

COUNTY OF SHASTA
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2013

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COUNTY OF SHASTA

COUNTY OFFICIALS

JUNE 30, 2013

OFFICIALS

David A. Kehoe

Leonard Moty

Pam Giacomini

Bill Schappell

Les Baugh

Leslie Morgan

Brian Muir

Cathy Darling Allen

Stephen S. Carlton

Tom Bosenko

Lori J. Scott

Lawrence G. Lees

POSITION

Supervisor, First District

Supervisor, Second District

Supervisor, Third District

Supervisor, Fourth District

Supervisor, Fifth District

Assessor-Recorder

Auditor-Controller

County Clerk/Registrar of Voters

District Attorney

Sheriff-Coroner

Treasurer-Tax Collector,
Public Administrator

County Executive Officer

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Shasta, California (the "County"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents. 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 16, 2013 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of County, California, as of June 30, 2013, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion, schedule of funding progress, and analysis and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual nonmajor fund financial 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 are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2013 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County's internal control over financial reporting and compliance.



Roseville, California
December 20, 2013

MANAGEMENT'S DISCUSSION & ANALYSIS (MD &A)

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COUNTY OF SHASTA

Management's Discussion and Analysis June 30, 2013

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, 2013. 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 \$260,139,012 (*net position*). Of this amount, \$39,613,265 (*unrestricted net position*) 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 position is \$78,246,367 restricted for specific purpose (*restricted net position*), and \$142,279,380 net investment in capital assets. The government's total net position increased by \$12,108,895 in comparison with the prior year.
- The County's net position net investment in capital assets, increased by \$13,802,545.
- The County's governmental funds reported combined fund balances of \$140,734,490 an increase of \$7,853,747 in comparison with the prior year.
- The County's unrestricted fund balance for the governmental funds was \$63,729,410, or 20% of total governmental funds expenditures.
- During the year, the County refunded \$33,505,000 of its long term debt.

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 position* presents information on all County assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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).

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

COUNTY OF SHASTA

Management's Discussion and Analysis June 30, 2013

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 Successor Agency to 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*.

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, County Service Area #6 (Jones Valley), West Central Landfill, Shasta County Transit 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.

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Management's Discussion and Analysis
June 30, 2013

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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position 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 \$260,139,012 at the close of the most recent fiscal year. Of these combined net position 55% reflects the County's net investment in capital assets. Another 30% of the County's net position is subject to external restrictions on how they may be used. In addition, a portion of the remaining 15%, referred to as unrestricted, is dedicated for spending on specific programs or services.

The County's Net Position (in thousands)

	Governmental Activities		Business-Type Activities		Total Activities	
	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012
Current and Other Assets	\$ 211,287	\$ 200,954	\$ 24,008	\$ 20,707	\$ 235,295	\$ 221,661
Capital Assets	147,436	141,154	42,544	38,632	189,980	179,786
Total Assets	<u>358,723</u>	<u>342,108</u>	<u>66,552</u>	<u>59,339</u>	<u>425,275</u>	<u>401,447</u>
Current and Other Liabilities	19,005	15,505	255	1,359	19,260	16,864
Long-Term Liabilities	126,784	117,247	19,092	16,687	145,876	133,934
Total Liabilities	<u>145,789</u>	<u>132,752</u>	<u>19,347</u>	<u>18,046</u>	<u>165,136</u>	<u>150,798</u>
Net investment in capital assets	106,550	95,467	35,730	33,010	142,280	128,477
Restricted	78,246	74,693	--	2	78,246	74,695
Unrestricted	28,138	39,196	11,475	8,281	39,613	47,477
Total Net Position	<u>\$ 212,934</u>	<u>\$ 209,356</u>	<u>\$ 47,205</u>	<u>\$ 41,293</u>	<u>\$ 260,139</u>	<u>\$ 250,649</u>

A significant portion of the County's net position \$39,613,265 represents unrestricted net position, which may be used to meet the County's ongoing obligations to citizens and creditors. The majority of this net position has been designated for specific purposes and is not available for general use.

Another significant portion of the County's net position \$142,279,380 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 position \$78,246,367 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 position, both for the County as a whole, as well as for its separate governmental activities and business-type activities.

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Management's Discussion and Analysis
June 30, 2013

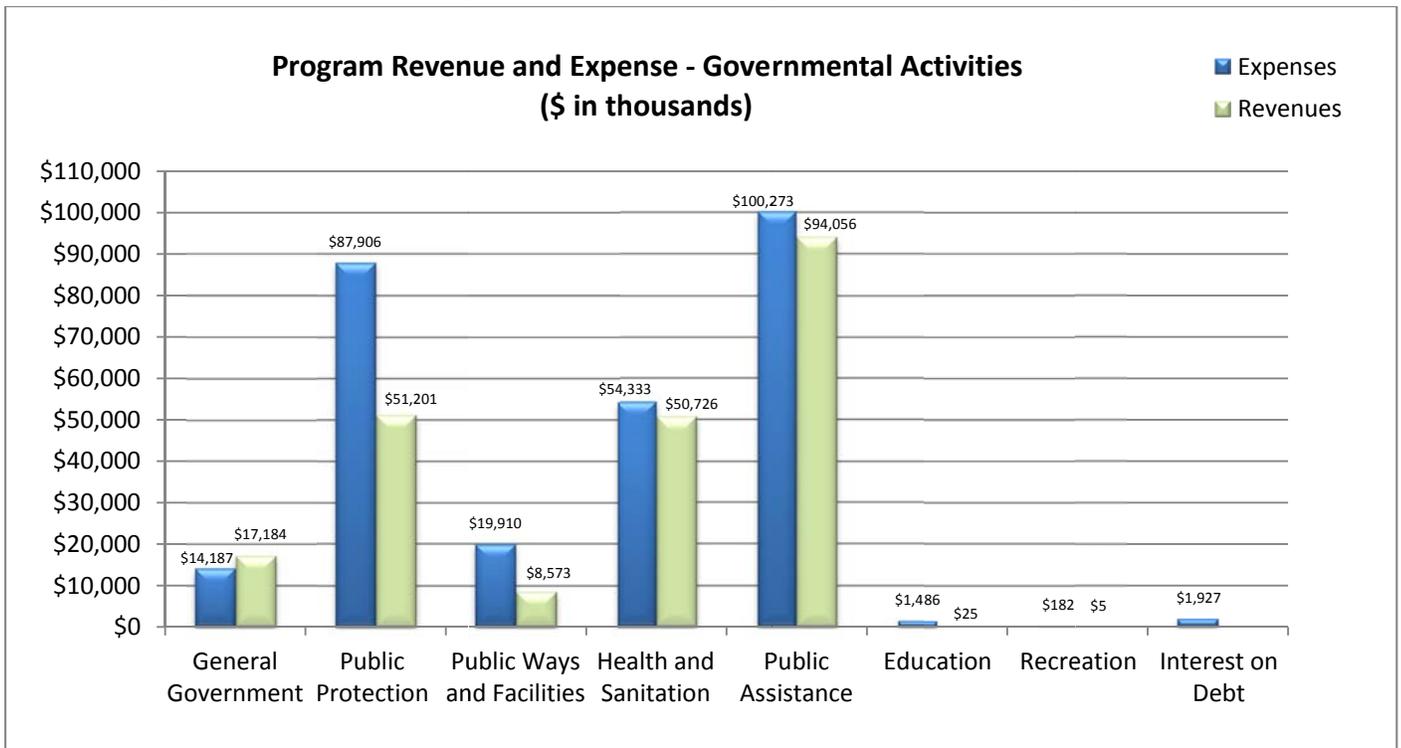
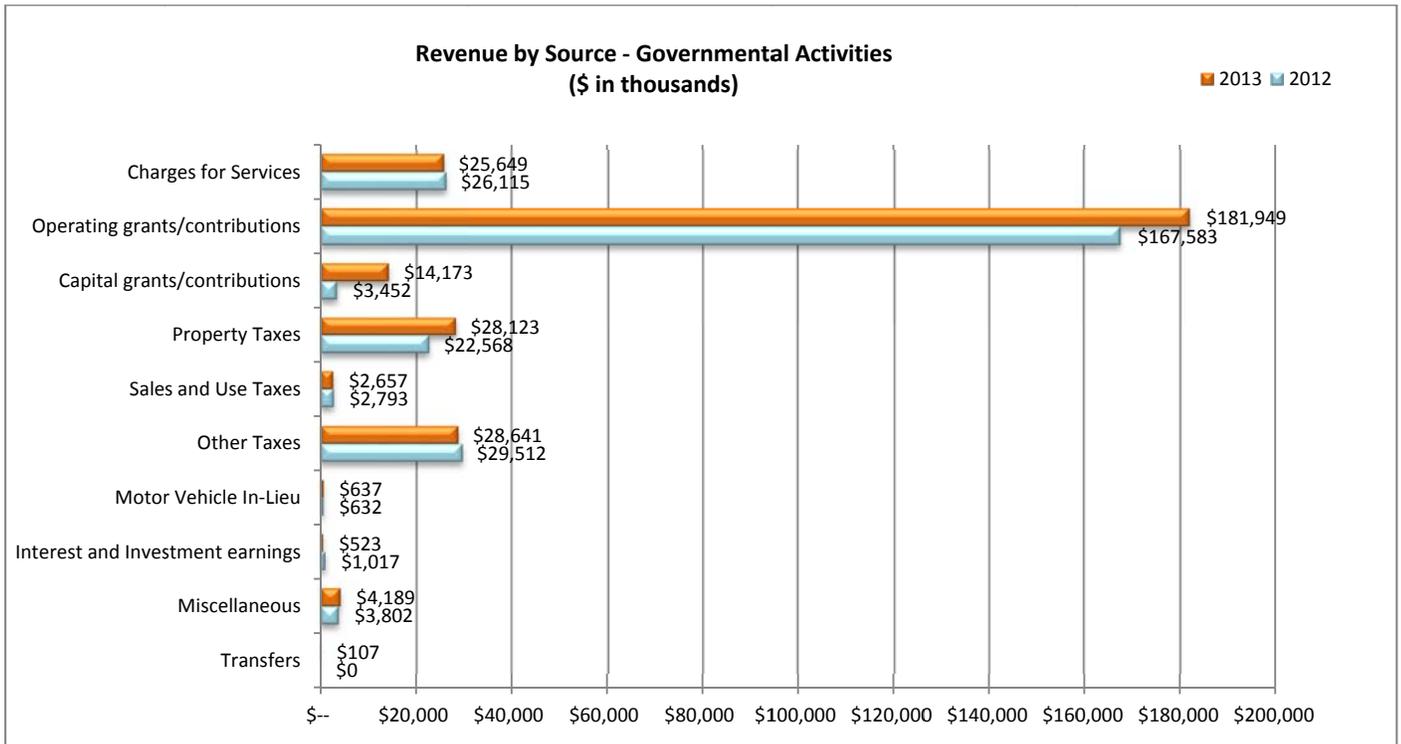
The County's net position increased by \$12,108,895 during the current fiscal year. The net increase in net position represents the degree to which increases in ongoing revenues exceeded ongoing expenses.

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

	Governmental Activities		Business-Type Activities		Total Activities	
	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012
Revenues						
Program Revenues:						
Charges for Services	\$ 25,649	\$ 26,115	\$ 5,867	\$ 3,587	\$ 31,516	\$ 29,703
Operating grants/contributions	181,949	167,583	10	10	181,959	167,593
Capital grants/contributions	14,173	3,452	4,297	2,319	18,470	5,770
General Revenues:						
Property Taxes	28,123	22,568	27	29	28,150	22,597
Sales and Use Taxes	2,657	2,793	--	--	2,657	2,793
Other Taxes	28,641	29,512	--	--	28,641	29,512
Motor Vehicle In-Lieu	637	632	--	--	637	632
Interest and Investment earnings	523	1,017	53	112	576	1,129
Miscellaneous	4,189	3,802	31	7	4,220	3,809
Total Revenues	286,541	257,474	10,285	6,064	296,826	263,538
Expenses						
General Government	14,187	11,883	--	--	14,187	11,883
Public Protection	87,906	80,279	--	--	87,906	80,279
Public Ways and Facilities	19,910	19,387	--	--	19,910	19,387
Health and Sanitation	54,333	52,128	--	--	54,333	52,128
Public Assistance	100,273	101,240	--	--	100,273	101,240
Education	1,486	1,430	--	--	1,486	1,430
Recreation	182	95	--	--	182	95
Interest on Debt	1,927	2,308	--	--	1,927	2,308
Fall River Mills Airport	--	--	91	96	91	96
Solid Waste Disposal	--	--	1,012	1,097	1,012	1,097
West Central Landfill	--	--	1,214	513	1,214	513
CSA #6 (Jones Valley)	--	--	335	--	335	--
County Service Areas (Water/Sewer)	--	--	1,861	1,859	1,861	1,859
Total Expenses	280,204	268,750	4,513	3,565	284,717	272,315
Transfers	107	--	(107)	--	--	--
Change in Net Position	6,444	(11,277)	5,665	2,499	12,109	(8,777)
Net Position - Beginning	209,110	220,633	41,540	38,794	250,650	259,427
Prior Period Adjustment	(2,620)	--	--	--	(2,620)	--
Net Position - Ending	\$ 212,934	\$ 209,356	\$ 47,205	\$ 41,294	\$ 260,139	\$ 250,650

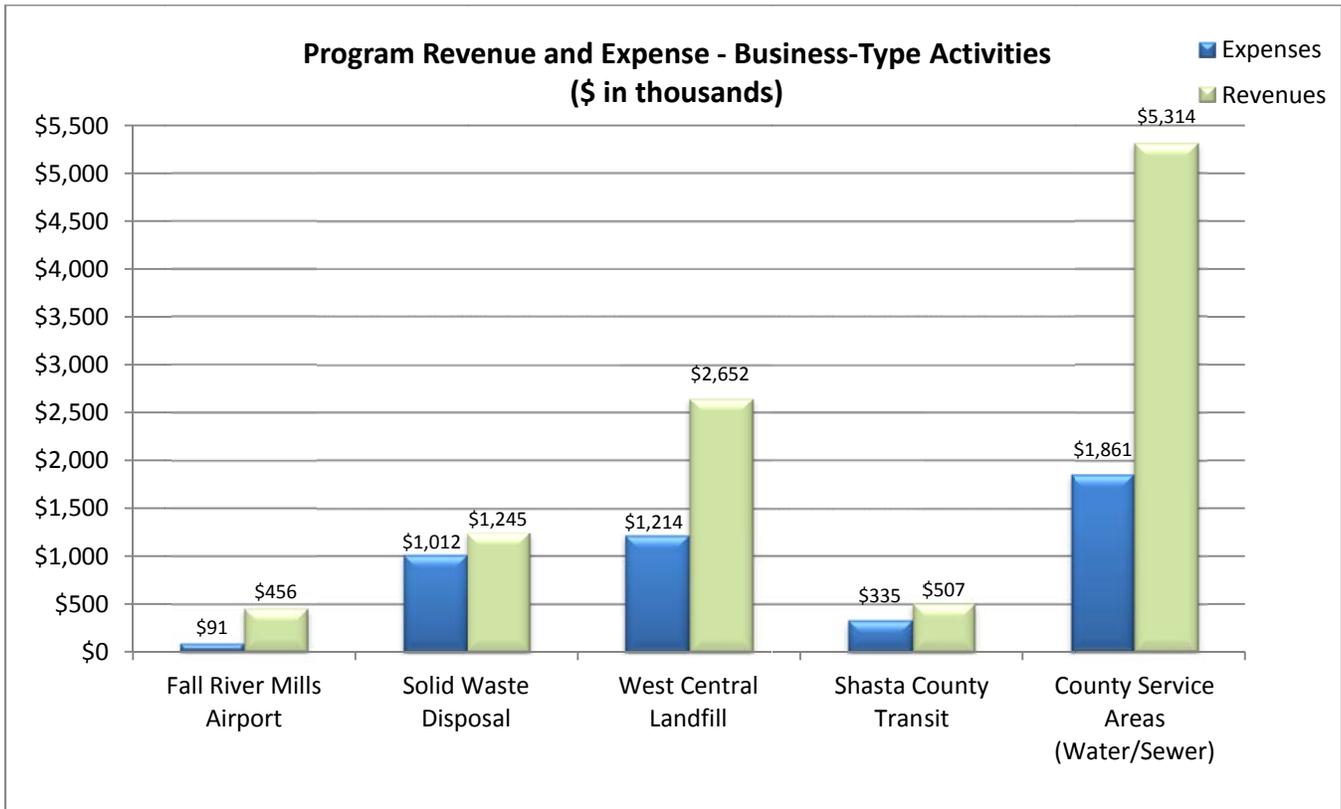
COUNTY OF SHASTA

Management's Discussion and Analysis June 30, 2013



COUNTY OF SHASTA

Management's Discussion and Analysis
June 30, 2013



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, *unrestricted 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		Net Change	
	FY 2013	FY 2012	Amount	Percent
Fund Balance - Beginning	\$ 132,880,743	\$ 128,437,803	\$ 4,442,940	3.46%
Revenues	286,051,783	258,533,631	27,518,152	10.64%
Expenditures	(312,173,930)	(259,627,753)	(52,546,177)	20.24%
Other Financing Sources (Uses)	33,975,894	5,783,382	28,192,512	487.47%
Fund Balance - Ending	<u>\$ 140,734,490</u>	<u>\$ 133,127,063</u>	<u>\$ 3,164,487</u>	2.38%

Note: The FY 2013 beginning fund balance does not agree to the FY 2012 ending balance due to a reclass of a beginning fund balance from a governmental fund to an enterprise fund in the amount of \$246,320.

