses)	(27,374,847)	(33,145,415)	(5,770,568)	17.41%
Net Change in Fund Balances	<u>\$ (15,887,944)</u>	<u>\$ (879,104)</u>	<u>\$ 15,008,840</u>	

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CAPITAL ASSETS

The County's investment in capital assets for its governmental and business type activities as of June 30, 2009, amounted to \$162,586,802 (net of accumulated depreciation). This investment in capital assets includes land, structures and improvements, leasehold improvements, equipment, and infrastructure (roads and bridges). The total decrease in the County's investment in capital assets for the current fiscal year was \$5,684,319 [3%].

The following table shows the County's total investment in capital assets for governmental and proprietary funds.

	Capital Assets					
	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 2,528,063	\$ 3,528,755	\$ 1,804,168	\$ 1,800,295	\$ 4,332,231	\$ 5,329,050
Structures & Improvements	95,361,978	110,463,524	48,967,403	47,714,949	144,329,381	158,178,473
Leasehold Improvements	1,004,932	1,025,843	--	--	1,004,932	1,025,843
Equipment	41,795,014	42,198,023	263,100	255,043	42,058,114	42,453,066
Infrastructure	87,759,301	87,759,301	--	--	87,759,301	87,759,301
Construction In Progress	21,859,945	9,016,774	10,990,505	9,922,022	32,850,450	18,938,796
Total	<u>250,309,233</u>	<u>253,992,220</u>	<u>62,025,176</u>	<u>59,692,309</u>	<u>312,334,409</u>	<u>313,684,529</u>
Accumulated Depreciation	<u>(120,083,798)</u>	<u>(116,696,779)</u>	<u>(29,663,809)</u>	<u>(28,716,629)</u>	<u>(149,747,607)</u>	<u>(145,413,408)</u>
Net Capital Assets	<u>\$ 130,225,435</u>	<u>\$ 137,295,441</u>	<u>\$ 32,361,367</u>	<u>\$ 30,975,680</u>	<u>\$ 162,586,802</u>	<u>\$ 168,271,121</u>

Components of the change in net capital assets are as follows:

	Additions	Retirements	Transfers & Adjustments	Depreciation	Net Change
		(Net of Accum. Depreciation)			
General Government	\$ 1,009,760	\$ (17,294,014)	\$ --	\$ (2,107,782)	\$ (18,392,036)
Public Protection	793,395	(384)	(16,070)	(1,186,834)	(409,893)
Public Ways & Facilities	13,147,275	(13,136)	--	(1,279,183)	11,854,956
Health & Sanitation	78,203	(4,722)	(22,053)	(185,363)	(133,935)
Public Assistance	45,463	(13,202)	--	(134,522)	(102,261)
Education	--	(2,838)	--	(2,131)	(4,969)
Recreation	--	--	--	--	--
Internal Service Funds	1,058,866	(53,465)	38,123	(925,390)	118,134
Enterprise Funds	2,332,865	--	--	(947,180)	1,385,685
Totals	<u>\$ 18,465,827</u>	<u>\$ (17,381,761)</u>	<u>\$ --</u>	<u>\$ (6,768,385)</u>	<u>\$ (5,684,319)</u>

COUNTY OF SHASTA

Management's Discussion and Analysis June 30, 2009

Construction of capital assets during the current fiscal year included the following:

Projects completed in current fiscal year:

Major bridge, road and construction projects:	<u>Current Year Costs</u>	<u>Total Costs</u>
Governmental Funds:		
Mental Health Building Roof	\$ 43,252	\$ 54,759
Cascade Building Roof	451,195	496,905
County Clerk - Needs Study (expensed)	(48,526)	--
Fire Department Metal Building	122,851	129,118
Total Governmental Funds	<u>568,772</u>	<u>680,782</u>
Enterprise Funds:		
West Central Landfill Tipping Pad Expansion	278,076	366,949
Cottonwood Sewer Sludge Pond Liner	126,893	174,763
Castella Water System Upgrade	709,446	710,741
Total Enterprise Funds	<u>1,114,415</u>	<u>1,252,453</u>
Total projects completed in current fiscal year	<u>\$ 1,683,187</u>	<u>\$ 1,933,235</u>

Construction in progress at June 30, 2009:

Major bridge and road projects:	<u>Current Year Costs</u>	<u>Cost to Date</u>
Governmental Funds:		
Swede Creek Road @ Swede Creek Bridge	\$ 49,996	\$ 153,381
Swede Creek Road @ Little Cow Creek	14,290	90,687
Old Oasis Road @ Churn Creek	36,602	65,744
North Street @ Airport Road Bridge	12,034,159	20,308,856
Buzzard Roost @ Cedar Creek Bridge	76,477	287,160
East Fork Road @ Clear Creek	51,828	252,648
Spring Creek Road @ Fall River Bridge	5,564	10,000
Cassel-Fall River Road @ Pit River	4,232	4,232
Smith Bottom Road @ ACID Canal	9,219	9,219
Total Governmental Funds	<u>12,282,367</u>	<u>21,181,927</u>
Building upgrades:		
Governmental Funds:		
Jail Roof and Siding	58,794	58,794
Burney Veterans Hall Restroom Remodel	50	50
Fall River Mills Veterans Hall Restroom Remodel	50	50
District Attorney 1855 Shasta St. Remodel	433,285	433,285
Balls Ferry Boat Ramp	13,877	13,877
Total Governmental Funds	<u>506,056</u>	<u>506,056</u>
Enterprise Funds:		
West Central Landfill Unit 4B Liner	4,733	4,733
West Central Landfill Wells	10,695	10,695
Total Enterprise Funds	<u>15,428</u>	<u>15,428</u>
Major construction:		
Governmental Funds:		
Juvenile Hall	9,257	9,257
Fire Department Metal Buildings	157,500	162,704
Total Governmental Funds	<u>166,757</u>	<u>171,961</u>
Enterprise Funds:		
Fall River Mills Airport Extension	1,191,093	10,975,078
Total construction in progress at June 30, 2009	<u>14,161,701</u>	<u>32,850,450</u>

Totals:

Total Governmental Funds	12,955,180	21,859,945
Total Enterprise Funds	1,206,521	10,990,505
Total construction in progress	<u>\$ 14,161,701</u>	<u>\$ 32,850,450</u>

COUNTY OF SHASTA

Management's Discussion and Analysis June 30, 2009

DEBT ADMINISTRATION

At the end of the current fiscal year, the County had total debt obligation outstanding of \$55,071,586. Of this amount, \$50,375,000 comprises bonds that are secured by the County's lease rental payments and other dedicated sources of revenue, and \$1,200,435 of special assessment debt secured by property subject to the assessment. The remainder of the County's debt represents loans secured solely by specified revenue sources.

The following table shows the composition of the County's bonds and notes outstanding for governmental and proprietary funds.

	Long-Term Debt Obligations					
	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Lease Revenue Bonds	\$ 49,290,000	\$ 50,900,000	\$ 1,085,000	\$ 1,710,000	\$ 50,375,000	\$ 52,610,000
Special Assessment Bonds	--	--	1,160,200	1,071,500	1,160,200	1,071,500
Water/Sewer Bonds	--	--	40,235	45,161	40,235	45,161
Capital Lease Obligations	1,328,322	1,558,938	--	--	1,328,322	1,558,938
Financing Leases	--	--	1,890,961	2,000,000	1,890,961	2,000,000
Notes Payable	--	--	276,868	307,879	276,868	307,879
Debt Obligation	50,618,322	52,458,938	4,453,264	5,134,540	55,071,586	57,593,478
Unamortized Bond Premium	1,130,781	1,177,776	--	--	1,130,781	1,177,776
Total Debt	51,749,103	53,636,714	4,453,264	5,134,540	56,202,367	58,771,254
Less Current Portion	(1,941,176)	(1,887,610)	(728,864)	(830,961)	(2,670,040)	(2,718,571)
Net Long-Term Debt	<u>\$ 49,807,927</u>	<u>\$ 51,749,104</u>	<u>\$ 3,724,400</u>	<u>\$ 4,303,579</u>	<u>\$ 53,532,327</u>	<u>\$ 56,052,683</u>

Reductions of the County's total outstanding debt included principal payments of \$1,840,616 and amortization of bond premium of \$46,995 with \$2,504,848 in interest expense for governmental activities and principal payments of \$865,976 with \$195,603 (of which \$8,405 was capitalized) in interest expense for business-type activities.

Other obligations include compensated absences (accrued vacation and sick leave), workers' compensation and general liability insurance claims liability, and the landfill closure/postclosure care costs liability. More detailed information about the County's long-term liabilities is presented in notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The County's fiscal year 2009-10 budget takes into consideration the overall financial health of the County and related impacts of the California State Budget. The Governor's Budget reduced funding that supports activities by local governmental agencies. Such programs include law enforcement, realigned mental health, public health and indigent health/social services programs, libraries, and housing.

On November 2, 2004, California voters approved Proposition 1A, which rolled back the Vehicle License Fee (VLF) rate from 2 percent to 0.65 percent of the vehicle value. Funding for local

COUNTY OF SHASTA

Management's Discussion and Analysis June 30, 2009

governments to make up the rate difference is provided through a reallocation of property tax from schools and community colleges to cities and counties. Due to the continuing economic downturn, the County has projected, in its 2009-10 budget, that Property Taxes in Lieu of VLF will decline by \$500,000, to \$16.5 million.

The County's Budget took into consideration the impact of the State's fiscal crisis on County revenue. These impacts include the following:

Issuance of Registered Warrants and Delayed Payments – the State began issuing Registered Reimbursement Warrants in FY 2008-09 to assist the state in covering its cash shortfall, and the State is managing its short-term cash needs by delaying reimbursement to counties. Shasta County must continue to provide service regardless of receipt of State allocations. When County operating funds run into cash flow shortages, they must borrow from the County Treasury. This results in a negative interest apportionment. The State does not pay interest on the late payments, with the exception of deferred mandates. In essence, the County is “loaning” the State funds, at a cost to the County. This is either in reduced interest earnings, or negative interest. Further, the state has delayed payments to counties, often by a permanent postponement to a later fiscal year. This tactic has created a considerable dilemma to the County and has eroded our cash reserves. Various funds have found it necessary to borrow from the Treasury while awaiting reimbursement.

California Economic Indicators and Tax Forecast – the state projects nonfarm wage and salary employment to drop by 3.9 percent in 2009 and another 0.9 percent in 2010. Personal income is projected to decline 1 percent in 2009. Property taxes and sales and use taxes are projected to decline. Locally, receipts from sales tax dedicated to public safety saw a decline of 15.8 percent in 2008-09, for a loss of \$2 million; and, realignment sales tax and vehicle license fees declined as well. The total loss to health and human services programs from taxes and fees is projected to be \$6.4 million over two years.

Administration of Justice, The state, faced with unprecedented revenue shortfalls, added 0.5% to the Vehicle License Fee (VLF) to all vehicle registrations effective May 2009. The Local Safety and Protection Account (LPSPA) directs that 0.15% of this VLF revenue received be allocated to fund public safety programs such as Citizens' Option for Public Safety (COPS), Juvenile Justice Crime Prevention Act (JJCPA) grants, jail booking fees, the Small and Rural County Sheriff's grants, Juvenile Camps and Ranches funding, and all programs administered by the California Emergency Management Agency (Cal EMA) which includes programs such as Cal-MMET, Sexual Assault Felony Enforcement (SAFE) and vertical prosecution grants. This new LSPA dedicated funding was 'swapped' with State General Fund (SGF) appropriations. Budgeting for this new revenue source is problematic as there is no reliable model to use. The State will not backfill any VLF shortfall; should revenues be under budget the public safety departments may be forced to take commensurate budget reductions.

General Government, 1) Eliminated all state Williamson Act subventions, costing Shasta County \$220,000.

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Health and Human Services, The 2009-10 revised state budget includes significant cuts within the health and human services arena. It is unclear what long-term impact these changes will have on the County and the public for which we provide safety net services. Children, families and seniors will have fewer services available.

Land Use and Transportation, Monthly payments of the local share of gas tax, also known as the Highway User Tax Account (HUTA) are being deferred from July through December 2009 to be repaid after January 1010. The state is also deferring the first two quarterly payments of Proposition 42 to cities and counties until May 2010. This action is a deferral and not a loan so the State will not pay back the funds with interest.

On August 22, 2006, the Shasta County Board of Supervisors authorized an agreement with the City of Redding to transfer ownership of the Shasta County Library-Redding Main to the City of Redding and authorized an agreement with the Cities of Redding and Anderson for the City of Redding to operate the Anderson and Burney Branch Libraries. The City of Redding will operate the Shasta Public Library System for 40 years from the date of the opening of the new Library to the public. The County's contribution to the public library system will exceed \$1.2 million in FY 2009-10.

The cost of workers compensation insurance, PERS retirement, health insurance rate increases, and retiree health care continue to impact the County. In December 2007 the Board of Supervisors adopted an 80 percent confidence level for the County's self-insured workers' compensation and liability insurance programs. The County is committed to maintaining a prudent reserve.

Our share of cost for PERS retirement will undoubtedly increase due to investment losses in CalPERS holdings caused by significant investment market volatility and asset value declines for all investors. While CalPERS has more than enough money to pay benefits for many years into the future, employer rates are at their highest in 25 years. Employers are faced with increasing retirement costs at a time when local revenues are at the lowest. While rate spikes are generally cushioned by CalPERS 30-year rate smoothing methodology, they are modifying rates to recapture recent investment losses over a shorter period of time.

The County of Shasta provides postretirement medical and dental benefits to eligible employees who retire directly from the County. Eligible retirees pay a portion of the medical premium based on the PEHMCA (CalPERS medical program) "unequal method." The remaining premium is shared by the County and active employees in accordance with bargaining agreements. Like most governmental agencies, the County pays for these postretirement benefits on a "pay-as-you-go" basis. This means that other post employment benefits (OPEB) costs are ignored while an employee renders service and recognized only after the employee retires.

Governmental Accounting Standards Board (GASB) 45 requires governmental agencies to conduct an actuarial valuation of the liability for OPEB and report it in the notes to the financial statements. The valuation is now complete; the County's Unfunded Actuarial Liability as of

COUNTY OF SHASTA

Management's Discussion and Analysis June 30, 2009

June 30, 2007, is \$140.6 million. The Unfunded Actuarial Accrued Liability is the excess of the Actuarial Accrued Liability over Plan Assets. This represents the amount of the Actuarial Accrued Liability at the valuation date that still must be funded. An updated actuarial is in process and will become available in late December 2009.

Although GASB does not require that counties pre-fund their OPEB liability, Shasta County is taking positive steps towards addressing OPEB. The County established two irrevocable OPEB Trusts with initial funding of \$6 million each; and implemented a one percent charge, as a percent of payroll, effective July 1, 2008. We continue to advocate for legislative changes to PEMHCA to give counties greater flexibility in establishing a tiered benefit system; and to work towards OPEB cost avoidance through labor negotiations. Within available resources the County may incrementally increase the payroll charges for OPEB to pass a portion of this expense to state and federal programs when appropriate.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the County'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 County Administrative Office at 1450 Court Street, Room 309, Redding, CA 96001-1671.

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

COUNTY OF SHASTA

Statements of Net Assets

June 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Totals	
ASSETS				
Cash and investments	\$ 120,855,770	\$ 16,066,935	\$ 136,922,705	\$ 4,232,117
Receivables, net	6,644,643	652,561	7,297,204	--
Due from other governments	26,296,122	633,197	26,929,319	322,357
Inventories	528,405	16,386	544,791	--
Other assets	329,748	558	330,306	--
Special assessments receivable	109,846	1,399,592	1,509,438	--
Internal balances	529,025	(529,025)	--	--
Due from fiduciary funds	1,355,594	--	1,355,594	--
Due from component unit	819	--	819	--
Notes receivable	8,440,065	--	8,440,065	--
Deferred issuance costs	1,152,093	34,447	1,186,540	--
Cash and investments - restricted	6,795,221	665,915	7,461,136	--
Capital Assets:				
Non-depreciable	24,388,008	12,794,673	37,182,681	--
Depreciable, net	105,837,427	19,566,694	125,404,121	--
Total Assets	303,262,786	51,301,933	354,564,719	4,554,474
LIABILITIES				
Accounts payable	3,539,201	23,986	3,563,187	382,866
Retention payable	29,483	--	29,483	--
Salaries and benefits payable	3,554,980	--	3,554,980	10,165
Interest payable	601,918	68,158	670,076	--
Due to fiduciary funds	29,699	--	29,699	--
Due to other governments	797,371	--	797,371	103,457
Due to primary government	--	--	--	819
Unearned revenue	4,986,097	--	4,986,097	--
Deposits from others	229,794	600	230,394	--
Long-Term Liabilities:				
Due within one year	9,031,064	728,864	9,759,928	--
Due beyond one year	68,053,289	13,248,800	81,302,089	17,464
Net OPEB obligation	11,066,000	--	11,066,000	--
Total Liabilities	101,918,896	14,070,408	115,989,304	514,771
NET ASSETS				
Invested in capital assets, net of related debt	78,476,334	27,908,105	106,384,439	--
Restricted for:				
Special revenue	27,658,372	--	27,658,372	--
Public safety	4,368,709	--	4,368,709	--
Roads administration	8,878,009	--	8,878,009	--
Debt service	6,874,663	665,437	7,540,100	--
Capital projects	10,805,646	--	10,805,646	--
Other purposes	3,329,477	--	3,329,477	--
Unrestricted	60,952,680	8,657,983	69,610,663	4,039,703
Total Net Assets	\$ 201,343,890	\$ 37,231,525	\$ 238,575,415	\$ 4,039,703

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

COUNTY OF SHASTA

Statement of Activities
For the Year Ended June 30, 2009

Functions/Programs Primary Government	Expenses	Indirect Expense Allocation	Program Revenues		
			Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:					
General government	\$ 8,000,492	\$ 1,295,508	\$ 5,324,782	\$ 2,050,863	\$ --
Public protection	83,197,270	3,492,761	16,275,884	28,972,214	644,255
Public ways and facilities	17,867,634	457,554	1,752,368	8,883,846	10,767,545
Health and sanitation	54,291,652	1,441,202	3,103,053	38,039,374	986
Public assistance	94,471,990	1,805,669	3,070,275	80,956,071	384,921
Education	1,439,519	83,700	26,250	5,683	--
Recreation	330,896	4,005	3,047	185,035	--
Interest expense	2,504,848	--	--	--	--
Total Governmental Activities	<u>262,104,301</u>	<u>8,580,399</u>	<u>29,555,659</u>	<u>159,093,086</u>	<u>11,797,707</u>
Business-Type Activities:					
Fall River Mills Airport	110,543	5,336	94,590	10,000	1,171,176
Solid Waste Disposal	1,469,814	5,970	1,176,836	--	--
West Central Landfill	508,538	--	1,739,482	--	--
County Service Areas	1,760,142	37,410	1,362,432	--	561,467
Total Business-Type Activities:	<u>3,849,037</u>	<u>48,716</u>	<u>4,373,340</u>	<u>10,000</u>	<u>1,732,643</u>
Total Primary Government	<u>\$ 265,953,338</u>	<u>\$ 8,629,115</u>	<u>\$ 33,928,999</u>	<u>\$ 159,103,086</u>	<u>\$ 13,530,350</u>
Component Units:					
Children and Families First	\$ 1,960,048	\$ --	--	\$ 1,974,730	\$ --
Total Component Units	<u>\$ 1,960,048</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,974,730</u>	<u>\$ --</u>

General Revenues and Special Item:

Taxes:

Property taxes

Sales and use taxes

Other taxes

Motor vehicles in-lieu

Interest and investment earnings

Miscellaneous

Special item - Transfer of Library to the City of Redding

Change in landfill closure estimate

Total General Revenues and Special Item

Change in Net Assets:

Net assets - beginning as previously stated

Prior period adjustments

Net assets - beginning (as restated)

Net assets - ending

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

Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Primary Government</u>	<u>Component Unit</u>
\$ (1,920,355)	\$ --	\$ (1,920,355)	\$ --
(40,797,678)	--	(40,797,678)	--
3,078,571	--	3,078,571	--
(14,589,441)	--	(14,589,441)	--
(11,866,392)	--	(11,866,392)	--
(1,491,286)	--	(1,491,286)	--
(146,819)	--	(146,819)	--
<u>(2,504,848)</u>	<u>--</u>	<u>(2,504,848)</u>	<u>--</u>
<u>(70,238,248)</u>	<u>--</u>	<u>(70,238,248)</u>	<u>--</u>
--	1,159,887	1,159,887	--
--	(298,948)	(298,948)	--
--	1,230,944	1,230,944	--
--	126,347	126,347	--
<u>--</u>	<u>2,218,230</u>	<u>2,218,230</u>	<u>--</u>
<u>(70,238,248)</u>	<u>2,218,230</u>	<u>(68,020,018)</u>	<u>--</u>
<u>--</u>	<u>--</u>	<u>--</u>	<u>14,682</u>
<u>--</u>	<u>--</u>	<u>--</u>	<u>14,682</u>
\$ 24,583,485	\$ 28,923	24,612,408	\$ --
2,382,171	--	2,382,171	--
26,598,315	--	26,598,315	--
11,348,630	--	11,348,630	--
3,059,428	358,004	3,417,432	89,877
3,658,536	4,329	3,662,865	65
(17,584,873)	--	(17,584,873)	--
<u>--</u>	<u>6,209,920</u>	<u>6,209,920</u>	<u>--</u>
<u>54,045,692</u>	<u>6,601,176</u>	<u>60,646,868</u>	<u>89,942</u>
<u>(16,192,556)</u>	<u>8,819,406</u>	<u>(7,373,150)</u>	<u>104,624</u>
218,304,001	28,207,983	246,511,984	3,935,079
(767,555)	204,136	(563,419)	--
<u>217,536,446</u>	<u>28,412,119</u>	<u>245,948,565</u>	<u>3,935,079</u>
<u>\$ 201,343,890</u>	<u>\$ 37,231,525</u>	<u>\$ 238,575,415</u>	<u>\$ 4,039,703</u>

