

COUNTY OF SHASTA

AUDIT REPORT

**FOR THE YEAR
ENDED JUNE 30, 2010**

COUNTY OF SHASTA

COUNTY OFFICIALS

JUNE 30, 2010

OFFICIALS

POSITION

David A. 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, 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, 2010, 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 21, 2010 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 discretely presented component unit, each major fund and the aggregate remaining fund information of the County of Shasta, as of June 30, 2010, 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 9, 2010 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 9, 2010

MANAGEMENT'S DISCUSSION & ANALYSIS (MD &A)

COUNTY OF SHASTA

Management's Discussion and Analysis June 30, 2010

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, 2010. 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 \$248,209,730 (*net assets*). Of this amount, \$73,837,968 (*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 \$57,424,811 restricted for specific purpose (*restricted net assets*), and \$116,946,951 invested in capital assets, net of related debt. The government's total net assets increased by \$9,634,315 in comparison with the prior year.
- The County's net assets invested in capital assets, net of related debt, increased by \$10,562,512.
- The County's governmental funds reported combined fund balances of \$113,639,366 an increase of \$2,415,789 in comparison with the prior year.
- The County's unreserved fund balance for the governmental funds was \$88,820,688, or 33% of total governmental funds 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, 2010

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 Shasta 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 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*.

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Management's Discussion and Analysis June 30, 2010

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, 2010

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 \$248,209,730 at the close of the most recent fiscal year. Of these combined net assets 47% reflects the County's invested in capital assets, net of related debt. Another 23% of the County's net assets are subject to external restrictions on how they may be used. In addition, a portion of the remaining 30%, 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 2010	FY 2009	FY 2010	FY 2009	FY 2010	FY 2009
Current and Other Assets	\$ 198,075	\$ 173,038	\$ 20,514	\$ 18,941	\$ 218,589	\$ 191,979
Capital Assets	140,090	130,225	30,389	32,361	170,479	162,586
Total Assets	338,165	303,263	50,903	51,302	389,068	354,565
Current and Other Liabilities	30,800	13,769	94	93	30,894	13,862
Long-Term Liabilities	96,194	88,150	13,770	13,978	109,964	102,128
Total Liabilities	126,994	101,919	13,864	14,071	140,858	115,990
Invested in Capital Assets, net of related debt	90,282	78,476	26,665	27,908	116,947	106,384
Restricted	56,759	61,915	665	665	57,424	62,580
Unrestricted	64,130	60,953	9,709	8,658	73,839	69,611
Total Net Assets	\$ 211,171	\$ 201,344	\$ 37,039	\$ 37,231	\$ 248,210	\$ 238,575

A significant portion of the County's net assets \$73,837,968 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 \$116,946,951 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 \$57,424,811 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.

COUNTY OF SHASTA

Management's Discussion and Analysis June 30, 2010

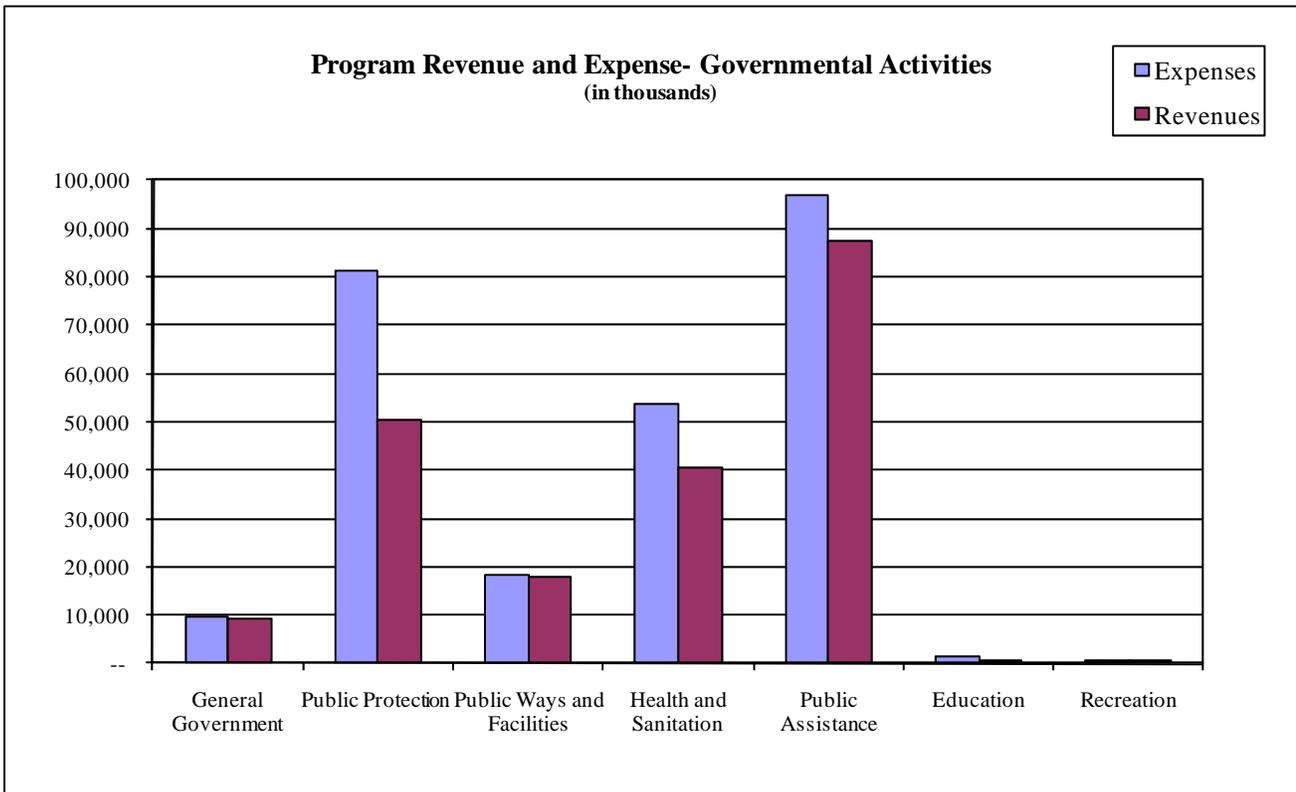
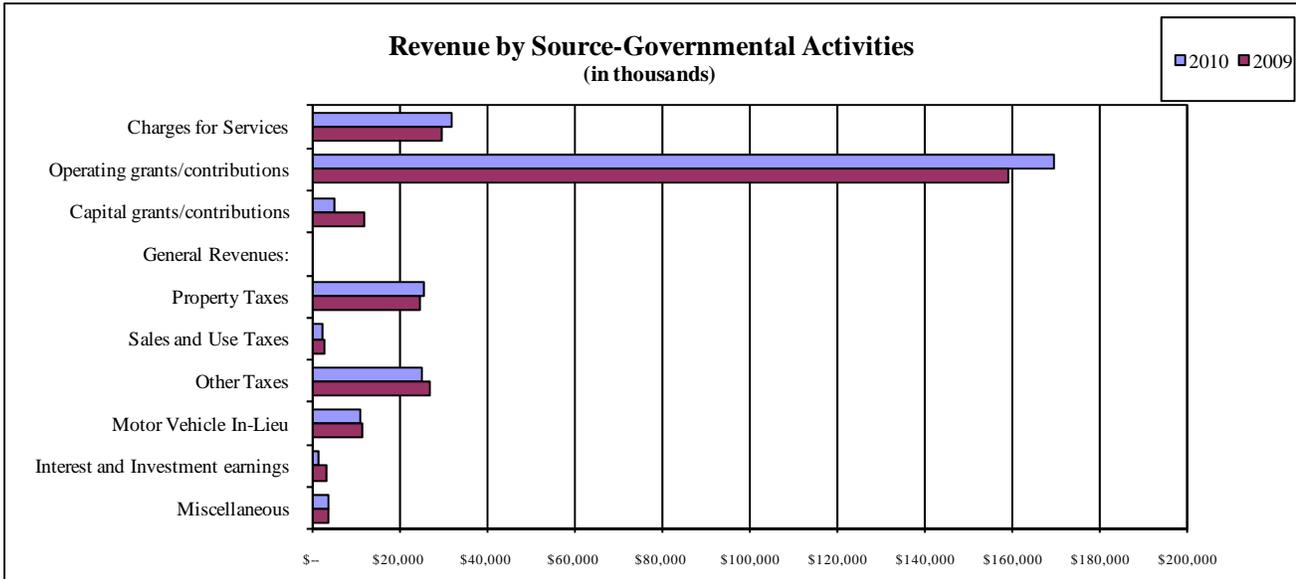
The County's net assets increased by \$9,634,315 during the current fiscal year. The net increase in net assets represents the degree to which increases in ongoing revenues exceeded ongoing expenses.

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

	Governmental Activities		Business-Type Activities		Total Activities	
	FY 2010	FY 2009	FY 2010	FY 2009	FY 2010	FY 2009
Revenues						
Program Revenues:						
Charges for Services	\$ 31,575	\$ 29,556	\$ 4,263	\$ 4,373	\$ 35,838	\$ 33,929
Operating grants/contributions	169,331	159,093	--	10	169,331	159,103
Capital grants/contributions	5,061	11,798	215	1,733	5,276	13,531
General Revenues:						
Property Taxes	25,177	24,583	29	29	25,206	24,612
Sales and Use Taxes	2,226	2,382	--	--	2,226	2,382
Other Taxes	24,921	26,598	--	--	24,921	26,598
Motor Vehicle In-Lieu	10,969	11,349	--	--	10,969	11,349
Interest and Investment earnings	1,127	3,059	128	358	1,255	3,417
Miscellaneous	3,335	3,660	5	4	3,340	3,664
Special item - Transfer of Library	--	(17,585)	--	--	--	(17,585)
Change in landfill closure est	--	--	--	6,210	--	6,210
Total Revenues	273,722	254,493	4,640	12,717	278,362	267,210
Expenses						
General Government	9,524	9,296	--	--	9,524	9,296
Public Protection	81,463	86,690	--	--	81,463	86,690
Public Ways and Facilities	18,229	18,325	--	--	18,229	18,325
Health and Sanitation	53,768	55,733	--	--	53,768	55,733
Public Assistance	96,943	96,278	--	--	96,943	96,278
Education	1,411	1,523	--	--	1,411	1,523
Recreation	128	335	--	--	128	335
Interest on Debt	2,429	2,505	--	--	2,429	2,505
Fall River Mills Airport	--	--	86	116	86	116
Solid Waste Disposal	--	--	2,412	1,476	2,412	1,476
West Central Landfill	--	--	522	509	522	509
County Service Areas (water/sewer)	--	--	1,812	1,797	1,812	1,797
Total Expenses	263,895	270,685	4,832	3,898	268,727	274,583
Change in Net Assets	9,827	(16,192)	(192)	8,819	9,635	(7,373)
Net Assets - Beg as previously stated	201,344	218,304	37,231	28,208	238,575	246,512
Prior Period Adjustments	--	(768)	--	204	--	(564)
Net Assets - Beg as restated	201,344	217,536	37,231	28,412	238,575	245,948
Net Assets - Ending	\$ 211,171	\$ 201,344	\$ 37,039	\$ 37,231	\$ 248,210	\$ 238,575

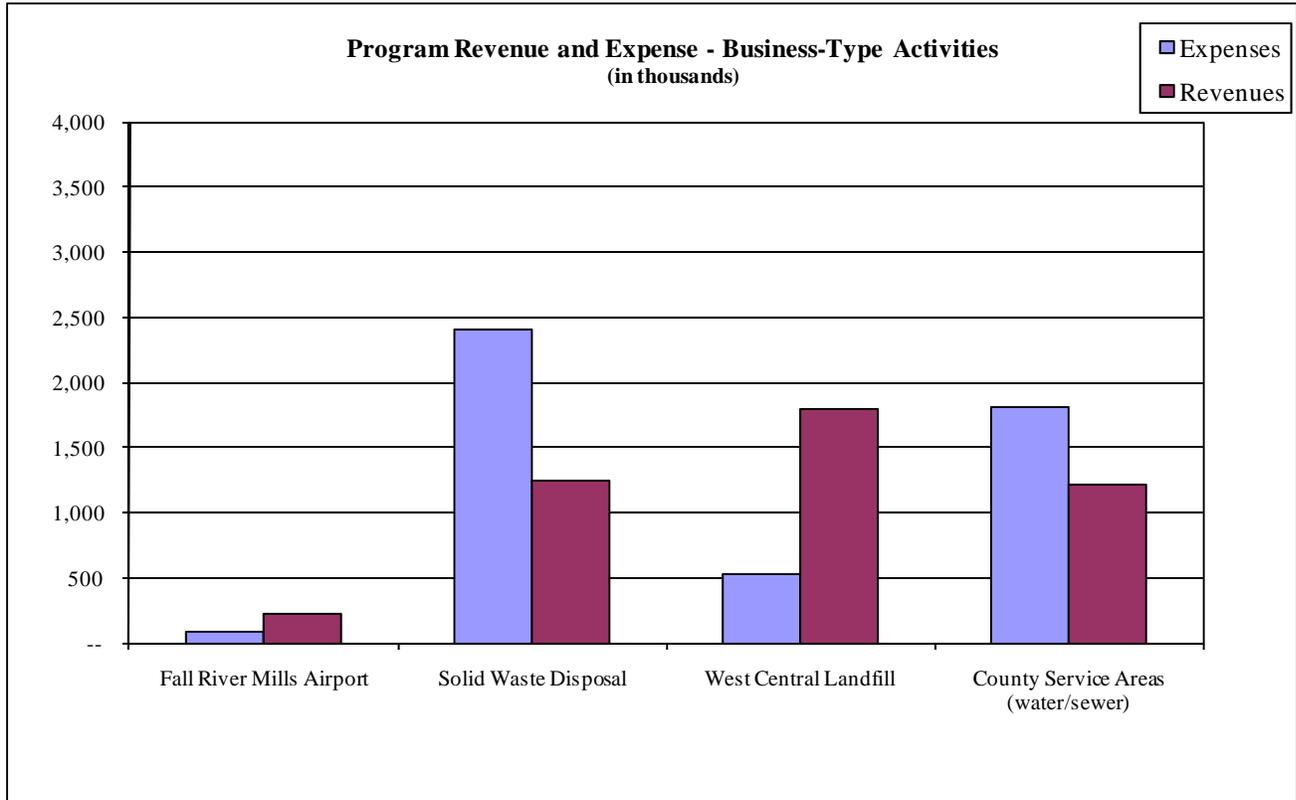
COUNTY OF SHASTA

Management's Discussion and Analysis June 30, 2010



COUNTY OF SHASTA

Management's Discussion and Analysis June 30, 2010



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 2010	FY 2009	Net Change	
			Amount	Percent
Fund Balance - Beginning	\$ 111,223,577	\$ 116,714,698	\$ (5,491,121)	-4.70%
Prior Period Adjustments	--	(767,555)	767,555	
Fund Balance - Beg as restated	\$ 111,223,577	\$ 115,947,143	\$ (4,723,566)	-4.07%
Revenues	268,692,400	270,133,223	(1,440,823)	-0.53%
Expenditures	(265,899,396)	(273,478,041)	7,578,645	-2.77%
Other Financing Sources (Uses)	(377,215)	(968,688)	591,473	-61.06%
Special item - Transfer of Library	--	(410,060)	410,060	
Fund Balance - Ending	<u>\$ 113,639,366</u>	<u>\$ 111,223,577</u>	<u>\$ 2,415,789</u>	2.17%

COUNTY OF SHASTA

Management's Discussion and Analysis June 30, 2010

At June, 30, 2010, the County's governmental funds reported combined fund balances of \$113,639,366. Of these combined fund balances, \$88,820,688 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, \$24,818,678 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, 2010, unreserved fund balance was \$51,011,229, while total fund balance was \$58,894,741. 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 33% of total General Fund expenditures, while the total fund balance represents 38% 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 \$51,011,229 General Fund unreserved fund balance, 55% is designated.

Total governmental funds Fund Balance increased by \$2,415,789 in comparison with the prior year. The major governmental funds had changes in fund balance as follows: General Fund increased \$5,653,327, Roads Administration Fund increased \$1,444,147 and Public Safety Fund increased \$3,023,437. The non-major governmental funds decreased by \$7,705,122.

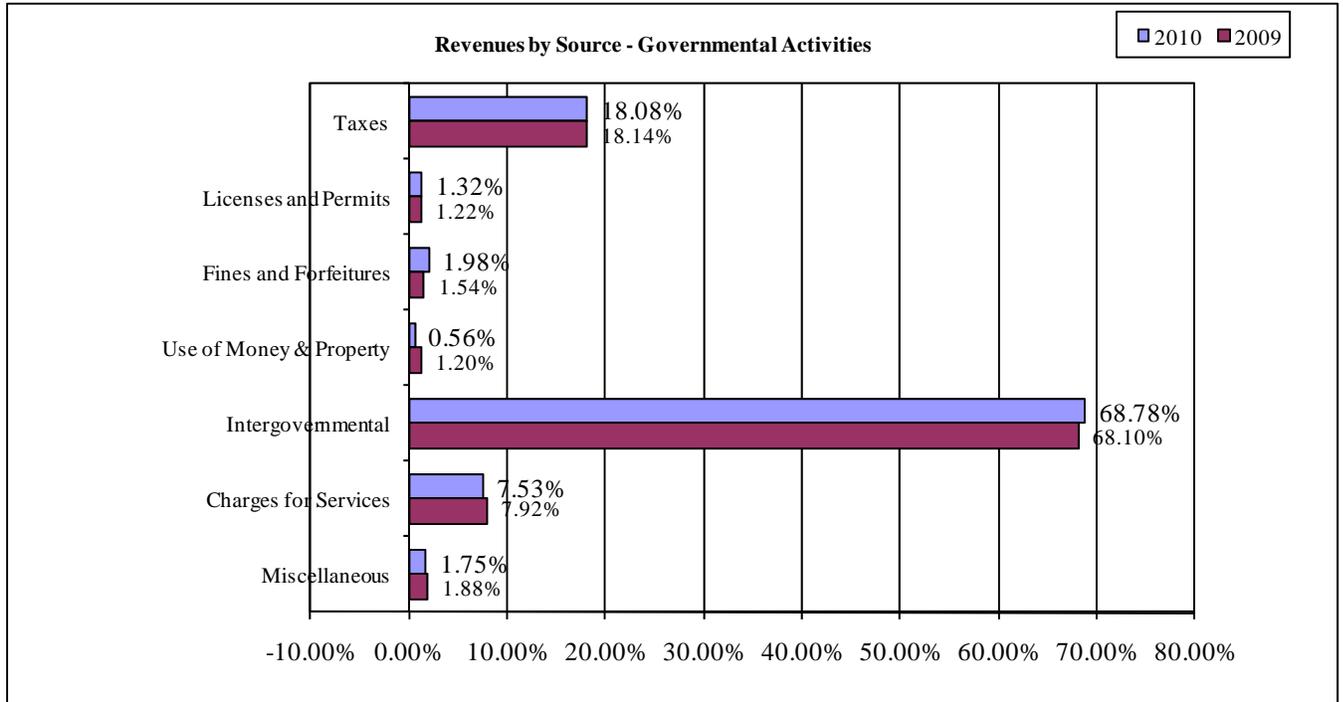
The following table presents the amount of revenues from various sources as well as increases or decreases from the prior year.