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At June, 30, 2013, the County's governmental funds reported combined fund balances of \$140,734,490. Of these combined fund balances, \$63,729,410 constitutes *unrestricted fund balance of the General, Special Revenue, Capital Projects, and Debt Service Funds*, which is available to meet the County's current and future needs. The restricted fund balance, \$76,091,814, consists of amounts with constraints put on their use by externally imposed creditors, grantors, laws, regulations, or enabling legislation. The remainder of the fund balance, \$916,266 is nonspendable fund balance. These are amounts that are not spendable in form, or are legally or contractually required to be maintained intact such as inventories and prepaid amounts.

The General Fund is the chief operating fund of the County. At June 30, 2013, unrestricted General Fund balance was \$61,799,525, while total fund balance was \$74,629,061. As a measure of the General Fund's liquidity, it may be useful to compare both unrestricted and total General Fund balance to total General Fund expenditures. Unrestricted General Fund balance represents 39% of total General Fund expenditures, while the total fund balance represents 48% of total General Fund expenditures.

The County's management also assigns (earmarks) unrestricted General Fund balance to a particular function, project, or activity. Fund balance may also be assigned for purposes beyond the current year. However, assigned fund balance is available for appropriation at any time. Of the \$61,799,525 General Fund unrestricted fund balance, 7% is assigned.

Total governmental funds Fund Balance increased by \$7,853,747 in comparison with the prior year. The major governmental funds had changes in fund balance as follows: General Fund increased \$5,507,419, Roads Administration Fund decreased \$2,384,284 and Public Safety Fund increased \$5,093,514. The non-major governmental funds decreased by \$362,902.

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

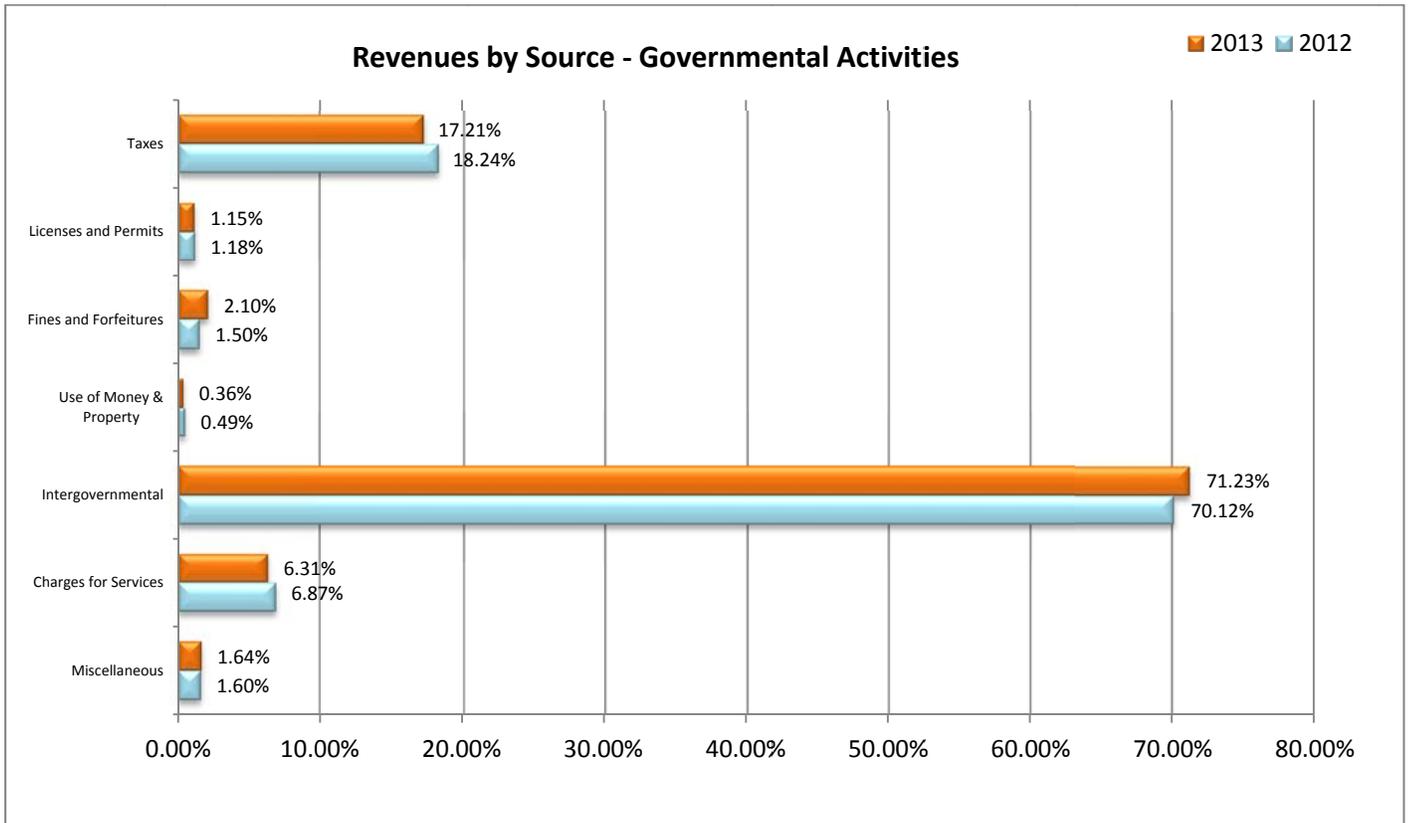
Revenues Classified by Source
Governmental Funds

	FY 2013		FY 2012		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes	\$ 49,228,881	17.21%	\$ 47,160,855	18.24%	\$ 2,068,026	4.39%
Licenses and Permits	3,285,427	1.15%	3,060,563	1.18%	224,864	7.35%
Fines and Forfeitures	6,010,757	2.10%	3,885,459	1.50%	2,125,298	54.70%
Use of Money & Property	1,027,287	0.36%	1,256,918	0.49%	(229,631)	-18.27%
Intergovernmental	203,751,373	71.23%	181,289,388	70.12%	22,461,985	12.39%
Charges for Services	18,048,550	6.31%	17,754,230	6.87%	294,320	1.66%
Miscellaneous	4,699,508	1.64%	4,126,218	1.60%	573,290	13.89%
Total Revenue by Source	<u>\$ 286,051,783</u>	<u>100.00%</u>	<u>\$ 258,533,631</u>	<u>100.00%</u>	<u>\$ 27,518,152</u>	

COUNTY OF SHASTA

Management's Discussion and Analysis
June 30, 2013

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:

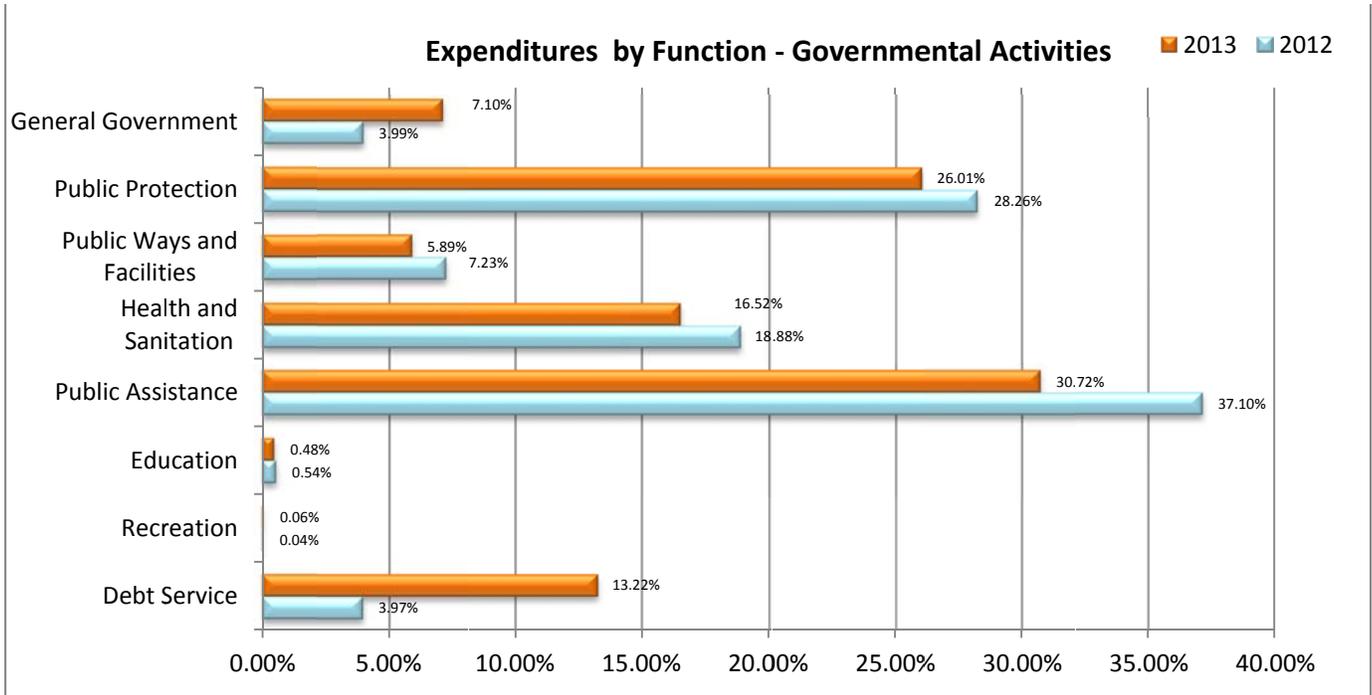
Expenditures Classified by Function
Governmental Funds

	FY 2013		FY 2012		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
General Government	\$ 22,169,866	7.10%	\$ 10,347,235	3.99%	\$ 11,822,631	114.26%
Public Protection	81,199,355	26.01%	73,363,853	28.26%	7,835,502	10.68%
Public Ways and Facilities	18,397,568	5.89%	18,760,388	7.23%	(362,820)	-1.93%
Health and Sanitation	51,568,149	16.52%	49,005,224	18.88%	2,562,925	5.23%
Public Assistance	95,907,960	30.72%	96,330,389	37.10%	(422,429)	-0.44%
Education	1,485,497	0.48%	1,414,406	0.54%	71,091	5.03%
Recreation	175,829	0.06%	110,109	0.04%	65,720	59.69%
Debt Service	41,269,706	13.22%	10,296,149	3.97%	30,973,557	300.83%
Total by Function	\$ 312,173,930	100.00%	\$ 259,627,753	100.00%	\$ 52,546,177	

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Management's Discussion and Analysis
June 30, 2013

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 2013	FY 2012	Increase (Decrease)	
			Amount	Percent
Proceeds from Sale of Capital Assets	\$ 154,511	\$ 803,440	\$ (648,929)	-80.77%
Debt issued	34,083,107	5,458,011	28,625,096	524.46%
Transfers In	37,028,486	32,280,948	4,747,538	14.71%
Transfers Out	(37,290,210)	(32,759,017)	(4,531,193)	13.83%
Net financing sources(uses)	<u>\$ 33,975,894</u>	<u>\$ 5,783,382</u>	<u>\$ 28,192,512</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 position (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

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Net Change in Fund Net Position
Enterprise Funds

	FY 2013	FY 2012	Net Change	
			Amount	Percent
Total Net Position - Beginning	\$ 41,539,987	\$ 38,794,093	\$ 2,745,894	7.08%
Operating Revenues	5,715,744	3,551,204	2,164,540	60.95%
Operating Expenses	(4,432,724)	(3,328,320)	(1,104,404)	33.18%
Non-Operating Revenues (Expenses)	246,092	(3,326)	249,418	-7499.04%
Transfers In (Out) and capital contributions	4,135,951	2,280,016	1,855,935	81.40%
Total Net Position - Ending	<u>\$ 47,205,050</u>	<u>\$ 41,293,667</u>	<u>\$ 5,911,383</u>	

Note: The FY 2013 beginning fund balance does not agree to the FY 2012 ending balance due to a reclass of a beginning fund balance from a governmental fund to an enterprise fund in the amount of \$246,320.

Net position restricted for net investment in capital assets at fiscal year end was \$35,729,733, and for debt service were \$0. Unrestricted net position of the enterprise funds at fiscal year end was \$11,475,317.

The net position of the enterprise funds increased \$3,194,165 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 Position
Internal Service Funds

	FY 2013	FY 2012	Net Change	
			Amount	Percent
Total Net Position - Beginning	\$ 20,736,467	\$ 22,958,318	\$ (2,221,851)	-9.68%
Operating Revenues	18,376,118	17,485,508	890,610	5.09%
Operating Expenses	(20,469,868)	(22,762,701)	2,292,833	-10.07%
Non-Operating Revenues (Expenses)	748,105	901,785	(153,680)	-17.04%
Transfers In (Out) and capital contributions	369,201	2,153,557	(1,784,356)	-82.86%
Total Net Position - Ending	<u>\$ 19,760,023</u>	<u>\$ 20,736,467</u>	<u>\$ (976,444)</u>	

Total net position of the internal service funds at fiscal year end were \$19,760,023 and include \$2,535,949 invested in capital assets.

The net position of the internal service funds decreased \$976,444 over the prior fiscal year. Operating revenues increased 5% and operating expenses decreased 10%.

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 \$9,089,446 increase in appropriations. The components of appropriations variance are briefly summarized as follows: \$3,962,646

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Management's Discussion and Analysis
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increase in general government; \$180,204 increase in public protection; \$13,848 decrease in public assistance; \$5,000,444 increase in public health and sanitation; \$0 change in education; \$40,000 decrease in recreation. Even with these adjustments, actual expenditures were \$15,978,995 below final budget amounts. Resources available for appropriation were \$7,313,749 over final budget amounts.