**BASIC FINANCIAL STATEMENTS –
FUND FINANCIAL STATEMENTS**

COUNTY OF SHASTA

Balance Sheet
Governmental Funds
June 30, 2009

	General Fund	Roads Administration Fund	Public Safety Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments	\$ 46,678,735	\$ 9,010,905	\$ 764,867
Accounts receivable	3,616,905	35,908	2,934,965
Due from other governments	16,835,429	1,081,314	5,622,352
Inventories	--	430,011	--
Other assets	23,094	257	(250)
Due from other funds	1,825,240	8,453	578,739
Special assessments receivable	--	--	--
Notes receivable	--	--	--
Advances to other funds	296,525	--	--
Cash and investments - restricted	11,330	--	--
Totals Assets	<u><u>\$ 69,287,258</u></u>	<u><u>\$ 10,566,848</u></u>	<u><u>\$ 9,900,673</u></u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 1,976,060	\$ 423,046	166,605
Retention payable	--	29,483	--
Salaries and benefits payable	1,616,273	222,001	987,129
Due to other funds	1,265,682	166	108,824
Due to other governments	39,703	12,950	652,068
Deposits from others	--	223,853	--
Deferred revenue	8,131,204	10,364	4,492,335
Unearned revenue	3,016,922	--	753,129
Advances from other funds	--	--	211,812
Total Liabilities	<u>16,045,844</u>	<u>921,863</u>	<u>7,371,902</u>
 Fund Balances:			
Reserved	10,382,869	916,224	104,225
Unreserved:			
Designated	27,725,453	4,117,247	1,636,107
Undesignated	15,133,092	--	--
Undesignated reported in:			
Special revenue funds	--	4,611,514	788,439
Capital projects funds	--	--	--
Debt service funds	--	--	--
Total Fund Balances	<u>53,241,414</u>	<u>9,644,985</u>	<u>2,528,771</u>
 Total Liabilities and Fund Balances	<u><u>\$ 69,287,258</u></u>	<u><u>\$ 10,566,848</u></u>	<u><u>\$ 9,900,673</u></u>

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 29,678,645	\$ 86,133,152
54,688	6,642,466
2,746,688	26,285,783
--	430,011
223,290	246,391
1,384,018	3,796,450
109,846	109,846
8,440,065	8,440,065
803,187	1,099,712
6,783,877	6,795,207
<u>\$ 50,224,304</u>	<u>\$ 139,979,083</u>

420,165	\$ 2,985,876
--	29,483
532,382	3,357,785
850,728	2,225,400
92,561	797,282
5,941	229,794
440,174	13,074,077
1,216,046	4,986,097
857,900	1,069,712
<u>4,415,897</u>	<u>28,755,506</u>

17,705,589	29,108,907
17,841,520	51,320,327
--	15,133,092
5,484,214	10,884,167
4,672,232	4,672,232
104,852	104,852
<u>45,808,407</u>	<u>111,223,577</u>
<u>\$ 50,224,304</u>	<u>\$ 139,979,083</u>

COUNTY OF SHASTA

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

Total Fund Balances - Governmental Funds (page 23)	\$ 111,223,577
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.	126,956,890
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	
Unavailable revenues	13,074,077
Other post employment benefits obligation	(10,448,000)
Long-Term Debt that has not been included in the governmental fund activity.	(51,749,102)
Interest on outstanding debt not due and payable in the current period is not accrued in the governmental funds.	(601,918)
Governmental funds report the effect of issuance costs when debt is first issued, whereas these amounts are deferred in the Statement of Net Assets. This amount is the unamortized portion of bond issuance costs.	1,152,093
Compensated absences are not accrued in the Governmental Funds.	(7,908,147)
Internal Service Funds assets and liabilities are included in governmental activities in the Statement of Net Assets	<u>19,644,420</u>
Net assets of Governmental Activities (page 19)	<u><u>\$ 201,343,890</u></u>

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

COUNTY OF SHASTA

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

	General Fund	Roads Administration Fund	Public Safety Fund
Revenues:			
Taxes	\$ 44,177,148	\$ 2,427,862	\$ 143,926
Licenses and permits	3,012,948	16,234	38,628
Fines and forfeitures	2,544,929	--	1,494,125
Use of money and property	1,911,414	153,401	(4,848)
Intergovernmental	116,510,284	22,731,527	19,614,036
Charges for other services	11,354,565	1,228,132	5,299,814
Miscellaneous revenue	3,906,147	35,909	388,276
Total Revenues	<u>183,417,435</u>	<u>26,593,065</u>	<u>26,973,957</u>
Expenditures:			
Current:			
General government	7,284,878	--	--
Public protection	16,678,609	--	53,530,869
Public ways and facilities	12,000	28,924,129	--
Health and sanitation	32,715,286	--	--
Public assistance	92,603,883	--	--
Education	1,519,566	--	--
Recreation	336,902	--	--
Debt Service	--	--	--
Total Expenditures	<u>151,151,124</u>	<u>28,924,129</u>	<u>53,530,869</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>32,266,311</u>	<u>(2,331,064)</u>	<u>(26,556,912)</u>
Other Financing Sources (Uses):			
Transfers in	1,078,984	--	26,412,192
Transfers out	(34,250,195)	--	(1,101,377)
Sale of capital assets	25,796	79,006	42,852
Total Other Financing Sources (Uses)	<u>(33,145,415)</u>	<u>79,006</u>	<u>25,353,667</u>
Special Item - Transfer of Library to the City of Redding	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	<u>(879,104)</u>	<u>(2,252,058)</u>	<u>(1,203,245)</u>
Fund Balances - Beginning as Previously Stated	54,306,918	11,897,043	3,732,016
Prior Period Adjustments	<u>(186,400)</u>	<u>--</u>	<u>--</u>
Fund Balances - Beginning as Restated	<u>54,120,518</u>	<u>11,897,043</u>	<u>3,732,016</u>
Fund Balances - Ending	<u>\$ 53,241,414</u>	<u>\$ 9,644,985</u>	<u>\$ 2,528,771</u>

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 2,259,988	\$ 49,008,924
225,171	3,292,981
131,055	4,170,109
1,177,764	3,237,731
25,102,196	183,958,043
3,503,216	21,385,727
749,376	5,079,708
<u>33,148,766</u>	<u>270,133,223</u>

72,852	7,357,730
12,710,059	82,919,537
673,778	29,609,907
21,163,248	53,878,534
867,112	93,470,995
--	1,519,566
--	336,902
4,384,870	4,384,870
<u>39,871,919</u>	<u>273,478,041</u>

<u>(6,723,153)</u>	<u>(3,344,818)</u>
--------------------	--------------------

14,016,957	41,508,133
(7,277,796)	(42,629,368)
4,893	152,547
<u>6,744,054</u>	<u>(968,688)</u>

<u>(410,060)</u>	<u>(410,060)</u>
------------------	------------------

<u>(389,159)</u>	<u>(4,723,566)</u>
------------------	--------------------

46,778,721	116,714,698
(581,155)	(767,555)
<u>46,197,566</u>	<u>115,947,143</u>

<u>\$ 45,808,407</u>	<u>\$ 111,223,577</u>
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COUNTY OF SHASTA

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities For the Year Ended June 30, 2009

Net Change in Fund Balances - Total Governmental Funds (page 25)	\$ (4,723,566)
Amounts reported for governmental activities in the Statement of Net Activities are different because:	
Governmental funds report capital outlays as expenditures.	15,069,657
In the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.	(4,894,039)
Governmental Funds report the disposal of assets only to the extent that proceeds are received from the sale. In the Statement of Net Activities, a gain or loss is reported for each disposal. This is the Net book value of the assets which were disposed.	(17,328,295)
Revenues in the Governmental Funds previously reported in the Statement of Activities	1,330,347
Repayment of note and bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	1,840,615
Interest on outstanding debt is reported as an expenditure when due in the Governmental Funds, but is accrued in the Statement of Activities.	67,318
Governmental funds report the effect of issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the current year amortization of bond issuance costs.	(56,212)
Compensated absences in the Statement of Activities is reported as an expense, but is not reported in the Governmental Funds.	(143,268)
Other Post Employment Benefits are reported as an expense when contributions are made in the governmental funds, but are accrued in the Statement of Activities.	(10,553,255)
Internal Service Funds are used by management to charge the cost of certain activities to individual funds. The net revenue (expense) of the internal services funds is reported with Governmental Activities.	<u>3,198,142</u>
Change in Net Assets of Governmental Activities (page 22)	<u><u>\$ (16,192,556)</u></u>

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

COUNTY OF SHASTA

Statement of Net Assets
Proprietary Funds
Tuesday, June 30, 2009

	Business-Type Activities					Internal Service Funds
	Solid Waste Disposal	West Central Landfill	Fall River Mills Airport	Non-Major Enterprise Funds	Total Enterprise Funds	
ASSETS						
Current assets:						
Cash and investments	\$ 2,187,093	\$11,608,702	\$ 65,869	\$ 2,205,271	\$ 16,066,935	\$ 34,722,618
Receivables, net	439,537	--	--	213,024	652,561	2,177
Due from other governments	25,331	568,338	39,528	--	633,197	10,339
Inventories	--	--	16,386	--	16,386	98,394
Due from other funds	--	--	--	24,254	24,254	20,126
Other assets	--	--	--	558	558	83,357
Total current assets	2,651,961	12,177,040	121,783	2,443,107	17,393,891	34,937,011
Noncurrent assets:						
Special assessments receivable	--	--	--	1,399,592	1,399,592	--
Advances to other funds	--	--	--	--	--	470,981
Deferred issuance costs	34,447	--	--	--	34,447	--
Cash and investments - restricted	665,437	--	--	478	665,915	14
Capital assets, non depreciable	894,228	--	11,085,077	815,368	12,794,673	55,375
Capital assets, depreciable - net	10,105,353	--	368,006	9,093,335	19,566,694	3,213,170
Total noncurrent assets	11,699,465	--	11,453,083	11,308,773	34,461,321	3,739,540
Total Assets	14,351,426	12,177,040	11,574,866	13,751,880	51,855,212	38,676,551
LIABILITIES						
Current liabilities:						
Accounts payable	12,295	--	281	11,410	23,986	553,325
Salaries and benefits payable	--	--	--	--	--	197,195
Interest payable	49,000	--	840	18,318	68,158	--
Due to other governments	--	--	--	--	--	89
Due to other funds	41,355	--	--	10,943	52,298	236,418
Deposits from others	--	--	600	--	600	--
Claims payable	--	--	--	--	--	2,556,703
Compensated absences payable	--	--	--	--	--	208,938
Bonds, notes payable	642,103	--	9,078	77,683	728,864	--
Total current liabilities	744,753	--	10,799	118,354	873,906	3,752,668
Noncurrent liabilities:						
Claims payable	--	--	--	--	--	14,488,297
Advances from other funds	--	--	--	500,981	500,981	--
Compensated absences payable	--	--	--	--	--	173,166
Bonds, notes payable	2,333,858	--	19,432	1,371,110	3,724,400	--
Landfill closure/postclosure care costs	--	9,524,400	--	--	9,524,400	--
Net OPEB obligation	--	--	--	--	--	618,000
Total noncurrent liabilities	2,333,858	9,524,400	19,432	1,872,091	13,749,781	15,279,463
Total Liabilities	3,078,611	9,524,400	30,231	1,990,445	14,623,687	19,032,131
NET ASSETS						
Invested in capital assets, net	8,023,620	--	11,424,572	8,459,913	27,908,105	3,268,545
Restricted for debt service	665,437	--	--	--	665,437	--
Unrestricted	2,583,758	2,652,640	120,063	3,301,522	8,657,983	16,375,875
Total Net Assets	\$ 11,272,815	\$ 2,652,640	\$ 11,544,635	\$ 11,761,435	\$ 37,231,525	\$ 19,644,420

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

COUNTY OF SHASTA

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

	Business-Type Activities					Internal Service Funds
	Solid Waste Disposal	West Central Landfill	Fall River Mills Airport	Non-Major Enterprise Funds	Total Enterprise Funds	
OPERATING REVENUES						
Charges for services	\$ 1,176,836	\$ 1,739,482	\$ 67,331	\$ 1,079,998	\$ 4,063,647	\$ 23,939,215
OPERATING EXPENSES						
Salaries and benefits	--	--	--	--	--	8,126,867
Services and supplies	949,934	--	93,798	1,162,389	2,206,121	6,410,970
Insurance premiums	--	--	--	--	--	1,536,493
Claims expense	--	--	--	--	--	4,004,801
Central service costs	5,970	--	5,336	37,410	48,716	2,109,096
Depreciation	413,847	--	15,281	518,052	947,180	925,390
Landfill closure/postclosure care costs	--	508,538	--	--	508,538	--
Total Operating Expenses	<u>1,369,751</u>	<u>508,538</u>	<u>114,415</u>	<u>1,717,851</u>	<u>3,710,555</u>	<u>23,113,617</u>
Operating Income (Loss)	<u>(192,915)</u>	<u>1,230,944</u>	<u>(47,084)</u>	<u>(637,853)</u>	<u>353,092</u>	<u>825,598</u>
NON-OPERATING REVENUES (EXPENSES)						
Investment income (loss)	45,674	259,603	(355)	53,082	358,004	693,403
Property tax revenue	--	--	--	28,923	28,923	--
Non-operating grants	--	--	10,000	--	10,000	--
Special assessments	--	--	--	244,515	244,515	--
Miscellaneous revenue	3,000	--	27,295	1,890	32,185	537,376
Interest expense	(106,033)	--	(1,464)	(79,701)	(187,198)	--
Gain (loss) on sale of capital assets	--	--	--	--	--	15,017
Total Nonoperating Revenues (Expenses)	<u>(57,359)</u>	<u>259,603</u>	<u>35,476</u>	<u>248,709</u>	<u>486,429</u>	<u>1,245,796</u>
Net Income (Loss) Before Contributions and Transfers and Changes in Estimates	<u>(250,274)</u>	<u>1,490,547</u>	<u>(11,608)</u>	<u>(389,144)</u>	<u>839,521</u>	<u>2,071,394</u>
Capital contributions	--	--	--	--	--	5,513
Capital improvement fees	--	--	--	37,322	37,322	--
Capital grants	--	--	1,171,176	561,467	1,732,643	--
Transfers in	495,203	--	--	--	495,203	1,408,019
Transfers out	--	(495,203)	--	--	(495,203)	(286,784)
Change in landfill closure estimate	--	6,209,920	--	--	6,209,920	--
Change in Net Assets	<u>244,929</u>	<u>7,205,264</u>	<u>1,159,568</u>	<u>209,645</u>	<u>8,819,406</u>	<u>3,198,142</u>
Net Assets - Beginning as Previously Stated	11,027,886	(4,552,624)	10,385,067	11,347,654	28,207,983	16,446,278
Prior Period Adjustments	--	--	--	204,136	204,136	--
Net Assets - Restated	<u>11,027,886</u>	<u>(4,552,624)</u>	<u>10,385,067</u>	<u>11,551,790</u>	<u>28,412,119</u>	<u>16,446,278</u>
Net Assets - Ending	<u>\$ 11,272,815</u>	<u>\$ 2,652,640</u>	<u>\$ 11,544,635</u>	<u>\$ 11,761,435</u>	<u>\$ 37,231,525</u>	<u>\$ 19,644,420</u>

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

COUNTY OF SHASTA

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

	Business-Type Activities					Internal Service Funds
	Solid Waste Disposal	West Central Landfill	Fall River Mills Airport	Non-Major Enterprise Funds	Total Enterprise Funds	
Cash Flows from Operating Activities:						
Receipts from customers	\$ 1,128,127	\$ 1,797,874	\$ 67,900	\$ 1,055,512	\$ 4,049,413	\$ 12,507,571
Payments to suppliers	(1,012,610)	--	(126,694)	(1,208,923)	(2,348,227)	(10,398,614)
Payments to employees	--	--	--	--	--	(8,246,846)
Operating subsidies and transfers	--	--	--	(12,525)	(12,525)	(55)
Claims paid	--	--	--	--	--	(3,052,801)
Net Cash Provided (Used) by Operating Activities	<u>115,517</u>	<u>1,797,874</u>	<u>(58,794)</u>	<u>(165,936)</u>	<u>1,688,661</u>	<u>(9,190,745)</u>
Cash Flows from Non-Capital Financing Activities:						
Other revenue (expense)	--	--	27,295	1,678	28,973	537,523
Non-operating grants received	--	--	10,000	--	10,000	--
Operating subsidies and transfers out	495,203	(495,203)	--	(16,484)	(16,484)	1,137,727
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>495,203</u>	<u>(495,203)</u>	<u>37,295</u>	<u>(14,806)</u>	<u>22,489</u>	<u>1,675,250</u>
Cash Flows from Capital and Related Financing Activities:						
Acquisition and construction of capital assets	(297,375)	--	(1,306,423)	(838,341)	(2,442,139)	(1,064,612)
Proceeds from sale of capital assets	--	--	--	--	--	68,335
Capital improvement fees	--	--	--	37,322	37,322	--
Principal payments on debt	(734,039)	--	(8,545)	(123,392)	(865,976)	--
Proceeds from capital debt	--	--	--	184,700	184,700	--
Special assessments	--	--	--	156,627	156,627	--
Capital grants received	--	--	1,134,699	561,467	1,696,166	--
Interest payments on debt	(122,310)	--	(1,871)	(81,359)	(205,540)	--
Net Cash Used by Capital and Related Financing Activities	<u>(1,153,724)</u>	<u>--</u>	<u>(182,140)</u>	<u>(102,976)</u>	<u>(1,438,840)</u>	<u>(996,277)</u>
Cash Flows From Investing Activities:						
Income on investments	56,533	316,980	1,053	66,830	441,396	900,726
Net Increase (Decrease) in Cash and Cash Equivalents	(486,471)	1,619,651	(202,586)	(216,888)	713,706	(7,611,046)
Cash and Cash Equivalents - Beginning of Year	3,339,001	9,989,051	268,455	2,422,637	16,019,144	42,333,678
Cash and Cash Equivalents - End of Year	<u>\$ 2,852,530</u>	<u>\$ 11,608,702</u>	<u>\$ 65,869</u>	<u>\$ 2,205,749</u>	<u>\$ 16,732,850</u>	<u>\$ 34,722,632</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ (192,915)	\$ 7,440,864	\$ (47,084)	\$ (637,853)	\$ 6,563,012	\$ 825,598
Adjustments to reconcile net operating income to net cash provided (used) by operating activities:						
Depreciation expense	413,847	--	15,281	518,052	947,180	925,390
Amortization of bond issuance costs	34,448	--	--	--	34,448	--
Landfill closure/postclosure care expense	--	(5,701,382)	--	--	(5,701,382)	--
Changes in assets and liabilities:						
Receivables, net	(40,309)	--	669	(26,472)	(66,112)	13,235
Due from other funds	--	--	--	(5,334)	(5,334)	428
Due from other governments	(3,503)	58,392	--	--	54,889	(4,908)
Inventories	--	--	6,059	--	6,059	31,722
Other assets	--	--	--	(558)	(558)	(78,402)
Accounts payable	(91,154)	--	(33,719)	(8,596)	(133,469)	48,471
Salaries and benefits payable	--	--	--	--	--	(248,790)
Due to other funds	(4,897)	--	--	(5,175)	(10,072)	50,283
Claims payable	--	--	--	--	--	952,000
Other liabilities	--	--	--	--	--	(12,000,048)
Due to other governments	--	--	--	--	--	(341,389)
Compensated absences payable	--	--	--	--	--	12,920
Net OPEB obligation	--	--	--	--	--	622,745
Net Cash Provided (Used) by Operating Activities	<u>\$ 115,517</u>	<u>\$ 1,797,874</u>	<u>\$ (58,794)</u>	<u>\$ (165,936)</u>	<u>\$ 1,688,661</u>	<u>\$ (9,190,745)</u>

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

COUNTY OF SHASTA

Statement of Fiduciary Net Assets
Fiduciary Funds
Tuesday, June 30, 2009

	Investment Trust Funds	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and investments	\$ 146,466,811	\$ 27,046,820
Accounts receivable, net	8,564	12,578
Taxes receivable, net	--	18,537,004
Due from other governments	22,564,126	955,669
Due from other funds	35,868,623	3,118,248
Totals Assets	<u>\$ 204,908,124</u>	<u>\$ 49,670,319</u>
LIABILITIES		
Due to other funds	\$ 31,336,475	\$ 8,976,291
Due to other governments	285,001	5,443,358
Taxes due to other funds	--	16,239,473
Agency funds liabilities	--	19,011,197
Total Liabilities	<u>31,621,476</u>	<u>\$ 49,670,319</u>
NET ASSETS		
Net assets held in trust for investment pool participants	<u>\$ 173,286,648</u>	

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

COUNTY OF SHASTA

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

ADDITIONS:	
Contributions to investment pool	\$ 544,561,430
DEDUCTIONS:	
Distributions from investment pool	<u>511,016,228</u>
CHANGE IN NET ASSETS	33,545,202
NET ASSETS, BEGINNING	<u>139,741,446</u>
NET ASSETS, ENDING	<u><u>\$ 173,286,648</u></u>

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

NOTES TO FINANCIAL STATEMENTS

COUNTY OF SHASTA

Notes to Financial Statements
June 30, 2009

Note 1: Summary of Significant Accounting Policies

The Reporting Entity

The County of Shasta (the “County”) is a legal subdivision of the State of California and was established as a general law County in 1850. The County’s powers are exercised through a five member Board of Supervisors (the “Board”) that, as the governing body of the County, is responsible for the legislative and executive control of the County. The County provides various services on a countywide basis including public protection, public assistance, health and sanitation, recreation, and general government services.

The accounting methods and procedures adopted by the County conform to accounting principles generally accepted in the United States of America as applied to governmental entities. The accompanying financial statements present the activities of the County and its component units, entities for which the County is considered to be financially accountable under the criteria set by Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by Statement No. 39.

A. **Component Units**

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 nature and significant relationship with the County are such that exclusion would cause the County’s financial statements to be misleading or incomplete. Financial accountability exists if a primary government appoints a voting majority of an organization’s governing board *and* is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the primary government.

The basic financial statements include both blended and discretely presented component units. The blended component units, although legally separate entities are, in substance, part of the County’s operations and so data from these units are combined with data of the primary government for purposes of reporting in the accompanying basic financial statements. The discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize their legal separation from the County.

COUNTY OF SHASTA

Notes to Financial Statements
June 30, 2009

Note 1: **Summary of Significant Accounting Policies** (continued)

A. Component Units (continued)

The following legally separate entities are considered *blended component units* for financial reporting purposes of the County:

Lighting Districts provide for the operation and maintenance of streetlights in certain areas of the County and are financed by property taxes and benefit assessments.

- CSA #15 Street Lighting
- Lakehead Street
- Rother Riverside Street
- Sierra Vista Street

Permanent Road Divisions are established for the benefit of private road systems. Annual parcel charges are levied to pay for the level of maintenance work desired by the property owners.