Revenues Classified by Source Governmental Funds						
	FY 2010		FY 2009		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes	\$ 48,580,264	18.08%	\$ 49,008,924	18.14%	\$ (428,660)	-0.87%
Licenses and Permits	3,550,460	1.32%	3,292,981	1.22%	257,479	7.82%
Fines and Forfeitures	5,324,124	1.98%	4,170,109	1.54%	1,154,015	27.67%
Use of Money & Property	1,495,074	0.56%	3,237,731	1.20%	(1,742,657)	-53.82%
Intergovernmental	184,796,011	68.78%	183,958,043	68.10%	837,968	0.46%
Charges for Services	20,232,485	7.53%	21,385,727	7.92%	(1,153,242)	-5.39%
Miscellaneous	4,713,982	1.75%	5,079,708	1.88%	(365,726)	-7.20%
Total Revenue by Source	<u>\$ 268,692,400</u>	<u>100.00%</u>	<u>\$ 270,133,223</u>	<u>100.00%</u>	<u>\$ (1,440,823)</u>	

COUNTY OF SHASTA

Management's Discussion and Analysis June 30, 2010

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



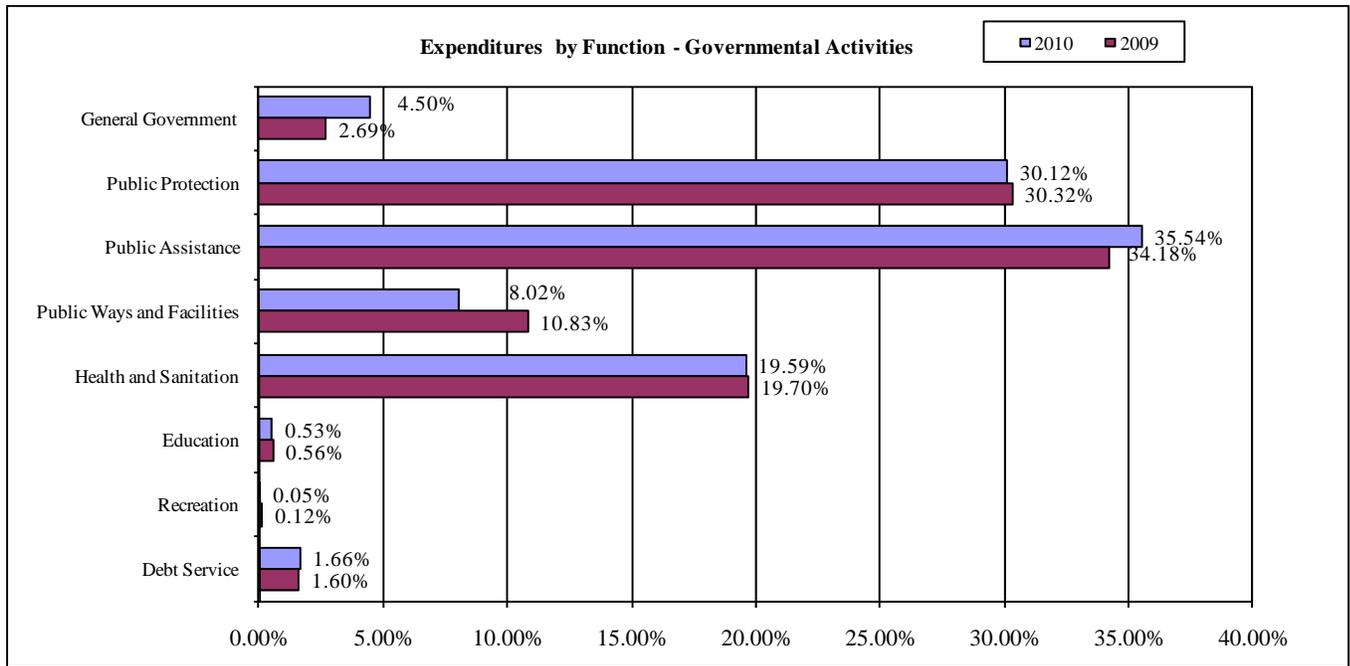
The following table presents expenditures by function compared to prior year amounts.

	FY 2010		FY 2009		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
General Government	\$ 11,967,366	4.50%	\$ 7,357,730	2.69%	\$ 4,609,636	62.65%
Public Protection	80,082,549	30.12%	82,919,537	30.32%	(2,836,988)	-3.42%
Public Assistance	94,505,832	35.54%	93,470,995	34.18%	1,034,837	1.11%
Public Ways and Facilities	21,316,923	8.02%	29,609,907	10.83%	(8,292,984)	-28.01%
Health and Sanitation	52,096,902	19.59%	53,878,534	19.70%	(1,781,632)	-3.31%
Education	1,404,193	0.53%	1,519,566	0.56%	(115,373)	-7.59%
Recreation	121,725	0.05%	336,902	0.12%	(215,177)	-63.87%
Debt Service	4,403,906	1.66%	4,384,870	1.60%	19,036	0.43%
Total by Function	\$ 265,899,396	100.00%	\$ 273,478,041	100.00%	\$ (7,578,645)	

COUNTY OF SHASTA

Management's Discussion and Analysis June 30, 2010

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 2010	FY 2009	Increase (Decrease)	
			Amount	Percent
Proceeds from Sale of Capital Assets	\$ 93,664	\$ 152,547	\$ (58,883)	-38.60%
Transfers In	42,746,594	41,508,133	1,238,461	2.98%
Transfers Out	(43,217,473)	(42,629,368)	(588,105)	1.38%
Net financing sources(uses)	<u>\$ (377,215)</u>	<u>\$ (968,688)</u>	<u>\$ 591,473</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, 2010

Net Change in Fund Net Assets Enterprise Funds

	FY 2010	FY 2009	Net Change	
			Amount	Percent
Total Net Assets - Beg as previously stated	\$ 37,231,525	\$ 28,207,983	\$ 9,023,542	31.99%
Prior Period Adjustment	--	204,136	(204,136)	
Total Net Assets - Beginning as Restated	37,231,525	28,412,119	8,819,406	31.04%
Operating Revenues	4,213,343	4,063,647	149,696	3.68%
Operating Expenses	(4,670,678)	(3,710,555)	(960,123)	25.88%
Non-Operating Revenues (Expenses)	60,577	486,429	(425,852)	-87.55%
Transfers In (Out) and capital contributions	204,314	7,979,885	(7,775,571)	-97.44%
Total Net Assets - Ending	<u>\$ 37,039,081</u>	<u>\$ 37,231,525</u>	<u>\$ (192,444)</u>	

Net assets restricted for invested in capital assets net of related debt at fiscal year end were \$26,665,301, and for debt service were \$665,437. Unrestricted net assets of the enterprise funds at fiscal year end were \$9,708,343.

The net assets of the enterprise funds decreased \$192,444 from prior fiscal year.

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 2010	FY 2009	Net Change	
			Amount	Percent
Total Net Assets - Beginning as Restated	\$ 19,644,420	\$ 16,446,278	\$ 3,198,142	19.45%
Operating Revenues	21,499,583	23,939,215	(2,439,632)	-10.19%
Operating Expenses	(20,677,789)	(23,113,617)	2,435,828	-10.54%
Non-Operating Revenues (Expenses)	708,271	1,245,796	(537,525)	-43.15%
Transfers In (Out) and capital contributions	473,060	1,126,748	(653,688)	-58.02%
Total Net Assets - Ending	<u>\$ 21,647,545</u>	<u>\$ 19,644,420</u>	<u>\$ 2,003,125</u>	

Total net assets of the internal service funds at fiscal year end were \$21,647,545 and include \$2,894,597 invested in capital assets.

The net assets of the internal service funds increased \$2,003,125 over the prior fiscal year. Operating revenues decreased 10% and operating expenses decreased 11%.

COUNTY OF SHASTA

Management's Discussion and Analysis June 30, 2010

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 \$2,251,953 increase in appropriations. The components of appropriations variance are briefly summarized as follows: \$1,182,828 increase in general government; \$835,759 increase in public protection; \$698,557 increase in public assistance; \$95,109 increase in public health and sanitation; \$560,300 decrease in recreation.

Even with these adjustments, actual expenditures were \$15,924,369 below final budget amounts. Resources available for appropriation were \$8,994,194 over final budget amounts.

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

Budgetary Comparison
General Fund

	Original	Final	Net Change	
	Budget	Budget	Amount	Percent
Total Revenues	\$ 177,315,707	\$ 176,283,397	\$ (1,032,310)	-0.59%
Total Expenditures	(166,861,249)	(169,113,202)	(2,251,953)	1.33%
Other Financing Sources (Uses)	(28,788,596)	(25,951,540)	2,837,056	-10.93%
Net Change in Fund Balances	<u>\$ (18,334,138)</u>	<u>\$ (18,781,345)</u>	<u>\$ (447,207)</u>	

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

Budgetary Comparison
General Fund

	Final	Actual	Net Change	
	Budget	Amounts	Amount	Percent
Total Revenues	\$ 176,283,397	\$ 185,277,591	\$ 8,994,194	4.85%
Total Expenditures	(169,113,202)	(153,188,833)	15,924,369	-10.40%
Other Financing Sources (Uses)	(25,951,540)	(26,435,431)	(483,891)	1.83%
Net Change in Fund Balances	<u>\$ (18,781,345)</u>	<u>\$ 5,653,327</u>	<u>\$ 24,434,672</u>	

COUNTY OF SHASTA

Management's Discussion and Analysis June 30, 2010

CAPITAL ASSETS

The County's investment in capital assets for its governmental and business type activities as of June 30, 2010, amounted to \$170,478,276 (net of accumulated depreciation). This investment in capital assets includes land, structures and improvements, leasehold improvements, equipment, and infrastructure (roads and bridges). The total increase in the County's investment in capital assets for the current fiscal year was \$7,891,474 [5%].

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	
	2010	2009	2010	2009	2010	2009
Land and improvements	\$ 2,528,063	\$ 2,528,063	\$ 1,804,777	\$ 1,804,168	\$ 4,332,840	\$ 4,332,231
Structures & Improvements	98,091,204	95,361,978	48,982,853	48,967,402	147,074,057	144,329,380
Leasehold Improvements	964,957	1,004,932	--	--	964,957	1,004,932
Equipment	43,881,861	41,795,014	263,100	263,100	44,144,961	42,058,114
Infrastructure	112,086,967	87,759,301	--	--	112,086,967	87,759,301
Construction In Progress	7,067,102	21,859,945	11,321,461	10,990,505	18,388,563	32,850,450
Total	264,620,154	250,309,233	62,372,191	62,025,175	326,992,345	312,334,408
Accumulated Depreciation	(124,530,577)	(120,083,798)	(31,983,492)	(29,663,808)	(156,514,069)	(149,747,606)
Net Capital Assets	<u>\$ 140,089,577</u>	<u>\$ 130,225,435</u>	<u>\$ 30,388,699</u>	<u>\$ 32,361,367</u>	<u>\$ 170,478,276</u>	<u>\$ 162,586,802</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	\$ 7,162,327	\$ (116,772)	\$ (2,181)	\$ (2,092,745)	\$ 4,950,629
Public Protection	2,834,979	(4,917)	--	(1,128,502)	1,701,560
Public Ways & Facilities	4,984,600	--	55,766	(1,385,649)	3,654,717
Health & Sanitation	205,458	(16,604)	--	(180,065)	8,789
Public Assistance	56,209	(885)	--	(130,352)	(75,028)
Education	--	(1,782)	--	(795)	(2,577)
Internal Service Funds	624,188	(51,717)	(53,585)	(892,834)	(373,948)
Enterprise Funds	347,016	--	--	(2,319,684)	(1,972,668)
Totals	<u>\$ 16,214,777</u>	<u>\$ (192,677)</u>	<u>\$ --</u>	<u>\$ (8,130,626)</u>	<u>\$ 7,891,474</u>

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

Projects completed in current fiscal year:

	Current	Total Costs
	Year Costs	
Major bridge, road and construction projects:		
Governmental Funds:		
North Street @ Airport Road Bridge	\$ 4,018,811	\$ 24,327,666
Jail Roof and Siding	378,797	437,592
Fire Department Metal Buildings	536,868	642,456
Total Governmental Funds	<u>4,934,476</u>	<u>25,407,714</u>
Enterprise Funds:		
Anderson Septage Fence	15,451	15,451
Total Enterprise Funds	<u>15,451</u>	<u>15,451</u>
Total projects completed in current fiscal year	<u>\$ 4,949,927</u>	<u>\$ 25,423,165</u>

COUNTY OF SHASTA

Management's Discussion and Analysis June 30, 2010

Construction in progress at June 30, 2010:	Current	
Major bridge and road projects:	Year Costs	Cost to Date
Governmental Funds:		
Swede Creek Road @ Swede Creek Bridge	\$ 25,877	\$ 179,257
Swede Creek Road @ Little Cow Creek	16,592	107,279
Old Oasis Road @ Churn Creek	18,070	83,815
Buzzard Roost @ Cedar Creek Bridge	83,755	370,917
East Fork Road @ Clear Creek	82,442	335,089
Spring Creek Road @ Fall River Bridge	49,964	59,964
Cassel-Fall River Road @ Pit River	65,039	69,270
Smith Bottom Road @ ACID Canal	26,571	35,790
Total Governmental Funds	368,310	1,241,381
Building upgrades:		
Governmental Funds:		
Jail CCTV Upgrade	25,992	25,992
Burney Veterans Hall Restroom Remodel	9,971	10,021
Fall River Mills Veterans Hall Restroom Remodel	8,262	8,312
District Attorney 1855 Shasta St. Remodel	4,291,401	4,724,686
Balls Ferry Boat Ramp	66,841	80,718
Total Governmental Funds	4,402,467	4,849,729
Enterprise Funds:		
West Central Landfill Unit 4B Liner	68,112	72,845
West Central Landfill Wells	79,837	90,533
Elk Trail Water Upgrade	3,150	3,150
Crag View Water Upgrade	12,350	12,350
Total Enterprise Funds	163,449	178,878
Major construction:		
Governmental Funds:		
Juvenile Hall	696,536	705,794
Fire Department Metal Buildings	213,083	270,198
Total Governmental Funds	909,619	975,992
Enterprise Funds:		
Fall River Mills Airport Extension	167,507	11,142,583
Total construction in progress at June 30, 2010	\$ 6,011,352	\$ 18,388,563
Summary of construction in progress at June 30, 2010		
Total Governmental Funds	\$ 5,680,396	\$ 7,067,102
Total Enterprise Funds	330,956	11,321,461
Total construction in progress	\$ 6,011,352	\$ 18,388,563

Additional information regarding capital assets begin on page 52 with note 4.

DEBT ADMINISTRATION

At the end of the current fiscal year, the County had total debt obligation outstanding of \$52,447,540. Of this amount, \$48,165,000 comprises bonds that are secured by the County's lease rental payments and other dedicated sources of revenue, and \$1,143,460 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.

COUNTY OF SHASTA

Management's Discussion and Analysis June 30, 2010

	Long-Term Debt Obligations					
	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Lease Revenue Bonds	\$ 47,610,000	\$ 49,290,000	\$ 555,000	\$ 1,085,000	\$ 48,165,000	\$ 50,375,000
Special Assessment Bonds	--	--	1,108,200	1,160,200	1,108,200	1,160,200
Water/Sewer Bonds	--	--	35,260	40,235	35,260	40,235
Capital Lease Obligations	1,114,141	1,328,322	--	--	1,114,141	1,328,322
Financing Leases	--	--	1,778,858	1,890,961	1,778,858	1,890,961
Notes Payable	--	--	246,081	276,868	246,081	276,868
Debt Obligation	48,724,141	50,618,322	3,723,399	4,453,264	52,447,540	55,071,586
Unamortized Bond Premium	1,083,785	1,130,781	--	--	1,083,785	1,130,781
Total Debt	49,807,926	51,749,103	3,723,399	4,453,264	53,531,325	56,202,367
Less Current Portion	(2,017,590)	(1,941,176)	(763,503)	(728,864)	(2,781,093)	(2,670,040)
Net Long-Term Debt	<u>\$ 47,790,336</u>	<u>\$ 49,807,927</u>	<u>\$ 2,959,896</u>	<u>\$ 3,724,400</u>	<u>\$ 50,750,232</u>	<u>\$ 53,532,327</u>

Reductions of the County's total outstanding debt included principal payments of \$1,894,181 and amortization of bond premium of \$46,996 with \$2,428,959 in interest expense for governmental activities and principal payments of \$729,865 with \$164,535 (of which \$3,380 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, page 58, note 6.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The County's fiscal year 2010-11 budget takes into consideration the overall financial health of the County and related impacts of the California State Budget.

Delayed Payments

The State manages its cash shortfall by delaying payments to small businesses, community clinics, local governments and schools. AB 1624 authorizes the State Controller to continue delaying payments to counties for the CalWORKS program and county administration payments associated with the CalWORKS program. The State Controller can delay payments to counties at any time to ensure the state has sufficient cash to make its priority payments. Shasta County must continue to provide service regardless of receipt of State allocations. 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. This methodology has created a considerable dilemma for the County and has eroded our cash reserves.

California Economic Indicators and Tax Forecast

The National Bureau of Economic Research declared that the "Great Recession" officially ended in June of 2009. This announcement has brought little relief to the state; unemployment still hovers over 12 percent and there are more than two million Californians who are looking for, but cannot find, work.

COUNTY OF SHASTA

Management's Discussion and Analysis June 30, 2010

The State Controller reports some modest improvement in state revenues which may be attributable to recovery, but may also be due to a change in tax filing dates. Compared with 2010-11 May Revision estimates, State General Fund revenues through September were above the year-to-date estimate by \$1.2 billion.

Although the U. S. Department of Commerce Bureau of Economic Analysis indicates some growth in Californian's incomes and spending, it will be several years before California recovers from the economic downturn of the Great Recession. The following table compares several economic indicators for the State.

New Auto Registrations Fiscal Year To Date	977,667 Through May 2009	982,168 Through May 2010
Median Home Price For single Family Homes	\$249,000 In August 2009	\$260,000 In August 2010
Single Family Home Sales	39,811 In August 2009	34,239 In August 2010
Foreclosures Initiated Notices of Default	124,562 In 2 nd QTR 2009	70,015 In 2 nd QTR 2010
Total State Employment Seasonally Adjusted	13,941,000 In August 2009	13,827,900 In August 2010
Newly Permitted Residential Units Seasonally Adjusted Annual Rate	38,325 In August 2009	46,510 In August 2010
Data Sources: DataQuick, California Employment Development Department, Construction Industry Research Board, State Department of Finance		

The California Department of Finance forecasts nonfarm wage and salary employment to increase by 1.7 percent in 2011. Personal income is projected to increase 4.5 percent in 2011. Average wages for all nonfarm sectors is projected to increase by 2.2 percent.

Locally, the precipitous decline in discretionary revenue slowed in 2009-10. Revenues in 2008-09 declined over 19 percent, while in 2009-10 the decline from all sources was 2.42 percent. Revenues for 2010-11 are projected to increase by 3.45 percent. Assessed property values have declined 5.02 percent. Receipts from sales tax dedicated to public safety saw a decline of 5.3 percent in 2009-10; 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.

Shasta County Budget Principles

The Shasta County Board of Supervisors took immediate action to protect the County from the national and state economic downturn. This decisive action has allowed Shasta County to remain relatively stable amid a sea of crisis. Although reduced, the County's workforce has not experienced wide-spread layoffs. The County has been able to maintain a General Reserve of \$8 million for budgetary uncertainties, and a Contingency Reserve of close to \$4 million.

COUNTY OF SHASTA

Management's Discussion and Analysis June 30, 2010

Additionally, the County has funded two Trusts for retiree other-post-employment benefits. Payroll contributions are assessed to increase the balance in these trusts.

The depth of the recession and its duration are unprecedented. We have been managing the budgetary shortfall through a series of cost-cutting steps and strict adherence to budget principles, including a controlled hiring freeze and reduced General Fund expenditures. Further cost cutting measures have been taken through the fiscal year as necessary. Such measures include suspension of employee wage increases or benefits throughout the organization. The County Administrative Officer's three-phase plan for the coming year included one-time borrowing from reserves, a reduction in General fund expense, and salary and benefit savings. The Board approved the use of \$2 million from General Reserves to offset the loss of sales tax dedicated to Public Safety.

The General Fund contribution to operating departments was reduced by 5 percent with the exception of minimum maintenance of effort programs. Public Safety was exempt from this reduction. The cumulative reduction in General Fund expenditures for 2009-10 and 2010-11 is 15 percent.

Budgetary Reserves

Shasta County recognizes the importance of maintaining a prudent level of financial resources to protect against reducing service levels or incurring debt because of temporary revenue short falls, or unpredicted one-time expenditures. The target reserve balance is not less than 5 percent of unrestricted General Fund resources, or a minimum of \$10 million. The reserve can be spent down a maximum of \$2 million per fiscal year and shall be the resource of last resort for balancing the County budget. The General Reserve was reduced by \$2 million in 2009-10 to backfill the loss of Public Safety Augmentation (Prop 172) revenue. This advance from reserves will be replaced as Prop 172 revenue permits. The current balance in the General Reserve is \$8 million.