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

	Original Budget	Final Budget	Net Change	
			Amount	Percent
Total Revenues	\$ 168,396,529	\$ 172,261,960	\$ 3,865,431	2.24%
Total Expenditures	(159,460,909)	(168,550,355)	(9,089,446)	5.39%
Other Financing Sources (Uses)	(26,549,013)	(24,458,876)	2,090,137	-8.55%
Net Change in Fund Balances	<u>\$ (17,613,393)</u>	<u>\$ (20,747,271)</u>	<u>\$ (3,133,878)</u>	

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

	Final Budget	Actual Amounts	Net Change	
			Amount	Percent
Total Revenues	\$ 172,261,960	\$ 184,513,380	\$ 12,251,420	6.64%
Total Expenditures	(168,550,355)	(148,733,139)	19,817,216	-13.32%
Other Financing Sources (Uses)	(24,458,876)	(30,272,822)	(5,813,946)	19.21%
Net Change in Fund Balances	<u>\$ (20,747,271)</u>	<u>\$ 5,507,419</u>	<u>\$ 26,254,690</u>	

CAPITAL ASSETS

The County's investment in capital assets for its governmental and business type activities as of June 30, 2013, amounted to \$189,979,127 (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 \$10,192,334 [6%].

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

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land and improvements	\$ 2,548,463	\$ 2,548,463	\$ 2,025,561	\$ 1,836,624	\$ 4,574,024	\$ 4,385,087
Structures & Improvements	101,545,877	105,003,168	54,006,486	51,148,461	155,552,363	156,151,629
Leasehold Improvements	923,068	923,068	--	--	923,068	923,068
Equipment	42,739,045	46,067,505	275,260	303,430	43,014,305	46,370,935
Infrastructure	116,089,153	116,089,153	--	--	116,089,153	116,089,153
Construction In Progress	17,880,364	4,869,238	21,104,991	19,337,648	38,985,355	24,206,886
Total	<u>281,725,970</u>	<u>275,500,595</u>	<u>77,412,298</u>	<u>72,626,163</u>	<u>359,138,268</u>	<u>348,126,758</u>
Accumulated Depreciation	<u>(134,290,345)</u>	<u>(134,346,107)</u>	<u>(34,868,796)</u>	<u>(33,993,858)</u>	<u>(169,159,141)</u>	<u>(168,339,965)</u>
Net Capital Assets	<u>\$ 147,435,625</u>	<u>\$ 141,154,488</u>	<u>\$ 42,543,502</u>	<u>\$ 38,632,305</u>	<u>\$ 189,979,127</u>	<u>\$ 179,786,793</u>

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

	Additions	Retirements (Net of Accum. Depreciation)	Transfers & Adjustments	Depreciation	Net Change
General Government	\$ 12,744,431	\$ (2,723,033)	\$ 15,918	\$ (2,303,792)	\$ 7,733,524
Public Protection	1,068,410	(524,466)	--	(962,805)	(418,861)
Public Ways & Facilities	1,698,874	(25,382)	--	(2,179,860)	(506,367)
Health & Sanitation	33,988	(23,471)	--	(167,309)	(156,793)
Public Assistance	48,216	(17,842)	129,859	(121,164)	39,069
Education	--	--	--	(794)	(794)
Internal Service Funds	749,013	(89,396)	(145,777)	(685,793)	(171,953)
Enterprise Funds	4,814,305	--	--	(903,108)	3,911,197
Totals	\$ 21,157,237	\$ (3,403,591)	\$ --	\$ (7,324,625)	\$ 10,429,021

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

	Current Year Costs	Total Costs
Major bridge, road and construction projects:		
Governmental Funds:		
Placer Street Roof	\$ --	\$ 94,791
Dept. Public Works- 2nd Floor Remodel	46,784	237,075
Veteran's Hall Roof	50,665	50,665
Mental Health Elevator	140,157	147,961
Jail CCTV Upgrade	157,679	375,160
Island Road @ Eastman Lake (Expensed/Abandoned)	--	21,225
Total Governmental Funds	395,285	926,876
Enterprise Funds:		
Gas Collection System	26,272	1,502,009
Craigview Water	309,839	1,355,952
Total Enterprise Funds	336,111	2,857,962
Total projects completed in current fiscal year	\$ 731,396	\$ 3,784,838

Construction in progress at June 30, 2013:

	Current Year Costs	Cost to Date
Major bridge and road projects:		
Governmental Funds:		
Swede Creek Road @ Little Cow Creek	634,238	965,124
Old Oasis Road @ Churn Creek	127,615	339,010
Spring Creek Road @ Fall River Bridge	56,930	191,696
Cassel-Fall River Road @ Pit River	139,278	318,412
Ash Crekk Rd. @ Sac. River	17,104	17,104
Smith Bottom Road @ ACID Canal	69,205	128,724
Inwood Road @ S.F. Bear Creek	54,440	89,411
Lower Gas Point Rd. @ NF Cttwd Creek	18,780	31,951
Old 44 Dr. @ Oak Run Creek	27,045	34,528
Soda Creek Rd. @ Soda Creek	38,763	38,763
Fern Road E. @ Glendening	10,175	25,439
Total Governmental Funds	1,193,572	2,180,162

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	<u>Current Year Costs</u>	<u>Cost to Date</u>
Building upgrades:		
Governmental Funds:		
MHSA Remodel	\$ 106,247	\$ 141,934
Public Works Upper N. Remodel	59,111	59,111
Mental Health Roofs 4 & 5	32,169	32,169
Redwood Transit Shelter	28,067	28,067
Jail PH 1 Hot Water System	408	408
Total Governmental Funds	<u>226,002</u>	<u>261,689</u>
Enterprise Funds:		
Elk Trail Water Upgrade	<u>3,851,571</u>	<u>9,273,926</u>
Total Enterprise Funds	<u>3,851,571</u>	<u>9,273,926</u>
Major construction:		
Governmental Funds:		
Juvenile Hall	<u>12,125,612</u>	<u>15,440,982</u>
Total Governmental Funds	<u>12,125,612</u>	<u>15,440,982</u>
Enterprise Funds:		
Fall River Mills Airport Extension	<u>390,162</u>	<u>11,761,267</u>
Total Enterprise Funds	<u>390,162</u>	<u>11,761,267</u>
Total construction in progress at June 30, 2013	<u>\$ 17,786,918</u>	<u>\$ 38,918,026</u>
 Summary of construction in progress at June 30, 2013		
Total Governmental Funds	\$ 13,545,186	\$ 17,882,833
Total Enterprise Funds	<u>4,241,732</u>	<u>21,035,193</u>
Total construction in progress	<u>\$ 17,786,918</u>	<u>\$ 38,918,026</u>

Additional information regarding capital assets begin on page 59 with note 3.

DEBT ADMINISTRATION

At the end of the current fiscal year, the County had total debt obligation outstanding of \$47,129,871. Of this amount, \$39,415,000 comprises bonds that are secured by the County's lease rental payments and other dedicated sources of revenue, and \$929,200 of special assessment debt secured by property subject to the assessment. The remainder of the County's debt represents loans secured solely by specified revenue sources.

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

	Long-Term Debt Obligations					
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Lease Revenue Bonds	\$ 39,415,000	\$ 43,525,000	\$ -	\$ -	\$ 39,415,000	\$ 43,525,000
Special Assessment Bonds	-	-	929,200	964,400	929,200	964,400
Water/Sewer Bonds	-	-	20,000	25,165	20,000	25,165
Capital Lease Obligations	400,649	650,929	-	-	400,649	650,929
Financing Leases	-	-	1,423,291	1,545,113	1,423,291	1,545,113
Notes Payable	500,450	522,171	4,441,281	3,087,384	4,941,731	3,609,555
Debt Obligation	<u>40,316,099</u>	<u>44,698,100</u>	<u>6,813,772</u>	<u>5,622,062</u>	<u>47,129,871</u>	<u>50,320,162</u>
Unamortized Bond Premium	569,881	989,795	--	--	569,881	989,795
Total Debt	<u>40,885,980</u>	<u>45,687,895</u>	<u>6,813,772</u>	<u>5,622,062</u>	<u>47,699,752</u>	<u>51,309,957</u>
Less Current Portion	<u>(2,675,518)</u>	<u>(2,313,996)</u>	<u>(213,062)</u>	<u>(221,379)</u>	<u>(2,888,580)</u>	<u>(2,535,375)</u>
Net Long-Term Debt	<u>\$ 38,210,462</u>	<u>\$ 43,373,899</u>	<u>\$ 6,600,710</u>	<u>\$ 5,400,683</u>	<u>\$ 44,811,172</u>	<u>\$ 48,774,582</u>

COUNTY OF SHASTA

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Reductions of the County's total outstanding debt included principal payments of \$985,000 (net of the bond refunding principal payment of \$33,505,000) and amortization of bond premium of \$998,021 with \$1,119,189 in interest expense for governmental activities and principal payments of \$4,372,572 with \$102,046 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 59, note 7.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The County's fiscal year 2013-14 budget takes in to consideration the overall financial health of the County and related impacts of the California State Budget.

California Economic Indicators

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.

The State Controller report revenues in August 2013 were somewhat mixed. Total revenues of \$6.9 billion were 0.4 percent below estimates contained in the 2013-14 State Budget, although they exceeded the prior year by 4 percent.

The California Department of Finance reports, at August 2013, that California's labor market continues to improve. While unemployment fell to 8.5 percent, the gap with the U.S. unemployment rate (7.4%) is still substantial. Nonfarm employment grew for the 24th consecutive month, while six major industry sectors added jobs (trade, transportation, and utilities, educational and health services, leisure and hospitality, manufacturing, mining and logging and government), while five major industries lost them (construction, information, financial activities, personal and business services).

Shasta County Budget Principles

On February 26, 2013, the Board of Supervisors received the FY 2012-13 Mid-Year Report, and approved the following principles for the FY 2013-14 Budget:

- Continue the Controlled Hiring Process approved by the Board in December 2007.
- Approve no new programs or new positions that are not clearly revenue supported.
- Review all grant funded positions. The Board has consistently maintained that the County will not preserve positions that have lost grant funding.
- The County administers many costly State programs. We have limited ability to raise revenues to offset any loss in State and Federal funding. We will avoid back-filling reductions in such funding when legally permissible, and continue to seek relief from unfunded State mandates.
- Continue to evaluate all contracts with community providers and agencies to evaluate if services could be reduced or provided by existing county staff.
- The CEO will review all requests for capital assets and computer equipment. Approval will be granted if the cost of the equipment is fully revenue offset or is critical to program operations.

COUNTY OF SHASTA

Management's Discussion and Analysis June 30, 2013

- As a baseline, direct departments to prepare a budget with a status quo level of County Contribution or General Fund Net-County-Cost. As the full impact of the State budget is realized further cost containment measures may be necessary.
- Realize salary and benefit savings through collaborative bargaining with our labor partners.
- Review all positions vacant over 18 months.
- Encourage expenditure reductions in the current fiscal year to create carry-over funds for 2013-14.

The Adopted FY 2013-14 General Fund Budget is \$69 million, which is approximately 5 percent (\$3.9 million) less than the adjusted 2012-13 budget. The County refunded the long-term debt on the Shasta County Administration Building which yielded lower annual debt service expense (\$494,512). The prior fiscal year included a one-time appropriation (\$2.8 million) for the contract with Haven Humane for animal care and sheltering. These two account for the bulk of the reduction.

The Principles directed all departments to maintain a status quo General Fund subsidy, except for those departments that have a minimum maintenance of effort (MOE) requirement. The two most significant MOE's are to public safety and health and human services programs.

Annually, the Auditor-Controller calculates the County's Maintenance of Effort (MOE) for public safety. In FY 2012-13 the County over-matched the public safety MOE by \$11.5 million. The County subsidy to the combined health and human services programs has been held static over the last several years.

LONG-RANGE PLANNING

There has been no significant improvement to revenues, and the County continues to adhere to conservative spending due to the continued economic downturn. Taking a proactive approach to spending reductions in the past several fiscal years has helped keep the County solvent; but, absent sustained annual revenue growth more reductions may be necessary each fiscal year.

Balancing service delivery with available resources will continue to be a challenge to the County for many years.

DISCRETIONARY REVENUE

The national, state, and local economic downturn has resulted in a decline in property values, lagging sales of consumer goods and services, and a steep decline in interest rates. Shasta County continues to experience the unprecedented loss of discretionary revenue. In the year ending June 30, 2013, revenue is projected to decline by \$2.1 million, or 4.3 percent, and is estimated to decline another 2.7 percent at June 30, 2014. Problematic is not only the loss of current year base revenues but the continued loss of revenue growth. Projections are for at least two additional years of declining revenue, approximately 2 percent per year. The dissolution of redevelopment agencies may have some yet unknown positive impact on the General Fund, as a minimal amount of tax increment may accrue to the General Fund. In FY 2012-13 the County received some one-time revenue (\$2.5 million) from the dissolution of the City's Redevelopment Agencies, in accordance with State Department of Finance directives.

NON-DISCRETIONARY REVENUE

In addition to our discretionary sales tax revenues, sales taxes dedicated to public health, mental health, social services, and public safety have declined dramatically.

1991 Realignment (Health and Human Services) sales tax and vehicle license fees (VLF) are dedicated to public health, mental health, and social services and provided the majority of matching funds for numerous state and federal funding sources. After decreasing for several years, VLF receipts were flat in FY 2012-13 and a modest

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amount of growth is projected, primarily for Public Health and Mental Health, in FY 2013-14. Sales tax revenue is anticipated to grow slightly.

2011 Realignment (Health and Human Services) Similar to 1991 realignment, 2011 realignment is projected to see a modest amount of growth in FY 2013-14. Within the funding mechanism, restoration of child welfare funding in a statewide amount of \$200 million takes precedence over growth in funding for other programs. Provided the economic recovery is sustained, this restoration is expected to be fully paid by FY 2014-15, leaving growth funds available for behavioral health and other realigned programs. The 2011 realignment structure includes preferential treatment of behavioral health, intended to compensate for financial treatment that favored health and social services under the 1991 realignment mechanism.

2011 Realignment (Public Safety) included a major realignment of public safety programs from the state to local governments. The intent of the Community Corrections Partnership Program authorized by AB 109 is to end the revolving door of lower-level offenders and parole violators through the state's prisons.

The County's Community Corrections Partnership Executive Committee (CCPEC), chaired by the Chief Probation Officer, presented a coordinated plan for the second year of implementing AB 109 in Shasta County to the Board of Supervisors on October 2, 2012. Funding for FY 2013-14 is expected to be \$7.4 million and appropriations are requested at \$8.1 million, balanced with use of \$752,232 in carryover AB109 Restricted fund balance. Funding is expected to decline to and stabilize at \$6.9 million in FY 2014-15. There were annual growth funds starting in FY 2012-13; and Shasta County has received just over \$400,000 to date. The CCPEC approved FY 2013-14 funding augmentations in the District Attorney's and Public Defender's budgets as they will be responsible to staff nearly all revocation hearings beginning July 1, 2013 as part of the continued transfer of state responsibilities to counties; this will include all Mandatory Supervision, all Post Release Community Supervision, and most of state Parole's revocation hearings, as well as the Probation revocation hearings they have always staffed. The CCPEC augmented this revenue because the 2011 Realignment allocation to the District Attorney and Public Defender (which is separate from the AB 109/CCP allocation) is only about half the amount necessary to fund one full-time attorney and does not include any funding for support staff, training, equipment, supplies, etc.

EMPLOYEE BENEFITS

The cost of workers compensation insurance, CalPERS 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 employer share of CalPERS retirement had already experienced volatility due to the investment losses CalPERS experienced during the downturn in the market. In April 2012, CalPERS announced an assumption change which included the reduction of the discount rate from 7.75 percent to 7.5 percent. Additionally, CalPERS will change other important benchmarks such as the average mortality of retirees and their survivors. Then, in April 2013, CalPERS announced a change in their amortization and smoothing policies. That is, they will employ an amortization and smoothing policy that will pay for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period. This new policy will affect the County's employer share of CalPERS beginning in FY 2015-16. Using CalPERS model, over a five-year period starting in July 2015, the County's employer contribution to employee retirement could reach as high as 20 percent for miscellaneous employees (up from 13.69), and 48 percent for safety employees (up from 35.59). It is yet uncertain what impact pension reform will have on employee retirement. The County successfully bargained reduced retirement benefits with labor, many of which are now the state-norm. While beneficial to the County's long-term fiscal health, these pension changes will not realize an immediate financial benefit.