- Aegean Way PRD
- Aiden Park PRD
- Alpine Way PRD
- Amber Lane PRD
- Amber Ridge PRD
- Amesbury Village PRD
- Blackstone Estates PRD
- Buckshot Lane EFER PRD
- Butterfield Lane EFER PRD
- Canto Del Lupine PRD
- China Gulch PRD
- Coloma Drive PRD
- Cottonwood Creek PRD
- County Fields Estates
- Craig Lane PRD
- Crowley Creek Ranchettes PRD
- Deer Flat Road PRD
- Diamond Ridge PRD
- Dusty Oaks Trail PRD
- East Stillwater PRD
- Equestrian Estates PRD
- Fore Way Lane PRD
- Manzanillo Orchard
- Marianas Way
- Millville Way PRD
- Mountain Gate Meadows PRD
- Mule Mountain Parkway
- North Chapparral Drive PRD
- Old Stagecoach Road
- Palo Cedro Oaks PRD
- Ponder/Carriage
- Ritts Mill Road PRD
- River Hills Estates
- Robledo Road PRD
- Rocky Ledge PRD
- Rolland Country Estates PRD
- Santa Barbara Estates
- Santa Barbara 1868 Unit 2 PRD
- Santa Barbara 3_4 PRD
- Shasta Lake Ranchos PRD
- Shasta Meadows PRD
- Shelly Lane PRD
- Ski Way PRD
- Silver Saddle Estates PRD

COUNTY OF SHASTA

Notes to Financial Statements
June 30, 2009

Note 1: **Summary of Significant Accounting Policies** (continued)

A. Component Units (continued)

- Foxwood Estates PRD
- Fullerton Way PRD
- Holiday Acres PRD
- Honeybee Acres PRD
- Intermountain Road PRD
- Jordan Manor PRD
- L & R Estates PRD
- La Verne Lane PRD
- Lark Court
- Latona Road
- Logan Road
- Los Palos EFER PRD
- Manor Crest
- Manton Heights
- Sonora Trail PRD
- Squaw Carpet Fire Access PRD
- Sterling Ranch PRD
- Stillwater Ranch PRD
- Timber Ridge PRD
- Tract 1323
- Valparaiso Way PRD
- Vedder Road PRD
- Victoria Highlands Estates PRD
- Village Green PRD
- Wisteria Estates PRD
- Waterleaf Estates PRD
- Woggon Lane PRD

Water and Sewer Maintenance Districts provide water and sanitary sewer services to commercial development and residential communities. The costs of operating these units are charged to the users in the form of water charges and sewer fees.

- CSA #2 Sugarloaf Water
- CSA #3 Castella Water
- CSA #6 Jones Valley
- CSA #7 Burney Storm
- CSA #8 Palo Cedro
- CSA #11 French Gulch
- CSA #13 Alpine Meadows
- CSA #14 Belmont Storm
- CSA #17 Cottonwood
- CSA #23 Cragview
- CSA #25 Keswick

The *Shasta County Water Agency* accounts for the wholesale purchase and sale of water from the Bureau of Reclamation to various water purveyors in Shasta County.

The *Shasta County Air Quality Management District* endeavors to achieve state and federal ambient air quality standards.

The *Shasta County Fire Protection District CSA#1* provides fire suppression and protection services to unincorporated areas which are not served by either an independent fire district or by the California Department of Forestry.

COUNTY OF SHASTA

Notes to Financial Statements
June 30, 2009

Note 1: **Summary of Significant Accounting Policies** (continued)

A. **Component Units** (continued)

The *Shasta County Redevelopment Agency* was created in October 1987 and originally was formed in order to maintain and revitalize the communities within Shasta County. The County has since partnered with the Cities of Redding and Anderson in establishing joint-agency redevelopment projects.

The *Shasta Joint Powers Financing Authority* was created on May 29, 1990, as a result of a Joint Exercise of Powers Agreement between the County and the Shasta County Redevelopment Agency. The Authority's purpose is to finance public capital improvements.

The *In-Home Supportive Services (IHSS) Public Authority* assists consumers in finding in-home supportive services personnel, provides training and support for providers and recipients and their families, and performs other functions related to the delivery of in-home supportive services.

The *Inmate Welfare Fund* was established in 1972 under California Penal Code §4025, which authorizes the sheriff of each county to establish, maintain and operate a store (commissary) in connection with the county jail to sell certain supplies to inmates of the jail. Profit from these sales and compensation attributable to the use of pay telephones primarily used by inmates are deposited into this fund and expended by the sheriff for the benefit, education, and welfare of the inmates.

The following legally separate ***discretely presented component unit*** is reported in a separate column in the County's government-wide Statement of Net Assets and Statement of Activities:

The *Children and Families First Commission* was established under the authority of Proposition 10, the California Children and Families First Act of 1998. The County Board appointed all members of the Commission. The Board can remove appointed members at will. The Commission accounts for the Proposition 10 allocations and appropriations. The Commission provides most of its services directly to the citizens of the County.

Complete audited financial statements for the discretely presented component unit is issued separately and may be obtained at the unit's administrative office.

Also included in the accompanying basic financial statements as fiduciary funds are assets of numerous self-governed school districts, independent special districts, and other independent agencies for which the County Treasurer acts as custodian of those assets. The financial reporting for these governmental entities, which are independent of the County, is limited to the total amount of cash and investments and other assets, and the related fiduciary responsibility of the County for disbursement of these assets.

COUNTY OF SHASTA

Notes to Financial Statements
June 30, 2009

Note 1: **Summary of Significant Accounting Policies** (continued)

A. **Component Units** (continued)

Activities of the school districts and special districts are administered by separate boards and are independent of the County Board of Supervisors. The County Auditor-Controller makes disbursements upon the request of the responsible school or self-governed district officers. The operations of these entities have been excluded from the basic financial statements as each entity conducts its own day-to-day operations and answers to its own governing board.

B. **Related Organizations**

Related organizations are excluded from the financial reporting entity because the County's accountability does not extend beyond making appointments. Audited financial statements are available from the respective organizations. Related organizations are described as follows:

Local Agency Formation Commission of Shasta County (LAFCO) is a jointly governed organization composed of members from the County's Board, members from the city councils in the County, and representatives from the independent special districts. LAFCOs are responsible for coordinating changes in local governmental boundaries and conducting studies that review governmental structure.

The *Redding Area Bus Authority* (RABA) was formed under a joint powers agreement between the County, City of Redding, City of Shasta Lake, and City of Anderson. The function of RABA is to provide the most cost effective public transportation system utilizing federal and state funding participation.

The *Shasta Area Safety Communications Agency* (SHASCOM) was created by a joint powers agreement between the County and the City of Redding. The purpose of SHASCOM is to provide dispatch services for law enforcement and fire and rescue operations.

The *Regional Transportation Planning Agency* (RTPA) provides transportation planning services and administers the metropolitan transportation planning organization (MPO) function for local jurisdictions within the County. In 1981, the Agency, the City of Redding, the Redding Area Bus Authority, the City of Anderson, the County of Shasta, and Caltrans approved a Memorandum of Understanding outlining the obligations and responsibilities of the MPO.

COUNTY OF SHASTA

Notes to Financial Statements
June 30, 2009

Note 1: **Summary of Significant Accounting Policies** (continued)

C. **Basis of Presentation**

Government-wide Financial Statements

The Statement of Net Assets and Statement of Activities report information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Internal balances in the Statement of Net Assets have been eliminated, with the exception of those representing balances between the governmental activities and the business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses, indirect expenses and program revenues for each function of the County's governmental activities and for each segment of the business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function or segment. Indirect expenses for centralized services and administrative overhead are allocated based on the annual County-wide Cost Allocation Plan and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Program revenues include a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Revenues that are not classified as program revenues, including *all* taxes and interest, are presented instead as general revenues.

Fund Financial Statements

Separate fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. The focus of governmental and proprietary fund financial statements is on major funds and each major fund is presented in a separate column. Nonmajor funds and internal service funds are aggregated and presented in single columns.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment earnings, result from nonexchange transactions.

COUNTY OF SHASTA

Notes to Financial Statements
June 30, 2009

Note 1: **Summary of Significant Accounting Policies** (continued)

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

The County reports the following major governmental funds:

- The *General Fund* is the County's primary operating fund. It accounts for all financial resources and legally authorized activities of the County except those required to be accounted for in another fund.
- The *Public Safety Fund* is used to account for the law enforcement activities of the County and includes the functions of the Sheriff, the District Attorney, and the Probation Department.
- The *Roads Administrative Fund* is used to account for the activities associated with road maintenance and bridge construction.

The County reports the following major proprietary funds:

- The *Solid Waste Fund* accounts for the activities of solid waste collection and disposal and septage disposal.
- The *West Central Landfill Fund* is used to account for the activity associated with replacement and improvement of the County's landfill.
- The *Fall River Mills Airport Fund* is used to account for the activity associated with the airport, including the re-build and improvements.

Additionally, the County reports the following fund types:

- *Internal Service Funds* account for vehicle operations, risk management, information technology, communications operations, janitorial services, and County utilities that provide services to other departments or agencies of the County, or to other governments, on a cost reimbursement basis.
- The *Investment Trust Fund* accounts for the external portion of the County Treasurer's investment pool, which commingles resources of legally separate local governments within the County in an investment portfolio for the benefit of all participants.
- *Agency Funds* are custodial in nature and do not involve measurement of results of operations. These funds account for assets held by the County in an agency capacity for individuals or other government units.

COUNTY OF SHASTA

Notes to Financial Statements
June 30, 2009

Note 1: **Summary of Significant Accounting Policies** (continued)

D. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements, and donations.

In accordance with GASB Statement No. 20 “Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities That Use Proprietary Fund Accounting”, the County applies all applicable FASB pronouncements issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The County has elected not to apply FASB pronouncements issued after November 30, 1989.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues available if they are collected within two months of the end of the current fiscal period. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The accounts of the County are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

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

COUNTY OF SHASTA

Notes to Financial Statements June 30, 2009

Note 1: **Summary of Significant Accounting Policies** (continued)

E. Cash and Investments

The cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing earnings through investment activities. The pool's investments are stated at fair value based on market prices. Earnings of the investment pool are apportioned to the appropriate funds quarterly using a formula based on the average daily balance of each participating fund.

A trustee or fiscal agent manages cash and investments held separately from the pool, and these assets are reported in various funds as follows: the Juvenile Hall and Justice Center Improvement Project, as a component unit of the General Fund; the Housing Authority of Shasta County, as a component unit of Special Revenue Funds; the Housing Authority Trust Fund Account, as a component unit of Agency Funds; and the Solid Waste Fund, as a component unit of Proprietary Funds. Some cash and investments of the Shasta Joint Powers Financing Authority, a component unit of the General Fund, are accounted for in Debt Service Funds.

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.

F. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds". All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". Advances between funds are offset by a corresponding reservation of fund balance to indicate that they are not available for appropriation and are not expendable available financial resources.

The County only accrues revenues at fiscal year-end and accrues only those revenues it deems collectible; as such the County has no allowance for doubtful accounts in its governmental funds.

The County accrues expenditures, and the associated liability, as they relate to budgeted appropriations. Goods encumbered by purchase orders and received after June 15th will not be utilized until after June 30, and therefore, these expenditures are not accrued in the current fiscal year. The budget of the following fiscal year is encumbered for these liabilities, and the expenditure is recorded when paid.

Notes receivable in governmental funds consist of non-current rehabilitation, CALHome and redevelopment loans. The non-current portion of loans receivable are offset by reservation of fund balance.

COUNTY OF SHASTA

Notes to Financial Statements
June 30, 2009

Note 1: **Summary of Significant Accounting Policies** (continued)

G. Inventories and Other Assets

Inventory consists of expendable supplies held for consumption and is valued at the lower of cost (first-in, first-out) or market. The cost is recorded as an expenditure at the time individual inventory items are purchased and the balance is adjusted annually for goods on hand at the end of the fiscal year. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as other assets. The inventories and other assets recorded in the governmental funds do not reflect current appropriable resources and thus, an equivalent portion of fund balance is reserved.

H. Capital Assets

Capital assets, which include land, structures and improvements, equipment, and infrastructure (roads, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Acquisitions of capital assets are recorded as expenditures in the governmental fund types at the time of purchase and are recorded in the Fixed Assets Accounting System. Capital assets in the proprietary funds are capitalized in the fund in which they are utilized.

Capital assets are recorded at historical cost or at estimated historical cost if purchased or constructed. In the case of structures and improvements, if historical costs were not available, engineering estimates were used to approximate historical cost. Donated capital assets are recorded at the estimated fair market value at the date of donation. Self-constructed assets are recorded at the amount of direct labor, material, and capitalized interest costs.

Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide and proprietary fund financial statements. Estimated useful lives of the various classes of depreciable capital assets are as follows:

<u>Class</u>	<u>Useful Life Years</u>
Structures and Improvements	40 – 50
Equipment – Vehicles	3 – 10
Equipment – Other	5 – 10
Infrastructure – Roads	30
Infrastructure – Bridges	50

COUNTY OF SHASTA

Notes to Financial Statements
June 30, 2009

Note 1: **Summary of Significant Accounting Policies** (continued)

H. Capital Assets (continued)

The costs of normal maintenance and repairs that do not add to the value of assets or materially extend asset lives are not capitalized. The capitalization thresholds are \$3,000 for equipment, \$25,000 for structures and improvements, and \$500,000 for infrastructure.

I. Property Tax Levy, Collection and Maximum Rates

The State of California’s (State) Constitution Article XIII provides that the combined maximum property tax rate on any given property may not exceed one percent of its assessed value unless voters have approved an additional amount for the general obligation debt. Assessed value is calculated at 100 percent of market value, as defined by Article XIII A, and may not be adjusted by more than two percent per year unless the property is sold or transferred. The State Legislature has determined the method of distribution of receipts from a one percent tax levy among the County, cities, school districts, and other districts. The County assesses properties, enrolls values, and collects property taxes as follows:

	Secured	Unsecured
Lien/Valuation date	January 1	January 1
Levy date	September 12	July 15
Due date	50% on November 1 50% on February 1	July 1
Delinquent as of	December 10 (Due November 1) April 10 (Due February 1)	August 31 (Due July 1)

The term “unsecured” refers to taxes on personal property. These taxes are not secured by liens on the property being taxed. Property taxes are recorded as receivables in the fiscal year of the levy and are recorded as revenue when collections are apportioned.

Effective July 1, 1993, the County began apportioning secured (and secured supplemental) property tax revenue in accordance with the alternative method of distribution (the Teeter Plan) prescribed by Section 4701 of the California Revenue and Taxation Code. Current secured/supplemental apportionments continue to follow “pre-Teeter” allocation methods based on collections until year-end. At year-end, the unpaid current secured/supplemental receivable balance is apportioned and each participating agency’s delinquency is financed or “bought out” by the Teeter Plan.

COUNTY OF SHASTA

Notes to Financial Statements
June 30, 2009

Note 1: **Summary of Significant Accounting Policies** (continued)

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

The alternative method of distribution assures each participating agency receives their full current secured/supplemental collections while providing the County with future delinquent penalties and redemption interest on unpaid receivables. Under the Teeter Plan, specified amounts of delinquent or “abstract” secured or supplemental taxes are held in trust to provide revenue for future year “buy-outs” and to offset potential losses from the sale of tax-defaulted properties.

J. Lease Obligations

The County leases various assets under both operating and capital lease agreements. In the government-wide and proprietary fund financial statements, capital leases and the related lease obligations are reported as liabilities in the applicable governmental or business-type activities column of the Statement of Net Assets.

K. Long-Term Debt, Deferred Debt Expense, and Bond Discounts/Premiums

In the government-wide and proprietary funds financial statements, outstanding debt is reported as a liability. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using the straight-line method, which is not materially different from the effective interest method.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

L. Employee Compensated Absences

Full-time permanent employees accumulate earned but unused vacation leaves and sick pay benefits in varying amounts to specified maximums depending on status and tenure with the County. A liability for these amounts is accrued when incurred in the government-wide financial statements. Governmental funds report only matured compensated absences payable to currently terminating employees.

M. Fund Equity

The governmental fund financial statements report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

COUNTY OF SHASTA

Notes to Financial Statements
June 30, 2009

Note 1: **Summary of Significant Accounting Policies** (continued)

N. Use of Estimates

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

Note 2: **Cash in Treasury**

A. Cash Management

As provided for by the California Government Code, the cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing interest earnings through investment activities. The investment pool is not registered within the Securities and Exchange Commission (SEC) and as required by the California Government Code, a treasury oversight committee provides oversight to the management of the pool. The respective funds' shares of the total pool are included in the accompanying combined balance sheet under the caption "Cash and Investments". These investments are stated at fair value. Interest earned on these investments is allocated quarterly to certain participating funds based on their daily cash in county treasury balances.

The County Treasurer determines the fair value of investments annually, at fiscal year-end, for the purpose of financial reporting. Participants may withdraw their investment from the pool on a dollar per dollar basis. School districts are considered involuntary participants in the investment pool and comprise 41 percent of the total treasury investment pool (including County Operational funds). Special districts and various trust funds approximate 4 percent of the investment pool and the extent of involuntary participation cannot be determined at this time. County operational funds comprise the remaining 55 percent of the investment pool.

COUNTY OF SHASTA

Notes to Financial Statements
June 30, 2009

Note 2: **Cash in Treasury** (continued)

A. **Cash Management** (continued)

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

<i>Cash:</i>	
Cash on hand and imprest cash	\$ 1,072,024
Deposits	9,235,585
Total cash and deposits	<u>10,307,609</u>
 <i>Investments:</i>	
In Treasurer's pool	318,207,126
External to the Treasurer's pool	7,767,168
Total investments	<u>325,974,294</u>
 <i>In-transit items:</i>	
Outstanding checks	(14,007,233)
EFTs	(145,081)
	<u>(14,152,314)</u>
 Total cash and investments	 <u>\$ 322,129,589</u>

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

Primary government	\$ 136,922,705
Primary government - restricted cash	7,461,136
Component units	4,232,117
Investment trust funds	146,466,811
Agency funds	<u>27,046,820</u>
 Total cash and investments	 <u>\$ 322,129,589</u>

COUNTY OF SHASTA

Notes to Financial Statements June 30, 2009

Note 2: **Cash in Treasury** (continued)

A. **Cash Management** (continued)

Investments

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

	Interest Rates	Maturities	Par	Cost	Fair Value	WAM (Years)
Investments in Investment Pool						
Local Agency Investment Fund	1.51%	07/01/09	\$ 40,000,000	\$ 40,000,000	\$ 40,150,456	0.00
Repurchase Agreement	0.04%	07/01/09	26,000,000	26,000,000	26,000,029	0.00
LIR Treasury Fund	0.05%	07/01/09	6,500,000	6,500,000	6,500,409	0.00
Inactive Public Deposit	3.35% - 3.75%	08/11/09 - 06/18/10	3,000,000	3,000,000	3,000,000	0.47
Treasury Bill	1.25% - 1.66%	09/24/09 - 10/22/09	6,000,000	5,913,185	5,996,880	0.28
Federal Farm Credit	1.20% - 5.25%	08/04/09 - 06/22/11	60,807,000	61,028,034	61,395,589	1.32
Federal Home Loan Bank Discount Note	0.60% - 4.38%	07/24/09 - 04/15/11	62,000,000	61,463,501	62,213,090	0.91
Federal National Mortgage Discount Note	0.75% - 4.40%	11/02/09 - 05/12/11	54,650,000	54,503,179	54,823,332	1.20
Federal Home Loan Mortgage Corp. Discount Note	0.70% - 2.85%	08/17/09 - 06/30/11	58,000,000	57,775,217	58,097,000	1.37
Government National Mortgage Association	8.00% - 9.50%	03/17/17 - 08/15/17	29,593	13,345	30,341	7.97
			<u>\$ 316,986,593</u>	<u>\$ 316,196,461</u>	<u>\$ 318,207,126</u>	
Investments outside Investment Pool						
Shasta Lake Local Agency Investment Fund	1.51%	06/30/09	\$ 319,006	\$ 319,006	\$ 319,006	0.00
Cash with fiscal agent	0.01%	06/30/09	7,448,162	7,448,162	7,448,162	0.00
			<u>\$ 7,767,168</u>	<u>\$ 7,767,168</u>	<u>\$ 7,767,168</u>	
Total Investments			<u>\$ 324,753,761</u>	<u>\$ 323,963,629</u>	<u>\$ 325,974,294</u>	

Interest Rate Risk

The County manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to five years or less in accordance with its investment policy.

Credit Risk

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

Concentration of Credit Risk

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of the County Investment Pool's fair value at June 30, 2009.

COUNTY OF SHASTA

Notes to Financial Statements
June 30, 2009

Note 2: **Cash in Treasury** (continued)

A. **Cash Management** (continued)

Concentration of Credit Risk (continued)

	<u>S&P</u>	<u>Moody's</u>	<u>% of Portfolio</u>
Investments in Investment Pool			
Local Agency Investment Fund	Unrated	Unrated	12.65%
Repurchase Agreement	Unrated	Unrated	8.17%
LIR Treasury Fund	Unrated	Unrated	2.04%
Inactive Public Deposit	Unrated	Unrated	0.94%
Treasury Bill	Unrated	Unrated	1.87%
Federal Farm Credit	Not available	AAA	19.29%
Federal Home Loan Bank Discount Note	Not available	AAA	19.55%
Federal National Mortgage Discount Note	Not available	AAA	17.23%
Federal Home Loan Mortgage Corp. Discount Note	Not available	AAA	18.26%
Government National Mortgage Association	Unrated	Unrated	<u>0.00%</u>
			<u>100.00%</u>

At June 30, 2009, the County had the following investments in any one issuer that represent 5 percent or more of the total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded because they are not a concentration of credit risk.

	<u>% of Portfolio</u>	<u>Amount</u>
Federal Farm Credit	19.29%	\$ 61,395,589
Federal Home Loan Bank Discount Note	19.55%	62,213,090
Federal National Mortgage Discount Note	17.23%	54,823,332
Federal Home Loan Mortgage Corp. Discount Note	18.26%	58,097,000

Custodial Credit Risk

For an investment, 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 collateral security that are in the possession of an outside party. At year end, the County's investment pool and specific investments had no securities exposed to custodial credit risk.

COUNTY OF SHASTA

Notes to Financial Statements June 30, 2009

Note 2: **Cash in Treasury** (continued)

A. **Cash Management** (continued)

Local Agency Investment Fund

The County Treasurer's Pool maintains an investment in the State of California Local Agency Investment Fund (LAIF), managed by the State Treasurer. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State 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 Advisor Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute.

At June 30, 2009, the County's investment position in the State of California Local Agency Investment Fund (LAIF) was \$40,000,000, which approximates fair value and is the same as value of the pool shares. The total amount invested by all public agencies in LAIF on that day was \$50,743,268,381; 100% of which was invested in other non-derivative financial products.

County Investment pool Condensed Financial Statements

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's investment pool as of June 30, 2009:

Statement of Net Assets

Assets:

Investments	\$ 318,207,126
Other deposits	8,227,885
Total assets	<u>326,435,011</u>

In-transit items:

Outstanding checks and warrants payable	14,007,233
EFTs	145,081
Total in-transit items	<u>14,152,314</u>

Net Assets:

Equity of internal pool participants	165,815,886
Equity of external pool participants	146,466,811
Total net assets	<u>\$ 312,282,697</u>

COUNTY OF SHASTA

Notes to Financial Statements
June 30, 2009

Note 2: **Cash in Treasury** (continued)

A. **Cash Management** (continued)

County Investment pool Condensed Financial Statements

Statement of Changes in Net Assets

Investment earnings	\$ 9,207,641
Investment expenses	(767,517)
Net distribution to pool participants	<u>(10,961,249)</u>
Decrease in Net Assets	(2,521,125)
Net assets at July 1, 2008	<u>314,803,822</u>
Net assets at June 30, 2009	<u>\$ 312,282,697</u>

B. **Allocations of Investment Income Among Funds**

Investment income from pooled investments is allocated first to those funds, which are required by law or administrative action to receive investment income, and then to the Proprietary Funds. Investment income is allocated on a quarterly basis based on the aggregate daily cash balance in each fund.