In addition to the General Reserve the 2010-11 Contingency Reserve is \$4 million. The Contingency Reserve is set aside to provide for unanticipated requirements that may occur during the fiscal year.

Employee Benefits

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.

The County's 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

COUNTY OF SHASTA

Management's Discussion and Analysis June 30, 2010

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. Actuarial Reports for the coming year are not yet available from PERS.

On the local level, the County has successfully negotiated with 8 represented bargaining units and 2 unrepresented bargaining units for wage and/or benefit concessions. Active employees will pay the employee share of PERS retirement, and new hires will be working longer (to age 60) and their retirement will be based on the average of high three years (instead of highest year). Across-the-board, wages have been stagnant for several years, with elected officials and unrepresented managers forgoing scheduled cost-of-living adjustments and leave buy-outs.

The County of Shasta provides post-retirement 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 OPEB costs are ignored while an employee renders service and recognized only after the employee retires.

GASB 45 requires governmental agencies to conduct an actuarial valuation of the liability for OPEB and report them on their financial statements. 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. The County's Unfunded Actuarial Liability as of June 30, 2009, is \$140.935 million.

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. OPEB Trust assets as of June 30, 2010 are \$16,430,794.

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, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Totals	
ASSETS				
Cash and investments	\$ 138,879,754	\$ 17,834,931	\$ 156,714,685	\$ 3,930,921
Receivables, net	8,851,930	623,577	9,475,507	791
Due from other governments	33,767,922	603,224	34,371,146	265,798
Inventories	539,854	29,912	569,766	--
Other assets	269,201	558	269,759	--
Special assessments receivable	98,861	1,313,919	1,412,780	--
Internal balances	461,893	(461,893)	--	--
Due from fiduciary funds	1,012,319	--	1,012,319	--
Due from component unit	98,377	--	98,377	--
Notes receivable	8,715,960	--	8,715,960	--
Deferred issuance costs	1,095,882	--	1,095,882	--
Cash and investments - restricted	4,283,050	569,933	4,852,983	--
Capital Assets:				
Non-depreciable	9,595,165	13,126,238	22,721,403	--
Depreciable, net	130,494,412	17,262,461	147,756,873	--
Total Assets	338,164,580	50,902,860	389,067,440	4,197,510
LIABILITIES				
Accounts payable	4,413,865	38,827	4,452,692	259,084
Retention payable	52,070	--	52,070	--
Salaries and benefits payable	3,899,784	--	3,899,784	13,720
Interest payable	580,197	55,051	635,248	--
Due to fiduciary funds	1,021,901	--	1,021,901	--
Due to other governments	1,197,906	--	1,197,906	90,131
Due to primary government	--	--	--	98,377
Deposits from others	182,972	400	183,372	--
Unearned revenue	19,451,011	--	19,451,011	--
Long-Term Liabilities:				
Due within one year	9,292,084	763,503	10,055,587	--
Due beyond one year	65,903,141	13,005,998	78,909,139	19,959
Net OPEB obligation	20,999,000	--	20,999,000	--
Total Liabilities	126,993,931	13,863,779	140,857,710	481,271
NET ASSETS				
Invested in capital assets, net of related debt	90,281,650	26,665,301	116,946,951	--
Restricted for:				
Special revenue	26,408,741	--	26,408,741	--
Public safety	7,934,668	--	7,934,668	--
Roads administration	10,311,671	--	10,311,671	--
Debt service	5,899,926	665,437	6,565,363	--
Capital projects	5,865,547	--	5,865,547	--
Other purposes	338,821	--	338,821	--
Unrestricted	64,129,625	9,708,343	73,837,968	3,716,239
Total Net Assets	\$ 211,170,649	\$ 37,039,081	\$ 248,209,730	\$ 3,716,239

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

COUNTY OF SHASTA

Statement of Activities For the Year Ended June 30, 2010

Functions/Programs Primary Government	Program Revenues				
Expenses	Indirect Expense Allocation	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General government	\$ 8,658,164	\$ 866,331	\$ 5,942,005	\$ 1,509,696	1,750,428
Public protection	77,730,072	3,733,149	17,476,373	32,968,365	11,824
Public ways and facilities	17,704,672	524,101	2,201,073	12,871,057	3,024,374
Health and sanitation	52,408,552	1,359,494	3,268,573	37,390,271	--
Public assistance	95,392,171	1,550,415	2,662,255	84,589,323	267,320
Education	1,392,399	18,822	23,303	2,153	--
Recreation	121,441	6,522	1,780	--	7,403
Interest expense	2,428,959	--	--	--	--
Total Governmental Activities	255,836,430	8,058,834	31,575,362	169,330,865	5,061,349
Business-Type Activities:					
Fall River Mills Airport	79,725	6,107	78,460	--	147,963
Solid Waste Disposal	2,404,051	8,269	1,242,374	--	--
West Central Landfill	521,702	--	1,788,733	--	--
County Service Areas	1,762,766	49,213	1,153,535	--	66,415
Total Business-Type Activities:	4,768,244	63,589	4,263,102	--	214,378
Total Primary Government	\$ 260,604,674	\$ 8,122,423	\$ 35,838,464	\$ 169,330,865	\$ 5,275,727
Component Units:					
Children and Families First	\$ 2,014,886	\$ --	\$ --	\$ 1,662,919	\$ --
Total Component Units	\$ 2,014,886	\$ --	\$ --	\$ 1,662,919	\$ --

General Revenues and Transfers

Taxes:

- Property taxes
- Sales and use taxes
- Other taxes
- Motor vehicles in-lieu
- Interest and investment earnings
- Miscellaneous
- Transfers

Total General Revenues and Transfers

Change in Net Assets:

- Net assets - beginning
- 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>
\$ (322,366)	\$ --	\$ (322,366)	\$ --
(31,006,659)	--	(31,006,659)	--
(132,269)	--	(132,269)	--
(13,109,202)	--	(13,109,202)	--
(9,423,688)	--	(9,423,688)	--
(1,385,765)	--	(1,385,765)	--
(118,780)	--	(118,780)	--
<u>(2,428,959)</u>	<u>--</u>	<u>(2,428,959)</u>	<u>--</u>
<u>(57,927,688)</u>	<u>--</u>	<u>(57,927,688)</u>	<u>--</u>
--	140,591	140,591	--
--	(1,169,946)	(1,169,946)	--
--	1,267,031	1,267,031	--
--	<u>(592,029)</u>	<u>(592,029)</u>	<u>--</u>
--	<u>(354,353)</u>	<u>(354,353)</u>	<u>--</u>
<u>(57,927,688)</u>	<u>(354,353)</u>	<u>(58,282,041)</u>	<u>--</u>
--	--	--	<u>(351,967)</u>
--	--	--	<u>(351,967)</u>
\$ 25,176,914	\$ 28,890	25,205,804	\$ --
2,225,664	--	2,225,664	--
24,921,443	--	24,921,443	--
10,968,549	--	10,968,549	--
1,126,767	128,474	1,255,241	26,784
3,335,110	4,545	3,339,655	1,719
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>67,754,447</u>	<u>161,909</u>	<u>67,916,356</u>	<u>28,503</u>
9,826,759	(192,444)	9,634,315	(323,464)
<u>201,343,890</u>	<u>37,231,525</u>	<u>238,575,415</u>	<u>4,039,703</u>
<u>\$ 211,170,649</u>	<u>\$ 37,039,081</u>	<u>\$ 248,209,730</u>	<u>\$ 3,716,239</u>

**BASIC FINANCIAL STATEMENTS –
FUND FINANCIAL STATEMENTS**

COUNTY OF SHASTA

Balance Sheet
Governmental Funds
June 30, 2010

	General Fund	Roads Administration Fund	Public Safety Fund
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments	\$ 53,681,672	\$ 14,923,661	\$ 3,353,554
Accounts receivable	5,268,926	67,389	3,064,075
Due from other governments	17,203,374	2,354,459	6,726,150
Inventories	--	425,490	--
Other assets	64,058	--	--
Due from other funds	1,658,442	800	551,944
Special assessments receivable	--	--	--
Notes receivable	--	--	--
Advances to other funds	294,025	--	--
Cash and investments - restricted	--	--	--
Totals Assets	<u><u>\$ 78,170,497</u></u>	<u><u>\$ 17,771,799</u></u>	<u><u>\$ 13,695,723</u></u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 2,261,060	\$ 394,105	294,577
Retention payable	--	52,070	--
Salaries and benefits payable	1,838,556	254,108	992,691
Due to other funds	2,047,536	4,640	399,886
Due to other governments	261,403	10,656	546,873
Deposits from others	--	182,972	--
Deferred revenue	9,797,099	11,250	5,060,835
Unearned revenue	3,070,102	5,772,866	636,841
Advances from other funds	--	--	211,812
Total Liabilities	<u>19,275,756</u>	<u>6,682,667</u>	<u>8,143,515</u>
 Fund Balances:			
Reserved	7,883,512	644,235	218,704
Unreserved:			
Designated	27,848,391	3,828,603	3,225,445
Undesignated	23,162,838	--	--
Undesignated reported in:			
Special revenue funds	--	6,616,294	2,108,059
Capital projects funds	--	--	--
Total Fund Balances	<u>58,894,741</u>	<u>11,089,132</u>	<u>5,552,208</u>
 Total Liabilities and Fund Balances	<u><u>\$ 78,170,497</u></u>	<u><u>\$ 17,771,799</u></u>	<u><u>\$ 13,695,723</u></u>

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 29,674,058	\$ 101,632,945
140,355	8,540,745
7,455,711	33,739,694
--	425,490
141,183	205,241
1,281,144	3,492,330
98,861	98,861
8,715,960	8,715,960
751,369	1,045,394
4,283,050	4,283,050
<u>\$ 52,541,691</u>	<u>\$ 162,179,710</u>

799,350	\$ 3,749,092
--	52,070
608,563	3,693,918
872,104	3,324,166
304,689	1,123,621
--	182,972
1,076,416	15,945,600
9,971,202	19,451,011
806,082	1,017,894
<u>14,438,406</u>	<u>48,540,344</u>

16,072,227	24,818,678
18,230,210	53,132,649
--	23,162,838
3,324,414	12,048,767
476,434	476,434
<u>38,103,285</u>	<u>113,639,366</u>
<u>\$ 52,541,691</u>	<u>\$ 162,179,710</u>

COUNTY OF SHASTA

Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2010

Total Fund Balances - Governmental Funds (page 23)	\$ 113,639,366
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.	137,194,980
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	
Unavailable revenues	15,945,600
Other post employment benefits obligation	(19,833,512)
Long-Term Debt that has not been included in the governmental fund activity.	(49,807,926)
Interest on outstanding debt not due and payable in the current period is not accrued in the governmental funds.	(580,197)
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.	1,095,882
Compensated absences are not accrued in the Governmental Funds.	(8,131,089)
Internal Service Funds assets and liabilities are included in governmental activities in the Statement of Net Assets	<u>21,647,545</u>
Net assets of Governmental Activities (page 21)	<u><u>\$ 211,170,649</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, 2010

	General Fund	Roads Administration Fund	Public Safety Fund
Revenues:			
Taxes	\$ 43,972,983	\$ 2,242,288	\$ 159,027
Licenses and permits	3,234,881	53,909	50,738
Fines and forfeitures	2,458,918	--	2,829,872
Use of money and property	1,011,072	58,653	19,610
Intergovernmental	119,002,315	18,002,179	20,498,344
Charges for other services	11,625,066	1,671,404	4,289,791
Miscellaneous revenue	3,972,356	21,159	280,920
Total Revenues	<u>185,277,591</u>	<u>22,049,592</u>	<u>28,128,302</u>
Expenditures:			
Current:			
General government	11,270,830	--	--
Public protection	16,301,054	--	49,470,612
Public ways and facilities	57,321	20,605,445	--
Health and sanitation	30,254,438	--	--
Public assistance	93,779,272	--	--
Education	1,404,193	--	--
Recreation	121,725	--	--
Debt Service	--	--	--
Total Expenditures	<u>153,188,833</u>	<u>20,605,445</u>	<u>49,470,612</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>32,088,758</u>	<u>1,444,147</u>	<u>(21,342,310)</u>
Other Financing Sources (Uses):			
Transfers in	4,693,018	--	29,597,484
Transfers out	(31,188,080)	--	(5,255,065)
Sale of capital assets	59,631	--	23,328
Total Other Financing Sources (Uses)	<u>(26,435,431)</u>	<u>--</u>	<u>24,365,747</u>
Net Change in Fund Balances	5,653,327	1,444,147	3,023,437
Fund Balances - Beginning	<u>53,241,414</u>	<u>9,644,985</u>	<u>2,528,771</u>
Fund Balances - Ending	<u>\$ 58,894,741</u>	<u>\$ 11,089,132</u>	<u>\$ 5,552,208</u>

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 2,205,966	\$ 48,580,264
210,932	3,550,460
35,334	5,324,124
405,739	1,495,074
27,293,173	184,796,011
2,646,224	20,232,485
439,547	4,713,982
<u>33,236,915</u>	<u>268,692,400</u>

696,536	11,967,366
14,310,883	80,082,549
654,157	21,316,923
21,842,464	52,096,902
726,560	94,505,832
--	1,404,193
--	121,725
4,403,906	4,403,906
<u>42,634,506</u>	<u>265,899,396</u>

<u>(9,397,591)</u>	<u>2,793,004</u>
--------------------	------------------

8,456,092	42,746,594
(6,774,328)	(43,217,473)
10,705	93,664
<u>1,692,469</u>	<u>(377,215)</u>

(7,705,122)	2,415,789
-------------	-----------

<u>45,808,407</u>	<u>111,223,577</u>
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<u>\$ 38,103,285</u>	<u>\$ 113,639,366</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, 2010

Net Change in Fund Balances - Total Governmental Funds (page 25)	\$ 2,415,789
Amounts reported for governmental activities in the Statement of Net Activities are different because:	
Governmental funds report capital outlays as expenditures.	13,496,771
In the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.	(4,918,108)
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.	(134,177)
Revenues that do not provide current financial resources are not reported as revenues in the funds.	4,665,115
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.	1,894,181
Interest on outstanding debt is reported as an expenditure when due in the Governmental Funds, but is accrued in the Statement of Activities.	68,716
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.	(222,941)
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.	(9,385,500)
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>2,003,125</u>
Change in Net Assets of Governmental Activities (page 22)	<u><u>\$ 9,826,759</u></u>

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

COUNTY OF SHASTA

Statement of Net Assets Proprietary Funds June 30, 2010

	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	\$ 2,509,090	\$13,098,840	\$ 66,194	\$ 2,160,807	\$ 17,834,931	\$ 37,246,809
Receivables, net	403,509	--	394	219,674	623,577	311,185
Due from other governments	17,218	572,714	11,020	2,272	603,224	28,228
Inventories	--	--	29,912	--	29,912	114,364
Due from other funds	--	45,607	--	20,502	66,109	433
Other assets	--	--	--	558	558	63,960
Total current assets	<u>2,929,817</u>	<u>13,717,161</u>	<u>107,520</u>	<u>2,403,813</u>	<u>19,158,311</u>	<u>37,764,979</u>
Noncurrent assets:						
Special assessments receivable	--	--	--	1,313,919	1,313,919	--
Advances to other funds	--	--	--	--	--	453,829
Cash and investments - restricted	568,875	--	--	1,058	569,933	--
Capital assets, non depreciable	1,042,787	--	11,252,583	830,868	13,126,238	55,375
Capital assets, depreciable - net	8,346,681	--	352,389	8,563,391	17,262,461	2,839,222
Total noncurrent assets	<u>9,958,343</u>	<u>--</u>	<u>11,604,972</u>	<u>10,709,236</u>	<u>32,272,551</u>	<u>3,348,426</u>
Total Assets	<u>12,888,160</u>	<u>13,717,161</u>	<u>11,712,492</u>	<u>13,113,049</u>	<u>51,430,862</u>	<u>41,113,405</u>
LIABILITIES						
Current liabilities:						
Accounts payable	10,122	--	6,154	22,551	38,827	664,773
Salaries and benefits payable	--	--	--	--	--	205,866
Interest payable	34,702	--	572	19,777	55,051	--
Due to other governments	--	--	--	--	--	74,285
Due to other funds	45,765	--	--	908	46,673	99,238
Deposits from others	--	--	400	--	400	--
Claims payable	--	--	--	--	--	2,839,135
Compensated absences payable	--	--	--	--	--	205,091
Bonds, notes payable	670,253	--	9,611	83,639	763,503	--
Total current liabilities	<u>760,842</u>	<u>--</u>	<u>16,737</u>	<u>126,875</u>	<u>904,454</u>	<u>4,088,388</u>
Noncurrent liabilities:						
Claims payable	--	--	--	--	--	14,022,865
Advances from other funds	--	--	--	481,329	481,329	--
Compensated absences payable	--	--	--	--	--	189,119
Bonds, notes payable	1,663,605	--	9,821	1,286,470	2,959,896	--
Landfill closure/postclosure care costs	--	10,046,102	--	--	10,046,102	--
Net OPEB obligation	--	--	--	--	--	1,165,488
Total noncurrent liabilities	<u>1,663,605</u>	<u>10,046,102</u>	<u>9,821</u>	<u>1,767,799</u>	<u>13,487,327</u>	<u>15,377,472</u>
Total Liabilities	<u>2,424,447</u>	<u>10,046,102</u>	<u>26,558</u>	<u>1,894,674</u>	<u>14,391,781</u>	<u>19,465,860</u>
NET ASSETS						
Invested in capital assets, net	7,055,611	--	11,585,541	8,024,149	26,665,301	2,894,597
Restricted for debt service	665,437	--	--	--	665,437	--
Unrestricted	2,742,665	3,671,059	100,393	3,194,226	9,708,343	18,752,948
Total Net Assets	<u>\$ 10,463,713</u>	<u>\$ 3,671,059</u>	<u>\$ 11,685,934</u>	<u>\$ 11,218,375</u>	<u>\$ 37,039,081</u>	<u>\$ 21,647,545</u>

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, 2010

	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	\$ 1,242,374	\$ 1,788,733	\$ 78,460	\$ 1,103,776	\$ 4,213,343	\$ 21,499,583
OPERATING EXPENSES						
Salaries and benefits	--	--	--	--	--	7,690,409
Services and supplies	555,310	--	62,937	1,147,456	1,765,703	5,946,408
Central service costs	8,269	--	6,107	49,213	63,589	1,282,534
Insurance premiums	--	--	--	--	--	1,634,644
Claims expense	--	--	--	--	--	3,230,960
Depreciation	1,774,123	--	15,616	529,945	2,319,684	892,834
Landfill closure/postclosure care costs	--	521,702	--	--	521,702	--
Total Operating Expenses	<u>2,337,702</u>	<u>521,702</u>	<u>84,660</u>	<u>1,726,614</u>	<u>4,670,678</u>	<u>20,677,789</u>
Operating Income (Loss)	<u>(1,095,328)</u>	<u>1,267,031</u>	<u>(6,200)</u>	<u>(622,838)</u>	<u>(457,335)</u>	<u>821,794</u>
NON-OPERATING REVENUES						
(EXPENSES)						
Investment income (loss)	18,169	94,051	708	15,546	128,474	270,841
Property tax revenue	--	--	--	28,890	28,890	--
Special assessments	--	--	--	59,823	59,823	--
Miscellaneous revenue	12	--	--	4,533	4,545	475,354
Interest expense	(74,618)	--	(1,172)	(85,365)	(161,155)	--
Gain (loss) on sale of capital assets	--	--	--	--	--	17,842
Interfund transfer of capital assets	--	--	--	--	--	(55,766)
Total Non-Operating Revenues						
(Expenses)	<u>(56,437)</u>	<u>94,051</u>	<u>(464)</u>	<u>23,427</u>	<u>60,577</u>	<u>708,271</u>
Net Income (Loss) Before Capital	<u>(1,151,765)</u>	<u>1,361,082</u>	<u>(6,664)</u>	<u>(599,411)</u>	<u>(396,758)</u>	<u>1,530,065</u>
Contributions and Transfers						
Capital contributions	--	--	--	--	--	2,181
Capital improvement fees	--	--	--	51,820	51,820	--
Capital grants	--	--	147,963	4,531	152,494	--
Transfers in	342,663	--	--	--	342,663	878,600
Transfers out	--	(342,663)	--	--	(342,663)	(407,721)
Change in Net Assets	<u>(809,102)</u>	<u>1,018,419</u>	<u>141,299</u>	<u>(543,060)</u>	<u>(192,444)</u>	<u>2,003,125</u>
Net Assets - Beginning	<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>
Net Assets - Ending	<u>\$ 10,463,713</u>	<u>\$ 3,671,059</u>	<u>\$ 11,685,934</u>	<u>\$ 11,218,375</u>	<u>\$ 37,039,081</u>	<u>\$ 21,647,545</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, 2010