On the local level, the County has successfully negotiated with 9 represented bargaining units and 3 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 62 for miscellaneous and 57 for public safety) and their retirement will be based on the average of high three years (instead of highest year). Across-

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the-board, wages have been stagnant for several years, with elected officials and unrepresented managers forgoing and/or postponing scheduled cost-of-living adjustments and leave buy-outs.

The County of Shasta provides post-retirement medical and dental benefits (OPEB) 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 post-retirement 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 and does not include any future earnings on the plan assets. The County's estimated Unfunded Actuarial Liability as of June 30, 2012, was \$188.4 million.

Although GASB does not require governmental agencies to 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. This percentage will be increased to 2 percent effective July 1, 2013. The combined assets of the two OPEB Trusts as of June 30, 2012 was \$21,785,373.

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 and component unit 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 Office of the Auditor-Controller, 1450 Court St., Suite 238, Redding, CA 96001. This entire report is also available online at <http://www.co.shasta.ca.us>.

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

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COUNTY OF SHASTA

Statement of Net Position
June 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Totals	
Assets				
Cash and investments	\$ 143,221,864	\$ 20,969,182	\$ 164,191,046	\$ 3,611,916
Receivables, net	9,751,211	1,084,550	10,835,761	3,251
Due from other governments	42,355,755	1,257,860	43,613,615	274,235
Inventories	566,934	52,022	618,956	--
Other assets	500,577	3,813	504,390	--
Internal balances	413,698	(413,698)	--	--
Due from external parties	2,871,708	--	2,871,708	--
Special assessments receivable	601,911	1,052,500	1,654,411	--
Notes receivable	10,108,512	--	10,108,512	--
Deferred issuance costs	240,734	--	240,734	--
Cash and investments - restricted	654,379	2,022	656,401	--
Capital Assets:				
Non-depreciable	20,428,827	23,130,552	43,559,379	--
Depreciable, net	127,006,798	19,412,950	146,419,748	151
Total Assets	<u>358,722,908</u>	<u>66,551,753</u>	<u>425,274,661</u>	<u>3,889,553</u>
Liabilities				
Accounts payable	5,842,463	107,492	5,949,955	120,743
Retention payable	634,567	80,502	715,069	--
Salaries and benefits payable	5,142,759	--	5,142,759	17,080
Interest payable	290,934	31,951	322,885	--
Due to other governments	1,328,309	20,915	1,349,224	180,966
Deposits from others	163,862	900	164,762	--
Unearned revenue	5,602,247	12,849	5,615,096	--
Long-Term Liabilities:				
Due within one year	9,865,993	213,062	10,079,055	--
Due beyond one year	59,885,812	18,879,032	78,764,844	18,994
Net OPEB obligation	57,032,000	--	57,032,000	--
Total Liabilities	<u>145,788,946</u>	<u>19,346,703</u>	<u>165,135,649</u>	<u>337,783</u>
Net Position				
Net investment in capital assets	106,549,647	35,729,733	142,279,380	151
Restricted for:				
Special revenue	34,812,693	--	34,812,693	--
Public safety	18,310,686	--	18,310,686	--
Roads administration	11,094,604	--	11,094,604	--
Capital projects	1,213,604	--	1,213,604	--
Debt service	673,845	--	673,845	--
Other purposes	12,140,935	--	12,140,935	--
Unrestricted	28,137,948	11,475,317	39,613,265	3,551,619
Total Net Position	<u>\$ 212,933,962</u>	<u>\$ 47,205,050</u>	<u>\$ 260,139,012</u>	<u>\$ 3,551,770</u>

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

COUNTY OF SHASTA

Statement of Activities
For the Year Ended June 30, 2013

Functions/Programs Primary Government	Expenses	Indirect Expense Allocation	Program Revenues		
			Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities					
General government	\$ 13,452,033	\$ 735,157	\$ 5,500,266	\$ 1,056,344	\$ 10,627,417
Public protection	85,761,280	2,144,798	13,361,189	37,760,105	79,982
Public ways and facilities	19,420,556	489,775	1,277,666	3,930,464	3,365,137
Health and sanitation	53,093,987	1,238,543	3,287,327	47,438,840	--
Public assistance	98,469,726	1,803,502	2,192,959	91,762,798	100,548
Education	1,489,427	(3,737)	24,958	--	--
Recreation	161,508	20,692	4,911	--	--
Debt Service:					
Interest expense	1,927,024	--	--	--	--
Total Governmental Activities	<u>273,775,541</u>	<u>6,428,730</u>	<u>25,649,276</u>	<u>181,948,551</u>	<u>14,173,084</u>
Business-Type Activities					
Fall River Mills Airport	88,653	2,067	71,412	10,000	374,854
West Central Landfill	1,213,600	--	2,652,150	--	--
Solid Waste Disposal	1,004,502	7,584	1,245,455	--	--
Shasta County Transit	334,970	--	506,664	--	--
County Service Areas	1,809,374	51,685	1,391,520	--	3,922,250
Total Business-Type Activities	<u>4,451,099</u>	<u>61,336</u>	<u>5,867,201</u>	<u>10,000</u>	<u>4,297,104</u>
Total Primary Government	<u>\$ 278,226,640</u>	<u>\$ 6,490,066</u>	<u>\$ 31,516,477</u>	<u>\$ 181,958,551</u>	<u>\$ 18,470,188</u>
Component Units					
Children and Families First	\$ 1,494,941	\$ --	\$ --	\$ 1,510,692	\$ --
Total Component Units	<u>\$ 1,494,941</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,510,692</u>	<u>\$ --</u>

General Revenues

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 Position

Net Position - Beginning

Prior period adjustment

Net Position - Ending

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

Changes in Net Position			
Governmental Activities	Business-Type Activities	Total Primary Government	Component Unit
\$ 2,996,837	\$ --	\$ 2,996,837	\$ --
(36,704,802)	--	(36,704,802)	--
(11,337,064)	--	(11,337,064)	--
(3,606,363)	--	(3,606,363)	--
(6,216,923)	--	(6,216,923)	--
(1,460,732)	--	(1,460,732)	--
(177,289)	--	(177,289)	--
<u>(1,927,024)</u>	<u>--</u>	<u>(1,927,024)</u>	<u>--</u>
<u>(58,433,360)</u>	<u>--</u>	<u>(58,433,360)</u>	<u>--</u>
--	365,546	365,546	--
--	1,438,550	1,438,550	--
--	233,369	233,369	--
--	171,694	171,694	--
--	3,452,711	3,452,711	--
<u>--</u>	<u>5,661,870</u>	<u>5,661,870</u>	<u>--</u>
<u>(58,433,360)</u>	<u>5,661,870</u>	<u>(52,771,490)</u>	<u>--</u>
<u>--</u>	<u>--</u>	<u>--</u>	<u>15,751</u>
<u>--</u>	<u>--</u>	<u>--</u>	<u>15,751</u>
28,123,370	26,903	28,150,273	--
2,656,601	--	2,656,601	--
28,641,268	--	28,641,268	--
636,678	--	636,678	--
523,069	52,713	575,782	9,309
4,188,729	31,054	4,219,783	--
107,477	(107,477)	--	--
<u>64,877,192</u>	<u>3,193</u>	<u>64,880,385</u>	<u>9,309</u>
6,443,832	5,665,063	12,108,895	25,060
209,109,735	41,539,987	250,649,722	3,526,710
<u>(2,619,605)</u>	<u>--</u>	<u>(2,619,605)</u>	<u>--</u>
<u>\$ 212,933,962</u>	<u>\$ 47,205,050</u>	<u>\$ 260,139,012</u>	<u>\$ 3,551,770</u>

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

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**BASIC FINANCIAL STATEMENTS –
FUND FINANCIAL STATEMENTS**

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COUNTY OF SHASTA

Balance Sheet
Governmental Funds
June 30, 2013

	General Fund	Roads Administration Fund	Public Safety Fund
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and investments	\$ 57,024,838	\$ 8,497,725	\$ 14,791,346
Accounts receivable	5,950,330	72,870	3,295,545
Due from other governments	26,470,514	3,830,396	5,814,625
Inventories	--	483,344	--
Other assets	44,253	--	3,994
Due from other funds	3,032,266	20,608	442,141
Special assessments receivable	--	--	--
Notes receivable	--	--	--
Advances to other funds	370,198	36,220	--
Cash and investments - restricted	--	--	--
Totals Assets	<u><u>\$ 92,892,399</u></u>	<u><u>\$ 12,941,163</u></u>	<u><u>\$ 24,347,651</u></u>
Liabilities			
Accounts payable	\$ 1,899,075	\$ 925,543	\$ 349,049
Retention payable	--	64,550	--
Salaries and benefits payable	2,497,537	301,831	1,292,726
Due to other funds	532,165	23,730	123,843
Due to other governments	377,064	209,041	442,007
Deposits from others	1,362	162,500	--
Unearned revenue	3,464,155	139,488	198,072
Advances from other funds	--	--	370,198
Total Liabilities	<u><u>8,771,358</u></u>	<u><u>1,826,683</u></u>	<u><u>2,775,895</u></u>
Deferred Inflows of Resources			
Unavailable revenue	<u>9,491,980</u>	<u>19,877</u>	<u>3,261,070</u>
Fund Balances:			
Nonspendable	44,253	483,344	3,994
Restricted	12,785,283	10,611,259	18,306,692
Committed	--	--	--
Assigned	5,176,096	--	--
Unassigned	56,623,429	--	--
Total Fund Balances	<u><u>74,629,061</u></u>	<u><u>11,094,603</u></u>	<u><u>18,310,686</u></u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>\$ 92,892,399</u></u>	<u><u>\$ 12,941,163</u></u>	<u><u>\$ 24,347,651</u></u>

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 24,896,182	\$ 105,210,091
141,297	9,460,042
6,236,001	42,351,536
--	483,344
381,675	429,922
445,897	3,940,912
601,911	601,911
10,108,512	10,108,512
579,896	986,314
654,379	654,379
<u>\$ 44,045,750</u>	<u>\$ 174,226,963</u>
\$ 2,033,973	\$ 5,207,640
570,017	634,567
793,580	4,885,674
525,626	1,205,364
190,687	1,218,799
--	163,862
1,800,532	5,602,247
601,116	971,314
<u>6,515,531</u>	<u>19,889,467</u>
<u>830,079</u>	<u>13,603,006</u>
381,675	913,266
34,388,580	76,091,814
716,281	716,281
1,213,604	6,389,700
--	56,623,429
<u>36,700,140</u>	<u>140,734,490</u>
<u>\$ 44,045,750</u>	<u>\$ 174,226,963</u>

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

COUNTY OF SHASTA

Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2013

Total Fund Balances - Governmental Funds (page 26)	\$ 140,734,490
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	144,899,677
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.	
Unavailable revenues	13,603,006
Other post employment benefits obligation	(57,032,000)
Long-Term Debt that has not been included in the governmental fund activity.	(40,885,980)
Interest on outstanding debt not due and payable in the current period is not accrued in the governmental funds.	(290,934)
Governmental funds report the effect of issuance costs when debt is first issued, whereas these amounts are deferred in the Statement of Net Position. This amount is the unamortized portion of bond issuance costs.	240,734
Compensated absences are not accrued in the Governmental Funds.	(8,095,054)
Internal Service Funds assets and liabilities are included in governmental activities in the Statement of Net Position	<u>19,760,023</u>
Net Position of Governmental Activities (page 21)	<u><u>\$ 212,933,962</u></u>

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

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COUNTY OF SHASTA

Governmental Funds
Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended June 30, 2013

	General Fund	Roads Administration Fund	Public Safety Fund
Revenues			
Taxes	\$ 44,772,810	\$ 2,305,009	\$ 90,623
Licenses and permits	2,929,291	20,180	120,499
Fines and forfeitures	4,607,777	--	1,321,380
Use of money and property	667,931	23,676	38,620
Intergovernmental	116,806,803	12,331,093	28,963,149
Charges for other services	10,641,424	765,544	3,469,334
Miscellaneous revenue	4,087,344	69,479	235,204
Total Revenues	<u>184,513,380</u>	<u>15,514,981</u>	<u>34,238,809</u>
Expenditures			
Current:			
General government	10,032,450	--	--
Public protection	17,715,066	--	51,528,777
Public ways and facilities	--	17,857,883	--
Health and sanitation	23,793,453	--	--
Public assistance	95,530,844	--	--
Education	1,485,497	--	--
Recreation	175,829	--	--
Debt Service	--	--	--
Total Expenditures	<u>148,733,139</u>	<u>17,857,883</u>	<u>51,528,777</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>35,780,241</u>	<u>(2,342,902)</u>	<u>(17,289,968)</u>
Other Financing Sources (Uses)			
Transfers in	3,175,738	14,500	23,024,801
Transfers out	(33,463,071)	(107,118)	(722,245)
Long-term debt issued	--	--	--
Premium on long-term debt issuance	--	--	--
Sale of capital assets	14,511	51,236	80,926
Total Other Financing Sources (Uses)	<u>(30,272,822)</u>	<u>(41,382)</u>	<u>22,383,482</u>
Net Change in Fund Balances	5,507,419	(2,384,284)	5,093,514
Fund Balances - Beginning	<u>69,121,642</u>	<u>13,478,887</u>	<u>13,217,172</u>
Fund Balances - Ending	<u>\$ 74,629,061</u>	<u>\$ 11,094,603</u>	<u>\$ 18,310,686</u>

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

Non-Major Governmental Funds	Total Governmental Funds
\$ 2,060,439	\$ 49,228,881
215,457	3,285,427
81,600	6,010,757
297,060	1,027,287
45,650,328	203,751,373
3,172,248	18,048,550
307,481	4,699,508
<u>51,784,613</u>	<u>286,051,783</u>
12,137,416	22,169,866
11,955,512	81,199,355
539,685	18,397,568
27,774,696	51,568,149
377,116	95,907,960
--	1,485,497
--	175,829
41,269,706	41,269,706
<u>94,054,131</u>	<u>312,173,930</u>
<u>(42,269,518)</u>	<u>(26,122,147)</u>
10,813,447	37,028,486
(2,997,776)	(37,290,210)
33,505,000	33,505,000
578,107	578,107
7,838	154,511
<u>41,906,616</u>	<u>33,975,894</u>
(362,902)	7,853,747
<u>37,063,042</u>	<u>132,880,743</u>
<u>\$ 36,700,140</u>	<u>\$ 140,734,490</u>

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

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, 2013

Net Change in Fund Balances - Total Governmental Funds (page 30)	\$ 7,853,747
Amounts reported for governmental activities in the Statement of Net Activities are different because:	
Governmental funds report capital outlays as expenditures.	14,928,813
In the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.	(5,735,724)
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.	(247,617)
Revenues in the Governmental Funds previously reported in the Statement of Activities	(2,619,605)
Revenues that do not provide current financial resources are not reported as revenues in the funds.	239,716
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 Position.	37,887,001
Proceeds from debt are a financing source in the Governmental Funds, but a liability in the Statement of Net Position.	(34,083,107)
Interest on outstanding debt is reported as an expenditure when due in the Governmental Funds, but is accrued in the Statement of Activities.	1,225,787
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.	(742,725)
Compensated absences in the Statement of Activities is reported as an expense, but is not reported in the Governmental Funds.	(96,615)
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.	(13,809,000)
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>(976,444)</u>
Change in Net Position of Governmental Activities (page 23)	<u>\$ 3,824,227</u>