Cash and investments held separately from the pool are managed by a trustee or fiscal agent; include those for the Juvenile Hall and Justice Court Improvement Project, Housing Authority of Shasta County, Shasta Joint Powers Financing Authority, Solid Waste reserves, and Information Systems financing. Investments are stated at fair value.

C. **Authorized 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.

COUNTY OF SHASTA

Notes to Financial Statements
June 30, 2009

Note 2: **Cash in Treasury** (continued)

C. Authorized Investments (continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	1 year	10%	10%
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	80%	20%
State of California Obligations	2 years	10%	None
Banker's Acceptances*	180 days	35%	10%
Commercial Paper**	270 days	20%	4%
Negotiable Certificates of Deposit	180 days	20%	5%
Repurchase Agreements	5 days	10%	None
Medium Term Notes**	5 years	20%	3%
Mutual Funds/Money Market Mutual Funds	N/A	5%	None
County Pooled Investment Funds	2 years	None	5%
Inactive Public Deposits**	None	None	7.5%
Local Agency Investment Fund (LAIF)	N/A	None	None

*The Treasury may invest only in bankers' acceptances issued by institutions rated A or better by Standard and Poor's Corporation or A2 or better by Moody's Investor Service.

**The Treasury may invest only in commercial paper, medium-term notes, and inactive public deposits that are rated A or its equivalent or better by a nationally-recognized rating service.

Investments for bond proceeds and funds held by bond fiscal agent or trustees are governed and restricted by the bond documents. The permitted investment language in each bond transaction is usually unique to each transaction and at times can either be more permissive or less permissive than the County's investment policy over other investments.

COUNTY OF SHASTA

Notes to Financial Statements
June 30, 2009

Note 2: **Cash in Treasury** (continued)

D. Fair Value of Investments

Accounting pronouncement GASB Statement No. 31 generally applies to investments in external investment pools (State of California LAIF and other government sponsored investment pools), investments purchased with maturities greater than one year, mutual funds, and certain investment agreements. Generally, governmental entities need to report the “fair value” changes for these investments at year-end and record these gains or losses on their income statement.

The County does not present realized and unrealized gains or losses on separate items on the face of its financial statements or in its note disclosures.

E. Methods and Assumptions Used to Estimate Fair Value

The County adjusts its investment accounting records to “fair value” at fiscal year end. The County’s investment custodian provides market values on each investment instrument on a monthly basis. The investments held by the County are widely traded and trading values are readily available from numerous published sources. Unrealized gains and losses are recorded at fiscal year end and the carrying values of its investments at fiscal year end are considered “fair value”.

Note 3: **Notes Receivables**

Notes receivables at year-end in the amount of \$8,440,065, as reported in the governmental non-major funds, include \$2,313,547 in loans to individuals for housing rehabilitation, and \$5,261,961 for the purchase of a home. The maximum original amount of these notes is \$96,000 per owner occupied home or \$96,000 per housing unit for rental owners. The maximum term of these notes is 30 years and the annual interest rate varies from no interest to 6 percent.

The remaining \$864,557 consist of real property rehabilitation deferred loans to the follow organizations:

Shingletown Activities Council	\$ 94,829
Happy Valley Community Foundation	104,404
Whitmore Community Center	278,456
Fall River Lions Club	90,000
Cottonwood Community Center	296,868

Funding for these loans is provided by Community Development Block Grants.

COUNTY OF SHASTA

Notes to Financial Statements June 30, 2009

Note 4: Capital Assets

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

	Balance June 30, 2008	Additions	Retirements	Transfers	Balance June 30, 2009
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 3,528,755	\$ --	\$ (1,000,692)	\$ --	\$ 2,528,063
Construction in progress	9,016,774	13,572,480	(48,526)	(680,783)	21,859,945
Total Capital Assets Not Being Depreciated	<u>12,545,529</u>	<u>13,572,480</u>	<u>(1,049,218)</u>	<u>(680,783)</u>	<u>24,388,008</u>
Capital assets being depreciated:					
Structures and improvements	110,463,524	--	(15,782,329)	680,783	95,361,978
Long-term leasehold improvements	1,025,843	--	(20,911)	--	1,004,932
Equipment	42,198,023	2,560,480	(2,963,489)	--	41,795,014
Infrastructure	87,759,301	--	--	--	87,759,301
Total Capital Assets Being Depreciated	<u>241,446,691</u>	<u>2,560,480</u>	<u>(18,766,729)</u>	<u>680,783</u>	<u>225,921,225</u>
Less accumulated depreciation for:					
Structures and Improvements	(29,163,011)	(1,813,366)	487,401	--	(30,488,976)
Long-term leasehold improvements	(432,676)	(29,503)	18,464	--	(443,715)
Equipment	(26,065,047)	(3,270,201)	1,928,321	--	(27,406,927)
Infrastructure	(61,036,045)	(708,135)	--	--	(61,744,180)
Total Accumulated Depreciation	<u>(116,696,779)</u>	<u>(5,821,205)</u>	<u>2,434,186</u>	<u>--</u>	<u>(120,083,798)</u>
Total Capital Assets Being Depreciated, Net	<u>124,749,912</u>	<u>(3,260,725)</u>	<u>(16,332,543)</u>	<u>680,783</u>	<u>105,837,427</u>
Governmental Activities Capital Assets, Net	<u>\$ 137,295,441</u>	<u>\$ 10,311,755</u>	<u>\$ (17,381,761)</u>	<u>\$ --</u>	<u>\$ 130,225,435</u>
Business-Type Activities					
Capital assets not being depreciated:					
Land and improvements	\$ 1,800,295	\$ 3,873	\$ --	\$ --	\$ 1,804,168
Construction in progress	9,922,022	2,312,531	--	(1,244,048)	10,990,505
Total Capital Assets Not Being Depreciated	<u>11,722,317</u>	<u>2,316,404</u>	<u>--</u>	<u>(1,244,048)</u>	<u>12,794,673</u>
Capital assets being depreciated:					
Structures and improvements	47,714,949	8,406	--	1,244,048	48,967,403
Equipment	255,043	8,057	--	--	263,100
Total Capital Assets Being Depreciated	<u>47,969,992</u>	<u>16,463</u>	<u>--</u>	<u>1,244,048</u>	<u>49,230,503</u>
Less accumulated depreciation for:					
Structures and Improvements	(28,475,671)	(938,334)	--	--	(29,414,005)
Equipment	(240,958)	(8,846)	--	--	(249,804)
Total Accumulated Depreciation	<u>(28,716,629)</u>	<u>(947,180)</u>	<u>--</u>	<u>--</u>	<u>(29,663,809)</u>
Total Capital Assets Being Depreciated, Net	<u>19,253,363</u>	<u>(930,717)</u>	<u>--</u>	<u>1,244,048</u>	<u>19,566,694</u>
Business-Type Activities Capital Assets, Net	<u>\$ 30,975,680</u>	<u>\$ 1,385,687</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 32,361,367</u>

COUNTY OF SHASTA

Notes to Financial Statements
June 30, 2009

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

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

Governmental Activities

General government	\$ 2,107,782
Public protection	1,186,834
Public ways	1,279,183
Health and sanitation	185,363
Public assistance	134,522
Education	2,131
Capital assets held by the County's internal service funds are charged to the various functions based on the usage of the assets	<u>925,390</u>

Total Depreciation Expenses Governmental Activities \$ 5,821,205

Business-Type Activities

Airport	\$ 15,281
Solid Waste	413,847
County Service Areas	<u>518,052</u>

Total Depreciation Expenses Business-Type Activities \$ 947,180

COUNTY OF SHASTA

Notes to Financial Statements
June 30, 2009

Note 5: **Interfund Transactions**

Interfund Receivables/Payables

Due to/from Other Funds:

Interfund receivable and payable balances at June 30, 2009, between major and non-major governmental funds, non-major enterprise funds, internal service funds, and fiduciary funds are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Roads Admin.	\$ 166
	Public Safety	43,619
	Nonmajor Governmental Funds	702,094
	Solid Waste Disposal	41,355
	Nonmajor Enterprise Funds	2,538
	Internal Service Funds	105,445
	Agency Funds	920,684
	Investment Trust Funds	9,339
		<u>1,825,240</u>
Roads	Agency Funds	<u>8,453</u>
Public Safety	General	69,820
	Nonmajor Governmental Funds	118,461
	Internal Service Funds	123,586
	Agency Funds	266,872
		<u>578,739</u>
Nonmajor Governmental Funds	General	1,181,874
	Public Safety	48,872
	Nonmajor Governmental Funds	18,325
	Internal Service Funds	550
	Agency Funds	122,359
	Investment Trust Funds	12,038
		<u>1,384,018</u>

COUNTY OF SHASTA

Notes to Financial Statements
June 30, 2009

Note 5: **Interfund Transactions** (continued)

Interfund Receivables/Payables (continued)

Due to/from Other Funds (continued):

Receivable Fund	Payable Fund	Amount
Internal Service Funds	General	9,640
	Nonmajor Governmental Funds	3,649
	Internal Service Funds	6,837
		20,126
Nonmajor Enterprise Funds	Nonmajor Enterprise Funds	8,405
	Agency Funds	15,849
		24,254
Agency Funds	General	2,698
	Public Safety	16,333
	Nonmajor Government Funds	255
	Agency Funds	3,098,962
		3,118,248
Investment Trust Funds	General	1,650
	Nonmajor Government Funds	7,944
	Agency Funds	4,543,112
	Investment Trust Fund	31,315,098
	Component Units	819
		35,868,623
		\$ 42,827,701

COUNTY OF SHASTA

Notes to Financial Statements
June 30, 2009

Note 5: **Interfund Transactions** (continued)

Interfund Receivables/Payables (continued)

Advances to/from Other Funds:

The following is a listing of advances to/from other funds:

Receivable Fund	Payable Fund	Amount
General	Public Safety	\$ 211,812
	Nonmajor Governmental Funds	79,713
	Nonmajor Enterprise Funds	5,000
		296,525
Nonmajor Government Funds	Nonmajor Government Funds	778,187
	Nonmajor Enterprise Funds	25,000
		803,187
Internal Service Funds	Nonmajor Enterprise Funds	470,981
		\$ 1,570,693

Transfers:

Interfund transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments becomes due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

COUNTY OF SHASTA

Notes to Financial Statements
June 30, 2009

Note 5: **Interfund Transactions** (continued)

Interfund Receivables/Payables (continued)

Transfers (continued):

Interfund transfers for the year ended June 30, 2009, consisted of the following:

<u>Paying Fund</u>	<u>Receiving Fund</u>	<u>Amount</u>	<u>Purpose</u>
General	Public Safety	\$ 25,978,908	Funding of operational expenditures
	Nonmajor Governmental Funds	6,891,893	Funding of operational expenditures
	Internal Service Funds	<u>1,379,394</u>	Purchase of vehicles and funding operational expenses
		<u>34,250,195</u>	
Public Safety	General	501,160	Funding of capital improvement projects and share of Social Services program
	Nonmajor Government Funds	<u>600,217</u>	Funding of operational expenditures
		<u>1,101,377</u>	
Nonmajor Governmental Funds	General	577,824	Funding of capital improvement projects and share of Social Service program
	Nonmajor Government Funds	6,238,063	Funding of capital improvement projects
	Public Safety	433,284	Funding of operational expenditures
	Internal Service Funds	<u>28,625</u>	Purchase of computer equipment
		<u>7,277,796</u>	
West Central Landfill	Solid Waste Disposal	<u>495,203</u>	Funding of capital improvement projects
Internal Service Funds	Nonmajor Government Funds	<u>286,784</u>	Funding of operational expenditures
		<u>\$ 43,411,355</u>	

COUNTY OF SHASTA

Notes to Financial Statements
June 30, 2009

Note 6: **Long-Term Liabilities**

A. Changes in Long-Term Obligations

The changes in the County's long-term obligations during the year consisted of the following:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009	Amounts Due Within One Year
Governmental Activities					
Bonds Payable:					
Lease revenue bonds	\$ 50,900,000	\$ --	\$ 1,610,000	\$ 49,290,000	\$ 1,680,000
Unamortized bond premium	1,177,776	--	46,995	1,130,781	46,995
Total Bonds payable	<u>52,077,776</u>	<u>--</u>	<u>1,656,995</u>	<u>50,420,781</u>	<u>1,726,995</u>
Claims liability	16,093,000	4,004,801	3,052,801	17,045,000	2,556,703
Capital leases obligations	1,558,938	--	230,616	1,328,322	214,181
Compensated absences	<u>8,134,063</u>	<u>10,159,004</u>	<u>10,002,817</u>	<u>8,290,250</u>	<u>4,533,185</u>
Governmental Activities Long-Term Liabilities	<u>\$ 77,863,777</u>	<u>\$ 14,163,805</u>	<u>\$ 14,943,229</u>	<u>\$ 77,084,353</u>	<u>\$ 9,031,064</u>
Business-Type Activities					
Bonds payable	\$ 2,826,661	\$ 184,700	\$ 725,926	\$ 2,285,435	\$ 585,974
Financing leases	2,000,000	--	109,039	1,890,961	112,103
Notes payable	307,879	--	31,011	276,868	30,787
Liability for landfill closure/ postclosure care costs	<u>15,225,782</u>	<u>508,538</u>	<u>6,209,920</u>	<u>9,524,400</u>	<u>--</u>
Business-Type Activities Long-Term Liabilities	<u>\$ 20,360,322</u>	<u>\$ 693,238</u>	<u>\$ 7,075,896</u>	<u>\$ 13,977,664</u>	<u>\$ 728,864</u>

COUNTY OF SHASTA

Notes to Financial Statements June 30, 2009

Note 6: Long-Term Liabilities (continued)

B. Summary of Long-Term Obligations

	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2009</u>
<u>Governmental activities</u>						
Bonds Payable:						
Lease Revenue Bonds:						
1998 Lease Revenue Bonds – County Courthouse Improvement Project	1998	2023	3.40-4.80%	\$185,000 - \$1,385,000	9,165,000	\$ 6,470,000
2003 Lease Revenue Bonds – Administration Center	2003	2033	4.00-5.25%	\$750,000 - \$2,735,000	42,575,000	39,390,000
2003 Refunding Lease Revenue Bonds Justice Center	2004	2014	2.00-4.125%	\$420,000 - \$645,000	5,705,000	<u>3,430,000</u>
Total Governmental Bonds Payable						<u>\$ 49,290,000</u>
<u>Business-Type Activities</u>						
Bonds Payable:						
Solid Waste – Landfill Revenue Bonds 1997 Series A	1998	2010	3.85-5.00%	\$430,000 - \$625,000	6,790,000	1,085,000
CSA No. 3 (Castella) Limited Obligation Improvement Bond	2009	2047	4.125%	\$2,000 - \$9,200	184,700	184,700
CSA No. 6 (Jones Valley) 1980 Revenue Bonds	1980	2020	5.00%	\$7,000 - \$30,000	537,000	267,000
CSA No. 6 (Jones Valley) Limited Obligation Bonds	1998	2038	4.75%	\$6,357 - \$38,000	802,789	630,000
CSA No. 8 (Palo Cedro) Sewer Bonds	1990	2001	6.00-9.20%	\$20,000	857,466	20,000
CSA No. 17 (Cottonwood) Sewer Bonds – Series B	1986	2025	5.00%	\$5,000 - \$164,000	504,000	45,000
CSA No. 17 (Cottonwood) Sewer Bonds – Series C	1986	2026	7.75%	\$500 - \$8,000	114,408	33,500
CSA No. 23 (Crag View) Water Bonds – Series A	1974	2013	5.00%	\$1,000 - \$4,000	103,000	16,000
CSA No. 23 (Crag View) Water Bonds – Series B	1975	2013	5.00%	\$185 - \$1,172	20,000	<u>4,235</u> <u>2,285,435</u>

COUNTY OF SHASTA

Notes to Financial Statements
June 30, 2009

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

B. Summary of Long-Term Obligations (continued)

	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rates</u>	<u>Principal Installments</u>	<u>Issue Amount</u>	<u>Outstanding at June 30, 2009</u>
Financing Lease:						
Solid Waste – California Infrastructure and Economic Bank	2007	2022	2.81%	\$109,039-\$160,723	\$ 2,000,000	\$ <u>1,890,961</u>
Notes Payable:						
CSA No. 2 (Sugar Loaf) Note Payable	1978	2016	5.00%	\$1,718 - \$73,206	73,206	28,378
CSA No. 11 (French Gulch) Note Payable	1995	2019	3.41%	\$5,389 - \$24,063	420,000	219,980
Fall River Mills Airport Note Payable	1998	2011	5.05%	\$3,753 - \$9,821	90,000	<u>28,510</u>
						<u>276,868</u>
						<u>\$ 4,453,264</u>

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

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Lease Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 1,680,000	\$ 2,430,586
2011	1,745,000	2,361,427
2012	1,835,000	2,287,309
2013	1,925,000	2,202,508
2014	2,015,000	2,112,269
2015 - 2019	8,840,000	9,056,053
2020 - 2024	10,840,000	6,973,313
2025 - 2029	10,230,000	4,129,500
2030 - 2033	10,180,000	1,303,750
	<u>\$ 49,290,000</u>	<u>\$ 32,856,715</u>

COUNTY OF SHASTA

Notes to Financial Statements
June 30, 2009

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

B. Summary of Long-Term Obligations (continued)

<u>Year Ending June 30</u>	<u>Business-Type Activities</u>	
	<u>Bonds Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 585,974	\$ 96,747
2011	597,122	68,287
2012	45,274	58,138
2013	47,365	49,995
2014	44,800	42,674
2015 - 2019	247,100	181,406
2020 - 2024	146,200	133,064
2025 - 2029	135,800	107,635
2030 - 2034	161,100	82,311
2035 - 2039	203,700	51,075
2040 - 2044	36,200	11,022
2045 - 2048	34,800	2,937
	<u>\$ 2,285,435</u>	<u>\$ 885,291</u>

<u>Year Ending June 30</u>	<u>Business-Type Activities</u>	
	<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 30,787	\$ 10,210
2011	32,128	8,943
2012	33,177	7,619
2013	24,227	6,251
2014	25,133	5,346
2015 - 2019	119,077	13,326
2020	12,339	209
	<u>\$ 276,868</u>	<u>\$ 51,904</u>

COUNTY OF SHASTA

Notes to Financial Statements
June 30, 2009

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

B. Summary of Long-Term Obligations (continued)

<u>Year Ending June 30</u>	Business-Type Activities	
	Financing Lease	
	Principal	Interest
2010	\$ 112,103	\$ 51,561
2011	115,253	48,367
2012	118,492	45,082
2013	121,822	41,706
2014	125,245	38,235
2015 - 2019	681,035	135,593
2020 - 2023	617,011	35,277
	\$ 1,890,961	\$ 395,821

Interest payments and lease revenue bonds are serviced by revenues generated from lease payments made by the General Fund on lease facilities. Capital lease obligations are paid from the general fund. Claims and judgments will be paid from the County's risk management internal service funds. A majority of the claims are paid through internal service fund charges to the general fund and enterprise funds. Compensated absences liabilities will be paid by several of the County's funds, including the general fund, special revenue funds, and internal service funds.

C. Compensated Absences/Sick Time

Accumulated vacation, compensated time, administrative leave, unused holiday time, and a percentage of the accumulated sick pay (the percentage varies based on length of employment and whether management or non-management employee status), is payable upon termination. Such amounts are not accrued in governmental funds, but are recorded as long-term liabilities on the Statement of Net Assets. Non-vested sick pay benefits payables due to illness of employees are recorded as expenditures when paid.

COUNTY OF SHASTA

Notes to Financial Statements
June 30, 2009

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

C. Compensated Absences/Sick Time (continued)

Vacation time	\$ 5,128,797
Compensated time-off	495,922
Administrative leave	377,245
Holiday credit	363,652
Sick leave	<u>1,924,634</u>
Total	<u><u>\$ 8,290,250</u></u>

Note 7: **Capital Leases**

The County has entered into certain capital lease agreements under which the related vehicles and equipment will become the property of the County when all terms of the lease agreements are met.

The cost of vehicles and equipment under capital leases are as follows:

	<u>Governmental Activities</u>
Aircon Energy Retrofit	\$ 2,631,984
CSS telephone	159,064
Less: accumulated depreciation	<u>(649,275)</u>
	<u><u>\$ 2,141,773</u></u>

As of June 30, 2009, future minimum lease payments under capital leases was as follows:

	<u>Stated Interest Rate</u>	<u>Present Value of Remaining Payments as of June 30, 2009</u>
Aircon Energy Retrofit	5.26%	<u><u>\$ 1,328,322</u></u>

COUNTY OF SHASTA

Notes to Financial Statements June 30, 2009

Note 7: **Capital Leases** (continued)

As of June 30, 2009, future minimum lease payments under capital leases was as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2010	\$ 281,271
2011	281,271
2012	281,271
2013	281,271
2014	281,271
2015	<u>140,635</u>
Total Future Minimum Lease Payments	1,546,990
Less: Interest	<u>(218,668)</u>
Present Value of Remaining Lease Payments	<u><u>\$ 1,328,322</u></u>

Note 8: **Landfill Closure and Postclosure Costs**

A. **Estimated Liability for Solid Waste Landfill Closure and Postclosure Maintenance Costs**

The County currently owns and maintains the West Central Landfill site. State and federal laws and regulations require that the County place a final cover on the landfill when closed and perform certain maintenance and monitoring functions at the landfill site for 30 years after closure. In addition to operating expenses related to current activities of the landfill, an estimated liability is being recognized based on the future closure and postclosure maintenance costs that will be incurred near or after the date the landfill no longer accepts waste. The estimated total current cost of the landfill closure and postclosure maintenance costs is \$23,674,890 based on the amount that would be paid if all equipment facilities and services required to close, monitor, and maintain the landfill were acquired as of the balance sheet date. However, the costs for landfill closure and postclosure maintenance costs are based on yearly estimates, reviewed by the California Integrated Waste Management Board, as prepared by the county public works department. At June 30, 2009 the estimated percentage usage (filled) of the landfill site was 40.23 percent and the County has recognized an estimated liability of \$9,524,400 for the County landfill site for closure and postclosure maintenance costs. It is estimated that an additional \$14,150,490 liability will be recognized as closure and postclosure costs between the date of the balance sheet and the date the landfill is expected to be filled to capacity.

COUNTY OF SHASTA

Notes to Financial Statements
June 30, 2009

Note 8: **Landfill Closure and Postclosure Costs** (continued)

A. **Estimated Liability for Solid Waste Landfill Closure and Postclosure Maintenance Costs** (continued)

These cost estimates are subject to change based on such factors as inflation or deflation, changes in technology, or changes in federal or state landfill laws and regulations. The County expects that future inflation costs will be paid from the interest earnings on these contributions.

State and federal laws and regulations require the County to make annual contributions to finance closure and postclosure maintenance costs. The County has established an enterprise fund to maintain these monies.