	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	\$ 1,245,318	\$ 1,784,357	\$ 77,866	\$ 1,090,842	\$ 4,198,383	\$ 21,044,208
Payments to suppliers	(531,332)	--	(79,697)	(1,197,480)	(1,808,509)	(8,682,917)
Payments to employees	--	--	--	--	--	(7,115,290)
Claims paid	--	--	--	--	--	(3,413,338)
Net Cash Provided (Used) by Operating Activities	<u>713,986</u>	<u>1,784,357</u>	<u>(1,831)</u>	<u>(106,638)</u>	<u>2,389,874</u>	<u>1,832,663</u>
Cash Flows from Non-Capital Financing Activities:						
Property taxes	--	--	--	6,783	6,783	--
Other revenue (expense)	12	--	--	4,533	4,545	475,354
Operating subsidies and transfers out	388,270	(388,270)	--	(22,160)	(22,160)	488,031
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>388,282</u>	<u>(388,270)</u>	<u>--</u>	<u>(10,844)</u>	<u>(10,832)</u>	<u>963,385</u>
Cash Flows from Capital and Related Financing Activities:						
Acquisition and construction of capital assets	(163,983)	--	(164,505)	(2,680)	(331,168)	(608,422)
Proceeds from sale of capital assets	--	--	--	--	--	65,710
Capital improvement fees	--	--	--	51,820	51,820	--
Principal payments on debt	(642,103)	--	(9,078)	(78,684)	(729,865)	--
Special assessments	--	--	--	166,971	166,971	--
Capital grants received	--	--	176,471	4,531	181,002	--
Interest payments on debt	(88,916)	--	(1,440)	(83,906)	(174,262)	--
Net Cash Used by Capital and Related Financing Activities	<u>(895,002)</u>	<u>--</u>	<u>1,448</u>	<u>58,052</u>	<u>(835,502)</u>	<u>(542,712)</u>
Cash Flows From Investing Activities:						
Income on investments	18,169	94,051	708	15,546	128,474	270,841
Net Increase (Decrease) in Cash and Cash Equivalents	<u>225,435</u>	<u>1,490,138</u>	<u>325</u>	<u>(43,884)</u>	<u>1,672,014</u>	<u>2,524,177</u>
Cash and Cash Equivalents - Beginning 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>
Cash and Cash Equivalents - End of Year	<u>\$ 3,077,965</u>	<u>\$ 13,098,840</u>	<u>\$ 66,194</u>	<u>\$ 2,161,865</u>	<u>\$ 18,404,864</u>	<u>\$ 37,246,809</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$(1,095,328)	\$ 1,267,031	\$ (6,200)	\$ (622,838)	\$ (457,335)	\$ 821,794
Adjustments to reconcile net operating income to net cash provided (used) by operating activities:						
Depreciation expense	1,774,123	--	15,616	529,945	2,319,684	892,834
Amortization of bond issuance costs	34,447	--	--	--	34,447	--
Landfill closure/postclosure care expense	--	521,702	--	--	521,702	--
Changes in assets and liabilities:						
Receivables, net	36,028	--	--	(7,723)	28,305	(304,841)
Due from other funds	--	--	(394)	4,375	3,981	19,693
Due from other governments	8,113	(4,376)	--	(2,272)	1,465	(17,889)
Inventories	--	--	(13,526)	--	(13,526)	(15,970)
Other assets	--	--	--	--	--	19,397
Accounts payable	(2,200)	--	2,873	(1,680)	(1,007)	95,682
Salaries and benefits payable	--	--	--	--	--	8,671
Due to other funds	(41,197)	--	--	(6,445)	(47,642)	(137,498)
Claims payable	--	--	--	--	--	(183,000)
Other liabilities	--	--	(200)	--	(200)	--
Due to other governments	--	--	--	--	--	74,196
Compensated absences payable	--	--	--	--	--	12,106
Net OPEB obligation	--	--	--	--	--	547,488
Net Cash Provided (Used) by Operating Activities	<u>\$ 713,986</u>	<u>\$ 1,784,357</u>	<u>\$ (1,831)</u>	<u>\$ (106,638)</u>	<u>\$ 2,389,874</u>	<u>\$ 1,832,663</u>

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

COUNTY OF SHASTA

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	Investment Trust Funds	Agency Funds
	<u> </u>	<u> </u>
ASSETS		
Cash and investments	\$ 138,644,319	\$ 22,279,958
Accounts receivable, net	35,251	368,415
Taxes receivable, net	--	19,464,916
Due from other governments	492,183	3,250,162
Due from other funds	1,887,538	3,968,110
Totals Assets	<u>\$ 141,059,291</u>	<u>\$ 49,331,561</u>
LIABILITIES		
Due to other funds	\$ 1,495,822	\$ 4,350,244
Due to other governments	26,887	5,435,323
Taxes due to other funds	--	18,691,830
Agency funds liabilities	--	20,854,164
Total Liabilities	<u>1,522,709</u>	<u>\$ 49,331,561</u>
NET ASSETS		
Net assets held in trust for investment pool participants	<u>\$ 139,536,582</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, 2010

ADDITIONS:	
Contributions to investment pool	\$ 523,419,808
DEDUCTIONS:	
Distributions from investment pool	<u>557,169,874</u>
CHANGE IN NET ASSETS	(33,750,066)
NET ASSETS, BEGINNING	<u>173,286,648</u>
NET ASSETS, ENDING	<u><u>\$ 139,536,582</u></u>

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

NOTES TO FINANCIAL STATEMENTS

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2010

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 unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize its legal separation from the County.

COUNTY OF SHASTA

Notes to the Financial Statements June 30, 2010

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
- Foxwood Estates PRD
- Manzanillo Orchard
- Marianas Way
- Millville Way PRD
- Mountain Gate Meadows PRD
- Mule Mountain Parkway
- North Chapparal 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
- Sonora Trail PRD

COUNTY OF SHASTA

Notes to the Financial Statements June 30, 2010

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

A. **Component Units** (continued)

- 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
- Jennifer Drive EFER PRD
- Terri Lee Terrace 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
- Mount Lassen Woods PRD
- White Oak Manor 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 the Financial Statements
June 30, 2010

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 *Shasta 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 are issued separately and may be obtained at the unit's administrative office.

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2010

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

A. **Component Units** (continued)

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. 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.

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2010

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

B. Related Organizations (continued)

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.

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.

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2010

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

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

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.

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.

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2010

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

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

Fund Financial Statements (continued)

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.

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

COUNTY OF SHASTA

Notes to the Financial Statements June 30, 2010

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

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

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 one hundred eighty (180) days of the end of the current fiscal period. 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.

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 Debit 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.

COUNTY OF SHASTA

Notes to the Financial Statements June 30, 2010

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

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 is offset by reservation of fund balance.

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.

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2010

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

H. **Capital Assets** (continued)

Acquisitions of capital assets are recorded as expenditures in the governmental fund types at the time of purchase and are recorded in the Capital 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:

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

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,

COUNTY OF SHASTA

Notes to the Financial Statements June 30, 2010

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

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

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.

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.

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2010

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

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.

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

COUNTY OF SHASTA

Notes to the Financial Statements June 30, 2010

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

A. **Cash Management** (continued)

pool is not registered within the Securities and Exchange Commission (SEC), and to comply with 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 38 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 58 percent of the investment pool.

At June 30, 2010, total County cash and investments were as follows:

<i>Cash:</i>	
Cash on hand and imprest cash	\$ 54,015
Deposits	14,604,236
Total cash and deposits	<u>14,658,251</u>
 <i>Investments:</i>	
In Treasurer's pool	319,506,213
External to the Treasurer's pool	5,180,438
Total investments	<u>324,686,651</u>
 <i>In-transit items:</i>	
Outstanding checks	(12,744,451)
EFTs	(177,585)
	<u>(12,922,036)</u>
Total cash and investments	<u>\$ 326,422,866</u>

COUNTY OF SHASTA

Notes to the Financial Statements June 30, 2010

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

A. **Cash Management** (continued)

Total cash and investments at June 30, 2010 were presented on the County's financial statements as follows:

Primary government	\$ 156,714,685
Primary government - restricted cash	4,852,983
Component units	3,930,921
Investment trust funds	138,644,319
Agency funds	<u>22,279,958</u>
 Total cash and investments	 <u><u>\$ 326,422,866</u></u>

Investments

At June 30, 2010, the County had the following investments:

	Interest Rates	Maturities	Par	Fair Value	WAM (Years)
Investments in Investment Pool					
Local Agency Investment Fund	0.56%	07/01/10	\$ 40,000,000	\$ 40,000,000	0.00
Repurchase Agreement	0.01%	07/01/09	26,000,000	26,000,007	0.00
Inactive Public Deposit	1.35% - 1.69%	08/11/10 - 10/16/10	2,000,000	2,000,000	0.21
U.S. Treasury Bills and Notes	0.22% - 1.25%	07/15/10 - 11/31/11	45,000,000	45,089,650	0.51
Federal Farm Credit	0.60% - 5.25%	09/13/10 - 05/24/12	63,000,000	63,286,870	1.38
Federal Home Loan Bank	0.51% - 4.38%	07/13/10 - 05/17/12	46,750,000	46,863,405	1.10
Federal National Mortgage	1.00% - 1.75%	03/23/11 - 05/25/12	58,000,000	58,132,270	1.57
Federal Home Loan Mortgage Corp.	0.50% - 1.55%	12/15/10 - 03/09/11	38,000,000	38,121,110	1.49
Government National Mortgage Association	8.00% - 9.50%	03/17/17 - 08/15/17	12,041	12,901	6.89
			<u>\$ 318,762,041</u>	<u>\$ 319,506,213</u>	
Investments outside Investment Pool					
Shasta Lake Local Agency Investment Fund	1.51%	06/30/10	\$ 321,859	\$ 321,859	0.00
Cash with fiscal agent	0.01% - 0.56%	06/30/10	4,858,579	4,858,579	0.00
			<u>\$ 5,180,438</u>	<u>\$ 5,180,438</u>	
Total Investments			<u>\$ 323,942,479</u>	<u>\$ 324,686,651</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.

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2010

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

A. **Cash Management** (continued)

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, 2010.

	<u>S&P</u>	<u>Moody's</u>	<u>% of Portfolio</u>
Investments in Investment Pool			
Local Agency Investment Fund	Unrated	Unrated	12.52%
Repurchase Agreement	Unrated	Unrated	8.14%
Inactive Public Deposit	Unrated	Unrated	0.63%
U.S. Treasury Bills and Notes	Unrated	Unrated	14.11%
Federal Farm Credit	Not available	AAA	19.81%
Federal Home Loan Bank	Not available	AAA	14.67%
Federal National Mortgage	Not available	AAA	18.19%
Federal Home Loan Mortgage Corp.	Not available	AAA	11.93%
Government National Mortgage Association	Unrated	Unrated	<u>0.00%</u>
			<u>100.00%</u>

At June 30, 2010 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	19.81%	\$ 63,286,870
Federal Home Loan Bank	14.67%	46,863,405
Federal National Mortgage	18.19%	58,132,270
Federal Home Loan Mortgage Corp.	11.93%	38,121,110

COUNTY OF SHASTA

Notes to the Financial Statements June 30, 2010

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

A. **Cash Management** (continued)

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.

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, 2010, 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 \$69,385,966,558; 100% of which was invested in other non-derivative financial products.

COUNTY OF SHASTA

Notes to the Financial Statements June 30, 2010

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

A. **Cash Management** (continued)

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, 2010:

Statement of Net Assets

Assets:

Investments	\$ 319,506,213
Other deposits	12,365,587
Total assets	<u>331,871,800</u>

In-transit items:

Outstanding checks and warrants payable	12,744,451
EFTs	177,585
Total in-transit items	<u>12,922,036</u>

Net Assets:

Equity of internal pool participants	180,333,345
Equity of external pool participants	138,616,419
Total net assets	<u>\$ 318,949,764</u>

Statement of Changes in Net Assets

Investment earnings	\$ 4,381,678
Investment expenses	(747,476)
Net distribution to pool participants	3,032,865
Decrease in Net Assets	<u>6,667,067</u>

Net assets at July 1, 2009	<u>312,282,697</u>
Net assets at June 30, 2010	<u>\$ 318,949,764</u>

COUNTY OF SHASTA

Notes to the Financial Statements June 30, 2010

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

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.

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.

COUNTY OF SHASTA

Notes to the Financial Statements June 30, 2010

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

C. **Authorized Investments** (continued)

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.

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 \$8,715,960, as reported in the governmental non-major funds, include \$2,650,912 in loans to individuals for housing rehabilitation, and \$5,200,491 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.

COUNTY OF SHASTA

Notes to the Financial Statements June 30, 2010

Note 3: **Notes Receivables** (continued)

The remaining \$864,557 consist of real property rehabilitation deferred loans to the following 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 Grams.

Note 4: **Capital Assets**

Capital asset activity for the year ended June 30, 2010, was as follows:

	Balance June 30, 2009	Additions	Retirements	Transfers	Balance June 30, 2010
Governmental Activities					
Capital assets not being depreciated:					
Land and improvements	\$ 2,528,063	\$ --	\$ --	\$ --	\$ 2,528,063
Construction in progress	21,859,945	10,615,694	--	(25,408,537)	7,067,102
Total Capital Assets Not Being Depreciated	<u>24,388,008</u>	<u>10,615,694</u>	<u>--</u>	<u>(25,408,537)</u>	<u>9,595,165</u>
Capital assets being depreciated:					
Structures and improvements	95,361,978	1,739,000	(89,822)	1,080,048	98,091,204
Long-term leasehold improvements	1,004,932	--	(39,975)	--	964,957
Equipment	41,795,014	3,513,067	(1,427,043)	823	43,881,861
Infrastructure	87,759,301	--	--	24,327,666	112,086,967
Total Capital Assets Being Depreciated	<u>225,921,225</u>	<u>5,252,067</u>	<u>(1,556,840)</u>	<u>25,408,537</u>	<u>255,024,989</u>
Less accumulated depreciation for:					
Structures and Improvements	(30,488,976)	(1,814,356)	5,389	--	(32,297,943)
Long-term leasehold improvements	(443,715)	(10,946)	9,045	--	(445,616)
Equipment	(27,406,927)	(3,236,958)	1,349,729	--	(29,294,156)
Infrastructure	(61,744,180)	(748,682)	--	--	(62,492,862)
Total Accumulated Depreciation	<u>(120,083,798)</u>	<u>(5,810,942)</u>	<u>1,364,163</u>	<u>--</u>	<u>(124,530,577)</u>
Total Capital Assets Being Depreciated, Net	<u>105,837,427</u>	<u>(558,875)</u>	<u>(192,677)</u>	<u>25,408,537</u>	<u>130,494,412</u>
Governmental Activities Capital Assets, Net	<u>\$ 130,225,435</u>	<u>\$ 10,056,819</u>	<u>\$ (192,677)</u>	<u>\$ --</u>	<u>\$ 140,089,577</u>

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2010

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

	Balance June 30, 2009	Additions	Retirements	Transfers	Balance June 30, 2010
Business-Type Activities					
Capital assets not being depreciated:					
Land and improvements	\$ 1,804,168	\$ 609	\$ --	\$ --	\$ 1,804,777
Construction in progress	10,990,505	346,407	--	(15,451)	11,321,461
Total Capital Assets Not Being Depreciated	<u>12,794,673</u>	<u>347,016</u>	<u>--</u>	<u>(15,451)</u>	<u>13,126,238</u>
Capital assets being depreciated:					
Structures and improvements	48,967,402	--	--	15,451	48,982,853
Equipment	263,100	--	--	--	263,100
Total Capital Assets Being Depreciated	<u>49,230,502</u>	<u>--</u>	<u>--</u>	<u>15,451</u>	<u>49,245,953</u>
Less accumulated depreciation for:					
Structures and Improvements	(29,414,004)	(2,315,624)	--	--	(31,729,628)
Equipment	(249,804)	(4,060)	--	--	(253,864)
Total Accumulated Depreciation	<u>(29,663,808)</u>	<u>(2,319,684)</u>	<u>--</u>	<u>--</u>	<u>(31,983,492)</u>
Total Capital Assets Being Depreciated, Net	<u>19,566,694</u>	<u>(2,319,684)</u>	<u>--</u>	<u>15,451</u>	<u>17,262,461</u>
Business-Type Activities Capital Assets, Net	<u>\$ 32,361,367</u>	<u>\$ (1,972,668)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 30,388,699</u>

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

Governmental Activities

General government	\$ 2,092,745
Public protection	1,128,502
Public ways	1,385,649
Health and sanitation	180,065
Public assistance	130,352
Education	795
Capital assets held by the County's internal service funds are charged to the various functions based on the usage of the assets	<u>892,834</u>

Total Depreciation Expenses Governmental Activities \$ 5,810,942

Business-Type Activities

Airport	\$ 15,616
Solid Waste	1,774,123
County Service Areas	<u>529,945</u>

Total Depreciation Expenses Business-Type Activities \$ 2,319,684

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2010

Note 5: **Interfund Transactions**

Interfund Receivables/Payables

Due to/from Other Funds:

Interfund receivable and payable balances at June 30, 2010, between major and non-major governmental funds, non-major enterprise funds, internal service funds, and fiduciary funds are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Roads Admin. Fund	\$ 155
	Public Safety Fund	384,784
	Nonmajor Governmental Funds	461,164
	Nonmajor Enterprise Funds	63
	Internal Service Funds	33,668
	Agency Funds	778,608
		1,658,442
Roads Fund	Agency Funds	800
Public Safety Fund	General Fund	57,779
	Roads Admin. Fund	1,215
	Nonmajor Governmental Funds	334,165
	Internal Service Funds	58,933
	Agency Funds	79,228
	Component Units	20,624
		551,944
Nonmajor Governmental Funds	General Fund	1,039,075
	Roads Admin. Fund	598
	Public Safety Fund	2,383
	Nonmajor Governmental Funds	20,940
	Solid Waste Disposal Fund	158
	Internal Service Funds	6,319
	Component Units	77,753
Agency Funds	133,918	
		1,281,144

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2010

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

Interfund Receivables/Payables (continued)

Due to/from Other Funds (continued):

Receivable Fund	Payable Fund	Amount
Internal Service Funds	Public Safety Fund	\$ 433
West Central Landfill Fund	Solid Waste Disposal Fund	<u>45,607</u>
Nonmajor Enterprise Funds	General Fund	98
	Nonmajor Enterprise Funds	639
	Agency Funds	<u>19,765</u>
		<u>20,502</u>
Agency Funds	General Fund	950,584
	Roads Admin. Fund	2,672
	Public Safety Fund	12,286
	Nonmajor Governmental Funds	55,835
	Nonmajor Enterprise Funds	206
	Internal Service Funds	318
	Agency Funds	2,943,865
	Investment Trust Funds	<u>2,344</u>
		<u>3,968,110</u>
Investment Trust Funds	Agency Funds	394,060
	Investment Trust Fund	<u>1,493,478</u>
		<u>1,887,538</u>
		<u>\$ 9,414,520</u>

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2010

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:

General Fund	Public Safety Fund	\$ 211,812
	Nonmajor Governmental Funds	79,713
	Nonmajor Enterprise Funds	2,500
		<u>294,025</u>
Nonmajor Governmental Funds	Nonmajor Governmental Funds	726,369
	Nonmajor Enterprise Funds	25,000
		<u>751,369</u>
Internal Service Funds	Nonmajor Enterprise Funds	453,829
		<u>\$ 1,499,223</u>

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2010

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

Interfund Receivables/Payables (continued)

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.