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

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COUNTY OF SHASTA

Statement of Net Position

Proprietary Funds

June 30, 2013

	Business-Type Activities			
	Solid Waste Disposal	West Central Landfill	Fall River Mills Airport	Shasta Co Transit
Assets				
Current Assets:				
Cash and investments	\$ 3,506,614	\$ 15,380,177	\$ 31,901	\$ 44,940
Receivables, net	784,189	--	--	--
Due from other governments	--	663,770	5,712	394,124
Inventories	--	--	52,022	--
Due from other funds	65,632	--	--	--
Other assets	--	--	--	--
Total Current Assets	4,356,435	16,043,947	89,635	439,064
Noncurrent Assets:				
Special assessments receivable	--	--	--	--
Advances to other funds	--	--	--	--
Cash and investments - restricted	--	--	--	--
Capital assets, non depreciable	1,100,193	--	11,870,217	--
Capital assets, depreciable - net	10,748,023	--	305,540	--
Total Noncurrent Assets	11,848,216	--	12,175,757	--
Total Assets	16,204,651	16,043,947	12,265,392	439,064
Liabilities				
Current Liabilities:				
Accounts payable	49,652	--	1,463	20,689
Retention payable	--	--	--	--
Salaries and benefits payable	--	--	--	--
Interest payable	16,664	--	--	--
Due to other governments	--	--	--	--
Due to other funds	--	65,632	330	--
Deposits from others	--	--	400	--
Deferred Revenue	--	--	--	--
Claims payable	--	--	--	--
Compensated absences payable	--	--	--	--
Bonds, notes payable	125,245	--	--	--
Total Current Liabilities	191,561	65,632	2,193	20,689
Noncurrent Liabilities:				
Claims payable	--	--	--	--
Advances from other funds	--	--	--	--
Compensated absences payable	--	--	--	--
Bonds, notes payable	1,298,046	--	--	--
Landfill closure/postclosure care costs	--	12,278,322	--	--
Total Noncurrent Liabilities	1,298,046	12,278,322	--	--
Total Liabilities	1,489,607	12,343,954	2,193	20,689
Net Position				
Net investment in capital assets	10,424,927	--	12,175,757	--
Unrestricted	4,290,117	3,699,993	87,442	418,375
Total Net Position	\$ 14,715,044	\$ 3,699,993	\$ 12,263,199	\$ 418,375

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

Business-Type Activities

CSA #6 Jones Valley Water	Non-Major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 199,153	\$ 1,806,397	\$ 20,969,182	\$ 38,011,773
43,583	256,778	1,084,550	291,169
184,115	10,139	1,257,860	4,219
--	--	52,022	83,590
--	346	65,978	299,257
125	3,688	3,813	70,655
<u>426,976</u>	<u>2,077,348</u>	<u>23,433,405</u>	<u>38,760,663</u>
737,968	314,532	1,052,500	--
--	--	--	398,147
--	2,022	2,022	--
9,399,174	760,968	23,130,552	55,375
775,838	7,583,549	19,412,950	2,480,573
<u>10,912,980</u>	<u>8,661,071</u>	<u>43,598,024</u>	<u>2,934,095</u>
<u>11,339,956</u>	<u>10,738,419</u>	<u>67,031,429</u>	<u>41,694,758</u>
40,323	16,280	128,407	634,823
80,502	-	80,502	--
--	--	--	257,085
11,622	3,665	31,951	--
--	--	--	109,510
--	567	66,529	162,546
--	500	900	--
2,863	9,986	12,849	--
--	--	--	2,813,770
--	--	--	221,082
<u>38,333</u>	<u>49,484</u>	<u>213,062</u>	<u>--</u>
<u>173,643</u>	<u>80,482</u>	<u>534,200</u>	<u>4,198,816</u>
--	--	--	17,523,230
--	413,147	413,147	--
--	--	--	212,689
4,736,000	566,664	6,600,710	--
--	--	12,278,322	--
<u>4,736,000</u>	<u>979,811</u>	<u>19,292,179</u>	<u>17,735,919</u>
<u>4,909,643</u>	<u>1,060,293</u>	<u>19,826,379</u>	<u>21,934,735</u>
5,400,679	7,728,370	35,729,733	2,535,949
<u>1,029,634</u>	<u>1,949,756</u>	<u>11,475,317</u>	<u>17,224,074</u>
<u>\$ 6,430,313</u>	<u>\$ 9,678,126</u>	<u>\$ 47,205,050</u>	<u>\$ 19,760,023</u>

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

COUNTY OF SHASTA

Statement of Revenues, Expenses and
Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2013

	Business-Type Activities			
	Solid Waste Disposal	West Central Landfill	Fall River Mills Airport	Shasta Co Transit
Operating Revenues				
Charges for services	\$ 1,245,455	\$ 2,652,150	\$ 71,412	\$ 506,664
Operating Expenses				
Salaries and benefits	--	--	--	--
Services and supplies	625,896	--	73,037	334,970
Central service costs	7,584	--	2,067	--
Insurance premiums	--	--	--	--
Claims expense	--	--	--	--
Depreciation	341,782	--	15,616	--
Landfill closure/postclosure care costs	--	1,213,600	--	--
Total Operating Expenses	<u>975,262</u>	<u>1,213,600</u>	<u>90,720</u>	<u>334,970</u>
Operating Income (Loss)	<u>270,193</u>	<u>1,438,550</u>	<u>(19,308)</u>	<u>171,694</u>
Non-Operating Revenues (Expenses)				
Investment income (loss)	9,438	39,956	(38)	361
Property tax revenue	--	--	--	--
Non-operating grants	--	--	10,000	--
Capital improvement fees	--	--	--	--
Miscellaneous revenue	22,816	--	562	--
Miscellaneous expense	--	--	--	--
Interest expense	(36,824)	--	--	--
Gain (loss) on sale of capital assets	--	--	--	--
Total Non-Operating Revenues (Expenses)	<u>(4,570)</u>	<u>39,956</u>	<u>10,524</u>	<u>361</u>
Net Income (Loss) Before Capital Contributions and Transfers and Special Items	265,623	1,478,506	(8,784)	172,055
Capital grants and improvement fees	--	--	374,854	--
Transfers in	445,177	--	--	--
Transfers out	--	(445,177)	--	--
Change in Net Position	<u>710,800</u>	<u>1,033,329</u>	<u>366,070</u>	<u>172,055</u>
Net Position - Beginning, Restated	<u>14,004,244</u>	<u>2,666,664</u>	<u>11,897,129</u>	<u>246,320</u>
Net Position - Ending	<u>\$ 14,715,044</u>	<u>\$ 3,699,993</u>	<u>\$ 12,263,199</u>	<u>\$ 418,375</u>

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

Business-Type Activities			
CSA #6 Jones Valley Water	Non-Major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 173,720	\$ 1,066,343	\$ 5,715,744	\$ 18,376,118
--	--	--	6,712,689
186,690	1,034,063	2,254,656	6,678,690
7,716	43,969	61,336	1,140,622
--	--	--	1,578,486
--	--	--	3,673,588
86,204	459,506	903,108	685,793
--	24	1,213,624	--
<u>280,610</u>	<u>1,537,562</u>	<u>4,432,724</u>	<u>20,469,868</u>
<u>(106,890)</u>	<u>(471,219)</u>	<u>1,283,020</u>	<u>(2,093,750)</u>
787	2,209	52,713	109,906
--	26,903	26,903	--
--	--	10,000	--
10,294	--	10,294	--
164,859	37,656	225,893	586,711
--	(13,292)	(13,292)	--
98	(29,693)	(66,419)	--
--	--	--	51,488
<u>176,038</u>	<u>23,783</u>	<u>246,092</u>	<u>748,105</u>
69,148	(447,436)	1,529,112	(1,345,645)
3,522,065	346,509	4,243,428	--
--	--	445,177	723,320
<u>(107,477)</u>	<u>--</u>	<u>(552,654)</u>	<u>(354,119)</u>
3,483,736	(100,927)	5,665,063	(976,444)
<u>2,946,577</u>	<u>9,779,053</u>	<u>41,539,987</u>	<u>20,736,467</u>
<u>\$ 6,430,313</u>	<u>\$ 9,678,126</u>	<u>\$ 47,205,050</u>	<u>\$ 19,760,023</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, 2013

	Business-Type Activities		
	Solid Waste Disposal	West Central Landfill	Fall River Mills Airport
Cash Flows from Operating Activities			
Receipts from customers	\$ 866,529	\$ 1,988,376	\$ 71,513
Payments to suppliers	(608,705)	--	(88,428)
Payments to employees	--	--	--
Operating subsidies and transfers	--	--	--
Claims paid	--	--	--
Net Cash Provided (Used) by Operating Activities	<u>257,824</u>	<u>1,988,376</u>	<u>(16,915)</u>
Cash Flows from Non-Capital Financing Activities			
Other revenue (expense)	22,816	--	--
Property taxes	--	--	--
Non-capital grants received	--	--	10,562
Operating subsidies and transfers out	445,177	(416,563)	(1,793)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>467,993</u>	<u>(416,563)</u>	<u>8,769</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(211,986)	--	(385,687)
Proceeds from sale of capital assets	--	--	--
Transfers for capital acquisition	(3,221)	--	--
Capital improvement fees	--	--	--
Principal payments on debt	(121,821)	--	--
Proceeds from capital debt	--	--	--
Proceeds from capital-type special assessments	--	--	--
Special assessments	--	--	--
Capital grants received	--	--	370,552
Interest payments on debt	(38,251)	--	--
Net Cash Used by Capital and Related Financing Activities	<u>(375,279)</u>	<u>--</u>	<u>(15,135)</u>
Cash Flows From Investing Activities			
Income on investments	9,438	39,956	(38)
Net Increase (Decrease) in Cash and Cash Equivalents	359,976	1,611,769	(23,319)
Cash and Cash Equivalents - Beginning of Year	<u>3,146,638</u>	<u>13,768,408</u>	<u>55,220</u>
Cash and Cash Equivalents - End of Year	<u>\$ 3,506,614</u>	<u>\$ 15,380,177</u>	<u>\$ 31,901</u>

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

Business-Type Activities				
CSA #6 Jones Valley Water	Shasta County Transit	Non-Major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 165,549	\$ 506,664	\$ 1,042,357	\$ 4,640,988	\$ 18,397,689
(196,220)	(314,281)	(1,323,050)	(2,530,684)	(9,546,694)
--	--	--	--	(6,680,995)
--	--	(500,000)	(500,000)	--
--	--	--	--	(3,265,588)
<u>(30,671)</u>	<u>192,383</u>	<u>(780,693)</u>	<u>1,610,304</u>	<u>(1,095,588)</u>
90	--	15,391	38,297	637,007
--	--	6,275	6,275	--
--	--	--	10,562	--
<u>(107,477)</u>	<u>--</u>	<u>(18,120)</u>	<u>(98,776)</u>	<u>388,494</u>
<u>(107,387)</u>	<u>--</u>	<u>3,546</u>	<u>(43,642)</u>	<u>1,025,501</u>
(4,921,379)	--	(191,056)	(5,710,108)	(754,002)
--	--	--	--	222,862
--	--	--	(3,221)	(50,296)
10,294	--	--	10,294	--
--	--	(42,911)	(164,732)	--
1,356,443	--	--	1,356,443	--
208,643	--	--	208,643	--
--	--	69,789	69,789	--
3,533,597	(394,124)	836,285	4,346,310	--
<u>(352)</u>	<u>--</u>	<u>(30,417)</u>	<u>(69,020)</u>	<u>--</u>
<u>187,246</u>	<u>(394,124)</u>	<u>641,690</u>	<u>44,398</u>	<u>(581,436)</u>
<u>787</u>	<u>361</u>	<u>2,209</u>	<u>52,713</u>	<u>109,906</u>
49,975	(201,380)	(133,248)	1,663,773	(541,617)
<u>149,178</u>	<u>246,320</u>	<u>1,941,667</u>	<u>19,307,431</u>	<u>38,553,390</u>
<u>\$ 199,153</u>	<u>\$ 44,940</u>	<u>\$ 1,808,419</u>	<u>\$ 20,971,204</u>	<u>\$ 38,011,773</u>

continued

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

COUNTY OF SHASTA

Statement of Cash Flows (continued)
 Proprietary Funds
 For the year ended June 30, 2013

	Business-Type Activities		
	Solid Waste Disposal	West Central Landfill	Fall River Mills Airport
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (101,347)	\$ 1,438,550	\$ (19,308)
Adjustments to reconcile net operating income to net cash provided (used) by operating activities:			
Depreciation expense	341,776	--	15,616
Landfill closure/postclosure care expense	--	1,213,596	--
Changes in assets and liabilities:			
Receivables, net	(18,741)	--	--
Due from other funds	(28,615)	--	--
Due from other governments	40,253	(663,770)	227
Inventories	--	--	--
Other assets	--	--	--
Accounts payable	24,779	--	(13,550)
Salaries and benefits payable	--	--	--
Due to other funds	(281)	--	--
Claims liability	--	--	--
Deferred Revenue	--	--	--
Other liabilities	--	--	100
Due to other governments	--	--	--
Compensated absences payable	--	--	--
Net Cash Provided (Used) by Operating Activities	\$ 257,824	\$ 1,988,376	\$ (16,915)

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

Business-Type Activities				
CSA #6 Jones Valley Water	Shasta County Transit	Non-Major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ (106,890)	\$ 171,694	\$ (471,219)	\$ 911,480	\$ (2,093,750)
86,204		459,506	903,102	685,793
--		--	1,213,596	--
(10,532)		(35,892)	(65,165)	(287,359)
(19,592)		(494,391)	(542,598)	299,229
--	20,689	1,082	(601,519)	62,173
--		--	--	(6,795)
70		(1,548)	(1,478)	18,469
(737)		(243,881)	(233,389)	(79,892)
--		--	--	7,007
18,443		441	18,603	(151,502)
--		--	--	408,000
2,863		5,209	8,072	--
(500)		--	(400)	--
--		--	--	18,352
--		--	--	24,687
<u>\$ (30,671)</u>	<u>\$ 192,383</u>	<u>\$ (780,693)</u>	<u>\$ 1,610,304</u>	<u>\$ (1,095,588)</u>

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

COUNTY OF SHASTA

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	Investment Trust Funds	Agency Funds
	<u> </u>	<u> </u>
Assets		
Cash and investments	\$ 158,465,886	\$ 33,163,600
Accounts receivable, net	49,200	435,958
Taxes receivable, net	--	15,494,901
Due from other governments	263,610	521,607
Due from other funds	475,000	4,423
Totals Assets	<u>159,253,696</u>	<u>49,620,489</u>
Liabilities		
Due to other funds	475,951	2,789,210
Due to other governments	243,362	3,727,847
Taxes due to other funds	--	25,256,994
Agency funds liabilities	--	17,846,438
Total Liabilities	<u>719,313</u>	<u>\$ 49,620,489</u>
Net Position		
Net position held in trust for investment pool participants	<u>\$ 158,534,383</u>	

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

COUNTY OF SHASTA

Statement of Changes in Fiduciary Net Position
Investment Trust Funds
For the Year Ended June 30, 2013

Additions	
Contributions to investment pool	\$ 450,247,913
Deductions	
Distributions from investment pool	<u>413,341,736</u>
Change in Net Position	36,906,177
Net Position, Beginning	<u>121,628,206</u>
Net Position, Ending	<u><u>\$ 158,534,383</u></u>

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

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NOTES TO THE FINANCIAL STATEMENTS

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COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2013

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.