The landfill is technically not in compliance with the terms of its operating permit under Subtitle D of the Environmental Protection Agency. As stated above, the estimated liability of the County landfill site closure and postclosure maintenance cost was \$9,524,400 and as of June 30, 2009 the County has set aside \$8,239,707, resulting in an unfunded liability of \$1,284,693. The County has developed a plan to address this situation, avoiding any substantial increases in the tipping fees.

COUNTY OF SHASTA

Notes to Financial Statements June 30, 2009

Note 9: Component Unit Condensed Financial Information

Children and Families First Commission

Current and other assets	\$ 4,554,474
Total Assets	<u>4,554,474</u>
Current and other liabilities	497,307
Long-term liabilities	17,464
Total Liabilities	<u>514,771</u>
Restricted	4,039,703
Total Net Assets	<u>\$ 4,039,703</u>
Revenues	
Aid from other governments	\$ 1,974,730
Use of money and property	89,877
Miscellaneous	65
Total Revenues	<u>2,064,672</u>
Expenses	
Operating expenses	<u>1,960,048</u>
Total Expenses	<u>1,960,048</u>
Change in net assets	104,624
Net assets, beginning	<u>3,935,079</u>
Net assets, ending	<u>\$ 4,039,703</u>

During the current year, it was determined that Rural Transportation Planning Agency was not a component unit of the County.

COUNTY OF SHASTA

Notes to Financial Statements
June 30, 2009

Note 10: **Fund Balances**

The following is a summary of fund balances at June 30, 2009:

	General Fund	Roads Administration Fund	Public Safety Fund	Other Governmental Funds
Reserved				
General	\$ 10,169,578	\$ --	\$ --	\$ --
Imprest Accounts	45,480	200	57,015	5,674
Impact Fees	119,191	--	--	--
Inventories	--	430,011	--	--
Encumbrances	48,620	486,013	47,210	976,908
Notes Receivable	--	--	--	3,211,554
Housing Home	--	--	--	5,261,961
Prudent Reserve	--	--	--	1,480,357
Debt Service	--	--	--	6,769,135
Total Reserved	10,382,869	916,224	104,225	17,705,589
Unreserved				
Designated				
General Purpose Use	26,097,857	--	307,512	10,234,024
Capital Projects	--	825,513	--	--
Fair Value of Investments	435,860	57,929	3,348	188,786
Equipment Acquisition	5,710	--	59,040	--
Animal Control Shelter	285,993	--	--	3,000,000
SRMC Sart	17,108	--	--	--
DA Misdemeanor Diversion Prog	--	--	43,000	--
Total Designated Unrestricted	26,842,528	883,442	412,900	13,422,810

COUNTY OF SHASTA

Notes to Financial Statements June 30, 2009

Note 10: Fund Balances (continued)

	General Fund	Roads Administration Fund	Public Safety Fund	Other Governmental Funds
Designated Restricted				
Shingletown Runway	\$ 59,100	\$ --	\$ --	\$ --
Vital Statistics	2,256	--	--	113,481
Recorder Micrographics	22,254	--	--	--
Recorder SSN Redaction	51,665	--	--	--
Animal Control Spay/Neuter	26,700	--	--	--
Federal Grazing	21,338	--	--	--
Parks	35,000	--	--	--
Quantity Control	19,451	--	--	--
Recaptured Payments	2,094	--	--	--
Veterans Home Donation	1,000	--	--	--
Smara	106,685	--	--	--
Document Payment Program	15,588	--	--	--
Solid Waste Surcharge	271,298	614,164	--	--
UGT Penalties	107,750	--	--	--
Alcohol Education Prevention	17,501	--	--	--
Alcohol Programs	114,721	--	--	--
CPS Donation	8,524	--	--	--
Knighten Road Beetle Mitigation	--	--	--	266,200
CCS Donation	--	--	--	19,021
Desg Roof	--	--	--	448,336
Juvenile Detention	--	--	--	990,742
Adult Detention	--	--	--	1,000,000
STC Training	--	--	7,194	--
Asset/Forfeiture	--	--	467,350	--
Program Sales	--	--	177,439	--
Prop 172 Sales Tax	--	--	100,733	--
Probation Donation	--	--	3,489	--
DMV Remote Access	--	--	467,002	--
Car Seat Program	--	--	--	34,817
Air Quality Mgmt SB2766	--	--	--	1,177,085
Zone of Benefit Traffic Impact	--	1,618,552	--	--
Roads Prop 1B	--	1,001,089	--	--
Fire Zone Measure B	--	--	--	369,028
Total Designated Restricted	<u>882,925</u>	<u>3,233,805</u>	<u>1,223,207</u>	<u>4,418,710</u>
Total Designated	<u>27,725,453</u>	<u>4,117,247</u>	<u>1,636,107</u>	<u>17,841,520</u>
Undesignated	<u>15,133,092</u>	<u>4,611,514</u>	<u>788,439</u>	<u>10,261,298</u>
Total Unreserved	<u>42,858,545</u>	<u>8,728,761</u>	<u>2,424,546</u>	<u>28,102,818</u>
Total Fund Balance	<u>\$ 53,241,414</u>	<u>\$ 9,644,985</u>	<u>\$ 2,528,771</u>	<u>\$ 45,808,407</u>

COUNTY OF SHASTA

Notes to Financial Statements
June 30, 2009

Note 11: **Risk Management**

The County has a Risk Management Fund (Internal Service Fund) to consolidate the County's Workers' Compensation and General Liability insurance programs that are partially self-insured. Fund revenues are primarily premium charges to other funds and are planned to equal estimated payments resulting from self-insurance programs, liability insurance coverage in excess of the self-insured amount, and operating expenses.

The County maintains a self-insured retention (SIR) of \$250,000 per occurrence for its general liability program. Losses, which exceed the SIR, are covered by excess insurance policy purchased through CSAC Excess Insurance Authority.

The County maintains a self-insured retention (SIR) of \$250,000 per occurrence for its Workers' Compensation Program. Losses, which exceed the SIR, are covered by an excess insurance policy purchased through the CSAC Excess Insurance Authority.

The actuarially determined outstanding claims liability including incurred but not reported claims and expense liability adjustment (at 80 percent confidence level, after recognition of anticipated investment income) as of June 30, 2009, were as follows:

General liability	\$ 1,783,000
Workers' compensation	<u>15,262,000</u>
Total	<u>\$ 17,045,000</u>

Unpaid Claims Liabilities

The County of Shasta establishes claims liabilities based on estimates of the ultimate costs of the claims that have been reported but not settled, and of claims that have been incurred, but not reported (IBNR). The length of time for which such costs must be estimated varies depending on the type of insurance involved. Estimated amounts of salvage and reinsurance recoverable are considered in developing the estimates. Because actual claims costs depend on many complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. In estimating the liability, reliance is placed on both actual historical data and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

As discussed above, the County of Shasta established a liability for both reported and unreported insured events, which included estimates of both future payments of losses and related claim adjustment expenses. The following represents changes in those aggregate liabilities for the fund at June 30, 2009 and 2008:

COUNTY OF SHASTA

Notes to Financial Statements June 30, 2009

Note 11: **Risk Management** (continued)

Unpaid Claims Liabilities (continued)

	<u>2009</u>	<u>2008</u>
Balance, Beginning of Year claims liability	\$ 16,093,000	\$ 16,327,000
Current year claims and changes in estimates	4,004,801	2,701,434
Claim payments	<u>(3,052,801)</u>	<u>(2,935,434)</u>
Balance, End of Year	<u>\$ 17,045,000</u>	<u>\$ 16,093,000</u>

Note 12: **Employee Retirement Systems**

A. Plan Description

The County of Shasta's defined benefit pension plan, County Employees Retirement Plan, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The County Employees Retirement Plan is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The County of Shasta selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance (other local methods). CalPERS issue a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

B. Funding Policy

Active plan members in the County Employees Retirement Plan are required to contribute 7.0 percent for miscellaneous employees and 9.0 percent for safety employees of their annual covered salary. Based on the various bargaining units the County pays all or a portion of qualified employees required contributions (employer paid member contributions). The County of Shasta is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer

COUNTY OF SHASTA

Notes to Financial Statements
June 30, 2009

Note 12: **Employee Retirement Systems** (continued)

B. Funding Policy (continued)

contribution rate for fiscal year 2008-2009, was 11.139 percent for miscellaneous employees and 26.450 percent for law enforcement officers. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

C. Annual Pension Cost

For fiscal year 2008-2009, the County of Shasta's annual pension cost was \$16,963,263 (consisting of employer contributions of \$11,584,456 and employer paid member contributions of \$5,378,807) and the County of Shasta actually contributed \$16,963,263. The required contribution for fiscal year 2008-2009 was determined as part of the June 30, 2006 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The three-year trend information for the Miscellaneous and Safety Plan is as follows.

Fiscal Year Ending	Annual Pension			Percentage of APC Contributed	Net Pension Obligation
	Miscellaneous	Safety	Total (APC)		
6/30/2006	\$ 9,172,816	\$ 3,692,510	\$ 12,865,326	100%	\$ --
6/30/2007	10,403,857	4,228,315	14,632,172	100%	--
6/30/2008	11,026,555	4,449,040	15,475,595	100%	--

D. Funded Status and Funding Progress

The funding status of each plan as of June 30, 2007, the most recent actuarial valuation date is as follows:

Valuation Date	Miscellaneous					
	Entry Age Actuarial Value of Assets	Entry Age Normal Accrued Liability	Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
6/30/07	\$ 333,364,314	\$ 351,398,502	\$ 18,034,188	94.9%	\$ 72,448,776	24.9%

COUNTY OF SHASTA

Notes to Financial Statements
June 30, 2009

Note 12: **Employee Retirement Systems** (continued)

D. Funded Status and Funding Progress (continued)

Safety Plan

<u>Valuation Date</u>	<u>Entry Age Actuarial Value of Assets</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Liability (Excess Assets)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
6/30/07	\$ 118,395,958	\$ 139,203,168	\$ 20,807,210	85.1%	\$ 13,584,220	153.2%

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

In the June 30, 2007 valuation, the entry age actuarial cost method was used. The actuarial assumptions included (a) 7.75 percent investment rate of return (net of administrative expense); (b) projected salary increases that vary by duration of service ranging from 3.25 percent to 14.45 percent for miscellaneous members (from 3.25 percent to 13.15 percent for safety members), and (c) 3.25 percent cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.0 percent. The actuarial value of County Employees Retirement Plan's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a three-year period depending on the size of investment gains and/or losses. County Employees Retirement Plan's unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2009, was 19 years for the miscellaneous plan and 22 years for the safety plan.

Note 13: **Other Post-Employment Benefits**

From an accrual accounting perspective, the cost of post-employment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid. The requirements of GASB Statement No. 45 were adopted during the year ended June 30, 2008. The cost of post-employment healthcare in the year is now recognized when the employee services are received.

COUNTY OF SHASTA

Notes to Financial Statements
June 30, 2009

Note 13: **Other Post-Employment Benefits**

A. **Plan Description**

The County of Shasta Retiree Healthcare Plan (Plan) is a single-employer defined benefit healthcare plan administered by the County. The plan provides healthcare benefits to eligible retirees and their dependents. Benefit provisions are established and may be amended through agreements and memorandums of understanding between the County, its management employees, and unions representing County employees. The Plan does not issue a financial report.

The County provides retiree healthcare benefits to employees retiring directly from the County. Medical coverage is provided through CalPERS healthcare program (PEMHCA) except for County Trades and Crafts/Teamster provided through the union sponsored plan. The County pays a portion of retiree healthcare premiums, subject to caps which are based on the PEMHCA “unequal method”. The contribution caps also vary by bargaining unit and length of service according to bargaining agreements. PEMHCA law requires that the retirees receive the same healthcare benefits that are offered to the active employees. Also under requirements of state and local law, the County pays the medical insurance coverage for employees that retire due to disability. The Board of Supervisors establishes and may amend the benefits offered. No dental, vision or life insurance benefits are provided. As of June 30, 2007, plan membership consisted of 1,708 active participants and 861 retirees and beneficiaries.

B. **Funding Policy**

The required contribution is based on pay-as-you-go financing requirements, with an initial \$12 million (\$10,034,000 for Miscellaneous and \$1,966,000 for Safety) for the fiscal year ended June 30, 2008 (contributed in December 2008) to prefund benefits and an additional 1% of payroll annually (beginning July 2008) to the CalPERS OPEB trust (CERBT) and PARS OPEB trust. The contributions are divided evenly between the CERBT and PARS trusts. For the fiscal year 2008/09, the County contributed \$4,551,000 (\$3,763,000 for Miscellaneous and \$788,000 for Safety), including \$3,744,000 (\$3,114,000 for Miscellaneous and \$630,000 for Safety) in benefit payments and \$807,000 (\$649,000 for Miscellaneous and \$158,000 for Safety) deposited to CERBT and PARS. The County’s ARC was \$15,728,000 (\$12,485,000 for Miscellaneous and \$3,243,000 for Safety) for the fiscal year 2008/09.

COUNTY OF SHASTA

Notes to Financial Statements June 30, 2009

Note 13: Other Post-Employment Benefits (continued)

B. **Funding Policy** (continued)

The CERBT is a tax qualified irrevocable trust, organized under Internal Revenue Code (IRC) Section 115, established to pre-fund OPEB as described in GASB Statement 45. The CERBT issues a publicly available financial report that includes financial statements and required supplementary information for the County, not individualized, but in aggregate with the other CERBT participating agencies. PARS also issues publicly available financial statements. These reports may be obtained by writing or calling the plans at the following addresses:

CERBT State of California PERS – 400 Q St – Sacramento, CA 95811
PARS Public Agency Retirement Services – 5141 California Avenue, Suite 150,
 Irvine, CA 92617-3069

C. **Annual OPEB Cost and Net OPEB Obligation**

The County's annual other postemployment benefit cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table, based on the actuarial valuation as of June 30, 2007, shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's Net OPEB obligation (dollar amounts is thousands):

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Annual required contribution	\$ 12,485	\$ 3,243	\$ 15,728
Interest on net OPEB obligation	(5)	(1)	(6)
Adjustment to annual required contribution	<u>4</u>	<u>1</u>	<u>5</u>
Annual OPEB cost (expense)	12,484	3,243	15,727
Contributions (benefit payments)	<u>3,763</u>	<u>788</u>	<u>4,551</u>
Increase in net OPEB obligation	8,721	2,455	11,176
Net OPEB obligation – beginning of year	<u>(87)</u>	<u>(23)</u>	<u>(110)</u>
Net OPEB obligation – end of year	<u>\$ 8,634</u>	<u>\$ 2,432</u>	<u>\$ 11,066</u>

COUNTY OF SHASTA

Notes to Financial Statements
June 30, 2009

Note 13: **Other Post-Employment Benefits** (continued)

C. Annual OPEB Cost and Net OPEB Obligation (continued)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years 2006/07 through 2008/09 are as follows (dollar amounts in thousands):

Miscellaneous

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2007	n/a	n/a	n/a
June 30, 2008	\$12,093	100.7%	\$(87)
June 30, 2009	12,484	30.1%	8,634

Safety

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2007	n/a	n/a	n/a
June 30, 2008	\$3,140	100.7%	\$(23)
June 30, 2009	3,243	24.3%	2,432

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2007, the plan's most recent actuarial valuation date, was as follows (dollar amounts in thousands):

Miscellaneous

<u>Valuation Date</u>	<u>Entry Age Actuarial Value of Assets</u>	<u>Entry Age Actuarial Liability</u>	<u>Unfunded Actuarial Accrued Liability (Excess Assets)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
6/30/07	\$ --	\$ 110,031	\$ 110,031	0.00%	\$ 59,479	184.99%

COUNTY OF SHASTA

Notes to Financial Statements
June 30, 2009

Note 13: **Other Post-Employment Benefits** (continued)

D. Funded Status and Funding Progress (continued)

Safety

<u>Valuation Date</u>	<u>Entry Age Actuarial Value of Assets</u>	<u>Entry Age Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability (Excess Assets)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
6/30/07	\$ --	\$ 30,608	\$ 30,608	0.00%	\$ 12,416	246.52%

Actuarial valuations of an ongoing plan involve estimates of the value of expected benefit payments and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress is not presented as required supplementary information, because multiyear trend information is not available.

E. Actuarial Methods and Assumptions

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

For the June 30, 2007 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included (a) the discount rate is a select and ultimate assumption: 7.25% for 2007/08, 6% for 2008/09, 4.75% for 2009/10 through 2036/37, 5.50% for 2037/38 through 2042/43 and 7.25% for 2043/44 and years thereafter. The discount rates are based on the portion of the ARC expected to be funded each year - 4.50% for the portion of the ARC not funded (net of administrative expenses) and 7.25% for the portion of the ARC funded. The 7.25% is representing the average return on the combined CERBT trust (7.75% return) and PARS trust (6.75% return for the HighMark Moderate portfolio to be selected by the County); (b) 3.25% annual aggregate payroll increase rate and (c) projected healthcare cost increases of 9.7% (HMO) and 10.5% (PPO) for 2009 decreasing to 4.5% after 7 years (the post-Medicare medical cost trend starts 0.4% higher for 2009). Both (a) and (b) include an inflation component of 3.0%.

COUNTY OF SHASTA

Notes to Financial Statements
June 30, 2009

Note 13: **Other Post-Employment Benefits** (continued)

E. **Actuarial Methods and Assumptions** (continued)

Implied subsidy for the County Trades and Crafts/Teamster union healthcare plans has been included in the calculations based on estimated PERS Choice Premium. Active employees and retirees are charged the same premium under the union plan, with overall demographics similar to County Trades and Crafts/Teamsters employees. All participants are assumed to be Medicare Part B eligible (and elect coverage).

The unfunded actuarial accrued liability (or excess assets) is being amortized over a fixed 30-year period as a level percentage of projected payroll beginning with the year ended June 30, 2008.

Note 14: **Special Item**

On August 22, 2006 and September 5, 2006, the Board of Supervisors of Shasta County and the City Council of the City of Redding, respectively, approved the Ownership and Operation of the Redding Main Library and the Shasta Public Library System agreement (agreement). Pursuant to this agreement, the County transferred the Library and the remaining Library Capital Project Funds to City of Redding during the current year.

Note 15: **Commitments and Contingencies**

A. **Construction Commitments**

At June 30, 2009, the County has commitments of approximately \$3.6 million for construction contracts, awarded but not completed. The major contract outstanding is for the Sacramento River Bridge Replacement Project at Airport Road.

B. **Litigation**

The County is subject to various lawsuits and claims involving public liability and other actions incidental to the ordinary course of County operations. In the opinion of management and legal counsel, the disposition of all litigations pending will not have a material effect on the County's financial statements.

C. **Grant Revenues**

The County recognizes as revenue grant monies received as reimbursement for costs incurred in certain federal and State programs it administers. Although the County's federal grant programs have been audited through June 30, 2009 in accordance with the requirements of the Federal Single Audit Act of 1997 and the related United States Office of Management and Budget Circular A-133, these programs may be

COUNTY OF SHASTA

Notes to Financial Statements
June 30, 2009

Note 15: **Commitments and Contingencies** (continued)

C. **Grant Revenues** (continued)

subject to financial and compliance audits by the reimbursing agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

Note 16: **Prior Period Adjustments**

Accounts Receivable

In prior years the Housing Department made loans under its federal loan program in the amount of \$201,155. The amounts were recorded as notes receivable. A receivable (due from other governments) and revenue for the amount of these loans were also recorded which was incorrect. Therefore, in the prior year, due from other governments and fund balance were overstated by \$201,155. The affect on prior year change in net assets was \$53,415.

Sales Tax Receivable

In the prior year \$186,400 of Sales Tax revenue was incorrectly accrued. Therefore, in the prior year due from other governments and fund balance were overstated by \$186,400. The affect on prior year change in net assets was \$186,400.

Other Assets

In a prior year the County provided \$380,000 funding to a City within the County for a building. The County of Shasta has a reversionary interest in the asset. Other assets and reserved fund balance was recorded by the County in the amount of \$380,000. According to generally accepted accounting principals when the ownership of a capital asset is not clear the asset should be reported by the government that is primarily responsible for the asset's management and maintenance. The asset is managed and maintained by the City. Also according to generally accepted accounting principals a reversionary interest is not tantamount to ownership. Therefore, this asset should not have been recorded by the County. Therefore, in the prior year other assets and fund balance were overstated \$380,000. There was no affect on prior year net change in fund balance.

COUNTY OF SHASTA

Notes to Financial Statements
June 30, 2009

Note 16: **Prior Period Adjustments** (continued)

Special Assessment Receivable

In the prior years the principal portion of special assessment taxes were collected and incorrectly recorded as revenue. The amounts collected should have reduced the special assessment receivable. Therefore, in the prior year special assessments receivables and retained earnings of CSA #17 Cottonwood were overstated \$375,328. The affect on prior year net change in fund balance can not be determined.

In a prior year, special assessments receivables were not recorded at the time the County had an enforceable legal claim against the property owners. Therefore, in the prior year:

CSA #2 Sugarloaf special assessment receivable and retained earnings were understated \$32,147. The affect on prior year net change in fund balance can not be determined.

CSA #6 Jones Valley special assessment receivable and retained earnings were understated \$285,000. The affect on prior year net change in fund balance can not be determined.

CSA #11 French Gulch special assessment receivable and retained earnings were understated \$237,156. The affect on prior year net change in fund balance can not be determined.

CSA #23 Sugarloaf special assessment receivable and retained earnings were understated \$25,161. The affect on prior year net change in fund balance can not be determined.