Interfund transfers for the year ended June 30, 2010, consisted of the following:

Paying Fund	Receiving Fund	Amount	Purpose
General Fund	Public Safety Fund	\$ 25,309,255	Funding of operational expenditures
	Nonmajor Governmental Funds	5,126,675	Funding of operational expenditures
	Internal Service Funds	<u>752,150</u>	Purchase of vehicles and funding operational expenses
		<u>31,188,080</u>	
Public Safety Fund	General Fund	4,693,018	Funding of capital improvement projects and share of Social Services program
	Nonmajor Governmental Funds	<u>562,047</u>	Funding of operational expenditures
		<u>5,255,065</u>	
Nonmajor Governmental Funds	Public Safety Fund	4,288,229	Funding of operational expenditures
	Nonmajor Governmental Funds	<u>2,486,099</u>	Funding of capital improvement projects
		<u>6,774,328</u>	
West Central Landfill Fund	Solid Waste Disposal Fund	<u>342,663</u>	Funding of capital improvement projects
Internal Service Funds	Nonmajor Governmental Funds	281,271	Funding of operational expenditures
	Internal Service Funds	<u>126,450</u>	Transfer of vehicles
		<u>407,721</u>	
		<u>\$ 43,967,857</u>	

COUNTY OF SHASTA

Notes to the Financial Statements June 30, 2010

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, 2009	Additions	Retirements	Balance June 30, 2010	Amounts Due Within One Year
Governmental Activities					
Bonds Payable:					
Lease revenue bonds	\$ 49,290,000	\$ --	\$ 1,680,000	\$ 47,610,000	\$ 1,745,000
Unamortized bond premium	1,130,781	--	46,996	1,083,785	46,995
Total Bonds payable	<u>50,420,781</u>	<u>--</u>	<u>1,726,996</u>	<u>48,693,785</u>	<u>1,791,995</u>
Claims liability	17,045,000	3,230,960	3,413,960	16,862,000	2,839,135
Capital leases obligations	1,328,322	--	214,181	1,114,141	225,595
Compensated absences	<u>8,290,250</u>	<u>9,480,358</u>	<u>9,245,309</u>	<u>8,525,299</u>	<u>4,435,359</u>
Governmental Activities Long-Term Liabilities	<u>\$ 77,084,353</u>	<u>\$ 12,711,318</u>	<u>\$ 14,600,446</u>	<u>\$ 75,195,225</u>	<u>\$ 9,292,084</u>
Business-Type Activities					
Bonds payable	\$ 2,285,435	\$ --	\$ 586,975	\$ 1,698,460	\$ 616,122
Financing leases	1,890,961	--	112,103	1,778,858	115,253
Notes payable	276,868	--	30,787	246,081	32,128
Liability for landfill closure/ postclosure care costs	<u>9,524,400</u>	<u>521,702</u>	<u>--</u>	<u>10,046,102</u>	<u>--</u>
Business-Type Activities Long-Term Liabilities	<u>\$ 13,977,664</u>	<u>\$ 521,702</u>	<u>\$ 729,865</u>	<u>\$ 13,769,501</u>	<u>\$ 763,503</u>

B. Summary of Long-Term Obligations

	Date of Issue	Date of Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2010
<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	\$ 6,180,000
2003 Lease Revenue Bonds – Administration Center	2003	2033	4.00-5.25%	\$750,000 - \$2,735,000	42,575,000	38,510,000
2003 Refunding Lease Revenue Bonds Justice Center	2004	2014	2.00-4.125%	\$420,000 - \$645,000	5,705,000	<u>2,920,000</u>
Total Governmental Bonds Payable						<u>\$ 47,610,000</u>

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2010

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>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2010</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	\$ 555,000
CSA No. 3 (Castella) Limited Obligation Improvement Bond	2009	2047	4.125%	\$2,000 - \$9,200	184,700	182,700
CSA No. 6 (Jones Valley) 1980 Revenue Bonds	1980	2020	5.00%	\$7,000 - \$30,000	537,000	248,000
CSA No. 6 (Jones Valley) Limited Obligation Bonds	1998	2038	4.75%	\$6,357 - \$38,000	802,789	600,000
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	651,400	45,000
CSA No. 17 (Cottonwood) Sewer Bonds – Series C	1986	2026	7.75%	\$500 - \$8,000	114,408	32,500
CSA No. 23 (Crag View) Water Bonds – Series A	1974	2013	5.00%	\$1,000 - \$4,000	103,000	12,000
CSA No. 23 (Crag View) Water Bonds – Series B	1975	2013	5.00%	\$185 - \$1,172	20,000	<u>3,260</u>
						<u>1,698,460</u>
Financing Lease:						
Solid Waste – California Infrastructure and Economic Bank	2007	2022	2.81%	\$109,039-\$160,723	\$ 2,000,000	<u>\$ 1,778,858</u>
Notes Payable:						
CSA No. 2 (Sugar Loaf) Note Payable	1978	2016	5.00%	\$1,718 - \$73,206	73,206	24,419
CSA No. 11 (French Gulch) Note Payable	1995	2019	3.41%	\$5,389 - \$24,063	420,000	202,230
Fall River Mills Airport Note Payable	1998	2011	5.05%	\$3,753 - \$9,821	90,000	<u>19,432</u>
						<u>246,081</u>
						<u>\$ 3,723,399</u>

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2010

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

B. Summary of Long-Term Obligations (continued)

As of June 30, 2010, annual debt service requirements of governmental activities to maturity are as follows:

Year Ending June 30	Governmental Activities	
	Lease Revenue Bonds	
	Principal	Interest
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	2,125,000	2,016,515
2016 - 2020	8,615,000	8,783,066
2021 - 2025	10,790,000	6,250,288
2026 - 2030	10,740,000	3,618,000
2031 - 2033	7,820,000	794,750
	<u>\$ 47,610,000</u>	<u>\$ 30,426,132</u>

Year Ending June 30	Business-Type Activities	
	Bonds Payable	
	Principal	Interest
2011	\$ 616,122	\$ 67,938
2012	45,273	52,270
2013	47,365	49,995
2014	44,800	47,595
2015	45,400	45,376
2016 - 2020	252,700	190,623
2021 - 2025	121,800	141,025
2026 - 2030	138,700	109,182
2031 - 2035	169,100	73,852
2036 - 2040	152,900	30,422
2041 - 2045	37,700	9,498
2046 - 2048	26,600	1,675
	<u>\$ 1,698,460</u>	<u>\$ 819,451</u>

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2010

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>Financing Lease</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 115,253	\$ 48,367
2012	118,492	45,082
2013	121,822	41,706
2014	125,245	38,235
2015	128,764	34,666
2016 - 2020	700,172	116,187
2021 - 2023	469,110	20,017
	<u>\$ 1,778,858</u>	<u>\$ 344,260</u>

<u>Year Ending June 30</u>	<u>Business-Type Activities</u>	
	<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 32,128	\$ 8,943
2012	33,177	7,619
2013	24,227	6,251
2014	25,133	5,346
2015	26,072	4,407
2016 - 2020	105,344	9,128
	<u>\$ 246,081</u>	<u>\$ 41,694</u>

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.

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2010

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

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.

Vacation time	\$5,366,798
Sick leave	1,952,209
Compensated time-off	449,309
Administrative leave	405,560
Holiday credit	351,423
Total	<u>\$8,525,299</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
Less: accumulated depreciation	<u>(585,931)</u>
	<u>\$ 2,046,053</u>

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2010

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

As of June 30, 2010, 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, 2010</u>
Aircon Energy Retrofit	5.26%	\$ <u>1,114,141</u>

As of June 30, 2010, future minimum lease payments under capital leases was as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2011	\$ 281,271
2012	281,271
2013	281,271
2014	281,271
2015	<u>140,635</u>
Total Future Minimum Lease Payments	1,265,719
Less: Interest	<u>(151,578)</u>
Present Value of Remaining Lease Payments	\$ <u>1,114,141</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.

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2010

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

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

However, the costs for landfill closure and postclosure maintenance costs are based on yearly estimates, reviewed by the California Department of Resources Recycling and Recovery, as prepared by the county public works department. At June 30, 2010 the estimated percentage usage (filled) of the landfill site was 42.43 percent and the County has recognized an estimated liability of \$10,046,102 for the County landfill site for closure and postclosure maintenance costs. It is estimated that an additional \$13,628,788 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.

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 \$10,046,102 and as of June 30, 2010 the County has set aside \$8,763,850, resulting in an unfunded liability of \$1,282,252. The County has developed a plan to address this situation, avoiding any substantial increases in the tipping fees.

COUNTY OF SHASTA

Notes to the Financial Statements June 30, 2010

Note 9: **Component Unit Condensed Financial Information**

Shasta Children and Families First Commission

Current and other assets	\$ 4,197,510
Total Assets	<u>4,197,510</u>
Current and other liabilities	461,312
Long-term liabilities	19,959
Total Liabilities	<u>481,271</u>
Restricted	<u>3,716,239</u>
Total Net Assets	<u>\$ 3,716,239</u>
Revenues	
Aid from other governments	\$ 1,662,919
Use of money and property	26,784
Miscellaneous	1,719
Total Revenues	<u>1,691,422</u>
Expenses	
Operating expenses	<u>2,014,886</u>
Total Expenses	<u>2,014,886</u>
Change in net assets	(323,464)
Net assets, beginning	<u>4,039,703</u>
Net assets, ending	<u>\$ 3,716,239</u>

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2010

Note 10: **Fund Balances**

The following is a summary of fund balances at June 30, 2010:

	General Fund	Roads Administration Fund	Public Safety Fund	Other Governmental Funds
Reserved				
General	\$ 6,654,236	\$ 9,041	\$ --	\$ --
Imprest Accounts	45,090	200	56,665	4,849
Impact Fees	338,821	--	--	--
Inventories	--	425,490	--	--
Encumbrances	551,340	209,504	162,039	421,974
Notes Receivable	--	--	--	3,429,385
SRAF Reserve	--	--	--	169,342
Housing Home	--	--	--	5,200,491
Prudent Reserve	--	--	--	1,811,768
Advances to other funds	294,025	--	--	751,369
Debt Service	--	--	--	4,283,049
Total Reserved	7,883,512	644,235	218,704	16,072,227
Unreserved				
Designated				
General Purpose Use	25,394,406	575,103	114,637	9,581,511
Capital Projects	28,971	825,513	--	2,351,284
Debt Service	--	--	--	1,616,875
Fair Value of Investments	170,406	38,877	8,589	76,270
Equipment Acquisition	5,710	--	9,194	--
Total Designated Unrestricted	25,599,493	1,439,493	132,420	13,625,940

COUNTY OF SHASTA

Notes to the Financial Statements June 30, 2010

Note 10: **Fund Balances** (continued)

	General Fund	Roads Administration Fund	Public Safety Fund	Other Governmental Funds
Designated Restricted				
Shingletown Runway	\$ 1,779	\$ --	\$ --	\$ --
Vital Statistics	2,409	--	--	74,226
Recorder SSN Redaction	67,762	--	--	--
Animal Control Spay/Neuter	17,175	--	--	--
Federal Grazing	22,308	--	--	--
Parks	35,000	--	--	--
Quantity Control	18,793	--	--	--
Recaptured Payments	2,094	--	--	--
Veterans Home Donation	1,000	--	--	--
Smara	120,211	--	--	--
Solid Waste Surcharge	284,146	689,472	--	--
UGT Penalties	149,458	--	--	--
Alcohol Education Prevention	17,782	--	--	--
Alcohol Programs	143,373	--	--	--
CPS Donation	8,522	--	--	--
Knighten Road Beetle Mitigation	--	--	--	242,084
Impact Fees Admin	1,099	--	--	--
CCS Donation	--	--	--	17,964
STC Training	--	--	7,193	--
Asset/Forfeiture	--	--	1,503,886	--
Program Sales	--	--	177,439	--
Prop 172 Sales Tax	--	--	815,430	--
Probation Donation	--	--	3,832	--
DMV Remote Access	--	--	585,245	--
Car Seat Program	--	--	--	36,661
Air Quality Mgmt SB2766	--	--	--	1,233,335
Zone of Benefit Traffic Impact	--	1,699,638	--	--
Animal Control Shelter	285,942	--	--	3,000,000
SRMC Sart	17,108	--	--	--
NDTH Chat	52,937	--	--	--
Hatchet Ridge	1,000,000	--	--	--
Total Designated Restricted	<u>2,248,898</u>	<u>2,389,110</u>	<u>3,093,025</u>	<u>4,604,270</u>
Total Designated	<u>27,848,391</u>	<u>3,828,603</u>	<u>3,225,445</u>	<u>18,230,210</u>
Undesignated	<u>23,162,838</u>	<u>6,616,294</u>	<u>2,108,059</u>	<u>3,800,848</u>
Total Unreserved	<u>51,011,229</u>	<u>10,444,897</u>	<u>5,333,504</u>	<u>22,031,058</u>
Total Fund Balance	<u>\$ 58,894,741</u>	<u>\$ 11,089,132</u>	<u>\$ 5,552,208</u>	<u>\$ 38,103,285</u>

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2010

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 as of June 30, 2010, were as follows:

General liability	\$ 1,752,000
Workers' compensation	<u>15,110,000</u>
Total	<u>\$ 16,862,000</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, 2010 and 2009:

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2010

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

Unpaid Claims Liabilities (continued)

	<u>2010</u>	<u>2009</u>
Balance, Beginning of Year claims liability	\$17,045,000	\$16,093,000
Current year claims and changes in estimates	3,230,960	4,004,801
Claim payments	<u>(3,413,960)</u>	<u>(3,052,801)</u>
Balance, End of Year	<u>\$16,862,000</u>	<u>\$17,045,000</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 issues 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

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2010

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

B. Funding Policy (continued)

members. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for the year ended June 30, 2010, was 11.499 percent for miscellaneous employees and 27.989 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 the year ended June 30, 2010, the County of Shasta's annual pension cost was \$16,460,400 (consisting of employer contributions of \$11,399,774 and employer paid member contributions of \$5,060,626) and the County of Shasta actually contributed \$16,460,400. The required contribution for the year ended June 30, 2010 was determined as part of the June 30, 2007 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	Annual Pension			Percentage of APC Contributed	Net Pension Obligation
	Ending	Miscellaneous	Safety		
6/30/2008	\$ 11,026,555	\$ 4,449,040	\$ 15,475,595	100%	\$ --
6/30/2009	11,958,165	5,005,098	16,963,263	100%	--
6/30/2010	11,773,454	4,686,946	16,460,400	100%	--

D. Funded Status and Funding Progress

The funding status of each plan as of June 30, 2008, 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
6/30/08	\$ 357,324,582	\$ 376,436,584	\$ 19,112,002	94.9%	\$ 74,562,239	25.6%

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2010

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>
6/30/08	\$ 126,266,344	\$ 147,303,269	\$ 21,236,925	85.7%	\$ 15,017,956	141.4%

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, 2008 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 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, 2008, was 19 years for the miscellaneous plan and 21 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 the Financial Statements
June 30, 2010

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. 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 vision or life insurance benefits are provided. As of June 30, 2009, plan membership consisted of 1,626 active participants and 968 retirees and beneficiaries.

The County has prefunded a portion of its OPEB Benefits in CalPERS OPEB Trust (CERBT) and PARS Trust.

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

B. Funding Policy

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.

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2010

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

B. Funding Policy (continued)

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 year ended June 30, 2010, the County contributed \$4,256,000 (\$3,570,000 for Miscellaneous and \$686,000 for Safety), including \$3,458,000 (\$2,900,000 for Miscellaneous and \$558,000 for Safety) in benefit payments and \$798,000 (\$670,000 for Miscellaneous and \$128,000 for Safety) deposited to CERBT and PARS. The County's ARC was \$14,134,000 (\$11,234,000 for Miscellaneous and \$2,900,000 for Safety) for the year ended June 30, 2010.

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, 2009, 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	\$ 11,234	\$ 2,900	\$ 14,134
Interest on net OPEB obligation	410	116	526
Adjustment to annual required contribution	<u>(367)</u>	<u>(104)</u>	<u>(471)</u>
Annual OPEB cost (expense)	11,277	2,912	14,189
Contributions (benefit payments)	<u>3,570</u>	<u>686</u>	<u>4,256</u>
Increase in net OPEB obligation	7,707	2,226	9,933
Net OPEB obligation – beginning of year	<u>8,634</u>	<u>2,432</u>	<u>11,066</u>
Net OPEB obligation – end of year	<u>\$ 16,341</u>	<u>\$ 4,658</u>	<u>\$ 20,999</u>

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2010

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 the years ended June 30, 2008 through 2010 are as follows (dollar amounts in thousands):

Miscellaneous

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2008	\$12,093	100.7%	\$ (87)
June 30, 2009	12,484	30.1%	8,634
June 30, 2010	11,277	31.7%	16,341

Safety

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2008	\$3,140	100.7%	\$ (23)
June 30, 2009	3,243	24.3%	2,432
June 30, 2010	2,912	23.6%	4,658

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2009, 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 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>
6/30/09	\$ 10,547	\$ 121,942	\$ 111,395	8.65%	\$ 64,862	171.74%

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2010

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>
6/30/09	\$ 2,797	\$ 32,337	\$ 29,540	8.65%	\$ 14,351	205.84%

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 required schedule of funding progress immediately following the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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, 2009 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 OF SHASTA

Notes to the Financial Statements June 30, 2010

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

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

County); (b) 3.25% annual aggregate payroll increase rate and (c) projected healthcare cost increases of 8.4% (HMO) and 9.0% (PPO) for 2011 decreasing to 4.5% after 6 years (the post-Medicare medical cost trend starts 0.3% higher for 2011). Both (a) and (b) include an inflation component of 3.0%.

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: **Commitments and Contingencies**

A. **Construction Commitments**

At June 30, 2010, the County has commitments of approximately \$3.4 million for construction contracts, awarded but not completed. The major contract outstanding is for the West Central Landfill Unit 4B.

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, 2010 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 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.