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 Lighting
- Mel Mar Lighting
- Rother Riverside Sub Light
- Sierra Vista Lighting
- Summit City Lighting

Permanent Road Divisions (PRDs) 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
- Marianas Way PRD
- Millville Way PRD
- Mount Lassen Woods PRD
- Mountain Gate Meadows PRD

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Component Units (continued)

- Amber Ridge PRD
- Amesbury Village PRD
- Blackstone Estates PRD
- Buckshot Lane EFER PRD
- #1 Butterfield Lane EFER PRD
- #2 Butterfield Lane EFER PRD
- Canto Del Lupine PRD
- China Gulch PRD
- Clover Road PRD
- Coloma Drive PRD
- Cottonwood Creek PRD
- County Fields Estates PRD
- Craig Lane PRD
- # 1 Crowley Creek Ranchettes PRD
- # 2 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
- Fullerton Way PRD
- Garth Drive EFER PRD
- Holiday Acres PRD
- Honeybee Acres PRD
- Intermountain Road PRD
- Jennifer Drive EFER PRD
- Jordan Manor PRD
- L & R Estates PRD
- Laverne Lane PRD
- Lark Court PRD
- Latona Road PRD
- Logan Road PRD
- #1 Los Palos EFER PRD
- #2 Los Palos EFER PRD
- Manor Crest PRD
- Manton Heights PRD
- Manzanillo Orchard PRD
- Mule Mountain Parkway PRD
- North Chapparral Drive PRD
- Nunes Ranch PRD
- Old Stagecoach Road PRD
- Palo Cedro Oaks PRD
- Ponder Way PRD
- Ritts Mill Road PRD
- River Hills Estates PRD
- Robledo Road PRD
- Rocky Ledge Estates PRD
- Rolland Country Estates PRD
- Santa Barbara Estates PRD
- Santa Barbara 1868 Unit 2 PRD
- Santa Barbara 3_4 PRD
- Scenic Road PRD
- Shasta Lake Ranchos PRD
- Shasta Meadows PRD
- Shelly Lane PRD
- Ski Way PRD
- Silver Saddle Estates PRD
- Sleeping Bull Estates PRD
- Sonora Trail PRD
- #1 Squaw Carpet Fire Access PRD
- #2 Squaw Carpet Fire Access PRD
- Sterling Ranch PRD
- Stillwater Ranch PRD
- Terri Lee Terrace PRD
- Timber Ridge PRD
- Tract 1323 PRD
- Valparaiso Way PRD
- Vedder Road PRD
- Victoria Highlands Estates PRD
- Village Green PRD
- Waterleaf Estates PRD
- Westview Road EFER PRD
- Wisteria Estates PRD
- Woggon Lane 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.

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Component Units (continued)

- 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.

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 Successor Agency to the Shasta County Redevelopment Agency, formerly 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 Position 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, 2013

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.

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. On August 1st, 2012 the RTPA separated from the County and formally became the Shasta Regional Transportation Agency (SRTA), an independent agency per unanimous board vote.

C. Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position 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 Position 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.

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (continued)

Government-wide Financial Statements (continued)

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

Fund Financial Statements

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

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

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 *County Service Area #6 (Jones Valley) Fund* is used to account for the activity associated with the Jones Valley Water District water district and their water systems.
- 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, 2013

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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues available if they are collected within 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.

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Investments (continued)

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 Courthouse, Administrative 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; and the Housing Authority Trust Fund Account, as a component unit of Agency Funds. Some cash and investments of the Shasta Joint Powers Financing Authority, a component unit of the General Fund, are accounted for in Debt Service Funds.

For purposes of the accompanying statement of cash flows, the Enterprise and Internal Service Funds consider all highly liquid investments with a maturity of three months or less when purchased, and their equity in the County Treasurer's investment pool, to be cash equivalents.

F. Receivables and Payables

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

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

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

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

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, 2013

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 \$5,000 for equipment, \$25,000 for structures and improvements, and \$500,000 for infrastructure.

I. Property Tax Levy, Collection and Maximum Rates

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

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

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2013

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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 Position.

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

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2013, fund balances for governmental funds consist of the following categories:

Nonspendable Fund Balance – includes amounts that are not in a spendable form or are legally or contractually required to be maintained intact (such as inventories or prepaid amounts).

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2013

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity (continued)

Restricted Fund Balance – includes amounts that can be spent only for specific purposes stipulated by external parties (such as creditors, grant providers, or contributors) or by law.

Committed Fund Balance – includes amounts that can be used only for the specific purpose determined by the Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action. The formal action must occur prior to the end of the reporting period. The amount which will be subject to the constraint may be determined in the subsequent period.

Assigned Fund Balance – is comprised of amounts intended to be used by the government entity for specific purposes that are neither restricted nor committed. Intent can be expressed by the Board of Supervisors or by an official or body to which the Board delegates the authority. Assigned fund balance can be used to eliminate a projected budgetary deficit in the subsequent year's budget.

Unassigned Fund Balance – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

N. Use of Estimates

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

NOTE 2: CASH IN TREASURY

A. Cash Management

As provided for by the California Government Code, the cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing interest earnings through investment activities. The investment pool is not registered within the Securities and Exchange Commission (SEC), and a treasury oversight committee provides oversight to insure that investments comply with the approved investment policy. 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 40 percent of the total treasury investment pool (including County Operational funds). Special districts and various trust funds approximate 3 percent of the investment pool and the extent of involuntary participation cannot be determined at this time. County operational funds comprise the remaining 57 percent of the investment pool.

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2013

NOTE 2: CASH IN TREASURY (CONTINUED)

A. Cash Management (continued)

At June 30, 2013, total County cash and investments were as follows:

<i>Cash:</i>	
Cash on hand and imprest cash	\$ 31,466
Deposits	46,482,239
Total cash and deposits	<u>46,513,705</u>
 <i>Investments:</i>	
In Treasurer's pool	324,183,892
External to the Treasurer's pool	906,215
Total investments	<u>325,090,107</u>
 <i>In-transit items:</i>	
Outstanding checks	(11,325,554)
EFTs	(189,409)
	<u>(11,514,963)</u>
 Total cash and investments	 <u>\$ 360,088,849</u>

Total cash and investments at June 30, 2013 were presented on the County's financial statements as follows:

Primary government	\$ 164,191,046
Primary government - restricted cash	656,401
Component units	3,611,916
Investment trust funds	158,465,886
Agency funds	33,163,600
	<u>360,088,849</u>
 Total cash and investments	 <u>\$ 360,088,849</u>

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2013

NOTE 2: CASH IN TREASURY (CONTINUED)

A. Cash Management (continued)

Investments

At June 30, 2013, the County had the following investments:

<u>Interest Rates</u>	<u>Maturities</u>	<u>Par</u>	<u>Cost</u>	<u>Fair Value</u>	<u>WAM (Years)</u>
0.24%	07/02/13	\$ 41,000,000	\$ 41,000,000	\$ 41,011,201	0.01
0.20% - 0.30%	08/12/13 - 10/25/13	15,000,000	15,000,000	15,000,000	0.24
1.25% - 6.30%	01/07/14 - 09/29/16	40,000,000	41,365,128	40,955,100	1.32
0.21% - 0.57%	07/02/13 - 02/07/14	62,000,000	61,846,822	61,922,750	0.35
0.55% - 0.90%	08/26/16 - 12/13/17	45,000,000	44,981,000	44,140,750	3.92
0.75% - 1.00%	03/27/17 - 12/28/17	35,000,000	34,990,417	34,239,800	4.22
0.56% - 1.13%	09/09/13 - 05/25/18	60,000,000	60,000,000	59,008,950	3.28
0.42% - 1.02%	09/08/15 - 09/28/17	25,000,000	25,000,525	24,798,850	3.46
8.00% - 9.50%	05/17/17 - 08/15/17	6,777	-	6,847	3.90
		<u>\$ 323,006,777</u>	<u>\$ 324,183,892</u>	<u>\$ 321,084,248</u>	
0.24%	06/30/12	\$ 251,836	\$ 251,836	\$ 251,836	0.00
0.01%	06/30/12	654,379	654,379	654,379	0.00
		<u>\$ 906,215</u>	<u>\$ 906,215</u>	<u>\$ 906,215</u>	
		<u>\$ 323,912,992</u>	<u>\$ 325,090,107</u>	<u>\$ 321,990,463</u>	

Interest Rate Risk

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

Credit Risk

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

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2013

NOTE 2: CASH IN TREASURY (CONTINUED)

A. Cash Management (continued)

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, 2013.

Investments in Investment Pool	<u>Moody's</u>	<u>S&P</u>	<u>% of Portfolio</u>
Local Agency Investment Fund	Unrated	Unrated	12.78%
Certificate of Deposit	P-1	A-1	4.67%
Medium Term Notes	A2 - Aa2	A - AA+	12.75%
Commercial Paper	P-1	A-1	19.29%
Federal Farm Credits	Aaa	AA+	13.75%
Federal Home Loan Bank	Aaa	AA+	10.66%
Federal National Mortgage	Aaa	AA+	18.38%
Federal Home Loan Mortgage Corp.	Aaa	AA+	7.72%
Government National Mortgage Association	AAA	AAA	0.00%
			<u>100.00%</u>

At June 30, 2013 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	13.75%	\$ 44,140,750
Federal Home Loan Bank	10.66%	34,239,800
Federal National Mortgage	18.38%	59,008,950
Federal Home Loan Mortgage Corp.	7.72%	24,798,850

Custodial Credit Risk

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

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2013

NOTE 2: CASH IN TREASURY (CONTINUED)

A. Cash Management (continued)

Local Agency Investment Fund

The County Treasurer's Pool maintains an investment in the State of California Local Agency Investment Fund (LAIF), managed by the State Treasurer. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. Participants in the pool include voluntary and involuntary participants, such as special districts and school districts for which there are legal provisions regarding their investments. The Local Investment Advisor Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute.

At June 30, 2013, the County's investment position in the State of California Local Agency Investment Fund (LAIF) was \$41,000,000 (fair value of \$41,011,201) and is the same as value of the pool shares. The total amount invested by all public agencies in LAIF on that day was \$58.8 billion; 100% of which was invested in other non-derivative financial products.

County Investment Pool Condensed Financial Statements

The following represents a condensed statement of net position and changes in net position for the Treasurer's investment pool as of June 30, 2013:

Statement of Net Position

Assets:

Investments	\$ 324,183,892
Other deposits	44,620,914
Cash	10,101
Total assets	<u>368,814,907</u>

In-transit items:

Outstanding checks and warrants payable	(11,325,554)
EFTs	(189,409)
Total in-transit items	<u>(11,514,963)</u>

Net Assets:

Equity of internal pool participants	198,860,457
Equity of external pool participants	158,439,486
Total net position	<u>\$ 357,299,943</u>

Statement of Changes in Net Position

Investment earnings	\$ 2,201,204
Investment expenses	(725,137)
Net contribution to pool participants	45,190,464
Increase in Net Position	<u>46,666,531</u>

Net position at July 1, 2012	<u>310,633,412</u>
Net position at June 30, 2013	<u>\$ 357,299,943</u>

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2013

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, and Shasta Joint Powers Financing Authority. 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	7.50%
Local Agency Investment Fund (LAIF)	N/A	None	None

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

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

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

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2013

NOTE 2: CASH IN TREASURY (CONTINUED)

D. Fair Value of Investments

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

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

E. Methods and Assumptions Used to Estimate Fair Value

The County chose not to adjust 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. The County Treasurer typically holds all investments to maturity, material 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 RECEIVABLE

Notes receivables at year-end in the amount of \$10,108,512, as reported in the governmental non-major funds, include \$3,366,350 in loans to individuals for housing rehabilitation, and \$5,877,605 for the purchases of homes. The maximum original amount of these notes is \$96,000 per owner occupied home or \$96,000 per housing unit for rental owners. The maximum term of these notes is 30 years and the annual interest rate varies from no interest to 6 percent.

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

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2013

NOTE 4: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance July 1, 2012	Additions	Retirements	Transfers	Balance June 30, 2013
Governmental Activities					
Capital assets not being depreciated:					
Land and improvements	\$ 2,548,463	\$ --	\$ --	\$ --	\$ 2,548,463
Construction in progress	4,869,238	13,938,002	(21,225)	(905,651)	17,880,364
Total Capital Assets Not Being Depreciated	<u>7,417,701</u>	<u>13,938,002</u>	<u>(21,225)</u>	<u>(905,651)</u>	<u>20,428,827</u>
Capital assets being depreciated:					
Structures and improvements	105,003,168	--	(4,362,942)	905,651	101,545,877
Long-term leasehold improvements	923,068	--	--	--	923,068
Equipment	46,067,505	2,421,270	(5,749,730)	--	42,739,045
Infrastructure	116,089,153	--	--	--	116,089,153
Total Capital Assets Being Depreciated	<u>268,082,894</u>	<u>2,421,270</u>	<u>(10,112,672)</u>	<u>905,651</u>	<u>261,297,143</u>
Less accumulated depreciation for:					
Structures and Improvements	(36,282,360)	(2,189,206)	1,704,807	--	(36,766,759)
Long-term leasehold improvements	(433,012)	(10,746)	--	--	(443,758)
Equipment	(32,671,459)	(2,946,837)	4,772,476	--	(30,845,820)
Infrastructure	(64,959,276)	(1,274,732)	--	--	(66,234,008)
Total Accumulated Depreciation	<u>(134,346,107)</u>	<u>(6,421,521)</u>	<u>6,477,283</u>	<u>--</u>	<u>(134,290,345)</u>
Total Capital Assets Being Depreciated, Net	<u>133,736,787</u>	<u>(4,000,251)</u>	<u>(3,635,389)</u>	<u>905,651</u>	<u>127,006,798</u>
Governmental Activities Capital Assets, Net	<u>\$ 141,154,488</u>	<u>\$ 9,937,751</u>	<u>\$ (3,656,614)</u>	<u>\$ --</u>	<u>\$ 147,435,625</u>
Business-Type Activities					
Capital assets not being depreciated:					
Land and improvements	\$ 1,836,624	\$ 188,937	\$ --	\$ --	\$ 2,025,561
Construction in progress	19,337,648	4,599,033	--	(2,831,690)	21,104,991
Total Capital Assets Not Being Depreciated	<u>21,174,272</u>	<u>4,787,970</u>	<u>--</u>	<u>(2,831,690)</u>	<u>23,130,552</u>
Capital assets being depreciated:					
Structures and improvements	51,148,461	26,335	--	2,831,690	54,006,486
Equipment	303,430	--	(28,171)	--	275,259
Total Capital Assets Being Depreciated	<u>51,451,891</u>	<u>26,335</u>	<u>(28,171)</u>	<u>2,831,690</u>	<u>54,281,745</u>
Less accumulated depreciation for:					
Structures and Improvements	(33,738,149)	(897,455)	--	--	(34,635,604)
Equipment	(255,709)	(5,653)	28,171	--	(233,191)
Total Accumulated Depreciation	<u>(33,993,858)</u>	<u>(903,108)</u>	<u>28,171</u>	<u>--</u>	<u>(34,868,795)</u>
Total Capital Assets Being Depreciated, Net	<u>17,458,033</u>	<u>(876,773)</u>	<u>--</u>	<u>2,831,690</u>	<u>19,412,950</u>
Business-Type Activities Capital Assets, Net	<u>\$ 38,632,305</u>	<u>\$ 3,911,197</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 42,543,502</u>

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2013

NOTE 4: CAPITAL ASSETS (CONTINUED)

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

Governmental Activities

General government	\$ 2,303,796
Public protection	962,805
Public ways	2,179,860
Health and sanitation	167,309
Public assistance	121,164
Education	794
Capital assets held by the County's internal service funds are charged to the various functions based on the usage of the assets	<u>685,793</u>

Total Depreciation Expenses Governmental Activities \$ 6,421,521

Business-Type Activities

Airport	\$ 15,616
Solid Waste	341,782
County Service Areas	<u>545,710</u>

Total Depreciation Expenses Business-Type Activities \$ 903,108

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2013

NOTE 5: INTERFUND TRANSACTIONS

Interfund Receivables/Payables

Due to/from Other Funds:

Interfund receivable and payable balances at June 30, 2013, 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	\$ 4,092
	Public Safety Fund	14,758
	Nonmajor Governmental Funds	363,338
	Internal Service Funds	69,974
	Nonmajor Enterprise Funds	60
	Investment Trust Fund	44
	Agency Funds	2,580,000
		3,032,266
Roads Admin. Fund	General Fund	917
	Public Safety Fund	15,107
	Nonmajor Governmental Funds	4,551
	Internal Service Funds	33
		20,608
Public Safety Fund	General Fund	159,338
	Nonmajor Governmental Funds	1,178
	Internal Service Funds	83,142
	Agency Funds	198,483
		442,141
Nonmajor Governmental Funds	General Fund	228,961
	Nonmajor Governmental Funds	108,433
	Internal Service Funds	21,626
	Component Unit	85,970
	Investment Trust Fund	907
		445,897

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2013

NOTE 5: INTERFUND TRANSACTIONS (CONTINUED)

Interfund Receivables/Payables (continued)

Due to/from Other Funds (continued):

Receivable Fund	Payable Fund	Amount
Internal Service Funds	General Fund	\$ 141,562
	Roads Admin. Fund	19,637
	Public Safety Fund	91,386
	Nonmajor Governmental Funds	47,683
	Internal Service Funds	(12,229)
	Fall River Mill Airport Fund	330
	Nonmajor Enterprise Funds	161
	Agency Funds	<u>10,727</u>
		<u>299,257</u>
Nonmajor Enterprise Funds	Nonmajor Enterprise Funds	346
		<u>346</u>
Solid Waste Disposal Fund	West Central Landfill Fund	65,632
		<u>65,632</u>
Agency Funds	General Fund	1,387
	Public Safety Fund	2,592
	Nonmajor Governmental Funds	<u>444</u>
		<u>4,423</u>
Investment Trust Funds	Investment Trust Fund	475,000
		<u>475,000</u>
		<u>\$ 4,785,570</u>

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2013

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:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Public Safety Fund	\$ 370,198
		<u>370,198</u>
Roads Fund	Nonmajor Governmental Funds	36,220
		<u>36,220</u>
Nonmajor Governmental Funds	Nonmajor Governmental Funds	564,896
	Nonmajor Enterprise Funds	15,000
		<u>579,896</u>
Internal Service Funds	Nonmajor Enterprise Funds	398,147
		<u>398,147</u>
		<u>\$ 1,384,461</u>

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2013

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, 2013, consisted of the following:

<u>Paying Fund</u>	<u>Receiving Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Public Safety Fund	\$ 22,930,323	Funding of operational expenditures
	Nonmajor Governmental Funds	9,810,493	Funding of operational expenditures
	Internal Service Funds	<u>722,255</u>	Purchase of vehicles and funding operational expenses
		<u>33,463,071</u>	
Roads	General Fund	<u>107,118</u>	Funding of capital improvement projects
		<u>107,118</u>	
Public Safety Fund	General Fund	159,821	Funding of capital improvement projects and share of Social Services program
		<u>562,424</u>	Funding of operational expenditures
		<u>722,245</u>	
Nonmajor Governmental Funds	General Fund	2,908,799	Funding of capital improvement projects
	Public Safety Fund	74,478	Funding of operational expenditures
	Roads	<u>14,500</u>	Funding of operational expenditures
		<u>2,997,777</u>	
West Central Landfill Fund	Solid Waste Disposal Fund	<u>445,177</u>	Funding of capital improvement projects
CSA #6 Jones Valley Water	Nonmajor Governmental Funds	<u>107,477</u>	Funding of capital improvement projects
Internal Service Funds	Nonmajor Governmental Funds	333,054	Funding of operational expenditures
		20,000	
	Internal Service Funds	<u>1,065</u>	
		<u>354,119</u>	
		<u>\$ 38,196,984</u>	

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2013

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, 2012	Additions	Retirements	Balance June 30, 2013	Amounts Due Within One Year
Governmental Activities					
Bonds Payable:					
Lease revenue bonds	\$ 43,525,000	\$ 33,505,000	\$ 37,615,000	\$ 39,415,000	\$ 2,345,000
Unamortized bond premium	989,795	578,107	998,021	569,881	29,855
Total Bonds payable	<u>44,514,795</u>	<u>34,083,107</u>	<u>38,613,021</u>	<u>39,984,881</u>	<u>2,374,855</u>
Notes payable	522,171	--	21,721	500,450	37,045
Claims liability	19,929,000	3,673,588	3,265,588	20,337,000	2,813,770
Capital leases obligations	650,929	--	250,280	400,649	263,618
Compensated absences	8,407,525	9,111,447	8,990,147	8,528,825	4,376,705
Governmental Activities Long-Term Liabilities	<u>\$ 74,024,420</u>	<u>\$ 46,868,142</u>	<u>\$ 51,140,757</u>	<u>\$ 69,751,805</u>	<u>\$ 9,865,993</u>
Business-Type Activities					
Bonds payable	\$ 989,565	\$ --	\$ 40,365	\$ 949,200	\$ 57,300
Financing leases	1,545,112	--	121,822	1,423,290	125,245
Notes payable	3,087,385	5,564,281	4,210,384	4,441,282	30,517
Liability for landfill closure/ postclosure care costs	11,064,723	1,213,599	--	12,278,322	--
Business-Type Activities Long-Term Liabilities	<u>\$ 16,686,785</u>	<u>\$ 6,777,880</u>	<u>\$ 4,372,571</u>	<u>\$ 19,092,094</u>	<u>\$ 213,062</u>

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2013

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

B. Summary of Long-Term Obligations

	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2013</u>
<u>Governmental Activities</u>						
Bonds Payable:						
Lease Revenue Bonds:						
2011 Refunding Lease Revenue Bonds - County Courthouse Improvement Project	2011	2023	2.65%	\$200,000 - \$270,000	\$ 5,325,000	\$ 4,655,000
2013 Refunding Lease Revenue Bonds - Administration Center	2013	2032	2.50% - 4.00%	\$1,325,000 - \$2,295,000	33,505,000	33,505,000
2003 Refunding Lease Revenue Bonds Justice Center	2004	2014	2.00% - 4.125%	\$420,000 - \$645,000	5,705,000	<u>1,255,000</u>
Total Governmental Bonds Payable						<u>39,415,000</u>
Notes Payable						
State of California, Energy Resources Conservation and Development Commission	2011	2024	3.00%	\$21,721 - \$49,888	522,171	<u>500,450</u>
						<u>\$ 39,915,450</u>
<u>Business-Type Activities</u>						
Bonds Payable:						
CSA No. 3 (Castella) Limited Obligation Improvement Bond	2009	2047	4.125%	\$2,000 - \$9,200	\$ 184,700	\$ 176,200
CSA No. 6 (Jones Valley) 1980 Revenue Bonds	1980	2020	5.00%	\$1,000 - \$30,000	537,000	185,000
CSA No. 6 (Jones Valley) Limited Obligation Bonds	1998	2038	4.75%	\$6,357 - \$38,000	802,789	568,000
CSA No. 8 (Palo Cedro) Sewer Bonds	1990	2001	6.00-9.20%	\$20,000	857,466	<u>20,000</u>
						<u>949,200</u>
Financing Lease:						
Solid Waste – California Infrastructure and Economic Bank	2007	2022	2.81%	\$109,039-\$160,723	\$ 2,000,000	<u>\$ 1,423,290</u>

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2013

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, 2013</u>
Notes Payable:						
CSA No. 6 (Jones Valley) Note Payable	2011	2042	0.00%	\$3,333	100,000	\$ 93,333
CSA No. 6 (Jones Valley) Note Payable	2011	TBD	0.00%	TBD	3,928,000	3,928,000
CSA No. 11 (French Gulch) Note Payable	1995	2019	3.41%	\$5,389 - \$24,063	420,000	145,403
CSA No. 23 (Crag View) Note Payable	2011	TBD	0.00%	TBD	274,546	<u>274,546</u>
						<u>4,441,282</u>
						<u>\$ 6,813,772</u>

During 2013, the Shasta Joint Powers Financing Authority (the "Authority") defeased and redeemed the outstanding County Administration Building Project's 2003 Series A Lease Revenue Bonds (the 2003 Admin Center Lease Revenue Bonds) with original principal amount of \$42,575,000, and original issue date of February 27th, 2003. The Bonds were secured by rental payments made by the County pursuant to the 2003 Facility Lease and had an average interest rate of 4.86%. The County desired to prepay its obligations under the Facility Lease in order to reduce the annual rental amount paid by the County pursuant to the aforementioned lease. On December 1st, 2012, concurrently with the termination of the 2003 Facility Lease, the County and the Authority entered into a site lease (the Refunding Lease) to refund the 2003 Lease Revenue Bonds. The 2003 Refunding Bonds were redeemed at 100% of par plus accrued interest on April 1st, 2013 and the outstanding debt service requirements were satisfied by \$37,557,609 in cash. Additionally, the 2013 Admin Center Lease Revenue Refunding Bonds (the 2013 Refunding Bonds) were issued an original par amount of \$33,505,000 with an average interest rate of 3.1%. The 2013 Refunding Bonds first principal payment will be made on April 1st, 2014 and have a final maturity date of April 1, 2032.

By performing the above refunding the County was able to achieve present value savings (net of all costs) of \$7,170,389, or 19.6% of the refunded bond par amount. The refunding generated \$83,538 in cash flow savings in FY 2012-13 and approximately \$500,000 in annual cash flow savings thereafter through the end of the Financing in June 2033.

During the prior fiscal year the CSA No. 6 (Jones Valley) entered into a funding agreement with the State of California Department of Public Health (CDPH) in which the State will provide grant funding of \$3,000,000 and a construction loan of \$3,928,000 for the upgrade of the water system. As of June 30, 2012 the County had received advances in the amount of \$3,928,000 on this loan. Repayment on the loan does not commence until one year from the project completion date, or three years from the contract execution date of June 23, 2011, whichever comes first. Once repayment commences, the loan will be repaid over thirty years at zero percent interest.

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2013

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

B. Summary of Long-Term Obligations (continued)

As of June 30, 2013, annual debt service requirements of governmental activities to maturity are as follows:

Year Ending June 30	Governmental Activities	
	Lease Revenue Bonds	
	Principal	Interest
2014	\$ 2,345,000	\$ 1,212,898
2015	2,450,000	1,123,397
2016	1,850,000	1,057,365
2017	1,900,000	1,003,388
2018	1,960,000	947,813
2019 - 2023	10,690,000	3,853,593
2024 - 2028	9,490,000	2,397,900
2029 - 2033	8,730,000	771,638
	<u>\$ 39,415,000</u>	<u>\$ 12,367,992</u>

Year Ending June 30	Governmental Activities	
	Notes Payable	
	Principal	Interest
2014	\$ 37,045	\$ 14,739
2015	38,164	13,619
2016	39,285	12,499
2017	40,505	11,278
2018	41,730	10,054
2019 - 2023	228,325	30,592
2024 - 2025	75,396	2,279
	<u>\$ 500,450</u>	<u>\$ 95,060</u>

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2013

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

B. Summary of Long-Term Obligations (continued)

<u>Year Ending June 30</u>	<u>Business-Type Activities</u>	
	<u>Bonds Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 57,300	\$ 44,116
2015	38,400	42,299
2016	40,500	40,404
2017	42,600	38,408
2018	44,700	36,333
2019 - 2023	157,600	144,111
2024 - 2028	124,000	117,749
2029 - 2033	154,200	81,195
2034 - 2038	179,500	43,345
2039 - 2043	67,800	440,600
2044 - 2048	42,600	190
	<u>\$ 949,200</u>	<u>\$ 1,028,750</u>

<u>Year Ending June 30</u>	<u>Business-Type Activities</u>	
	<u>Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 30,517	\$ 4,781
2015	299,946	4,082
2016	300,669	3,359
2017	301,417	2,611
2018	302,190	1,838
2019 - 2023	1,431,206	1,247
2024 - 2028	1,394,637	--
2029 - 2033	347,170	--
2034 - 2038	23,530	--
2039 - 2043	10,000	--
	<u>\$ 4,441,282</u>	<u>\$ 17,918</u>

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2013

NOTE 6: LONG-TERM LIABILITIES (CONTINUED)

B. Summary of Long-Term Obligations (continued)

Year Ending June 30	Business-Type Activities	
	Financing Lease	
	Principal	Interest
2014	\$ 125,245	\$ 38,235
2015	128,764	34,666
2016	132,382	30,997
2017	136,102	27,225
2018	139,927	23,346
2019 - 2023	760,870	54,636
	<u>\$ 1,423,290</u>	<u>\$ 209,105</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.

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 Position. Non-vested sick pay benefits payables due to illness of employees are recorded as expenditures when paid.

Vacation time	\$ 5,430,246
Sick leave	2,012,323
Compensated time-off	411,662
Administrative leave	390,986
Holiday credit	283,608
Total	<u>\$ 8,528,825</u>

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2013

NOTE 7: CAPITAL LEASES

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

The cost of equipment under capital leases are as follows:

	<u>Governmental Activities</u>
Aircon Energy Retrofit	\$ 2,631,984
Less: accumulated depreciation	<u>(743,850)</u>
	<u><u>\$ 1,888,134</u></u>

As of June 30, 2013, future minimum lease payments under capital leases were as follows:

	<u>Stated Interest Rate</u>	<u>Present Value of Remaining Payments as of June 30, 2013</u>
Aircon Energy Retrofit	5.26%	<u>\$ 400,649</u>

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2014	\$ 281,271
2015	<u>140,635</u>
Total Future Minimum Lease Payments	421,906
Less: Interest	<u>(21,257)</u>
Present Value of Remaining Lease Payments	<u><u>\$ 400,649</u></u>

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2013

NOTE 8: LANDFILL CLOSURE AND POST CLOSURE 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 \$25,151,471 based on the amount that would be paid if all equipment facilities and services required to close, monitor, and maintain the landfill were acquired as of the balance sheet date. However, the costs for landfill closure and postclosure maintenance costs are based on yearly estimates, reviewed by the California Department of Resources Recycling and Recovery, as prepared by the county public works department. At June 30, 2013 the estimated percentage usage (filled) of the landfill site was 48.82 percent and the County has recognized an estimated liability of \$12,278,322 for the County landfill site for closure and postclosure maintenance costs. It is estimated that an additional \$12,873,148 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 \$12,278,322 and as of June 30, 2013 the County has set aside \$10,771,951, resulting in an unfunded liability of \$1,506,371. 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, 2013

NOTE 9: **COMPONENT UNIT CONDENSED FINANCIAL INFORMATION**

Shasta Children and Families First Commission

Current and other assets	\$ 3,889,402
Capital assets, net	151
Total Assets	<u>3,889,553</u>
Current and other liabilities	318,789
Long-term liabilities	18,994
Total Liabilities	<u>337,783</u>
Invested in capital assets	151
Restricted	3,551,619
Total Net Position	<u>3,551,770</u>
Revenues	
Aid from other governments	1,510,692
Use of money and property	9,309
Total Revenues	<u>1,520,001</u>
Expenses	
Operating expenses	<u>1,494,941</u>
Change in Net Position	25,060
Net Position, Beginning	<u>3,526,710</u>
Net Position, Ending	<u>\$ 3,551,770</u>

COUNTY OF SHASTA

Notes to the Financial Statements June 30, 2013

NOTE 10: **FUND BALANCES**

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2013, fund balances for governmental funds consist of the following categories:

Nonspendable Fund Balance – includes amounts that are not in a spendable form or are legally or contractually required to be maintained intact (such as inventories or prepaid amounts).

Restricted Fund Balance – includes amounts that can be spent only for specific purposes stipulated by external parties (such as creditors, grant providers, or contributors) or by law.

Committed Fund Balance – includes amounts that can be used only for the specific purpose determined by the Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action. The formal action must occur prior to the end of the reporting period. The amount which will be subject to the constraint may be determined in the subsequent period.