Note 17: **Deficit Fund Equity**

The Shasta RDA special revenue fund had a deficit fund balance of \$107,003 at year end. The Shasta IHSS Public Authority special revenue fund had a deficit fund balance of \$122,627 at year end. The County plans to eliminate the deficit equity in subsequent years through a reduction in expenditures and/or subsidies from other funds.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF SHASTA

Required Supplementary Information
For the Fiscal Year Ended June 30, 2009

County Employees Retirement Plan (Defined Benefit Pension Plan)

Schedule of Funding Progress

The tables 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:

Miscellaneous

Valuation Date	Entry Age Actuarial Value of Assets	Entry Age Normal Accrued Liability	Unfunded Actuarial Accrued Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
6/30/05	\$ 283,503,434	\$ 300,592,994	\$ 17,089,560	94.3%	\$ 67,021,173	25.5%
6/30/06	306,202,210	320,611,908	14,409,698	95.5%	69,775,528	20.7%
6/30/07	333,364,314	351,398,502	18,034,188	94.9%	72,448,776	24.9%

Safety Plan

Valuation Date	Entry Age Actuarial Value of Assets	Entry Age Normal Accrued Liability	Unfunded Actuarial Accrued Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
6/30/05	\$ 101,878,996	\$ 117,162,756	\$ 15,283,760	87.0%	\$ 12,360,661	123.6%
6/30/06	109,528,463	124,901,062	15,372,599	87.7%	12,367,664	124.3%
6/30/07	118,395,958	139,203,168	20,807,210	85.1%	13,584,220	153.2%

COUNTY OF SHASTA

Required Supplementary Information
For the Fiscal Year Ended June 30, 2009

Other Postemployment Benefits

Schedule of Funding Progress

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

Miscellaneous

<u>Valuation Date</u>	<u>Entry Age Actuarial Value of Assets</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Liability (Excess Assets)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
6/30/07	\$ --	\$ 110,031	\$ 110,031	0.00%	\$ 59,479	184.99%

Safety

<u>Valuation Date</u>	<u>Entry Age Actuarial Value of Assets</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Liability (Excess Assets)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
6/30/07	\$ --	\$ 30,608	\$ 30,608	0.00%	\$ 12,416	246.52%

COUNTY OF SHASTA

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

	Budgeted Amounts		Actual	Variances
	Original	Final		Final to Actual
Revenues:				
Taxes	\$ 42,896,500	\$ 42,896,500	\$ 44,177,148	\$ 1,280,648
Licenses and permits	4,429,743	3,603,983	3,012,948	(591,035)
Fines and forfeitures	3,105,599	3,102,599	2,544,929	(557,670)
Use of money and property	2,455,898	2,460,243	1,911,414	(548,829)
Intergovernmental	115,757,019	118,692,159	116,510,284	(2,181,875)
Charges for services	10,307,550	9,914,439	11,354,565	1,440,126
Miscellaneous	6,303,243	6,332,903	3,906,147	(2,426,756)
Total Revenues	<u>185,255,552</u>	<u>187,002,826</u>	<u>183,417,435</u>	<u>(3,585,391)</u>
Expenditures:				
Current:				
General government	21,718,620	23,184,685	7,284,878	15,899,807
Public protection	21,211,797	18,229,064	16,678,609	1,550,455
Public assistance	96,923,979	97,273,524	92,603,883	4,669,641
Public ways and facilities	76,957	76,957	12,000	64,957
Health and sanitation	39,740,910	34,681,553	32,715,286	1,966,267
Education	2,911,561	1,657,929	1,519,566	138,363
Recreation	827,817	412,211	336,902	75,309
Debt Service	281,270	--	--	--
Total Expenditures	<u>183,692,911</u>	<u>175,515,923</u>	<u>151,151,124</u>	<u>24,364,799</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>1,562,641</u>	<u>11,486,903</u>	<u>32,266,311</u>	<u>20,779,408</u>
Other Financing Sources (Uses):				
Transfers in	9,779,793	15,849,568	1,078,984	(14,770,584)
Transfers out	(38,084,972)	(43,224,415)	(34,250,195)	8,974,220
Sale of capital assets	--	--	25,796	25,796
Net Financing Sources (Uses)	<u>(28,305,179)</u>	<u>(27,374,847)</u>	<u>(33,145,415)</u>	<u>(5,770,568)</u>
Net Change in Fund Balances	<u>(26,742,538)</u>	<u>(15,887,944)</u>	<u>(879,104)</u>	<u>15,008,840</u>
Fund Balance - Beginning as Previously Stated	54,306,918	54,306,918	54,306,918	--
Prior Period Adjustment	--	--	(186,400)	(186,400)
Fund Balance - Restated	<u>54,306,918</u>	<u>54,306,918</u>	<u>54,120,518</u>	<u>(186,400)</u>
Fund Balance - Ending	<u>\$ 27,564,380</u>	<u>\$ 38,418,974</u>	<u>\$ 53,241,414</u>	<u>\$ 14,822,440</u>

COUNTY OF SHASTA

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

	Budgeted Amounts		Actual	Variances
	Original	Final		Final to Actual
Revenues:				
Taxes	\$ 3,892,983	\$ 3,892,983	\$ 2,427,862	\$ (1,465,121)
Licenses and permits	18,000	18,000	16,234	(1,766)
Use of money and property	150,000	150,000	153,401	3,401
Intergovernmental	27,782,459	27,782,459	22,731,527	(5,050,932)
Charges for services	2,415,626	2,415,626	1,228,132	(1,187,494)
Miscellaneous	11,036	11,036	35,909	24,873
Total Revenues	<u>34,270,104</u>	<u>34,270,104</u>	<u>26,593,065</u>	<u>(7,677,039)</u>
Expenditures:				
Current:				
Public ways and facilities	56,762,615	41,377,176	28,924,129	12,453,047
Total Expenditures	<u>56,762,615</u>	<u>41,377,176</u>	<u>28,924,129</u>	<u>12,453,047</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(22,492,511)</u>	<u>(7,107,072)</u>	<u>(2,331,064)</u>	<u>4,776,008</u>
Other Financing Sources (Uses):				
Sale of capital assets	--	--	79,006	79,006
Net Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>79,006</u>	<u>79,006</u>
Net Change in Fund Balance	<u>(22,492,511)</u>	<u>(7,107,072)</u>	<u>(2,252,058)</u>	<u>4,855,014</u>
Fund Balance - Beginning	<u>11,897,043</u>	<u>11,897,043</u>	<u>11,897,043</u>	<u>--</u>
Fund Balance - Ending	<u>\$ (10,595,468)</u>	<u>\$ 4,789,971</u>	<u>\$ 9,644,985</u>	<u>\$ 4,855,014</u>

COUNTY OF SHASTA

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

	Budgeted Amounts		Actual	Variances
	Original	Final		Final to Actual
Revenues:				
Taxes	\$ 14,380,898	\$ 14,380,898	\$ 143,926	\$ (14,236,972)
Licenses and permits	25,548	25,548	38,628	13,080
Fines and forfeitures	1,000,925	1,000,925	1,494,125	493,200
Use of money and property	30,520	30,520	(4,848)	(35,368)
Intergovernmental	8,092,656	9,048,969	19,614,036	10,565,067
Charges for services	5,302,684	5,302,684	5,299,814	(2,870)
Miscellaneous	555,525	720,530	388,276	(332,254)
Total Revenues	<u>29,388,756</u>	<u>30,510,074</u>	<u>26,973,957</u>	<u>(3,536,117)</u>
Expenditures:				
Current:				
Public Protection	62,866,335	56,688,556	53,530,869	3,157,687
Total Expenditures	<u>62,866,335</u>	<u>56,688,556</u>	<u>53,530,869</u>	<u>3,157,687</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(33,477,579)</u>	<u>(26,178,482)</u>	<u>(26,556,912)</u>	<u>(378,430)</u>
Other Financing Sources (Uses):				
Transfers in	26,072,394	31,223,428	26,412,192	(4,811,236)
Transfers out	(152,041)	(6,310,559)	(1,101,377)	5,209,182
Sale of fixed assets	11,860	11,860	42,852	30,992
Net Financing Sources (Uses)	<u>25,932,213</u>	<u>24,924,729</u>	<u>25,353,667</u>	<u>428,938</u>
Net Change in Fund Balance	(7,545,366)	(1,253,753)	(1,203,245)	50,508
Fund Balance - Beginning	<u>3,732,016</u>	<u>3,732,016</u>	<u>3,732,016</u>	<u>--</u>
Fund Balance - Ending	<u>\$ (3,813,350)</u>	<u>\$ 2,478,263</u>	<u>\$ 2,528,771</u>	<u>\$ 50,508</u>

COUNTY OF SHASTA

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

BASIS OF BUDGETING

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

Expenditures are controlled at the object level within budget units for the County. The object level within a budget unit is the level at which expenditures may not legally exceed appropriations. Any amendments for transfers of appropriations between departments or funds are authorized by the County Administrative Office and must be approved by the Board of Supervisors.

The Board of Supervisors must approve supplemental appropriations normally financed by unanticipated revenues during the year. Pursuant to Board Resolution, the County Administrative Office is authorized to approve any budget transfer within a budget unit provided that such approval does not exceed \$75,000 nor increase the total appropriations of the budget. Budgeted amounts in the budgetary financial schedules are reported as originally adopted and as amended during the fiscal year by resolutions approved by the Board of Supervisors.

The County uses an encumbrance system as an extension of normal budgetary accounting for the general, special revenue, and other debt service funds and to assist in controlling expenditures of the capital projects funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. 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.

The amounts reported on the budgetary basis differ from the basis used to present the basic financial statements in accordance with generally accepted accounting principles (GAAP). Annual budgets are prepared on the modified accrual basis of accounting plus encumbrances for governmental fund types and on the accrual basis plus encumbrances for proprietary funds. Intrafund transfers (transfers between operating units in the same governmental type fund) are included in the Budgetary Comparison Schedules as Other Financing Sources (uses) transfers in or out. The effects of these intrafund transfers are eliminated in the fund financial statement to conform with GAAP.

SUPPLEMENTARY INFORMATION

**COMBINING FINANCIAL STATEMENTS
NON-MAJOR GOVERNMENTAL FUNDS**

COUNTY OF SHASTA

Combining Balance Sheet
 Non-Major Governmental Funds
 June 30, 2009

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and investments	\$ 18,757,724	\$ 10,815,563	\$ 105,358	\$ 29,678,645
Accounts receivable	54,688	--	--	54,688
Due from other governments	2,746,688	--	--	2,746,688
Other assets	223,290	--	--	223,290
Due from other funds	1,379,204	4,643	171	1,384,018
Special assessments receivable	109,846	--	--	109,846
Notes receivable	8,440,065	--	--	8,440,065
Advances to other funds	803,187	--	--	803,187
Cash and investments - restricted	14,742	--	6,769,135	6,783,877
Total Assets	<u><u>\$ 32,529,434</u></u>	<u><u>\$ 10,820,206</u></u>	<u><u>\$ 6,874,664</u></u>	<u><u>\$ 50,224,304</u></u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 420,165	\$ --	\$ --	\$ 420,165
Salaries and benefits payable	532,382	--	--	532,382
Due to other funds	836,168	14,560	--	850,728
Due to other governments	92,561	--	--	92,561
Deferred revenue	440,174	--	--	440,174
Unearned revenue	1,216,046	--	--	1,216,046
Deposits from others	5,941	--	--	5,941
Advances from other funds	857,900	--	--	857,900
Total Liabilities	<u>4,401,337</u>	<u>14,560</u>	<u>--</u>	<u>4,415,897</u>
 Fund Balances:				
Reserved	10,936,454	--	6,769,135	17,705,589
Unreserved:				
Designated	11,707,429	6,133,414	677	17,841,520
Undesignated	5,484,214	4,672,232	104,852	10,261,298
Total Fund Balance	<u>28,128,097</u>	<u>10,805,646</u>	<u>6,874,664</u>	<u>45,808,407</u>
Total Liabilities and Fund Balances	<u><u>\$ 32,529,434</u></u>	<u><u>\$ 10,820,206</u></u>	<u><u>\$ 6,874,664</u></u>	<u><u>\$ 50,224,304</u></u>

COUNTY OF SHASTA

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Non-Major Governmental Funds
For the Fiscal Year Ended June 30, 2009

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total
Revenues:				
Taxes	\$ 2,259,988	\$ --	\$ --	\$ 2,259,988
Licenses and permits	225,171	--	--	225,171
Fines & forfeitures	131,055	--	--	131,055
Use of money and property	843,669	250,317	83,778	1,177,764
Intergovernmental	25,102,196	--	--	25,102,196
Charges for other services	3,503,216	--	--	3,503,216
Miscellaneous revenue	749,376	--	--	749,376
Total Revenues	32,814,671	250,317	83,778	33,148,766
Expenditures:				
Current				
General government	--	72,852	--	72,852
Public protection	12,710,059	--	--	12,710,059
Public ways and facilities	673,778	--	--	673,778
Health and sanitation	21,163,248	--	--	21,163,248
Public assistance	867,112	--	--	867,112
Debt service				
Principal	--	--	1,813,344	1,813,344
Interest	--	--	2,571,526	2,571,526
Total Expenditures	35,414,197	72,852	4,384,870	39,871,919
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,599,526)	177,465	(4,301,092)	(6,723,153)
Other Financing Sources (Uses):				
Transfers in	2,827,297	13,904	11,175,756	14,016,957
Transfers out	(70,557)	(7,207,239)	--	(7,277,796)
Sale of capital assets	4,893	--	--	4,893
Total Other Financing Sources (Uses)	2,761,633	(7,193,335)	11,175,756	6,744,054
Special Item - Transfer of Library to the City of Redding	--	(410,060)	--	(410,060)
Net Change in Fund Balances	162,107	(7,425,930)	6,874,664	(389,159)
Fund Balances - Beginning as Previously Stated	28,547,145	18,231,576	--	46,778,721
Prior Period Adjustments	(581,155)	--	--	(581,155)
Fund Balances - Beginning as Restated	27,965,990	18,231,576	--	46,197,566
Fund Balances - Ending	\$ 28,128,097	\$ 10,805,646	\$ 6,874,664	\$ 45,808,407

SPECIAL REVENUE FUNDS

COUNTY OF SHASTA

Combining Balance Sheet
Special Revenue Funds
June 30, 2009

	Mental Health Services	Housing Home IPP	Endangered Species	Substance Abuse Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and investments	\$ 2,803,314	\$ --	\$ 274,044	\$ 90,153
Accounts receivable	--	--	--	601
Due from other governments	--	--	--	--
Other assets	24,000	--	--	--
Due from other funds	12,596	26,916	--	51,015
Special assessments receivable	--	--	--	--
Notes receivable	--	5,261,961	--	--
Advances to other funds	--	--	--	--
Cash and investments - restricted	--	--	--	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u><u>\$ 2,839,910</u></u>	<u><u>\$ 5,288,877</u></u>	<u><u>\$ 274,044</u></u>	<u><u>\$ 141,769</u></u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 193,702	\$ --	\$ --	\$ 419
Salaries and benefits payable	65,097	--	--	7,373
Due to other funds	556,188	--	--	18,524
Due to other governments	--	--	6,082	--
Deferred revenue	--	--	--	601
Unearned revenue	--	--	--	--
Deposits from others	--	--	--	--
Advances from other funds	--	--	--	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>814,987</u>	<u>--</u>	<u>6,082</u>	<u>26,917</u>
 Fund Balances:				
Reserved	1,558,427	5,261,961	--	24
Unreserved:				
Designated	466,496	--	267,962	101,708
Undesignated	--	26,916	--	13,120
Total Fund Balance	<u>2,024,923</u>	<u>5,288,877</u>	<u>267,962</u>	<u>114,852</u>
Total Liabilities and Fund Balances	<u><u>\$ 2,839,910</u></u>	<u><u>\$ 5,288,877</u></u>	<u><u>\$ 274,044</u></u>	<u><u>\$ 141,769</u></u>

continued

COUNTY OF SHASTA

Combining Balance Sheet (continued)
Special Revenue Funds
June 30, 2009

	Roads SVAP Fund	Child Support Services	County Transit Fund	Public Health
ASSETS				
Cash and investments	\$ 266,102	\$ 2,772,897	\$ 14,723	\$ 2,484,823
Accounts receivable	--	3,375	--	34,567
Due from other governments	--	--	7,200	2,578,125
Other assets	--	12,168	--	113,845
Due from other funds	--	460	--	1,074,185
Special assessments receivable	--	--	--	--
Notes receivable	--	--	--	--
Advances to other funds	778,187	--	--	--
Cash and investments - restricted	--	--	--	20
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 1,044,289</u>	<u>\$ 2,788,900</u>	<u>\$ 21,923</u>	<u>\$ 6,285,565</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ --	\$ 6,867	\$ 6,675	\$ 121,967
Salaries and benefits payable	--	151,139	--	284,753
Due to other funds	--	189	--	12,812
Due to other governments	--	40	7,200	52,865
Deferred revenue	--	--	--	302,128
Unearned revenue	--	15,410	--	52,539
Deposits from others	--	--	--	--
Advances from other funds	--	--	--	--
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>--</u>	<u>173,645</u>	<u>13,875</u>	<u>827,064</u>
 Fund Balances:				
Reserved	--	2,100	--	2,800
Unreserved:				
Designated	1,030,589	2,056,454	7,752	3,787,943
Undesignated	13,700	556,701	296	1,667,758
Total Fund Balance	<u>1,044,289</u>	<u>2,615,255</u>	<u>8,048</u>	<u>5,458,501</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 1,044,289</u>	<u>\$ 2,788,900</u>	<u>\$ 21,923</u>	<u>\$ 6,285,565</u>

continued

COUNTY OF SHASTA

Combining Balance Sheet (continued)
Special Revenue Funds
June 30, 2009

	Shasta Housing Fund	County Water Agency	Air Quality Management	Fire Protection CSA #1
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and investments	\$ 43,092	\$ 135,398	\$ 3,135,554	\$ 5,004,164
Accounts receivable	--	--	--	--
Due from other governments	23,918	--	1,275	14,170
Other assets	--	--	73,277	--
Due from other funds	34,288	5,760	3,904	128,427
Special assessments receivable	--	--	--	--
Notes receivable	3,178,104	--	--	--
Advances to other funds	--	25,000	--	--
Cash and investments - restricted	14,722	--	--	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u><u>\$ 3,294,124</u></u>	<u><u>\$ 166,158</u></u>	<u><u>\$ 3,214,010</u></u>	<u><u>\$ 5,146,761</u></u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 550	\$ 5,691	\$ 14,066	\$ 62,975
Salaries and benefits payable	2,599	--	17,035	4,386
Due to other funds	--	--	--	175
Due to other governments	--	365	--	26,009
Deferred revenue	--	--	1,275	14,170
Unearned revenue	68,730	--	1,079,367	--
Deposits from others	--	--	--	--
Advances from other funds	--	--	--	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>71,879</u>	<u>6,056</u>	<u>1,111,743</u>	<u>107,715</u>
 Fund Balances:				
Reserved	3,211,554	--	100	899,438
Unreserved:				
Designated	10,691	870	1,827,037	1,523,643
Undesignated	--	159,232	275,130	2,615,965
Total Fund Balance	<u>3,222,245</u>	<u>160,102</u>	<u>2,102,267</u>	<u>5,039,046</u>
Total Liabilities and Fund Balances	<u><u>\$ 3,294,124</u></u>	<u><u>\$ 166,158</u></u>	<u><u>\$ 3,214,010</u></u>	<u><u>\$ 5,146,761</u></u>

continued

COUNTY OF SHASTA

Combining Balance Sheet (continued)
 Special Revenue Funds
 June 30, 2009

	<u>Inmate Welfare Fund</u>	<u>In-Home Support Services</u>	<u>Shasta RDA</u>	<u>Lighting Districts</u>
ASSETS				
Cash and investments	\$ 232,776	\$ 50	\$ --	\$ 236,134
Accounts receivable	16,145	--	--	--
Due from other governments	--	122,000	--	--
Other assets	--	--	--	--
Due from other funds	5,145	1,886	--	677
Special assessments receivable	--	--	--	--
Notes receivable	--	--	--	--
Advances to other funds	--	--	--	--
Cash and investments - restricted	--	--	--	--
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 254,066</u>	<u>\$ 123,936</u>	<u>\$ --</u>	<u>\$ 236,811</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 5,452	\$ 1,517	\$ --	\$ --
Salaries and benefits payable	--	--	--	--
Due to other funds	90,000	123,046	27,290	--
Due to other governments	--	--	--	--
Deferred revenue	--	122,000	--	--
Unearned revenue	--	--	--	--
Deposits from others	5,941	--	--	--
Advances from other funds	--	--	79,713	--
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>101,393</u>	<u>246,563</u>	<u>107,003</u>	<u>--</u>
 Fund Balances:				
Reserved	--	50	--	--
Unreserved:				
Designated	1,496	--	--	216,516
Undesignated	151,177	(122,677)	(107,003)	20,295
Total Fund Balance	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 254,066</u>	<u>\$ 123,936</u>	<u>\$ --</u>	<u>\$ 236,811</u>

continued

COUNTY OF SHASTA

Combining Balance Sheet (continued)
 Special Revenue Funds
 June 30, 2009

	County Service Areas	Permanent Road Divisions	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments	\$ 474,142	\$ 790,358	\$ 18,757,724
Accounts receivable	--	--	54,688
Due from other governments	--	--	2,746,688
Other assets	--	--	223,290
Due from other funds	6,618	27,327	1,379,204
Special assessments receivable	--	109,846	109,846
Notes receivable	--	--	8,440,065
Advances to other funds	--	--	803,187
Cash and investments - restricted	--	--	14,742
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u><u>\$ 480,760</u></u>	<u><u>\$ 927,531</u></u>	<u><u>\$ 32,529,434</u></u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 13	\$ 271	\$ 420,165
Salaries and benefits payable	--	--	532,382
Due to other funds	--	7,944	836,168
Due to other governments	--	--	92,561
Deferred revenue	--	--	440,174
Unearned revenue	--	--	1,216,046
Deposits from others	--	--	5,941
Advances from other funds	--	778,187	857,900
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>13</u>	<u>786,402</u>	<u>4,401,337</u>
 Fund Balances:			
Reserved	--	--	10,936,454
Unreserved:			
Designated	408,272	--	11,707,429
Undesignated	72,475	141,129	5,484,214
Total Fund Balance	<u>480,747</u>	<u>141,129</u>	<u>28,128,097</u>
Total Liabilities and Fund Balances	<u><u>\$ 480,760</u></u>	<u><u>\$ 927,531</u></u>	<u><u>\$ 32,529,434</u></u>

COUNTY OF SHASTA

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Special Revenue Funds
For the Fiscal Year Ended June 30, 2009

	Mental Health Services	Housing Home IPP	Endangered Species	Substance Abuse Fund
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	--	--
Fines & forfeitures	--	--	--	--
Use of money and property	93,723	--	6,191	6,493
Intergovernmental	3,547,823	--	--	582,484
Charges for other services	140	--	--	7,983
Miscellaneous revenue	5	96,936	--	--
Total Revenues	<u>3,641,691</u>	<u>96,936</u>	<u>6,191</u>	<u>596,960</u>
Expenditures:				
Current				
Public protection	--	--	29,414	--
Public ways and facilities	--	--	--	--
Health and sanitation	4,272,324	--	--	596,707
Public assistance	--	96,936	--	--
Total Expenditures	<u>4,272,324</u>	<u>96,936</u>	<u>29,414</u>	<u>596,707</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(630,633)</u>	<u>--</u>	<u>(23,223)</u>	<u>253</u>
Other Financing Sources (Uses):				
Transfers in	--	--	--	--
Transfers out	--	--	--	--
Sale of capital assets	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	<u>(630,633)</u>	<u>--</u>	<u>(23,223)</u>	<u>253</u>
Fund Balances - Beginning as Previously Stated	2,655,556	5,288,877	291,185	114,599
Prior Period Adjustments	--	--	--	--
Fund Balances - Beginning as Restated	<u>2,655,556</u>	<u>5,288,877</u>	<u>291,185</u>	<u>114,599</u>
Fund Balances - Ending	<u>\$ 2,024,923</u>	<u>\$ 5,288,877</u>	<u>\$ 267,962</u>	<u>\$ 114,852</u>

continued

COUNTY OF SHASTA

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances (continued)