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2010

Note 15: **Deficit Fund Equity**

The Shasta RDA special revenue fund had a deficit fund balance of \$106,855 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 Year Ended June 30, 2010

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

<u>Valuation Date</u>	<u>Entry Age Actuarial Value of Assets</u>	<u>Entry Age Normal 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>
6/30/06	\$ 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%
6/30/08	357,324,582	376,436,584	19,112,002	94.9%	74,562,239	25.6%

Safety Plan

<u>Valuation Date</u>	<u>Entry Age Actuarial Value of Assets</u>	<u>Entry Age Normal 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>
6/30/06	\$ 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%
6/30/08	126,266,344	147,503,269	21,236,925	85.7%	15,017,956	141.4%

COUNTY OF SHASTA

Required Supplementary Information
For the Year Ended June 30, 2010

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 (dollar amounts in thousands):

Miscellaneous

<u>Valuation Date</u>	<u>Entry Age Actuarial Value of Assets</u>	<u>Entry Age Normal 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	\$ --	\$ 110,031	\$ 110,031	0.00%	\$ 59,479	184.99%
6/30/09	\$ 10,547	\$ 121,942	\$ 111,395	8.65%	\$ 64,862	171.74%

Safety

<u>Valuation Date</u>	<u>Entry Age Actuarial Value of Assets</u>	<u>Entry Age Normal 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%
6/30/09	\$ 2,797	\$ 32,337	\$ 29,540	8.65%	\$ 14,351	205.84%

COUNTY OF SHASTA

General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final		Final to Actual
Revenues:				
Taxes	\$ 39,558,000	\$ 39,558,000	\$ 43,972,983	\$ 4,414,983
Licenses and permits	2,974,273	2,974,273	3,234,881	260,608
Fines and forfeitures	2,323,019	2,323,019	2,458,918	135,899
Use of money and property	1,897,166	1,897,166	1,011,072	(886,094)
Intergovernmental	114,529,374	114,964,297	119,002,315	4,038,018
Charges for services	10,233,864	10,447,229	11,625,066	1,177,837
Miscellaneous	5,800,011	4,119,413	3,972,356	(147,057)
Total Revenues	<u>177,315,707</u>	<u>176,283,397</u>	<u>185,277,591</u>	<u>8,994,194</u>
Expenditures:				
Current:				
General government	20,240,433	21,423,261	11,270,830	10,152,431
Public protection	16,768,880	17,604,639	16,301,054	1,303,585
Public ways and facilities	59,100	59,100	57,321	1,779
Health and sanitation	29,029,333	29,124,442	30,254,438	(1,129,996)
Public assistance	98,504,444	99,203,001	93,779,272	5,423,729
Education	1,565,640	1,565,640	1,404,193	161,447
Recreation	693,419	133,119	121,725	11,394
Total Expenditures	<u>166,861,249</u>	<u>169,113,202</u>	<u>153,188,833</u>	<u>15,924,369</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>10,454,458</u>	<u>7,170,195</u>	<u>32,088,758</u>	<u>24,918,563</u>
Other Financing Sources (Uses):				
Transfers in	11,435,704	17,314,603	4,693,018	(12,621,585)
Transfers out	(40,224,300)	(43,266,143)	(31,188,080)	12,078,063
Sale of capital assets	--	--	59,631	59,631
Net Financing Sources (Uses)	<u>(28,788,596)</u>	<u>(25,951,540)</u>	<u>(26,435,431)</u>	<u>(483,891)</u>
Net Change in Fund Balances	<u>(18,334,138)</u>	<u>(18,781,345)</u>	<u>5,653,327</u>	<u>24,434,672</u>
Fund Balance - Beginning	<u>53,241,414</u>	<u>53,241,414</u>	<u>53,241,414</u>	<u>--</u>
Fund Balance - Ending	<u>\$ 34,907,276</u>	<u>\$ 34,460,069</u>	<u>\$ 58,894,741</u>	<u>\$ 24,434,672</u>

COUNTY OF SHASTA

Roads Administration Fund
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final		Final to Actual
Revenues:				
Taxes	\$ 2,553,790	\$ 2,553,790	\$ 2,242,288	\$ (311,502)
Licenses and permits	15,000	15,000	53,909	38,909
Use of money and property	150,000	150,000	58,653	(91,347)
Intergovernmental	18,930,316	18,930,316	18,002,179	(928,137)
Charges for services	2,142,910	2,142,910	1,671,404	(471,506)
Miscellaneous	22,000	22,000	21,159	(841)
Total Revenues	<u>23,814,016</u>	<u>23,814,016</u>	<u>22,049,592</u>	<u>(1,764,424)</u>
Expenditures:				
Current:				
Public ways and facilities	<u>29,162,312</u>	<u>29,162,312</u>	<u>20,605,445</u>	<u>8,556,867</u>
Total Expenditures	<u>29,162,312</u>	<u>29,162,312</u>	<u>20,605,445</u>	<u>8,556,867</u>
Net Change in Fund Balance	(5,348,296)	(5,348,296)	1,444,147	6,792,443
Fund Balance - Beginning	<u>9,644,985</u>	<u>9,644,985</u>	<u>9,644,985</u>	<u>--</u>
Fund Balance - Ending	<u>\$ 4,296,689</u>	<u>\$ 4,296,689</u>	<u>\$ 11,089,132</u>	<u>\$ 6,792,443</u>

COUNTY OF SHASTA

Public Safety Fund
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variances
	Original	Final		Final to Actual
Revenues:				
Taxes	\$ 12,744,053	\$ 144,053	\$ 159,027	\$ 14,974
Licenses and permits	26,726	48,579	50,738	2,159
Fines and forfeitures	947,476	2,018,404	2,829,872	811,468
Use of money and property	--	--	19,610	19,610
Intergovernmental	8,697,491	19,971,295	20,498,344	527,049
Charges for services	4,616,544	5,009,847	4,289,791	(720,056)
Miscellaneous	997,401	340,265	280,920	(59,345)
Total Revenues	<u>28,029,691</u>	<u>27,532,443</u>	<u>28,128,302</u>	<u>595,859</u>
Expenditures:				
Current:				
Public Protection	56,787,582	52,708,651	49,470,612	3,238,039
Total Expenditures	<u>56,787,582</u>	<u>52,708,651</u>	<u>49,470,612</u>	<u>3,238,039</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(28,757,891)</u>	<u>(25,176,208)</u>	<u>(21,342,310)</u>	<u>3,833,898</u>
Other Financing Sources (Uses):				
Transfers in	28,442,801	30,494,978	29,597,484	(897,494)
Transfers out	(737,103)	(6,008,392)	(5,255,065)	753,327
Sale of capital assets	--	--	23,328	23,328
Net Financing Sources (Uses)	<u>27,705,698</u>	<u>24,486,586</u>	<u>24,365,747</u>	<u>(120,839)</u>
Net Change in Fund Balance	(1,052,193)	(689,622)	3,023,437	3,713,059
Fund Balance - Beginning	<u>2,528,771</u>	<u>2,528,771</u>	<u>2,528,771</u>	<u>--</u>
Fund Balance - Ending	<u>\$ 1,476,578</u>	<u>\$ 1,839,149</u>	<u>\$ 5,552,208</u>	<u>\$ 3,713,059</u>

COUNTY OF SHASTA

Notes to Required Supplementary Information For the Year Ended June 30, 2010

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.

Excess of Expenditures Over Appropriations

For the year ended June 30, 2010, expenditures exceeded appropriations in the General Fund's health and sanitation function by \$1,129,996.

SUPPLEMENTARY INFORMATION

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

COUNTY OF SHASTA

Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2010

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and investments	\$ 21,659,835	\$ 6,397,347	\$ 1,616,876	\$ 29,674,058
Accounts receivable	140,355	--	--	140,355
Due from other governments	7,455,711	--	--	7,455,711
Other assets	141,183	--	--	141,183
Due from other funds	1,281,144	--	--	1,281,144
Special assessments receivable	98,861	--	--	98,861
Notes receivable	8,715,960	--	--	8,715,960
Advances to other funds	751,369	--	--	751,369
Cash and investments - restricted	--	--	4,283,050	4,283,050
Total Assets	<u><u>\$ 40,244,418</u></u>	<u><u>\$ 6,397,347</u></u>	<u><u>\$ 5,899,926</u></u>	<u><u>\$ 52,541,691</u></u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 608,313	\$ 191,037	\$ --	\$ 799,350
Salaries and benefits payable	608,563	--	--	608,563
Due to other funds	538,011	334,093	--	872,104
Due to other governments	298,019	6,670	--	304,689
Deferred revenue	1,076,416	--	--	1,076,416
Unearned revenue	9,971,202	--	--	9,971,202
Advances from other funds	806,082	--	--	806,082
Total Liabilities	<u>13,906,606</u>	<u>531,800</u>	<u>--</u>	<u>14,438,406</u>
 Fund Balances:				
Reserved	11,751,349	37,828	4,283,050	16,072,227
Unreserved:				
Designated	11,262,049	5,351,285	1,616,876	18,230,210
Undesignated	3,324,414	476,434	--	3,800,848
Total Fund Balance	<u>26,337,812</u>	<u>5,865,547</u>	<u>5,899,926</u>	<u>38,103,285</u>
Total Liabilities and Fund Balances	<u><u>\$ 40,244,418</u></u>	<u><u>\$ 6,397,347</u></u>	<u><u>\$ 5,899,926</u></u>	<u><u>\$ 52,541,691</u></u>

COUNTY OF SHASTA

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2010

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total
Revenues:				
Taxes	\$ 2,205,966	\$ --	\$ --	\$ 2,205,966
Licenses and permits	210,932	--	--	210,932
Fines & forfeitures	35,334	--	--	35,334
Use of money and property	351,086	44,666	9,987	405,739
Intergovernmental	27,293,173	--	--	27,293,173
Charges for other services	2,646,224	--	--	2,646,224
Miscellaneous revenue	439,547	--	--	439,547
Total Revenues	<u>33,182,262</u>	<u>44,666</u>	<u>9,987</u>	<u>33,236,915</u>
Expenditures:				
Current				
General government	--	696,536	--	696,536
Public protection	14,310,883	--	--	14,310,883
Public ways and facilities	654,157	--	--	654,157
Health and sanitation	21,842,464	--	--	21,842,464
Public assistance	726,560	--	--	726,560
Debt service				
Principal	--	--	1,894,181	1,894,181
Interest	--	--	2,497,675	2,497,675
Fiscal agent fees	--	--	12,050	12,050
Total Expenditures	<u>37,534,064</u>	<u>696,536</u>	<u>4,403,906</u>	<u>42,634,506</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,351,802)</u>	<u>(651,870)</u>	<u>(4,393,919)</u>	<u>(9,397,591)</u>
Other Financing Sources (Uses):				
Transfers in	2,550,812	2,486,099	3,419,181	8,456,092
Transfers out	--	(6,774,328)	--	(6,774,328)
Sale of capital assets	10,705	--	--	10,705
Total Other Financing Sources (Uses)	<u>2,561,517</u>	<u>(4,288,229)</u>	<u>3,419,181</u>	<u>1,692,469</u>
Net Change in Fund Balances	(1,790,285)	(4,940,099)	(974,738)	(7,705,122)
Fund Balances - Beginning	<u>28,128,097</u>	<u>10,805,646</u>	<u>6,874,664</u>	<u>45,808,407</u>
Fund Balances - Ending	<u>\$ 26,337,812</u>	<u>\$ 5,865,547</u>	<u>\$ 5,899,926</u>	<u>\$ 38,103,285</u>

SPECIAL REVENUE FUNDS

COUNTY OF SHASTA

Combining Balance Sheet
Special Revenue Funds
June 30, 2010

	Mental Health Services	Housing Home IPP	Endangered Species	Substance Abuse Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and investments	\$ 6,874,093	\$ 67,431	\$ 240,587	\$ 101,675
Accounts receivable	--	--	--	439
Due from other governments	3,765,752	--	--	--
Other assets	25	--	--	--
Due from other funds	3,978	--	--	--
Special assessments receivable	--	--	--	--
Notes receivable	--	5,200,491	--	--
Advances to other funds	--	--	--	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u><u>\$ 10,643,848</u></u>	<u><u>\$ 5,267,922</u></u>	<u><u>\$ 240,587</u></u>	<u><u>\$ 102,114</u></u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 361,984	\$ --	\$ --	\$ --
Salaries and benefits payable	93,220	--	--	--
Due to other funds	121,943	--	--	--
Due to other governments	--	--	999	--
Deferred revenue	--	--	--	439
Unearned revenue	7,941,442	--	--	--
Advances from other funds	--	--	--	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>8,518,589</u>	<u>--</u>	<u>999</u>	<u>439</u>
 Fund Balances:				
Reserved	1,812,368	5,200,491	--	24
Unreserved:				
Designated	17,906	26,916	239,588	70,545
Undesignated	294,985	40,515	--	31,106
Total Fund Balance	<u>2,125,259</u>	<u>5,267,922</u>	<u>239,588</u>	<u>101,675</u>
Total Liabilities and Fund Balances	<u><u>\$ 10,643,848</u></u>	<u><u>\$ 5,267,922</u></u>	<u><u>\$ 240,587</u></u>	<u><u>\$ 102,114</u></u>

continued

COUNTY OF SHASTA

Combining Balance Sheet (continued)
 Special Revenue Funds
 June 30, 2010

	Roads SVAP Fund	Child Support Services	County Transit Fund	Public Health
ASSETS				
Cash and investments	\$ 317,121	\$ 2,558,645	\$ 16,236	\$ 2,241,183
Accounts receivable	--	3,534	--	54,694
Due from other governments	--	38,081	--	2,749,587
Other assets	--	1,680	--	89,393
Due from other funds	--	2,729	--	1,165,202
Special assessments receivable	--	--	--	--
Notes receivable	--	--	--	--
Advances to other funds	726,369	--	--	--
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 1,043,490</u>	<u>\$ 2,604,669</u>	<u>\$ 16,236</u>	<u>\$ 6,300,059</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ --	\$ 6,843	\$ --	\$ 123,663
Salaries and benefits payable	--	171,327	--	318,715
Due to other funds	--	197	--	9,649
Due to other governments	--	20	8,199	127,069
Deferred revenue	--	--	--	1,019,977
Unearned revenue	--	155,492	--	--
Advances from other funds	--	--	--	--
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>--</u>	<u>333,879</u>	<u>8,199</u>	<u>1,599,073</u>
 Fund Balances:				
Reserved	726,369	2,100	--	90,851
Unreserved:				
Designated	317,121	2,268,690	7,996	3,943,396
Undesignated	--	--	41	666,739
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balance	<u>1,043,490</u>	<u>2,270,790</u>	<u>8,037</u>	<u>4,700,986</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 1,043,490</u>	<u>\$ 2,604,669</u>	<u>\$ 16,236</u>	<u>\$ 6,300,059</u>

continued

COUNTY OF SHASTA

Combining Balance Sheet (continued)
Special Revenue Funds
June 30, 2010

	<u>Shasta Housing Fund</u>	<u>County Water Agency</u>	<u>Air Quality Management</u>	<u>Fire Protection CSA #1</u>
ASSETS				
Cash and investments	\$ 7,956	\$ 39,808	\$ 3,853,984	\$ 3,369,442
Accounts receivable	9	--	56,150	12,188
Due from other governments	478,981	12,348	94,230	161,393
Other assets	573	--	49,512	--
Due from other funds	1,316	5,128	1,431	75,585
Special assessments receivable	--	--	--	--
Notes receivable	3,515,469	--	--	--
Advances to other funds	--	25,000	--	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u><u>\$ 4,004,304</u></u>	<u><u>\$ 82,284</u></u>	<u><u>\$ 4,055,307</u></u>	<u><u>\$ 3,618,608</u></u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 7,665	\$ 5,519	\$ 141	\$ 95,640
Salaries and benefits payable	1,316	--	19,354	4,631
Due to other funds	279,919	48	--	647
Due to other governments	109,287	3,921	--	48,524
Deferred revenue	--	--	56,000	--
Unearned revenue	15,849	--	1,858,419	--
Advances from other funds	--	--	--	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>414,036</u>	<u>9,488</u>	<u>1,933,914</u>	<u>149,442</u>
 Fund Balances:				
Reserved	3,587,291	37,348	100,100	184,385
Unreserved:				
Designated	2,977	--	1,816,868	1,849,534
Undesignated	--	35,448	204,425	1,435,247
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balance	<u>3,590,268</u>	<u>72,796</u>	<u>2,121,393</u>	<u>3,469,166</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u><u>\$ 4,004,304</u></u>	<u><u>\$ 82,284</u></u>	<u><u>\$ 4,055,307</u></u>	<u><u>\$ 3,618,608</u></u>

continued

COUNTY OF SHASTA

Combining Balance Sheet (continued)
 Special Revenue Funds
 June 30, 2010

	Inmate Welfare Fund	In-Home Support Services	Shasta RDA	Lighting Districts
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and investments	\$ 160,368	\$ 50	\$ --	\$ 247,332
Accounts receivable	13,341	--	--	--
Due from other governments	--	145,367	--	1,409
Other assets	--	--	--	--
Due from other funds	--	668	--	613
Special assessments receivable	--	--	--	--
Notes receivable	--	--	--	--
Advances to other funds	--	--	--	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u><u>\$ 173,709</u></u>	<u><u>\$ 146,085</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 249,354</u></u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 6,321	\$ 537	\$ --	\$ --
Salaries and benefits payable	--	--	--	--
Due to other funds	--	98,451	27,142	--
Due to other governments	--	--	--	--
Deferred revenue	--	--	--	--
Unearned revenue	--	--	--	--
Advances from other funds	--	--	79,713	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>6,321</u>	<u>98,988</u>	<u>106,855</u>	<u>--</u>
 Fund Balances:				
Reserved	--	50	--	1,409
Unreserved:				
Designated	418	--	--	232,872
Undesignated	166,970	47,047	(106,855)	15,073
Total Fund Balance	<u>167,388</u>	<u>47,097</u>	<u>(106,855)</u>	<u>249,354</u>
Total Liabilities and Fund Balances	<u><u>\$ 173,709</u></u>	<u><u>\$ 146,085</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 249,354</u></u>

continued

COUNTY OF SHASTA

Combining Balance Sheet (continued)
Special Revenue Funds
June 30, 2010

	County Service Areas	Permanent Road Divisions	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments	\$ 541,236	\$ 1,022,688	\$ 21,659,835
Accounts receivable	--	--	140,355
Due from other governments	8,480	83	7,455,711
Other assets	--	--	141,183
Due from other funds	4,927	19,567	1,281,144
Special assessments receivable	--	98,861	98,861
Notes receivable	--	--	8,715,960
Advances to other funds	--	--	751,369
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u><u>\$ 554,643</u></u>	<u><u>\$ 1,141,199</u></u>	<u><u>\$ 40,244,418</u></u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ --	\$ --	\$ 608,313
Salaries and benefits payable	--	--	608,563
Due to other funds	15	--	538,011
Due to other governments	--	--	298,019
Deferred revenue	--	--	1,076,416
Unearned revenue	--	--	9,971,202
Advances from other funds	--	726,369	806,082
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u> 15</u>	<u> 726,369</u>	<u> 13,906,606</u>
 Fund Balances:			
Reserved	8,480	83	11,751,349
Unreserved:			
Designated	387,438	79,784	11,262,049
Undesignated	158,710	334,963	3,324,414
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balance	<u>554,628</u>	<u>414,830</u>	<u>26,337,812</u>
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u><u>\$ 554,643</u></u>	<u><u>\$ 1,141,199</u></u>	<u><u>\$ 40,244,418</u></u>

COUNTY OF SHASTA

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Special Revenue Funds
For the Year Ended June 30, 2010

	Mental Health Services	Housing Home IPP	Endangered Species	Substance Abuse Fund
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	--	--
Fines & forfeitures	--	--	--	--
Use of money and property	61,869	22,133	1,640	663
Intergovernmental	5,627,563	--	--	29,440
Charges for other services	--	--	--	1,572
Miscellaneous revenue	321	396	--	--
Total Revenues	<u>5,689,753</u>	<u>22,529</u>	<u>1,640</u>	<u>31,675</u>
Expenditures:				
Current				
Public protection	--	--	30,014	--
Public ways and facilities	--	--	--	--
Health and sanitation	5,589,417	--	--	44,852
Public assistance	--	43,484	--	--
Total Expenditures	<u>5,589,417</u>	<u>43,484</u>	<u>30,014</u>	<u>44,852</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>100,336</u>	<u>(20,955)</u>	<u>(28,374)</u>	<u>(13,177)</u>
Other Financing Sources (Uses):				
Transfers in	--	--	--	--
Sale of capital assets	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	100,336	(20,955)	(28,374)	(13,177)
Fund Balances - Beginning	<u>2,024,923</u>	<u>5,288,877</u>	<u>267,962</u>	<u>114,852</u>
Fund Balances - Ending	<u>\$ 2,125,259</u>	<u>\$ 5,267,922</u>	<u>\$ 239,588</u>	<u>\$ 101,675</u>

continued

COUNTY OF SHASTA

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances (continued)
Special Revenue Funds
For the Year Ended June 30, 2010

	Road SVAP Fund	Child Support Services	County Transit Fund	Public Health
Revenues:				
Taxes	\$ --	\$ --	\$ 158,250	\$ --
Licenses and permits	--	--	--	4,788
Fines & forfeitures	--	--	--	5,584
Use of money and property	--	37,184	47	22,259
Intergovernmental	--	7,375,558	--	11,431,524
Charges for other services	(799)	--	--	1,217,289
Miscellaneous revenue	--	7	--	297,235
Total Revenues	<u>(799)</u>	<u>7,412,749</u>	<u>158,297</u>	<u>12,978,679</u>
Expenditures:				
Current				
Public protection	--	7,828,194	--	--
Public ways and facilities	--	--	158,308	--
Health and sanitation	--	--	--	14,352,687
Public assistance	--	--	--	--
Total Expenditures	<u>--</u>	<u>7,828,194</u>	<u>158,308</u>	<u>14,352,687</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(799)</u>	<u>(415,445)</u>	<u>(11)</u>	<u>(1,374,008)</u>
Other Financing Sources (Uses):				
Transfers in	--	70,980	--	616,493
Sale of capital assets	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>70,980</u>	<u>--</u>	<u>616,493</u>
Net Change in Fund Balances	(799)	(344,465)	(11)	(757,515)
Fund Balances - Beginning	<u>1,044,289</u>	<u>2,615,255</u>	<u>8,048</u>	<u>5,458,501</u>
Fund Balances - Ending	<u>\$ 1,043,490</u>	<u>\$ 2,270,790</u>	<u>\$ 8,037</u>	<u>\$ 4,700,986</u>

continued

COUNTY OF SHASTA

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances (continued)
Special Revenue Funds
For the Year Ended June 30, 2010