Special Revenue Funds

For the Fiscal Year Ended June 30, 2009

	Road SVAP Fund	Child Support Services	County Transit Fund	Public Health
Revenues:				
Taxes	\$ --	\$ --	\$ 137,689	\$ --
Licenses and permits	--	--	--	4,638
Fines & forfeitures	--	--	--	5,154
Use of money and property	--	266,857	89	36,486
Intergovernmental	--	7,618,614	--	11,757,503
Charges for other services	7,200	--	--	1,182,726
Miscellaneous revenue	--	1,433	8,718	475,968
Total Revenues	<u>7,200</u>	<u>7,886,904</u>	<u>146,496</u>	<u>13,462,475</u>
Expenditures:				
Current				
Public protection	--	7,706,198	--	--
Public ways and facilities	--	--	146,255	--
Health and sanitation	--	--	--	15,010,539
Public assistance	--	--	--	--
Total Expenditures	<u>--</u>	<u>7,706,198</u>	<u>146,255</u>	<u>15,010,539</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>7,200</u>	<u>180,706</u>	<u>241</u>	<u>(1,548,064)</u>
Other Financing Sources (Uses):				
Transfers in	--	74,447	--	646,493
Transfers out	--	--	--	(70,557)
Sale of capital assets	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>74,447</u>	<u>--</u>	<u>575,936</u>
Net Change in Fund Balances	<u>7,200</u>	<u>255,153</u>	<u>241</u>	<u>(972,128)</u>
Fund Balances - Beginning as Previously Stated	1,037,089	2,360,102	7,807	6,430,629
Prior Period Adjustments	--	--	--	--
Fund Balances - Beginning as Restated	<u>1,037,089</u>	<u>2,360,102</u>	<u>7,807</u>	<u>6,430,629</u>
Fund Balances - Ending	<u>\$ 1,044,289</u>	<u>\$ 2,615,255</u>	<u>\$ 8,048</u>	<u>\$ 5,458,501</u>

continued

COUNTY OF SHASTA

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances (continued)
Special Revenue Funds
For the Fiscal Year Ended June 30, 2009

	Shasta Housing Fund	County Water Agency	Air Quality Management	Fire Protection CSA #1
Revenues:				
Taxes	\$ --	\$ 155,728	\$ --	\$ 1,841,922
Licenses and permits	--	--	205,718	14,815
Fines & forfeitures	--	--	125,901	--
Use of money and property	25,541	1,183	70,226	107,837
Intergovernmental	63,460	2,496	758,935	65,859
Charges for other services	1,594	23,319	55,149	1,821,334
Miscellaneous revenue	--	66,690	7,000	1,202
Total Revenues	<u>90,595</u>	<u>249,416</u>	<u>1,222,929</u>	<u>3,852,969</u>
Expenditures:				
Current				
Public protection	--	--	--	4,679,652
Public ways and facilities	--	274,428	--	--
Health and sanitation	--	--	1,283,678	--
Public assistance	79,819	--	--	--
Total Expenditures	<u>79,819</u>	<u>274,428</u>	<u>1,283,678</u>	<u>4,679,652</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>10,776</u>	<u>(25,012)</u>	<u>(60,749)</u>	<u>(826,683)</u>
Other Financing Sources (Uses):				
Transfers in	100,000	--	5,513	2,000,844
Transfers out	--	--	--	--
Sale of capital assets	--	--	--	4,893
Total Other Financing Sources (Uses)	<u>100,000</u>	<u>--</u>	<u>5,513</u>	<u>2,005,737</u>
Net Change in Fund Balances	<u>110,776</u>	<u>(25,012)</u>	<u>(55,236)</u>	<u>1,179,054</u>
Fund Balances - Beginning as Previously Stated	3,692,624	185,114	2,157,503	3,859,992
Prior Period Adjustments	(581,155)	--	--	--
Fund Balances - Beginning as Restated	<u>3,111,469</u>	<u>185,114</u>	<u>2,157,503</u>	<u>3,859,992</u>
Fund Balances - Ending	<u>\$ 3,222,245</u>	<u>\$ 160,102</u>	<u>\$ 2,102,267</u>	<u>\$ 5,039,046</u>

continued

COUNTY OF SHASTA

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances (continued)
Special Revenue Funds
For the Fiscal Year Ended June 30, 2009

	Inmate Welfare Fund	In-Home Support Services	Shasta RDA	Lighting Districts
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ 17,614
Licenses and permits	--	--	--	--
Fines & forfeitures	--	--	--	--
Use of money and property	204,927	(4,335)	(2,369)	5,145
Intergovernmental	--	702,778	--	306
Charges for other services	--	--	--	--
Miscellaneous revenue	91,300	--	--	--
Total Revenues	<u>296,227</u>	<u>698,443</u>	<u>(2,369)</u>	<u>23,065</u>
Expenditures:				
Current				
Public protection	294,795	--	--	--
Public ways and facilities	--	--	--	6,623
Health and sanitation	--	--	--	--
Public assistance	--	690,357	--	--
Total Expenditures	<u>294,795</u>	<u>690,357</u>	<u>--</u>	<u>6,623</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,432</u>	<u>8,086</u>	<u>(2,369)</u>	<u>16,442</u>
Other Financing Sources (Uses):				
Transfers in	--	--	--	--
Transfers out	--	--	--	--
Sale of capital assets	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	<u>1,432</u>	<u>8,086</u>	<u>(2,369)</u>	<u>16,442</u>
Fund Balances - Beginning as Previously Stated	151,241	(130,713)	(104,634)	220,369
Prior Period Adjustments	--	--	--	--
Fund Balances - Beginning as Restated	<u>151,241</u>	<u>(130,713)</u>	<u>(104,634)</u>	<u>220,369</u>
Fund Balances - Ending	<u>\$ 152,673</u>	<u>\$ (122,627)</u>	<u>\$ (107,003)</u>	<u>\$ 236,811</u>

continued

COUNTY OF SHASTA

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances (continued)
Special Revenue Funds
For the Fiscal Year Ended June 30, 2009

	County Service Areas	Permanent Road Divisions	Total
Revenues:			
Taxes	\$ 106,003	\$ 1,032	\$ 2,259,988
Licenses and permits	--	--	225,171
Fines & forfeitures	--	--	131,055
Use of money and property	9,857	15,818	843,669
Intergovernmental	1,920	18	25,102,196
Charges for other services	49,448	354,323	3,503,216
Miscellaneous revenue	--	124	749,376
Total Revenues	<u>167,228</u>	<u>371,315</u>	<u>32,814,671</u>
Expenditures:			
Current			
Public protection	--	--	12,710,059
Public ways and facilities	100,842	145,630	673,778
Health and sanitation	--	--	21,163,248
Public assistance	--	--	867,112
Total Expenditures	<u>100,842</u>	<u>145,630</u>	<u>35,414,197</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>66,386</u>	<u>225,685</u>	<u>(2,599,526)</u>
Other Financing Sources (Uses):			
Transfers in	--	--	2,827,297
Transfers out	--	--	(70,557)
Sale of capital assets	--	--	4,893
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>2,761,633</u>
Net Change in Fund Balances	<u>66,386</u>	<u>225,685</u>	<u>162,107</u>
Fund Balances - Beginning as Previously Stated	414,361	(84,556)	28,547,145
Prior Period Adjustments	--	--	(581,155)
Fund Balances - Beginning as Restated	<u>414,361</u>	<u>(84,556)</u>	<u>27,965,990</u>
Fund Balances - Ending	<u>\$ 480,747</u>	<u>\$ 141,129</u>	<u>\$ 28,128,097</u>

CAPITAL PROJECTS FUNDS

COUNTY OF SHASTA

Combining Balance Sheet
 Non-Major Capital Projects Funds
 June 30, 2009

	Accumulated Capital Outlay	Courthouse Renovation	Library Building	Admin Building
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and investments	\$ 10,815,560	\$ --	\$ --	\$ --
Due from other funds	--	--	--	--
Total Assets	<u><u>\$ 10,815,560</u></u>	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Due to other funds	\$ 14,560	\$ --	\$ --	\$ --
Total Liabilities	<u>14,560</u>	<u>--</u>	<u>--</u>	<u>--</u>
 Fund Balances:				
Unreserved:				
Designated	6,133,414	--	--	--
Undesignated	4,667,586	--	--	--
Total Fund Balance	<u>10,801,000</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total Liabilities and Fund Balances	<u><u>\$ 10,815,560</u></u>	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>

continued

COUNTY OF SHASTA

Combining Balance Sheet (continued)
 Non-Major Capital Projects Funds
 June 30, 2009

	Animal Shelter	Juvenile Hall	Total
ASSETS			
Cash and investments	\$ 3	\$ --	\$ 10,815,563
Due from other funds	--	4,643	4,643
Total Assets	\$ 3	\$ 4,643	\$ 10,820,206
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to other funds	\$ --	\$ --	\$ 14,560
Total Liabilities	--	--	14,560
 Fund Balances:			
Unreserved:			
Designated	--	--	6,133,414
Undesignated	3	4,643	4,672,232
Total Fund Balance	3	4,643	10,805,646
Total Liabilities and Fund Balances	\$ 3	\$ 4,643	\$ 10,820,206

COUNTY OF SHASTA

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Non-Major Capital Projects Funds
For the Fiscal Year Ended June 30, 2009

	Accumulated Capital Outlay	Courthouse Renovation	Library Building	Admin Building
Revenues:				
Use of money and property	\$ 244,725	\$ --	\$ 5,592	\$ --
Total Revenues	<u>244,725</u>	<u>--</u>	<u>5,592</u>	<u>--</u>
Expenditures:				
Current				
General government	--	--	63,594	--
Total Expenditures	<u>--</u>	<u>--</u>	<u>63,594</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>244,725</u>	<u>--</u>	<u>(58,002)</u>	<u>--</u>
Other Financing Sources (Uses):				
Transfers in	--	--	--	--
Transfers out	(979,934)	(834,563)	(3,148)	(5,389,594)
Total Other Financing Sources (Uses)	<u>(979,934)</u>	<u>(834,563)</u>	<u>(3,148)</u>	<u>(5,389,594)</u>
Special Item - Transfer of Library to the City of Redding	--	--	(410,060)	--
Net Change in Fund Balances	(735,209)	(834,563)	(471,210)	(5,389,594)
Fund Balances - Beginning	<u>11,536,209</u>	<u>834,563</u>	<u>471,210</u>	<u>5,389,594</u>
Fund Balances - Ending	<u>\$ 10,801,000</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

continued

COUNTY OF SHASTA

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances (continued)
Non-Major Capital Projects Funds
For the Fiscal Year Ended June 30, 2009

	<u>Animal Shelter</u>	<u>Juvenile Hall</u>	<u>Total</u>
Revenues:			
Use of money and property	\$ --	\$ --	\$ 250,317
Total Revenues	<u> --</u>	<u> --</u>	<u>250,317</u>
Expenditures:			
Current			
General government	--	9,258	72,852
Total Expenditures	<u> --</u>	<u>9,258</u>	<u>72,852</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u> --</u>	<u>(9,258)</u>	<u>177,465</u>
Other Financing Sources (Uses):			
Transfers in	3	13,901	13,904
Transfers out	--	--	(7,207,239)
Total Other Financing Sources (Uses)	<u> 3</u>	<u>13,901</u>	<u>(7,193,335)</u>
Special Item - Transfer of Library to the City of Redding	<u> --</u>	<u> --</u>	<u>(410,060)</u>
Net Change in Fund Balances	3	4,643	(7,425,930)
Fund Balances - Beginning	<u> --</u>	<u> --</u>	<u>18,231,576</u>
Fund Balances - Ending	<u>\$ 3</u>	<u>\$ 4,643</u>	<u>\$ 10,805,646</u>

DEBT SERVICE FUNDS

COUNTY OF SHASTA

Combining Balance Sheet
 Non-Major Debt Service Funds
 June 30, 2009

	<u>Courthouse Improvement</u>	<u>Justice Center Renovation</u>	<u>Admin Center</u>	<u>Energy Retrofit</u>	<u>Total</u>
ASSETS					
Cash and investments	\$ 841	\$ 1,115	\$ 103,402	\$ --	\$ 105,358
Due from other funds	--	--	171	--	171
Cash and investments - restricted	<u>837,836</u>	<u>570,536</u>	<u>5,360,763</u>	--	<u>6,769,135</u>
Total Assets	<u><u>\$ 838,677</u></u>	<u><u>\$ 571,651</u></u>	<u><u>\$ 5,464,336</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 6,874,664</u></u>
FUND BALANCES					
Reserved	\$ 837,836	\$ 570,536	\$ 5,360,763	\$ --	\$ 6,769,135
Unreserved:					
Designated	5	7	665	--	677
Undesignated	<u>836</u>	<u>1,108</u>	<u>102,908</u>	--	<u>104,852</u>
Total Fund Balances	<u><u>\$ 838,677</u></u>	<u><u>\$ 571,651</u></u>	<u><u>\$ 5,464,336</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 6,874,664</u></u>

COUNTY OF SHASTA

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Non-Major Debt Service Funds
For the Fiscal Year Ended June 30, 2009

	<u>Courthouse Improvement</u>	<u>Justice Center Renovation</u>	<u>Admin Center</u>	<u>Energy Retrofit</u>	<u>Total</u>
Revenues:					
Use of money and property	\$ 4,186	\$ 4,850	\$ 74,742	\$ --	\$ 83,778
Total Revenues	<u>4,186</u>	<u>4,850</u>	<u>74,742</u>	<u>--</u>	<u>83,778</u>
Expenditures:					
Debt service					
Principal	275,000	490,000	845,000	203,344	1,813,344
Interest	331,330	134,894	2,027,375	77,927	2,571,526
Total Expenditures	<u>606,330</u>	<u>624,894</u>	<u>2,872,375</u>	<u>281,271</u>	<u>4,384,870</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(602,144)</u>	<u>(620,044)</u>	<u>(2,797,633)</u>	<u>(281,271)</u>	<u>(4,301,092)</u>
Other Financing Sources (Uses):					
Transfers in	1,440,821	1,191,695	8,261,969	281,271	11,175,756
Total Other Financing Sources (Uses)	<u>1,440,821</u>	<u>1,191,695</u>	<u>8,261,969</u>	<u>281,271</u>	<u>11,175,756</u>
Net Change in Fund Balances	838,677	571,651	5,464,336	--	6,874,664
Fund Balances - Beginning	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund Balances - Ending	<u>\$ 838,677</u>	<u>\$ 571,651</u>	<u>\$ 5,464,336</u>	<u>\$ --</u>	<u>\$ 6,874,664</u>

NONMAJOR ENTERPRISE FUNDS

COUNTY OF SHASTA

Combining Statement of Net Assets
Non-Major Enterprise Funds
June 30, 2009

	CSA #2 Sugarloaf Water	CSA #3 Castella Water	CSA #6 Jones Valley Water	CSA # 8 Palo Cedro
ASSETS				
Current assets:				
Cash and investments	\$ 41,356	\$ 57,068	\$ 223,436	\$ 1,382,675
Receivables, net	6,198	8,163	26,480	25,654
Other assets	--	--	--	--
Due from other funds	500	7,744	7,804	108
Total current assets	<u>48,054</u>	<u>72,975</u>	<u>257,720</u>	<u>1,408,437</u>
Noncurrent assets:				
Special assessments receivable	28,378	184,700	882,800	--
Cash and investments - restricted	--	478	--	--
Capital assets, non-depreciable	1,342	19,860	54,400	340,835
Capital assets, depreciable -net	61,914	1,013,862	1,120,655	1,590,483
Total noncurrent assets	<u>91,634</u>	<u>1,218,900</u>	<u>2,057,855</u>	<u>1,931,318</u>
Total Assets	<u>139,688</u>	<u>1,291,875</u>	<u>2,315,575</u>	<u>3,339,755</u>
LIABILITIES				
Current liabilities:				
Accounts payable	148	583	517	868
Interest payable	709	2,540	13,313	--
Due to other funds	--	7,350	--	--
Bonds, notes payable	3,959	2,000	29,000	20,000
Total current liabilities	<u>4,816</u>	<u>12,473</u>	<u>42,830</u>	<u>20,868</u>
Noncurrent Liabilities:				
Advances from other funds	--	5,000	--	--
Bonds, notes payable	24,419	182,700	868,000	--
Total noncurrent liabilities	<u>24,419</u>	<u>187,700</u>	<u>868,000</u>	<u>--</u>
Total Liabilities	<u>29,235</u>	<u>200,173</u>	<u>910,830</u>	<u>20,868</u>
NET ASSETS				
Invested in capital assets, net	34,879	849,022	278,056	1,911,317
Unrestricted	75,574	242,680	1,126,689	1,407,570
Total Net Assets	<u>\$ 110,453</u>	<u>\$ 1,091,702</u>	<u>\$ 1,404,745</u>	<u>\$ 3,318,887</u>

continued

COUNTY OF SHASTA

Combining Statement of Net Assets (continued)
 Non-Major Enterprise Funds
 June 30, 2009

	CSA #11 French Gulch	CSA #13 Alpine Meadows	CSA # 17 Cotton- wood
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current assets:			
Cash and investments	\$ 86,252	\$ --	\$ 250,087
Receivables, net	7,173	4,532	117,327
Other assets	--	--	--
Due from other funds	2,655	--	4,036
Total current assets	<u>96,080</u>	<u>4,532</u>	<u>371,450</u>
Noncurrent assets:			
Special assessments receivable	219,980	--	63,500
Cash and investments - restricted	--	--	--
Capital assets, non-depreciable	45,928	--	352,773
Capital assets, depreciable -net	1,040,523	176,759	3,690,442
Total noncurrent assets	<u>1,306,431</u>	<u>176,759</u>	<u>4,106,715</u>
 Total Assets	 <u>1,402,511</u>	 <u>181,291</u>	 <u>4,478,165</u>
 LIABILITIES			
Current liabilities:			
Accounts payable	451	--	7,743
Interest payable	1,250	--	--
Due to other funds	--	2,508	1,085
Bonds, notes payable	17,750	--	--
Total current liabilities	<u>19,451</u>	<u>2,508</u>	<u>8,828</u>
Noncurrent Liabilities:			
Advances from other funds	--	25,000	470,981
Bonds, notes payable	202,230	--	78,500
Total noncurrent liabilities	<u>202,230</u>	<u>25,000</u>	<u>549,481</u>
 Total Liabilities	 <u>221,681</u>	 <u>27,508</u>	 <u>558,309</u>
 NET ASSETS			
Invested in capital assets, net	866,471	176,759	3,964,715
Unrestricted	314,359	(22,976)	(44,859)
 Total Net Assets	 <u>\$ 1,180,830</u>	 <u>\$ 153,783</u>	 <u>\$ 3,919,856</u>

continued

COUNTY OF SHASTA

Combining Statement of Net Assets (continued)
 Non-Major Enterprise Funds
 June 30, 2009

	CSA #23 Crag View Water	CSA #25 Keswick Water	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current assets:			
Cash and investments	\$ 67,177	\$ 97,220	\$ 2,205,271
Receivables, net	7,341	10,156	213,024
Other assets	--	558	558
Due from other funds	370	1,037	24,254
Total current assets	<u>74,888</u>	<u>108,971</u>	<u>2,443,107</u>
Noncurrent assets:			
Special assessments receivable	20,234	--	1,399,592
Cash and investments - restricted	--	--	478
Capital assets, non-depreciable	--	230	815,368
Capital assets, depreciable -net	90,043	308,654	9,093,335
Total noncurrent assets	<u>110,277</u>	<u>308,884</u>	<u>11,308,773</u>
Total Assets	<u>185,165</u>	<u>417,855</u>	<u>13,751,880</u>
LIABILITIES			
Current liabilities:			
Accounts payable	675	425	11,410
Interest payable	506	--	18,318
Due to other funds	--	--	10,943
Bonds, notes payable	4,974	--	77,683
Total current liabilities	<u>6,155</u>	<u>425</u>	<u>118,354</u>
Noncurrent Liabilities:			
Advances from other funds	--	--	500,981
Bonds, notes payable	15,261	--	1,371,110
Total noncurrent liabilities	<u>15,261</u>	<u>--</u>	<u>1,872,091</u>
Total Liabilities	<u>21,416</u>	<u>425</u>	<u>1,990,445</u>
NET ASSETS			
Invested in capital assets, net	69,810	308,884	8,459,913
Unrestricted	93,939	108,546	3,301,522
Total Net Assets	<u>\$ 163,749</u>	<u>\$ 417,430</u>	<u>\$ 11,761,435</u>

COUNTY OF SHASTA

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
 Non-Major Enterprise Funds
 For the Fiscal Year Ended June 30, 2009

	CSA #2 Sugarloaf Water	CSA #3 Castella Water	CSA #6 Jones Valley Water	CSA # 8 Palo Cedro
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
OPERATING REVENUES:				
Charges for services	\$ 33,737	\$ 48,404	\$ 118,852	\$ 148,671
Total Operating Revenues	<u>33,737</u>	<u>48,404</u>	<u>118,852</u>	<u>148,671</u>
OPERATING EXPENSES:				
Services and supplies	39,728	55,481	145,498	205,482
Central Service Costs	1,888	3,096	5,317	5,398
Depreciation	5,140	24,912	86,676	89,044
Total Operating Expenses	<u>46,756</u>	<u>83,489</u>	<u>237,491</u>	<u>299,924</u>
Operating Income (Loss)	<u>(13,019)</u>	<u>(35,085)</u>	<u>(118,639)</u>	<u>(151,253)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest income	1,003	3,764	5,133	32,041
Property tax revenue	--	--	--	--
Special assessments	1,506	186,736	45,826	--
Miscellaneous revenue	12	--	159	13
Interest expense	(1,513)	--	(44,021)	--
Total Non-Operating Revenues (Expenses)	<u>1,008</u>	<u>190,500</u>	<u>7,097</u>	<u>32,054</u>
Net Income (Loss) before Contributions and Transfers	<u>(12,011)</u>	<u>155,415</u>	<u>(111,542)</u>	<u>(119,199)</u>
Capital Contributions				
Capital improvement fees	4,871	--	15,737	--
Capital grants	--	561,467	--	--
Change in Net Assets	<u>(7,140)</u>	<u>716,882</u>	<u>(95,805)</u>	<u>(119,199)</u>
Net Assets - Beginning as Previously Stated	85,446	374,820	1,215,550	3,438,086
Prior Period Adjustments	<u>32,147</u>	<u>--</u>	<u>285,000</u>	<u>--</u>
Net Assets - Beginning as Restated	<u>117,593</u>	<u>374,820</u>	<u>1,500,550</u>	<u>3,438,086</u>
Net Assets - Ending	<u>\$ 110,453</u>	<u>\$ 1,091,702</u>	<u>\$ 1,404,745</u>	<u>\$ 3,318,887</u>

continued

COUNTY OF SHASTA

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets (continued)

Non-Major Enterprise Funds

For the Fiscal Year Ended June 30, 2009

	<u>CSA #11 French Gulch</u>	<u>CSA #13 Alpine Meadows</u>	<u>CSA # 17 Cotton- wood</u>
OPERATING REVENUES:			
Charges for services	\$ 50,753	\$ 28,421	\$ 556,304
Total Operating Revenues	<u>50,753</u>	<u>28,421</u>	<u>556,304</u>
OPERATING EXPENSES:			
Services and supplies	52,355	54,712	474,430
Central Service Costs	2,110	2,054	10,606
Depreciation	43,292	7,071	242,457
Total Operating Expenses	<u>97,757</u>	<u>63,837</u>	<u>727,493</u>
Operating Income (Loss)	<u>(47,004)</u>	<u>(35,416)</u>	<u>(171,189)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest income	2,034	(34)	5,294
Property tax revenue	--	--	--
Special assessments	10,447	--	--
Miscellaneous revenue	12	--	60
Interest expense	(7,154)	--	(25,862)
Total Non-Operating Revenues (Expenses)	<u>5,339</u>	<u>(34)</u>	<u>(20,508)</u>
Net Income (Loss) before Contributions and Transfers	(41,665)	(35,450)	(191,697)
Capital Contributions			
Capital improvement fees	--	--	16,714
Capital grants	--	--	--
Change in Net Assets	<u>(41,665)</u>	<u>(35,450)</u>	<u>(174,983)</u>
Net Assets - Beginning as Previously Stated	985,339	189,233	4,470,167
Prior Period Adjustments	<u>237,156</u>	<u>--</u>	<u>(375,328)</u>
Net Assets - Beginning as Restated	<u>1,222,495</u>	<u>189,233</u>	<u>4,094,839</u>
Net Assets - Ending	<u>\$ 1,180,830</u>	<u>\$ 153,783</u>	<u>\$ 3,919,856</u>

continued

COUNTY OF SHASTA

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets (continued)

Non-Major Enterprise Funds

For the Fiscal Year Ended June 30, 2009

	<u>CSA #23 Crag View Water</u>	<u>CSA #25 Keswick Water</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for services	\$ 39,986	\$ 54,870	\$ 1,079,998
Total Operating Revenues	<u>39,986</u>	<u>54,870</u>	<u>1,079,998</u>
OPERATING EXPENSES:			
Services and supplies	45,189	89,514	1,162,389
Central Service Costs	3,672	3,269	37,410
Depreciation	4,338	15,122	518,052
Total Operating Expenses	<u>53,199</u>	<u>107,905</u>	<u>1,717,851</u>
Operating Income (Loss)	<u>(13,213)</u>	<u>(53,035)</u>	<u>(637,853)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest income	1,618	2,229	53,082
Property tax revenue	6,232	22,691	28,923
Special assessments	--	--	244,515
Miscellaneous revenue	212	1,422	1,890
Interest expense	(1,135)	(16)	(79,701)
Total Non-Operating Revenues (Expenses)	<u>6,927</u>	<u>26,326</u>	<u>248,709</u>
Net Income (Loss) before Contributions and Transfers	(6,286)	(26,709)	(389,144)
Capital Contributions			
Capital improvement fees	--	--	37,322
Capital grants	--	--	561,467
Change in Net Assets	<u>(6,286)</u>	<u>(26,709)</u>	<u>209,645</u>
Net Assets - Beginning as Previously Stated	144,874	444,139	11,347,654
Prior Period Adjustments	<u>25,161</u>	<u>--</u>	<u>204,136</u>
Net Assets - Beginning as Restated	<u>170,035</u>	<u>444,139</u>	<u>11,551,790</u>
Net Assets - Ending	<u>\$ 163,749</u>	<u>\$ 417,430</u>	<u>\$ 11,761,435</u>

COUNTY OF SHASTA

Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Fiscal Year Ended June 30, 2009

	CSA #2 Sugarloaf Water	CSA #3 Castella Water	CSA #6 Jones Valley Water	CSA # 8 Palo Cedro
Cash Flows from Operating Activities:				
Receipts from customers	\$ 33,452	\$ 49,113	\$ 120,948	\$ 149,656
Payments to suppliers	(41,569)	(58,037)	(155,517)	(210,405)
Operating subsidies and transfers	--	(12,525)	--	--
Net Cash Provided (Used) by Operating Activities	<u>(8,117)</u>	<u>(21,449)</u>	<u>(34,569)</u>	<u>(60,749)</u>
Cash Flows from Non-Capital Financing Activities:				
Other revenue (expense)	12	--	159	13
Nonoperating subsidies and transfers	--	(2,500)	--	--
Net Cash Provided (Used) by Noncapital Financing Activities	<u>12</u>	<u>(2,500)</u>	<u>159</u>	<u>13</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	--	(709,446)	--	--
Capital improvement fees	4,871	--	15,737	--
Principal payments on capital debt	(3,770)	--	(27,000)	--
Proceeds from capital debt	--	184,700	--	--
Special assessments	5,275	1,781	72,886	--
Capital grants received	--	561,467	--	--
Interest payments on capital debt	(1,608)	2,540	(44,388)	--
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>4,768</u>	<u>41,042</u>	<u>17,235</u>	<u>--</u>
Cash Flows from Investing Activities:				
Income on investments	1,261	3,891	6,465	39,998
Net Cash Provided (Used) by Investing Activities	<u>1,261</u>	<u>3,891</u>	<u>6,465</u>	<u>39,998</u>
Net Increase (Decrease) in Cash	(2,076)	20,984	(10,710)	(20,738)
Cash and cash equivalents, beginning of year	<u>43,432</u>	<u>36,562</u>	<u>234,146</u>	<u>1,403,413</u>
Cash and cash equivalents, end of year	<u><u>\$ 41,356</u></u>	<u><u>\$ 57,546</u></u>	<u><u>\$ 223,436</u></u>	<u><u>\$ 1,382,675</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	(13,019)	(35,085)	(118,639)	(151,253)
Adjustments to reconcile net operating income to net cash provided (used) by operating activities:				
Depreciation expense	5,140	24,912	86,676	89,044
Changes in assets and liabilities:				
Receivables, net	(285)	709	2,096	985
Due from other funds	--	(7,320)	--	--
Other assets	--	--	--	--
Accounts payable	47	510	(4,702)	475
Due from other funds	--	(5,175)	--	--
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (8,117)</u></u>	<u><u>\$ (21,449)</u></u>	<u><u>\$ (34,569)</u></u>	<u><u>(60,749)</u></u>

continued

COUNTY OF SHASTA

Combining Statement of Cash Flows (continued)
 Non-Major Enterprise Funds
 For the Fiscal Year Ended June 30, 2009

	CSA #11 French Gulch	CSA #13 Alpine Meadows	CSA # 17 Cotton- wood
Cash Flows from Operating Activities:			
Receipts from customers	\$ 59,568	\$ 28,356	\$ 518,976
Payments to suppliers	(54,334)	(56,813)	(490,052)
Operating subsidies and transfers	--	--	--
Net Cash Provided (Used) by Operating Activities	<u>5,234</u>	<u>(28,457)</u>	<u>28,924</u>
Cash Flows from Non-Capital Financing Activities:			
Other revenue (expense)	12	--	60
Nonoperating subsidies and transfers	--	2,508	(16,492)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>12</u>	<u>2,508</u>	<u>(16,432)</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	--	--	(128,895)
Capital improvement fees	--	--	16,714
Principal payments on capital debt	(17,176)	--	(69,000)
Proceeds from capital debt	--	--	--
Special assessments	27,623	--	15,000
Capital grants received	--	--	--
Interest payments on capital debt	(7,926)	--	(28,687)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>2,521</u>	<u>--</u>	<u>(194,868)</u>
Cash Flows from Investing Activities:			
Interest on investments	2,468	(20)	7,914
Net Cash Provided (Used) by Investing Activities	<u>2,468</u>	<u>(20)</u>	<u>7,914</u>
Net Increase (Decrease) in Cash	10,235	(25,969)	(174,462)
Cash and cash equivalents, beginning of year	<u>76,017</u>	<u>25,969</u>	<u>424,549</u>
Cash and cash equivalents, end of year	<u>\$ 86,252</u>	<u>\$ --</u>	<u>\$ 250,087</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (47,004)	\$ (35,416)	\$ (171,189)
Adjustments to reconcile net operating income to net cash provided (used) by operating activities:			
Depreciation expense	43,292	7,071	242,457
Changes in assets and liabilities:			
Receivables, net	8,920	(65)	(39,163)
Due from other funds	(105)	--	1,835
Other assets	--	--	--
Accounts payable	131	(47)	(5,016)
Due from other funds	--	--	--
Net Cash Provided (Used) by Operating Activities	<u>\$ 5,234</u>	<u>\$ (28,457)</u>	<u>\$ 28,924</u>

continued

COUNTY OF SHASTA

Combining Statement of Cash Flows (continued)
 Non-Major Enterprise Funds
 For the Fiscal Year Ended June 30, 2009

	CSA #23 Crag View Water	CSA #25 Keswick Water	Total
Cash Flows from Operating Activities:			
Receipts from customers	\$ 39,339	\$ 56,104	\$ 1,055,512
Payments to suppliers	(48,339)	(93,857)	(1,208,923)
Operating subsidies and transfers	--	--	(12,525)
Net Cash Provided (Used) by Operating Activities	<u>(9,000)</u>	<u>(37,753)</u>	<u>(165,936)</u>
Cash Flows from Non-Capital Financing Activities:			
Other revenue (expense)	--	1,422	1,678
Nonoperating subsidies and transfers	--	--	(16,484)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>--</u>	<u>1,422</u>	<u>(14,806)</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	--	--	(838,341)
Capital improvement fees	--	--	37,322
Principal payments on capital debt	(4,926)	(1,520)	(123,392)
Proceeds from capital debt	--	--	184,700
Special assessments	11,371	22,691	156,627
Capital grants received	--	--	561,467
Interest payments on capital debt	(1,258)	(32)	(81,359)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>5,187</u>	<u>21,139</u>	<u>(102,976)</u>
Cash Flows from Investing Activities:			
Income on investments	2,023	2,830	66,830
Net Cash Provided (Used) by Investing Activities	<u>2,023</u>	<u>2,830</u>	<u>66,830</u>
Net Increase (Decrease) in Cash	(1,790)	(12,362)	(216,888)
Cash and cash equivalents, beginning of year	68,967	109,582	2,422,637
Cash and cash equivalents, end of year	<u>\$ 67,177</u>	<u>\$ 97,220</u>	<u>\$ 2,205,749</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (13,213)	\$ (53,035)	\$ (637,853)
Adjustments to reconcile net operating income to net cash provided (used) by operating activities:			
Depreciation expense	4,338	15,122	518,052
Changes in assets and liabilities:			
Receivables, net	(600)	931	(26,472)
Due from other funds	(47)	303	(5,334)
Other assets	--	(558)	(558)
Accounts payable	522	(516)	(8,596)
Due from other funds	--	--	(5,175)
Net Cash Provided (Used) by Operating Activities	<u>\$ (9,000)</u>	<u>\$ (37,753)</u>	<u>\$ (165,936)</u>

INTERNAL SERVICE FUNDS

COUNTY OF SHASTA

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

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Systems</u>
ASSETS			
Current assets:			
Cash and investments	\$ 4,190,804	\$ 28,589,706	\$ 1,114,320
Receivables, net	--	--	2,177
Due from other governments	--	--	10,339
Inventories	46,516	--	--
Other assets	142	31,567	51,648
Due from other funds	--	8,662	4,627
Total current assets	<u>4,237,462</u>	<u>28,629,935</u>	<u>1,183,111</u>
Noncurrent Assets:			
Advances to other funds	--	470,981	--
Cash and investments - restricted	14	--	--
Capital assets, non-depreciable	55,375	--	--
Capital assets, depreciable -net	2,463,850	4,999	722,389
Total noncurrent assets	<u>2,519,239</u>	<u>475,980</u>	<u>722,389</u>
Total Assets	<u>6,756,701</u>	<u>29,105,915</u>	<u>1,905,500</u>
LIABILITIES			
Current liabilities:			
Accounts payable	71,626	426,148	16,392
Salaries and benefits payable	12,722	21,606	99,803
Due to other governments	--	--	--
Due to other funds	236,342	76	--
Claims payable	--	2,556,703	--
Compensated absences payable	5,486	25,545	113,916
Total current liabilities	<u>326,176</u>	<u>3,030,078</u>	<u>230,111</u>
Noncurrent liabilities:			
Claims payable	--	14,488,297	--
Compensated absences payable	4,546	21,171	94,413
Net OPEB obligation	41,000	66,000	312,000
Total noncurrent liabilities	<u>45,546</u>	<u>14,575,468</u>	<u>406,413</u>
Total Liabilities	<u>371,722</u>	<u>17,605,546</u>	<u>636,524</u>
NET ASSETS			
Invested in capital assets, net	2,519,225	4,999	722,389
Unrestricted	3,865,754	11,495,370	546,587
Total Net Assets	<u>\$ 6,384,979</u>	<u>\$ 11,500,369</u>	<u>\$ 1,268,976</u>

continued

COUNTY OF SHASTA

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

	<u>Facilities Management</u>	<u>County Utilities</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and investments	\$ 679,436	\$ 148,352	\$ 34,722,618
Receivables, net	--	--	2,177
Due from other governments	--	--	10,339
Inventories	51,878	--	98,394
Other assets	--	--	83,357
Due from other funds	6,837	--	20,126
Total current assets	<u>738,151</u>	<u>148,352</u>	<u>34,937,011</u>
Noncurrent Assets:			
Advances to other funds	--	--	470,981
Cash and investments - restricted	--	--	14
Capital assets, non-depreciable	--	--	55,375
Capital assets, depreciable -net	21,932	--	3,213,170
Total noncurrent assets	<u>21,932</u>	<u>--</u>	<u>3,739,540</u>
Total Assets	<u>760,083</u>	<u>148,352</u>	<u>38,676,551</u>
LIABILITIES			
Current liabilities:			
Accounts payable	39,156	3	553,325
Salaries and benefits payable	63,064	--	197,195
Due to other governments	--	89	89
Due to other funds	--	--	236,418
Claims payable	--	--	2,556,703
Compensated absences payable	63,991	--	208,938
Total current liabilities	<u>166,211</u>	<u>92</u>	<u>3,752,668</u>
Noncurrent liabilities:			
Claims payable	--	--	14,488,297
Compensated absences payable	53,036	--	173,166
Net OPEB obligation	199,000	--	618,000
Total noncurrent liabilities	<u>252,036</u>	<u>--</u>	<u>15,279,463</u>
Total Liabilities	<u>418,247</u>	<u>92</u>	<u>19,032,131</u>
NET ASSETS			
Invested in capital assets, net	21,932	--	3,268,545
Unrestricted	319,904	148,260	16,375,875
Total Net Assets	<u>\$ 341,836</u>	<u>\$ 148,260</u>	<u>\$ 19,644,420</u>

COUNTY OF SHASTA

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

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Systems</u>
Operating Revenues:			
Charges for services	<u>\$ 2,709,051</u>	<u>\$ 10,131,168</u>	<u>\$ 5,381,511</u>
Operating Expenses:			
Salaries and benefits	450,646	876,340	4,151,350
Services and supplies	1,397,580	1,112,952	1,321,473
Central service costs	102,257	365,950	1,446,958
Insurance premiums	--	1,536,493	--
Claims expense	--	4,004,801	--
Depreciation	741,178	1,278	178,495
Total Operating Expenses	<u>2,691,661</u>	<u>7,897,814</u>	<u>7,098,276</u>
Operating Income (Loss)	<u>17,390</u>	<u>2,233,354</u>	<u>(1,716,765)</u>
Non-Operating Revenues (Expenses):			
Investment income (loss)	84,257	583,509	22,666
Miscellaneous revenue (expense)	2,486	369,190	105,171
Gain (loss) on disposition of capital assets	18,552	--	(3,535)
Total Non-Operating Revenues (Expenses)	<u>105,295</u>	<u>952,699</u>	<u>124,302</u>
Net income (loss) before capital contributions and transfers	<u>122,685</u>	<u>3,186,053</u>	<u>(1,592,463)</u>
Capital contributions	5,513	--	--
Transfers in	13,150	--	1,375,174
Transfers out	(5,513)	--	--
Change in Net Assets	<u>135,835</u>	<u>3,186,053</u>	<u>(217,289)</u>
Net Assets - Beginning	<u>6,249,144</u>	<u>8,314,316</u>	<u>1,486,265</u>
Net Assets - Ending	<u>\$ 6,384,979</u>	<u>\$ 11,500,369</u>	<u>\$ 1,268,976</u>

continued

COUNTY OF SHASTA

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

	<u>Facilities Management</u>	<u>County Utilities</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 4,065,046	\$ 1,652,439	\$ 23,939,215
Operating Expenses:			
Salaries and benefits	2,648,531	--	8,126,867
Services and supplies	1,209,196	1,369,769	6,410,970
Central service costs	193,931	--	2,109,096
Insurance premiums	--	--	1,536,493
Claims expense	--	--	4,004,801
Depreciation	4,439	--	925,390
Total Operating Expenses	<u>4,056,097</u>	<u>1,369,769</u>	<u>23,113,617</u>
Operating Income (Loss)	<u>8,949</u>	<u>282,670</u>	<u>825,598</u>
Non-Operating Revenues (Expenses):			
Investment income (loss)	6,042	(3,071)	693,403
Miscellaneous revenue (expense)	60,529	--	537,376
Gain (loss) on disposition of capital assets	--	--	15,017
Total Non-Operating Revenues (Expenses)	<u>66,571</u>	<u>(3,071)</u>	<u>1,245,796</u>
Net income (loss) before capital contributions and transfers	<u>75,520</u>	<u>279,599</u>	<u>2,071,394</u>
Capital contributions	--	--	5,513
Transfers in	19,695	--	1,408,019
Transfers out	--	(281,271)	(286,784)
Change in Net Assets	<u>95,215</u>	<u>(1,672)</u>	<u>3,198,142</u>
Net Assets - Beginning	<u>246,621</u>	<u>149,932</u>	<u>16,446,278</u>
Net Assets - Ending	<u>\$ 341,836</u>	<u>\$ 148,260</u>	<u>\$ 19,644,420</u>

COUNTY OF SHASTA

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

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Systems</u>
Cash Flows from Operating Activities:			
Receipts from customers	\$ 2,774,403	\$ (1,358,404)	\$ 5,374,527
Payments to suppliers	(1,553,807)	(3,118,110)	(2,872,939)
Payments to employees	(427,658)	(1,333,976)	(3,959,427)
Operating subsidies and transfers	--	--	(55)
Claims paid	--	(3,052,801)	--
Net Cash Provided (Used) by Operating Activities	<u>792,938</u>	<u>(8,863,291)</u>	<u>(1,457,894)</u>
Cash Flows from Non-Capital Financing Activities:			
Other revenue (expense)	2,486	369,190	105,318
Operating subsidies and transfers out	7,637	16,492	1,375,174
Net Cash Provided (Used) by Noncapital Financing Activities	<u>10,123</u>	<u>385,682</u>	<u>1,480,492</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(709,308)	--	(343,518)
Proceeds from sale of capital assets	68,335	--	--
Cash Flows from Capital and Related and Related Financing Activities	<u>(640,973)</u>	<u>--</u>	<u>(343,518)</u>
Cash Flows from Investing Activities:			
Income on investments	103,260	765,008	30,410
Net Increase (Decrease) in Cash	265,348	(7,712,601)	(290,510)
Cash at Beginning of Year	<u>3,925,470</u>	<u>36,302,307</u>	<u>1,404,830</u>
Cash at End of Year	<u>\$ 4,190,818</u>	<u>\$ 28,589,706</u>	<u>\$ 1,114,320</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 17,390	\$ 2,233,354	\$ (1,716,765)
Adjustments to reconcile net operating income to net cash provided (used) by operating activities:			
Depreciation expense	741,178	1,278	178,495
Changes in assets and liabilities:			
Receivables, net	13,624	297	(686)
Due from other funds	--	1,469	(601)
Due from other governments	789	--	(5,697)
Inventories	31,970	--	--
Other assets	(117)	(29,244)	(49,041)
Accounts payable	(85,823)	268,016	(55,467)
Salaries and benefits payable	(17,075)	(23,662)	(130,368)
Due to other funds	50,939	76	--
Claims payable	--	952,000	--
Other liabilities	--	(12,000,048)	--
Due to other governments	--	(339,707)	(55)
Compensated absences payable	(1,389)	6,252	8,820
Net OPEB obligation	41,452	66,628	313,471
Net Cash Provided (Used) by Operating Activities	<u>\$ 792,938</u>	<u>\$ (8,863,291)</u>	<u>\$ (1,457,894)</u>

continued

COUNTY OF SHASTA

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

	Facilities Management	Shasta County Utilities	Total
Cash Flows from Operating Activities:			
Receipts from customers	\$ 4,064,606	\$ 1,652,439	\$ 12,507,571
Payments to suppliers	(1,483,000)	(1,370,758)	(10,398,614)
Payments to employees	(2,525,785)	--	(8,246,846)
Operating subsidies and transfers	--	--	(55)
Claims paid	--	--	(3,052,801)
Net Cash Provided (Used) by Operating Activities	<u>55,821</u>	<u>281,681</u>	<u>(9,190,745)</u>
Cash Flows from Non-Capital Financing Activities:			
Other revenue (expense)	60,529	--	537,523
Operating subsidies and transfers out	19,695	(281,271)	1,137,727
Net Cash Provided (Used) by Noncapital Financing Activities	<u>80,224</u>	<u>(281,271)</u>	<u>1,675,250</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(11,786)	--	(1,064,612)
Proceeds from sale of capital assets	--	--	68,335
Cash Flows from Capital and Related and Related Financing Activities	<u>(11,786)</u>	<u>--</u>	<u>(996,277)</u>
Cash Flows from Investing Activities:			
Income on investments	5,594	(3,546)	900,726
Net Increase (Decrease) in Cash	129,853	(3,136)	(7,611,046)
Cash at Beginning of Year	<u>549,583</u>	<u>151,488</u>	<u>42,333,678</u>
Cash at End of Year	<u>\$ 679,436</u>	<u>\$ 148,352</u>	<u>\$ 34,722,632</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 8,949	\$ 282,670	\$ 825,598
Adjustments to reconcile net operating income to net cash provided (used) by operating activities:			
Depreciation expense	4,439	--	925,390
Changes in assets and liabilities:			
Receivables, net	--	--	13,235
Due from other funds	(440)	--	428
Due from other governments	--	--	(4,908)
Inventories	(248)	--	31,722
Other assets	--	--	(78,402)
Accounts payable	(78,258)	3	48,471
Salaries and benefits payable	(77,685)	--	(248,790)
Due to other funds	(732)	--	50,283
Claims payable	--	--	952,000
Other liabilities	--	--	(12,000,048)
Due to other governments	(635)	(992)	(341,389)
Compensated absences payable	(763)	--	12,920
Net OPEB obligation	201,194	--	622,745
Net Cash Provided (Used) by Operating Activities	<u>\$ 55,821</u>	<u>\$ 281,681</u>	<u>\$ (9,190,745)</u>