	Shasta Housing Fund	County Water Agency	Air Quality Management	Fire Protection CSA #1
Revenues:				
Taxes	\$ --	\$ 149,008	\$ --	\$ 1,777,532
Licenses and permits	--	--	196,136	10,008
Fines & forfeitures	--	--	29,750	--
Use of money and property	19,513	350	25,518	22,855
Intergovernmental	636,897	2,788	1,563,425	58,423
Charges for other services	--	33,360	59,791	892,466
Miscellaneous revenue	--	5,221	14	14,584
Total Revenues	<u>656,410</u>	<u>190,727</u>	<u>1,874,634</u>	<u>2,775,868</u>
Expenditures:				
Current				
Public protection	--	--	--	6,219,792
Public ways and facilities	--	278,033	--	--
Health and sanitation	--	--	1,855,508	--
Public assistance	288,387	--	--	--
Total Expenditures	<u>288,387</u>	<u>278,033</u>	<u>1,855,508</u>	<u>6,219,792</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>368,023</u>	<u>(87,306)</u>	<u>19,126</u>	<u>(3,443,924)</u>
Other Financing Sources (Uses):				
Transfers in	--	--	--	1,863,339
Sale of capital assets	--	--	--	10,705
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,874,044</u>
Net Change in Fund Balances	368,023	(87,306)	19,126	(1,569,880)
Fund Balances - Beginning	<u>3,222,245</u>	<u>160,102</u>	<u>2,102,267</u>	<u>5,039,046</u>
Fund Balances - Ending	<u>\$ 3,590,268</u>	<u>\$ 72,796</u>	<u>\$ 2,121,393</u>	<u>\$ 3,469,166</u>

continued

COUNTY OF SHASTA

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances (continued)
Special Revenue Funds
For the Year Ended June 30, 2010

	Inmate Welfare Fund	In-Home Support Services	Shasta RDA	Lighting Districts
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ 17,833
Licenses and permits	--	--	--	--
Fines & forfeitures	--	--	--	--
Use of money and property	126,031	(1,145)	148	1,709
Intergovernmental	--	565,356	--	316
Charges for other services	--	--	--	--
Miscellaneous revenue	121,567	202	--	--
Total Revenues	<u>247,598</u>	<u>564,413</u>	<u>148</u>	<u>19,858</u>
Expenditures:				
Current				
Public protection	232,883	--	--	--
Public ways and facilities	--	--	--	7,315
Health and sanitation	--	--	--	--
Public assistance	--	394,689	--	--
Total Expenditures	<u>232,883</u>	<u>394,689</u>	<u>--</u>	<u>7,315</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>14,715</u>	<u>169,724</u>	<u>148</u>	<u>12,543</u>
Other Financing Sources (Uses):				
Transfers in	--	--	--	--
Sale of capital assets	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	14,715	169,724	148	12,543
Fund Balances - Beginning	<u>152,673</u>	<u>(122,627)</u>	<u>(107,003)</u>	<u>236,811</u>
Fund Balances - Ending	<u>\$ 167,388</u>	<u>\$ 47,097</u>	<u>\$ (106,855)</u>	<u>\$ 249,354</u>

continued

COUNTY OF SHASTA

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances (continued)
Special Revenue Funds
For the Year Ended June 30, 2010

	County Service Areas	Permanent Road Divisions	Total
Revenues:			
Taxes	\$ 102,409	\$ 934	\$ 2,205,966
Licenses and permits	--	--	210,932
Fines & forfeitures	--	--	35,334
Use of money and property	3,642	6,670	351,086
Intergovernmental	1,866	17	27,293,173
Charges for other services	51,294	391,251	2,646,224
Miscellaneous revenue	--	--	439,547
Total Revenues	<u>159,211</u>	<u>398,872</u>	<u>33,182,262</u>
Expenditures:			
Current			
Public protection	--	--	14,310,883
Public ways and facilities	85,330	125,171	654,157
Health and sanitation	--	--	21,842,464
Public assistance	--	--	726,560
Total Expenditures	<u>85,330</u>	<u>125,171</u>	<u>37,534,064</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>73,881</u>	<u>273,701</u>	<u>(4,351,802)</u>
Other Financing Sources (Uses):			
Transfers in	--	--	2,550,812
Sale of capital assets	--	--	10,705
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>2,561,517</u>
Net Change in Fund Balances	73,881	273,701	(1,790,285)
Fund Balances - Beginning	<u>480,747</u>	<u>141,129</u>	<u>28,128,097</u>
Fund Balances - Ending	<u>\$ 554,628</u>	<u>\$ 414,830</u>	<u>\$ 26,337,812</u>

CAPITAL PROJECTS FUNDS

COUNTY OF SHASTA

Combining Balance Sheet
 Non-Major Capital Projects Funds
 June 30, 2010

	Accumulated Capital Outlay	Animal Shelter	Juvenile Hall	Total
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash and investments	\$ 4,384,040	\$ 3	\$ 2,013,304	\$ 6,397,347
Total Assets	<u><u>\$ 4,384,040</u></u>	<u><u>\$ 3</u></u>	<u><u>\$ 2,013,304</u></u>	<u><u>\$ 6,397,347</u></u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ --	\$ --	\$ 191,037	\$ 191,037
Due to other funds	334,093	--	--	334,093
Due to other governments	--	--	6,670	6,670
Total Liabilities	<u><u>\$ 334,093</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 197,707</u></u>	<u><u>\$ 531,800</u></u>
 Fund Balances:				
Reserved	--	--	37,828	37,828
Unreserved:				
Designated	3,616,397	--	1,734,888	5,351,285
Undesignated	433,550	3	42,881	476,434
Total Fund Balance	<u>4,049,947</u>	<u>3</u>	<u>1,815,597</u>	<u>5,865,547</u>
Total Liabilities and Fund Balances	<u><u>\$ 4,384,040</u></u>	<u><u>\$ 3</u></u>	<u><u>\$ 2,013,304</u></u>	<u><u>\$ 6,397,347</u></u>

COUNTY OF SHASTA

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Non-Major Capital Projects Funds
For the Year Ended June 30, 2010

	Accumulated Capital Outlay	Animal Shelter	Juvenile Hall	Total
Revenues:				
Use of money and property	\$ 23,275	\$ --	\$ 21,391	\$ 44,666
Total Revenues	<u>23,275</u>	<u>--</u>	<u>21,391</u>	<u>44,666</u>
Expenditures:				
Current				
General government	--	--	696,536	696,536
Total Expenditures	<u>--</u>	<u>--</u>	<u>696,536</u>	<u>696,536</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>23,275</u>	<u>--</u>	<u>(675,145)</u>	<u>(651,870)</u>
Other Financing Sources (Uses):				
Transfers in	--	--	2,486,099	2,486,099
Transfers out	(6,774,328)	--	--	(6,774,328)
Total Other Financing Sources (Uses)	<u>(6,774,328)</u>	<u>--</u>	<u>2,486,099</u>	<u>(4,288,229)</u>
Net Change in Fund Balances	<u>(6,751,053)</u>	<u>--</u>	<u>1,810,954</u>	<u>(4,940,099)</u>
Fund Balances - Beginning	<u>10,801,000</u>	<u>3</u>	<u>4,643</u>	<u>10,805,646</u>
Fund Balances - Ending	<u>\$ 4,049,947</u>	<u>\$ 3</u>	<u>\$ 1,815,597</u>	<u>\$ 5,865,547</u>

DEBT SERVICE FUNDS

COUNTY OF SHASTA

Combining Balance Sheet
 Non-Major Debt Service Funds
 June 30, 2010

	<u>Courthouse Improvement</u>	<u>Justice Center Renovation</u>	<u>Admin Center</u>	<u>Energy Retrofit</u>	<u>Total</u>
ASSETS					
Cash and investments	\$ 847	\$ 1,121	\$ 1,614,908	\$ --	\$ 1,616,876
Cash and investments - restricted	837,824	570,509	2,874,717	--	4,283,050
Total Assets	<u>\$ 838,671</u>	<u>\$ 571,630</u>	<u>\$ 4,489,625</u>	<u>\$ --</u>	<u>\$ 5,899,926</u>
FUND BALANCES					
Reserved	\$ 837,824	\$ 570,509	\$ 2,874,717	\$ --	\$ 4,283,050
Unreserved:					
Designated	<u>847</u>	<u>1,121</u>	<u>1,614,908</u>	<u>--</u>	<u>1,616,876</u>
Total Fund Balances	<u>\$ 838,671</u>	<u>\$ 571,630</u>	<u>\$ 4,489,625</u>	<u>\$ --</u>	<u>\$ 5,899,926</u>

COUNTY OF SHASTA

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Non-Major Debt Service Funds
For the Year Ended June 30, 2010

	<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	\$ 6	\$ 234	\$ 9,747	\$ --	\$ 9,987
Total Revenues	<u>6</u>	<u>234</u>	<u>9,747</u>	<u>--</u>	<u>9,987</u>
Expenditures:					
Debt service					
Principal	290,000	510,000	880,000	214,181	1,894,181
Interest	319,228	119,894	1,991,463	67,090	2,497,675
Fiscal agent fees	7,140	1,915	2,995	--	12,050
Total Expenditures	<u>616,368</u>	<u>631,809</u>	<u>2,874,458</u>	<u>281,271</u>	<u>4,403,906</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(616,362)</u>	<u>(631,575)</u>	<u>(2,864,711)</u>	<u>(281,271)</u>	<u>(4,393,919)</u>
Other Financing Sources (Uses):					
Transfers in	616,356	631,554	1,890,000	281,271	3,419,181
Total Other Financing Sources (Uses)	<u>616,356</u>	<u>631,554</u>	<u>1,890,000</u>	<u>281,271</u>	<u>3,419,181</u>
Net Change in Fund Balances	(6)	(21)	(974,711)	--	(974,738)
Fund Balances - Beginning	<u>838,677</u>	<u>571,651</u>	<u>5,464,336</u>	<u>--</u>	<u>6,874,664</u>
Fund Balances - Ending	<u>\$ 838,671</u>	<u>\$ 571,630</u>	<u>\$ 4,489,625</u>	<u>\$ --</u>	<u>\$ 5,899,926</u>

NONMAJOR ENTERPRISE FUNDS

COUNTY OF SHASTA

Combining Statement of Net Assets
Non-Major Enterprise Funds
June 30, 2010

	CSA #2 Sugarloaf Water	CSA #3 Castella Water	CSA #6 Jones Valley Water	CSA # 8 Palo Cedro
ASSETS				
Current assets:				
Cash and investments	\$ 52,353	\$ 53,367	\$ 153,125	\$ 1,349,357
Receivables, net	5,957	8,251	28,324	25,779
Due from other governments	--	--	--	--
Due from other funds	188	445	9,057	1,181
Other assets	--	--	--	--
Total current assets	58,498	62,063	190,506	1,376,317
Noncurrent assets:				
Special assessments receivable	24,419	175,709	833,800	--
Cash and investments - restricted	--	1,058	--	--
Capital assets, non-depreciable	1,342	19,860	57,550	340,835
Capital assets, depreciable -net	56,775	972,663	1,034,451	1,503,527
Total noncurrent assets	82,536	1,169,290	1,925,801	1,844,362
Total Assets	141,034	1,231,353	2,116,307	3,220,679
LIABILITIES				
Current liabilities:				
Accounts payable	95	565	3,584	950
Interest payable	610	2,512	12,917	--
Due to other funds	200	60	639	--
Bonds, notes payable	4,157	2,100	30,000	20,000
Total current liabilities	5,062	5,237	47,140	20,950
Noncurrent liabilities:				
Advances from other funds	--	2,500	--	--
Bonds, notes payable	20,261	180,600	818,000	--
Total noncurrent liabilities	20,261	183,100	818,000	--
Total Liabilities	25,323	188,337	865,140	20,950
NET ASSETS				
Invested in capital assets, net	33,698	809,823	244,001	1,824,362
Unrestricted	82,013	233,193	1,007,166	1,375,367
Total Net Assets	\$ 115,711	\$ 1,043,016	\$ 1,251,167	\$ 3,199,729

continued

COUNTY OF SHASTA

Combining Statement of Net Assets (continued)
 Non-Major Enterprise Funds
 June 30, 2010

	CSA #11 French Gulch	CSA #13 Alpine Meadows	CSA # 17 Cotton- wood
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current assets:			
Cash and investments	\$ 78,333	\$ 242	\$ 320,014
Receivables, net	3,096	4,721	127,025
Due from other governments	--	--	--
Due from other funds	1,384	--	6,597
Other assets	--	--	--
Total current assets	<u>82,813</u>	<u>4,963</u>	<u>453,636</u>
Noncurrent assets:			
Special assessments receivable	202,230	--	62,500
Cash and investments - restricted	--	--	--
Capital assets, non-depreciable	45,928	--	352,773
Capital assets, depreciable -net	997,467	169,689	3,449,346
Total noncurrent assets	<u>1,245,625</u>	<u>169,689</u>	<u>3,864,619</u>
Total Assets	<u>1,328,438</u>	<u>174,652</u>	<u>4,318,255</u>
LIABILITIES			
Current liabilities:			
Accounts payable	595	71	5,173
Interest payable	1,152	--	2,104
Due to other funds	--	--	--
Bonds, notes payable	18,360	--	4,000
Total current liabilities	<u>20,107</u>	<u>71</u>	<u>11,277</u>
Noncurrent liabilities:			
Advances from other funds	--	25,000	453,829
Bonds, notes payable	183,871	--	73,500
Total noncurrent liabilities	<u>183,871</u>	<u>25,000</u>	<u>527,329</u>
Total Liabilities	<u>203,978</u>	<u>25,071</u>	<u>538,606</u>
NET ASSETS			
Invested in capital assets, net	841,165	169,689	3,724,619
Unrestricted	283,295	(20,108)	55,030
Total Net Assets	<u>\$ 1,124,460</u>	<u>\$ 149,581</u>	<u>\$ 3,779,649</u>

continued

COUNTY OF SHASTA

Combining Statement of Net Assets (continued)
 Non-Major Enterprise Funds
 June 30, 2010

	CSA #23 Crag View Water	CSA #25 Keswick Water	Total
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Current assets:			
Cash and investments	\$ 59,995	\$ 94,021	\$ 2,160,807
Receivables, net	6,867	9,654	219,674
Due from other governments	457	1,815	2,272
Due from other funds	221	1,429	20,502
Other assets	--	558	558
Total current assets	<u>67,540</u>	<u>107,477</u>	<u>2,403,813</u>
Noncurrent assets:			
Special assessments receivable	15,261	--	1,313,919
Cash and investments - restricted	--	--	1,058
Capital assets, non-depreciable	12,350	230	830,868
Capital assets, depreciable -net	85,706	293,767	8,563,391
Total noncurrent assets	<u>113,317</u>	<u>293,997</u>	<u>10,709,236</u>
Total Assets	<u>180,857</u>	<u>401,474</u>	<u>13,113,049</u>
LIABILITIES			
Current liabilities:			
Accounts payable	10,647	871	22,551
Interest payable	482	--	19,777
Due to other funds	6	3	908
Bonds, notes payable	5,022	--	83,639
Total current liabilities	<u>16,157</u>	<u>874</u>	<u>126,875</u>
Noncurrent liabilities:			
Advances from other funds	--	--	481,329
Bonds, notes payable	10,238	--	1,286,470
Total noncurrent liabilities	<u>10,238</u>	<u> </u>	<u>1,767,799</u>
Total Liabilities	<u>26,395</u>	<u>874</u>	<u>1,894,674</u>
NET ASSETS			
Invested in capital assets, net	82,795	293,997	8,024,149
Unrestricted	71,667	106,603	3,194,226
Total Net Assets	<u>\$ 154,462</u>	<u>\$ 400,600</u>	<u>\$ 11,218,375</u>

COUNTY OF SHASTA

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
 Non-Major Enterprise Funds
 For the Year Ended June 30, 2010

	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	\$ 32,718	\$ 46,797	\$ 130,443	\$ 147,531
Total Operating Revenues	<u>32,718</u>	<u>46,797</u>	<u>130,443</u>	<u>147,531</u>
OPERATING EXPENSES:				
Services and supplies	25,231	49,494	186,513	181,748
Central Service Costs	2,359	3,643	4,755	7,720
Depreciation	5,140	41,199	86,204	86,955
Total Operating Expenses	<u>32,730</u>	<u>94,336</u>	<u>277,472</u>	<u>276,423</u>
Operating Income (Loss)	<u>(12)</u>	<u>(47,539)</u>	<u>(147,029)</u>	<u>(128,892)</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment income	401	476	1,162	9,521
Property tax revenue	--	--	--	--
Special assessments	1,318	1,386	26,938	--
Miscellaneous revenue	--	--	93	213
Interest expense	(1,320)	(7,540)	(42,642)	--
Total Non-Operating Revenues (Expenses)	<u>399</u>	<u>(5,678)</u>	<u>(14,449)</u>	<u>9,734</u>
Net Income (Loss) before Capital Contributions and Transfers	387	(53,217)	(161,478)	(119,158)
Capital contributions				
Capital improvement fees	4,871	--	7,900	--
Capital grants	--	4,531	--	--
Change in Net Assets	<u>5,258</u>	<u>(48,686)</u>	<u>(153,578)</u>	<u>(119,158)</u>
Net Assets - Beginning	<u>110,453</u>	<u>1,091,702</u>	<u>1,404,745</u>	<u>3,318,887</u>
Net Assets - Ending	<u>\$ 115,711</u>	<u>\$ 1,043,016</u>	<u>\$ 1,251,167</u>	<u>\$ 3,199,729</u>

continued

COUNTY OF SHASTA

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

Non-Major Enterprise Funds

For the Year Ended June 30, 2010

	<u>CSA #11</u> <u>French</u> <u>Gulch</u>	<u>CSA #13</u> <u>Alpine</u> <u>Meadows</u>	<u>CSA # 17</u> <u>Cotton-</u> <u>wood</u>
OPERATING REVENUES:			
Charges for services	\$ 51,287	\$ 29,972	\$ 572,293
Total Operating Revenues	<u>51,287</u>	<u>29,972</u>	<u>572,293</u>
OPERATING EXPENSES:			
Services and supplies	64,923	22,005	491,933
Central Service Costs	2,911	5,111	15,492
Depreciation	43,056	7,070	241,096
Total Operating Expenses	<u>110,890</u>	<u>34,186</u>	<u>748,521</u>
Operating Income (Loss)	<u>(59,603)</u>	<u>(4,214)</u>	<u>(176,228)</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	564	12	2,203
Property tax revenue	--	--	--
Special assessments	9,899	--	20,282
Miscellaneous revenue	24	--	108
Interest expense	(7,254)	--	(25,621)
Total Non-Operating Revenues (Expenses)	<u>3,233</u>	<u>12</u>	<u>(3,028)</u>
Net Income (Loss) before Capital Contributions and Transfers	(56,370)	(4,202)	(179,256)
Capital contributions			
Capital improvement fees	--	--	39,049
Capital grants	--	--	--
Change in Net Assets	<u>(56,370)</u>	<u>(4,202)</u>	<u>(140,207)</u>
Net Assets - Beginning	<u>1,180,830</u>	<u>153,783</u>	<u>3,919,856</u>
Net Assets - Ending	<u>\$ 1,124,460</u>	<u>\$ 149,581</u>	<u>\$ 3,779,649</u>

continued

COUNTY OF SHASTA

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

Non-Major Enterprise Funds

For the Year Ended June 30, 2010

	<u>CSA #23 Crag View Water</u>	<u>CSA #25 Keswick Water</u>	<u>Total</u>
OPERATING REVENUES:			
Charges for services	\$ 39,255	\$ 53,480	\$ 1,103,776
Total Operating Revenues	<u>39,255</u>	<u>53,480</u>	<u>1,103,776</u>
OPERATING EXPENSES:			
Services and supplies	47,098	78,511	1,147,456
Central Service Costs	3,590	3,632	49,213
Depreciation	4,338	14,887	529,945
Total Operating Expenses	<u>55,026</u>	<u>97,030</u>	<u>1,726,614</u>
Operating Income (Loss)	<u>(15,771)</u>	<u>(43,550)</u>	<u>(622,838)</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	478	729	15,546
Property tax revenue	6,783	22,107	28,890
Special assessments	--	--	59,823
Miscellaneous revenue	211	3,884	4,533
Interest expense	(988)	--	(85,365)
Total Non-Operating Revenues (Expenses)	<u>6,484</u>	<u>26,720</u>	<u>23,427</u>
Net Income (Loss) before Capital Contributions and Transfers	(9,287)	(16,830)	(599,411)
Capital contributions			
Capital improvement fees	--	--	51,820
Capital grants	--	--	4,531
Change in Net Assets	<u>(9,287)</u>	<u>(16,830)</u>	<u>(543,060)</u>
Net Assets - Beginning	<u>163,749</u>	<u>417,430</u>	<u>11,761,435</u>
Net Assets - Ending	<u>\$ 154,462</u>	<u>\$ 400,600</u>	<u>\$ 11,218,375</u>

COUNTY OF SHASTA

Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Year Ended June 30, 2010

	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	\$ 33,271	\$ 46,709	\$ 127,960	\$ 146,333
Payments to suppliers	(27,444)	(53,125)	(190,712)	(189,385)
Net Cash Provided (Used) by Operating Activities	<u>5,827</u>	<u>(6,416)</u>	<u>(62,752)</u>	<u>(43,052)</u>
Cash Flows from Non-Capital Financing Activities:				
Property taxes	--	--	--	--
Other revenue (expense)	--	--	93	213
Nonoperating subsidies and transfers	--	(2,500)	--	--
Net Cash Provided (Used) by Noncapital Financing Activities	<u>--</u>	<u>(2,500)</u>	<u>93</u>	<u>213</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition and construction of capital assets	--	--	--	--
Capital improvement fees	4,871	--	7,900	--
Principal payments on capital debt	(3,960)	(2,000)	(49,000)	--
Special assessments	5,277	10,356	75,324	--
Capital grants received	--	4,531	--	--
Interest payments on capital debt	(1,419)	(7,568)	(43,038)	--
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>4,769</u>	<u>5,319</u>	<u>(8,814)</u>	<u>--</u>
Cash Flows from Investing Activities:				
Income on investments	401	476	1,162	9,521
Net Cash Provided (Used) by Investing Activities	<u>401</u>	<u>476</u>	<u>1,162</u>	<u>9,521</u>
Net Increase (Decrease) in Cash	10,997	(3,121)	(70,311)	(33,318)
Cash and cash equivalents, beginning of year	<u>41,356</u>	<u>57,546</u>	<u>223,436</u>	<u>1,382,675</u>
Cash and cash equivalents, end of year	<u>\$ 52,353</u>	<u>\$ 54,425</u>	<u>\$ 153,125</u>	<u>\$ 1,349,357</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	(12)	(47,539)	(147,029)	(128,892)
Adjustments to reconcile net operating income to net cash provided (used) by operating activities:				
Depreciation expense	5,140	41,199	86,204	86,955
Changes in assets and liabilities:				
Receivables, net	241	(88)	(1,844)	(1,198)
Due from other funds	312	7,320	(639)	--
Due from other governments	--	--	--	--
Accounts payable	(54)	(18)	(83)	83
Due from other funds	200	(7,290)	639	--
Net Cash Provided (Used) by Operating Activities	<u>\$ 5,827</u>	<u>\$ (6,416)</u>	<u>\$ (62,752)</u>	<u>(43,052)</u>

continued

COUNTY OF SHASTA

Combining Statement of Cash Flows (continued)
 Non-Major Enterprise Funds
 For the Year Ended June 30, 2010

	CSA #11 French Gulch	CSA #13 Alpine Meadows	CSA # 17 Cotton- wood
Cash Flows from Operating Activities:			
Receipts from customers	\$ 56,635	\$ 29,783	\$ 558,949
Payments to suppliers	(67,690)	(27,045)	(509,995)
Net Cash Provided (Used) by Operating Activities	(11,055)	2,738	48,954
Cash Flows from Non-Capital Financing Activities:			
Property taxes	--	--	--
Other revenue (expense)	24	--	108
Nonoperating subsidies and transfers	--	(2,508)	(17,152)
Net Cash Provided (Used) by Noncapital Financing Activities	24	(2,508)	(17,044)
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	--	--	--
Capital improvement fees	--	--	39,049
Principal payments on capital debt	(17,749)	--	(1,000)
Special assessments	27,649	--	21,282
Capital grants received	--	--	--
Interest payments on capital debt	(7,352)	--	(23,517)
Net Cash Provided (Used) by Capital and Related Financing Activities	2,548	--	35,814
Cash Flows from Investing Activities:			
Interest on investments	564	12	2,203
Net Cash Provided (Used) by Investing Activities	564	12	2,203
Net Increase (Decrease) in Cash	(7,919)	242	69,927
Cash and cash equivalents, beginning of year	86,252	--	250,087
Cash and cash equivalents, end of year	\$ 78,333	\$ 242	\$ 320,014
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (59,603)	\$ (4,214)	\$ (176,228)
Adjustments to reconcile net operating income to net cash provided (used) by operating activities:			
Depreciation expense	43,056	7,070	241,096
Changes in assets and liabilities:			
Receivables, net	4,077	(189)	(9,698)
Due from other funds	1,271	--	(3,646)
Due from other governments	--	--	--
Accounts payable	144	71	(2,570)
Due from other funds	--	--	--
Net Cash Provided (Used) by Operating Activities	\$ (11,055)	\$ 2,738	\$ 48,954

continued

COUNTY OF SHASTA

Combining Statement of Cash Flows (continued)
 Non-Major Enterprise Funds
 For the Year Ended June 30, 2010

	CSA #23 Crag View Water	CSA #25 Keswick Water	Total
Cash Flows from Operating Activities:			
Receipts from customers	\$ 39,427	\$ 51,775	\$ 1,090,842
Payments to suppliers	(50,387)	(81,697)	(1,197,480)
Net Cash Provided (Used) by Operating Activities	<u>(10,960)</u>	<u>(29,922)</u>	<u>(106,638)</u>
Cash Flows from Non-Capital Financing Activities:			
Property taxes	6,783	--	6,783
Other revenue (expense)	211	3,884	4,533
Nonoperating subsidies and transfers	--	--	(22,160)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>6,994</u>	<u>3,884</u>	<u>(10,844)</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(2,680)	--	(2,680)
Capital improvement fees	--	--	51,820
Principal payments on capital debt	(4,975)	--	(78,684)
Special assessments	4,973	22,110	166,971
Capital grants received	--	--	4,531
Interest payments on capital debt	(1,012)	--	(83,906)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(3,694)</u>	<u>22,110</u>	<u>58,052</u>
Cash Flows from Investing Activities:			
Income on investments	478	729	15,546
Net Cash Provided (Used) by Investing Activities	<u>478</u>	<u>729</u>	<u>15,546</u>
Net Increase (Decrease) in Cash	(7,182)	(3,199)	(43,884)
Cash and cash equivalents, beginning of year	<u>67,177</u>	<u>97,220</u>	<u>2,205,749</u>
Cash and cash equivalents, end of year	<u>\$ 59,995</u>	<u>\$ 94,021</u>	<u>\$ 2,161,865</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (15,771)	\$ (43,550)	\$ (622,838)
Adjustments to reconcile net operating income to net cash provided (used) by operating activities:			
Depreciation expense	4,338	14,887	529,945
Changes in assets and liabilities:			
Receivables, net	474	502	(7,723)
Due from other funds	149	(392)	4,375
Due from other governments	(457)	(1,815)	(2,272)
Accounts payable	301	446	(1,680)
Due from other funds	6	--	(6,445)
Net Cash Provided (Used) by Operating Activities	<u>\$ (10,960)</u>	<u>\$ (29,922)</u>	<u>\$ (106,638)</u>

INTERNAL SERVICE FUNDS

COUNTY OF SHASTA

Combining Statement of Net Assets
Internal Service Funds
June 30, 2010

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Systems</u>
ASSETS			
Current assets:			
Cash and investments	\$ 4,408,204	\$ 30,473,077	\$ 1,460,194
Receivables, net	10,754	300,333	--
Due from other governments	--	24,696	3,532
Inventories	59,202	--	--
Due from other funds	--	--	--
Other assets	39	13,310	50,611
Total current assets	<u>4,478,199</u>	<u>30,811,416</u>	<u>1,514,337</u>
Noncurrent Assets:			
Advances to other funds	--	453,829	--
Capital assets, non-depreciable	55,375	--	--
Capital assets, depreciable -net	2,066,525	3,722	652,857
Total noncurrent assets	<u>2,121,900</u>	<u>457,551</u>	<u>652,857</u>
Total Assets	<u>6,600,099</u>	<u>31,268,967</u>	<u>2,167,194</u>
LIABILITIES			
Current liabilities:			
Accounts payable	80,305	482,238	21,107
Salaries and benefits payable	12,382	20,689	105,707
Due to other governments	--	622	--
Due to other funds	92,984	83	593
Claims payable	--	2,839,135	--
Compensated absences payable	5,203	24,855	110,962
Total current liabilities	<u>190,874</u>	<u>3,367,622</u>	<u>238,369</u>
Noncurrent liabilities:			
Claims payable	--	14,022,865	--
Compensated absences payable	4,798	22,919	102,320
Net OPEB obligation	75,601	122,015	590,942
Total noncurrent liabilities	<u>80,399</u>	<u>14,167,799</u>	<u>693,262</u>
Total Liabilities	<u>271,273</u>	<u>17,535,421</u>	<u>931,631</u>
NET ASSETS			
Invested in capital assets, net	2,121,900	3,722	652,857
Unrestricted	4,206,926	13,729,824	582,706
Total Net Assets	<u>\$ 6,328,826</u>	<u>\$ 13,733,546</u>	<u>\$ 1,235,563</u>

continued

COUNTY OF SHASTA

Combining Statement of Net Assets (continued)
Internal Service Funds
June 30, 2010

	<u>Facilities Management</u>	<u>County Utilities</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and investments	\$ 763,320	\$ 142,014	\$ 37,246,809
Receivables, net	98	--	311,185
Due from other governments	--	--	28,228
Inventories	55,162	--	114,364
Due from other funds	1	432	433
Other assets	--	--	63,960
Total current assets	<u>818,581</u>	<u>142,446</u>	<u>37,764,979</u>
Noncurrent Assets:			
Advances to other funds	--	--	453,829
Capital assets, non-depreciable	--	--	55,375
Capital assets, depreciable -net	116,118	--	2,839,222
Total noncurrent assets	<u>116,118</u>	<u>--</u>	<u>3,348,426</u>
Total Assets	<u>934,699</u>	<u>142,446</u>	<u>41,113,405</u>
LIABILITIES			
Current liabilities:			
Accounts payable	75,227	5,896	664,773
Salaries and benefits payable	67,088	--	205,866
Due to other governments	932	72,731	74,285
Due to other funds	5,578	--	99,238
Claims payable	--	--	2,839,135
Compensated absences payable	64,071	--	205,091
Total current liabilities	<u>212,896</u>	<u>78,627</u>	<u>4,088,388</u>
Noncurrent liabilities:			
Claims payable	--	--	14,022,865
Compensated absences payable	59,082	--	189,119
Net OPEB obligation	376,930	--	1,165,488
Total noncurrent liabilities	<u>436,012</u>	<u>--</u>	<u>15,377,472</u>
Total Liabilities	<u>648,908</u>	<u>78,627</u>	<u>19,465,860</u>
NET ASSETS			
Invested in capital assets, net	116,118	--	2,894,597
Unrestricted	169,673	63,819	18,752,948
Total Net Assets	<u>\$ 285,791</u>	<u>\$ 63,819</u>	<u>\$ 21,647,545</u>

COUNTY OF SHASTA

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2010

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Systems</u>
Operating Revenues:			
Charges for services	\$ 2,509,666	\$ 8,784,082	\$ 5,213,572
Operating Expenses:			
Salaries and benefits	419,480	793,659	3,954,870
Services and supplies	1,254,996	1,352,267	1,088,710
Central service costs	140,175	237,589	703,798
Insurance premiums	--	1,634,644	--
Claims expense	--	3,230,960	--
Depreciation	664,457	1,278	194,835
Total Operating Expenses	<u>2,479,108</u>	<u>7,250,397</u>	<u>5,942,213</u>
Operating Income (Loss)	<u>30,558</u>	<u>1,533,685</u>	<u>(728,641)</u>
Non-Operating Revenues (Expenses):			
Investment income (loss)	28,450	232,128	9,871
Miscellaneous revenue (expense)	--	467,364	32
Gain (loss) on disposition of capital assets	17,842	--	--
Interfund transfer of capital assets	(55,766)	--	--
Total Non-Operating Revenues (Expenses)	<u>(9,474)</u>	<u>699,492</u>	<u>9,903</u>
Net income (loss) before capital contributions and transfers	21,084	2,233,177	(718,738)
Capital contributions	--	--	2,181
Transfers in	49,213	--	683,144
Transfers out	(126,450)	--	--
Change in Net Assets	(56,153)	2,233,177	(33,413)
Net Assets - Beginning	<u>6,384,979</u>	<u>11,500,369</u>	<u>1,268,976</u>
Net Assets - Ending	<u>\$ 6,328,826</u>	<u>\$ 13,733,546</u>	<u>\$ 1,235,563</u>

continued

COUNTY OF SHASTA

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets (continued)
 Internal Service Funds
 For the Year Ended June 30, 2010

	<u>Facilities Management</u>	<u>County Utilities</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 3,562,593	\$ 1,429,670	\$ 21,499,583
Operating Expenses:			
Salaries and benefits	2,522,400	--	7,690,409
Services and supplies	1,018,888	1,231,547	5,946,408
Central service costs	200,972	--	1,282,534
Insurance premiums	--	--	1,634,644
Claims expense	--	--	3,230,960
Depreciation	32,264	--	892,834
Total Operating Expenses	<u>3,774,524</u>	<u>1,231,547</u>	<u>20,677,789</u>
Operating Income (Loss)	<u>(211,931)</u>	<u>198,123</u>	<u>821,794</u>
Non-Operating Revenues (Expenses):			
Investment income (loss)	1,685	(1,293)	270,841
Miscellaneous revenue (expense)	7,958	--	475,354
Gain (loss) on disposition of capital assets	--	--	17,842
Interfund transfer of capital assets	--	--	(55,766)
Total Non-Operating Revenues (Expenses)	<u>9,643</u>	<u>(1,293)</u>	<u>708,271</u>
Net income (loss) before capital contributions and transfers	<u>(202,288)</u>	<u>196,830</u>	<u>1,530,065</u>
Capital contributions	--	--	2,181
Transfers in	146,243	--	878,600
Transfers out	--	(281,271)	(407,721)
Change in Net Assets	<u>(56,045)</u>	<u>(84,441)</u>	<u>2,003,125</u>
Net Assets - Beginning	<u>341,836</u>	<u>148,260</u>	<u>19,644,420</u>
Net Assets - Ending	<u>\$ 285,791</u>	<u>\$ 63,819</u>	<u>\$ 21,647,545</u>

COUNTY OF SHASTA

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2010

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Systems</u>
Cash Flows from Operating Activities:			
Receipts from customers	\$ 2,359,403	\$ 8,459,053	\$ 5,227,183
Payments to suppliers	(1,414,840)	(3,148,339)	(1,786,163)
Payments to employees	(385,250)	(730,649)	(3,665,071)
Claims paid	--	(3,413,338)	--
Net Cash Provided (Used) by Operating Activities	<u>559,313</u>	<u>1,166,727</u>	<u>(224,051)</u>
Cash Flows from Non-Capital Financing Activities:			
Other revenue (expense)	--	467,364	32
Operating subsidies and transfers out	49,213	17,152	683,144
Net Cash Provided (Used) by Noncapital Financing Activities	<u>49,213</u>	<u>484,516</u>	<u>683,176</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(485,300)	--	(123,122)
Proceeds from sale of capital assets	65,710	--	--
Cash Flows from Capital and Related and Related Financing Activities	<u>(419,590)</u>	<u>--</u>	<u>(123,122)</u>
Cash Flows from Investing Activities:			
Income on investments	28,450	232,128	9,871
Net Increase (Decrease) in Cash	217,386	1,883,371	345,874
Cash at Beginning of Year	<u>4,190,818</u>	<u>28,589,706</u>	<u>1,114,320</u>
Cash at End of Year	<u>\$ 4,408,204</u>	<u>\$ 30,473,077</u>	<u>\$ 1,460,194</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 30,558	\$ 1,533,685	\$ (728,641)
Adjustments to reconcile net operating income to net cash provided (used) by operating activities:			
Depreciation expense	664,457	1,278	194,835
Changes in assets and liabilities:			
Receivables, net	(6,587)	(300,333)	2,177
Due from other funds	--	8,662	4,627
Due from other governments	--	(24,696)	6,807
Inventories	(12,686)	--	--
Other assets	103	18,257	1,037
Accounts payable	(7,086)	56,089	4,715
Salaries and benefits payable	(340)	(917)	5,904
Due to other funds	(143,676)	7	593
Claims payable	--	(183,000)	--
Due to other governments	--	622	--
Compensated absences payable	(31)	1,058	4,953
Net OPEB obligation	34,601	56,015	278,942
Net Cash Provided (Used) by Operating Activities	<u>\$ 559,313</u>	<u>\$ 1,166,727</u>	<u>\$ (224,051)</u>

continued

COUNTY OF SHASTA

Combining Statement of Cash Flows (continued)

Internal Service Funds

For the Year Ended June 30, 2010

	Facilities Management	Shasta County Utilities	Total
Cash Flows from Operating Activities:			
Receipts from customers	\$ 3,569,331	\$ 1,429,238	\$ 21,044,208
Payments to suppliers	(1,180,563)	(1,153,012)	(8,682,917)
Payments to employees	(2,334,320)	--	(7,115,290)
Claims paid	--	--	(3,413,338)
Net Cash Provided (Used) by Operating Activities	54,448	276,226	1,832,663
Cash Flows from Non-Capital Financing Activities:			
Other revenue (expense)	7,958	--	475,354
Operating subsidies and transfers out	19,793	(281,271)	488,031
Net Cash Provided (Used) by Noncapital Financing Activities	27,751	(281,271)	963,385
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	--	--	(608,422)
Proceeds from sale of capital assets	--	--	65,710
Cash Flows from Capital and Related and Related Financing Activities	--	--	(542,712)
Cash Flows from Investing Activities:			
Income on investments	1,685	(1,293)	270,841
Net Increase (Decrease) in Cash	83,884	(6,338)	2,524,177
Cash at Beginning of Year	679,436	148,352	34,722,632
Cash at End of Year	\$ 763,320	\$ 142,014	\$ 37,246,809
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (211,931)	\$ 198,123	\$ 821,794
Adjustments to reconcile net operating income to net cash provided (used) by operating activities:			
Depreciation expense	32,264	--	892,834
Changes in assets and liabilities:			
Receivables, net	(98)	--	(304,841)
Due from other funds	6,836	(432)	19,693
Due from other governments	--	--	(17,889)
Inventories	(3,284)	--	(15,970)
Other assets	--	--	19,397
Accounts payable	36,071	5,893	95,682
Salaries and benefits payable	4,024	--	8,671
Due to other funds	5,578	--	(137,498)
Claims payable	--	--	(183,000)
Due to other governments	932	72,642	74,196
Compensated absences payable	6,126	--	12,106
Net OPEB obligation	177,930	--	547,488
Net Cash Provided (Used) by Operating Activities	\$ 54,448	\$ 276,226	\$ 1,832,663