Assigned Fund Balance – is comprised of amounts intended to be used by the government entity for specific purposes that are neither restricted nor committed. Intent can be expressed by the Board of Supervisors or by an official or body to which the Board delegates the authority. Assigned fund balance can be used to eliminate a projected budgetary deficit in the subsequent year's budget.

Unassigned Fund Balance – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purposes.

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2013

NOTE 10: FUND BALANCES (CONTINUED)

The following is a summary of fund balances at June 30, 2013:

	General Fund	Roads Admin. Fund	Public Safety Fund	Nonmajor Governmental Funds
Nonspendable:				
Inventory	\$ --	\$ 483,344	\$ --	\$ --
Prepaid expenses	44,253	--	3,994	381,675
Total Nonspendable	44,253	483,344	3,994	381,675
Restricted for:				
General government	11,345,121	--	--	--
Public protection	522,819	--	18,306,692	4,970,080
Public ways and facilities	--	10,611,259	--	3,207,040
Health and sanitation	828,373	--	--	15,121,691
Public assistance	88,970	--	--	10,415,925
Debt Service	--	--	--	673,844
Total Restricted	12,785,283	10,611,259	18,306,692	34,388,580
Committed to:				
Public protection	--	--	--	666,667
Health and sanitation	--	--	--	49,614
Total Committed	--	--	--	716,281
Assigned to:				
General government	3,696,030	--	--	1,213,604
General promotion	450	--	--	--
Public protection	1,445,196	--	--	--
Public ways and facilities	--	--	--	--
Health and sanitation	820	--	--	--
Public assistance	33,600	--	--	--
Education	--	--	--	--
Recreation	--	--	--	--
Debt service	--	--	--	--
Total Assigned	5,176,096	--	--	1,213,604
Unassigned	56,623,429	--	--	--
Total Fund Balance	\$ 74,629,061	\$ 11,094,603	\$ 18,310,686	\$ 36,700,140

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2013

NOTE 10: FUND BALANCES (CONTINUED)

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned and unassigned.

On March 1, 2011, the County Board approved a fund balance policy. The policy established a minimum reserve of twenty percent of the average final budgeted General Fund appropriations for the preceding three fiscal years, with an upper goal of fifty percent. A designation for debt service that is equal to one year of debt service payments will be maintained. Effective the fiscal year ending June 30, 2011, this category will be in the Assigned Fund Balance. Fund balance in excess of the upper goal may be considered for the following one-time or short-term purposes: restore funds advanced from the General Reserve in prior fiscal years; increase the General Reserves to its minimally approved level; capital and technology improvements; reduction of unfunded liabilities, including retirement and retiree health obligations; debt retirement; productivity enhancements; cost avoidance projects; litigation; local match for grants involving multiple departments; and other purposes which are fiscally prudent for the County as identified and recommended by the County Executive Officer and approved by the Board of Supervisors.

On December 4, 2007, the County established a reserve policy for cash flow purposes, revenue shortfalls, or unpredicted one-time expenditures. The General Reserve has a target balance of five percent of unrestricted General Fund resources. In years where the General Reserve is less than the target balance, the County Executive Officer may recommend increases to the reserve from unanticipated one-time resources. Once the target balance is achieved, the General Reserve shall be maintained at a minimum balance of ten million dollars and can be spent down a maximum of two million dollars per fiscal year. Reductions or increases to the General Reserve, except in cases of a legally declared emergency, may only be made at the time of adopting the budget and require a four-fifths vote by the Board of Supervisors. The General Reserve shall be the last resort in balancing the County budget. The General Reserve may be used as a resource for "dry-period" financing for special districts under the Board of Supervisors, as well as select districts and/or agencies in the county at any time upon written request. Requests for loans for "dry-period financing" for special districts under the Board of Supervisors as well as select districts and agencies in the county shall be reviewed by the County Executive Officer and approval requires a four-fifths vote of the Board of Supervisors.

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, 2013, were as follows:

General liability	\$ 2,274,000
Workers' compensation	<u>18,063,000</u>
Total	<u>\$ 20,337,000</u>

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2013

NOTE 11: RISK MANAGEMENT (CONTINUED)

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, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Balance, Beginning of Year claims liability	\$ 19,929,000	\$ 16,862,000
Current year claims and changes in estimates	3,673,588	6,249,431
Claim payments	<u>(3,265,588)</u>	<u>(3,182,431)</u>
Balance, End of Year	<u>\$ 20,337,000</u>	<u>\$ 19,929,000</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 a percentage of their annual covered salary. Employees that became members prior to January 1, 2013, contribute 7.0 percent (miscellaneous) and 9.0 percent (safety). Employees that became members after December 31, 2012 contribute 6.5 percent (miscellaneous) and either 8.5 percent for non-sworn peace officers or 12.75 percent for sworn peace officers (safety). In the past, the County has paid all or a portion of these amounts (employer paid member contributions). Based on concessions made with the bargaining units, employees currently pay all of the qualified employees required contributions. The County of Shasta is required to contribute the actuarially determined

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2013

NOTE 12: EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

B. Funding Policy (continued)

remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for year ended June 30, 2013, was 13.323 percent for miscellaneous employees and 33.577 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, 2013 the County of Shasta's annual pension cost was \$12,966,444 and the County of Shasta actually contributed \$12,966,444. The required contribution for the year ended June 30, 2013 was determined as part of the June 30, 2010 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The three-year trend information for the Miscellaneous and Safety Plan is as follows:

Fiscal Year Ending	Annual Pension			Percentage of APC Contributed	Net Pension Obligation
	Miscellaneous	Safety	Total (APC)		
06/30/2011	\$ 9,467,740	\$ 3,803,136	\$ 13,270,876	100%	\$ -
06/30/2012	9,006,665	3,866,775	12,873,440	100%	-
06/30/2013	8,887,886	4,108,557	12,996,444	100%	-

D. Funded Status and Funding Progress

The funding status of each plan as of June 30, 2011, the most recent actuarial valuation date is as follows:

Miscellaneous

Valuation Date	Entry Age Actuarial Value of Assets	Entry Age Normal Accrued Liability	Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
6/30/11	\$ 411,252,609	\$ 461,156,971	\$ 49,904,362	89.2%	\$ 74,985,893	66.6%

Safety Plan

Valuation Date	Entry Age Actuarial Value of Assets	Entry Age Normal Accrued Liability	Liability (Excess Assets)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
6/30/11	\$ 142,890,919	\$ 175,655,871	\$ 32,764,952	81.3%	\$ 13,521,590	242.3%

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2013

NOTE 12: **EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)**

D. Funded Status and Funding Progress (continued)

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, 2011 valuation, the entry age normal cost method was used. The actuarial assumptions included (a) 7.50 percent investment rate of return (net of administrative expense); (b) projected salary increases that vary by duration of service ranging from 3.30 percent to 14.20 percent for both miscellaneous and safety members, and (c) 3.00 percent cost-of-living adjustment. Both (a) and (b) include an inflation component 2.75 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, 2011, was 25 years for the miscellaneous plan and 22 years for the safety plan.

NOTE 13: **OTHER POST-EMPLOYMENT BENEFITS**

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

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, 2011, plan membership consisted of 1,600 active participants and 1,124 retirees and beneficiaries.

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

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2013

NOTE 13: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

A. Plan Description (continued)

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

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

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.

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 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, 2013, the County contributed \$6,315,774 (\$5,311,087 for Miscellaneous and \$1,004,687 for Safety), including \$5,491,398 (\$4,604,846 for Miscellaneous and \$886,552 for Safety) in benefit payments and \$824,376 (\$706,241 for Miscellaneous and \$118,136 for Safety) deposited to CERBT and PARS. The County's ARC was \$20,682,000 (\$15,859,000 for Miscellaneous and \$4,824,000 for Safety) for the year ended June 30, 2013.

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, 2011, 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 in thousands):

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Annual required contribution	\$ 15,859	\$ 4,824	\$ 20,683
Interest on net OPEB obligation	1,657	277	1,934
Adjustment to annual required contribution	<u>(2,135)</u>	<u>(357)</u>	<u>(2,492)</u>
Annual OPEB cost (expense)	15,381	4,744	20,125
Contributions (benefit payments)	<u>(5,311)</u>	<u>(1,005)</u>	<u>(6,316)</u>
Increase in net OPEB obligation	10,070	3,739	13,809
Net OPEB obligation - beginning of year	32,917	10,306	43,223
Net OPEB obligation - end of year	<u>\$ 42,987</u>	<u>\$ 14,045</u>	<u>\$ 57,032</u>

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2013

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 years ended June 30, 2011 through 2013 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, 2011	\$ 11,662	38.70%	\$ 23,480
June 30, 2012	14,569	34.00%	33,095
June 30, 2013	15,381	34.53%	42,987

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, 2011	\$ 3,011	27.60%	\$ 6,835
June 30, 2012	4,410	20.54%	10,339
June 30, 2013	4,744	21.18%	14,045

D. Funded Status and Funding Progress

The funded status of the plan as of June 30, 2011, 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>
6/30/11	\$ 13,364	\$ 117,102	\$ 130,466	10.24%	\$ 69,301	194.38%

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>
6/30/11	\$ 4,629	\$ 40,568	\$ 45,197	10.24%	\$ 11,766	396.60%

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2013

NOTE 13: OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

D. Funded Status and Funding Progress (continued)

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, 2011 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, 4.40% for 2009/10 through 2047/48, 5.0% for 2048/49 through 2049/50 and 6.75% for 2050/51 and years thereafter. The average return on the combined CERBT trust (7.25% return) and PARS trust (6.25% return for the HighMark Moderate portfolio to be selected by the County) is represented by the full funding rate of 6.75%; (b) 3.25% annual aggregate payroll increase rate and (c) estimated healthcare costs based on actual premiums for 2011, estimated premiums for 2012-2013, with projected healthcare cost increases of 8.5% for 2014 and decreasing to 5.0% after 7 years (the post-Medicare medical cost trend starts 0.4% higher for 2014). 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).

A change in actuarial standard practice that assumes the mortality rate will continually increase in future years and an increase in Medical Trends are the main reason for an increase in the unfunded actuarial accrued liability. The amount increased from \$140 million for June 30, 2009 to \$175 million for June 30, 2011.

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, 2010.

NOTE 14: COMMITMENTS AND CONTINGENCIES

A. Construction Commitments

At June 30, 2013, the County has commitments of approximately \$7.1 million for construction contracts, awarded but not completed. The major contracts outstanding are for the Juvenile Rehabilitation Facility project and the Swede Creek Road at Little Cow Creek Bridge.

COUNTY OF SHASTA

Notes to the Financial Statements
June 30, 2013

NOTE 14: COMMITMENTS AND CONTINGENCIES (CONTINUED)

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, 2013 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.

NOTE 15: CHANGE IN ACCOUNTING PRINCIPLE

Pursuant to GASB Statement Number 65, "Items Previously Reported as Assets and Liabilities," the County no longer amortizes the cost of debt issuance. These amounts should be expensed in the year that they are incurred. The County made adjustments for these items as a cumulative effect of change in accounting principle in the current fiscal year. This resulted in Net Position for governmental activities to be reduced by \$966,684.

NOTE 16: RESTATEMENT OF NET POSITION

Adjustments resulting from errors or a change to comply with the provisions of the accounting standards are treated as adjustments to prior periods. Accordingly, the County reports these changes as restatements of beginning net position or fund balances.

During the current year, a prior period adjustment was made to transfer fund balance from a special revenue fund to an enterprise fund. Another prior period adjustment was made for a transaction in which the Public Safety Building was sold to the State in preparation for a construction project.

	Governmental Activities	Business-Type Activities	Shasta County Transit
Net Position/Fund Balances, July 1, 2012, as previously reported.	\$ 209,356,055	\$ 41,293,667	\$ -
Reclassification of County Transit Fund	(246,320)	246,320	246,320
Loss from sale of capital asset.	<u>(2,619,605)</u>	<u>-</u>	<u>-</u>
Net Position/Fund Balances, July 1, 2012, as restated	<u>\$ 206,490,130</u>	<u>\$ 41,539,987</u>	<u>\$ 246,320</u>

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REQUIRED SUPPLEMENTARY INFORMATION

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COUNTY OF SHASTA

Required Supplementary Information
For the Year Ended June 30, 2013

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>
6/30/09	\$ 373,985,951	\$ 411,067,347	\$ 37,081,396	91.0%	\$ 75,235,300	49.3%
6/30/10	391,391,028	432,215,881	40,824,853	90.6%	74,123,644	55.1%
6/30/11	411,252,609	461,156,971	49,904,362	89.2%	74,985,893	66.6%

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>
6/30/09	\$ 131,580,129	\$ 159,688,093	\$ 28,107,964	82.4%	\$ 15,811,579	177.8%
6/30/10	137,215,238	165,606,564	28,391,326	82.9%	14,185,396	200.1%
6/30/11	142,890,919	175,655,871	32,764,952	81.3%	13,521,590	242.3%

COUNTY OF SHASTA

Required Supplementary Information
For the Year Ended June 30, 2013

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 Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability (Excess Assets)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
6/30/07	\$ --	\$ 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%
6/30/11	13,364	117,102	130,466	10.24%	67,120	194.38%

Safety Plan

<u>Valuation Date</u>	<u>Entry Age Actuarial Value of Assets</u>	<u>Entry Age Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability (Excess Assets)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
6/30/07	\$ --	\$ 30,608	\$ 30,608	0.00%	\$ 12,416	246.52%
6/30/09	2,797	32,337	29,540	8.65%	14,351	205.84%
6/30/11	4,629	40,568	45,197	10.24%	11,396	396.60%

COUNTY OF SHASTA

General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final		Final to Actual
Revenues				
Taxes	\$ 41,718,000	\$ 42,092,063	\$ 44,772,810	\$ 2,680,747
Licenses and permits	2,677,786	2,677,786	2,929,291	251,505
Fines and forfeitures	2,000,771	2,000,771	4,607,777	2,607,006
Use of money and property	856,978	856,978	667,931	(189,047)
Intergovernmental	108,604,202	111,037,571	116,806,803	5,769,232
Charges for other services	10,107,637	10,145,046	10,641,424	496,378
Miscellaneous revenue	2,431,155	3,451,745	4,087,344	635,599
Total Revenues	<u>168,396,529</u>	<u>172,261,960</u>	<u>184,513,380</u>	<u>12,251,420</u>
Expenditures				
Current:				
General government	16,329,068	20,291,714	10,032,450	10,259,264
Public protection	20,296,849	20,477,053	17,715,066	2,761,987
Health and sanitation	23,259,433	28,259,877	23,793,453	4,466,424
Public assistance	97,799,529	97,785,681	95,530,844	2,254,837
Education	1,542,721	1,542,721	1,485,497	57,224
Recreation	233,309	193,309	175,829	17,480
Total Expenditures	<u>159,460,909</u>	<u>168,550,355</u>	<u>148,733,139</u>	<u>19,817,216</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>8,935,620</u>	<u>3,711,605</u>	<u>35,780,241</u>	<u>32,068,636</u>
Other Financing Sources (Uses)				
Transfers in	10,899,345	15,332,555	3,175,738	(12,156,817)
Transfers out	(37,448,858)	(39,791,931)	(33,463,071)	6,328,860
Sale of capital assets	500	500	14,511	14,011
Net Financing Sources (Uses)	<u>(26,549,013)</u>	<u>(24,458,876)</u>	<u>(30,272,822)</u>	<u>(5,813,946)</u>
Net Change in Fund Balances	(17,613,393)	(20,747,271)	5,507,419	26,254,690
Fund Balance - Beginning	<u>69,121,642</u>	<u>69,121,642</u>	<u>69,121,642</u>	<u>--</u>
Fund Balance - Ending	<u>\$ 51,508,249</u>	<u>\$ 48,374,371</u>	<u>\$ 74,629,061</u>	<u>\$ 26,254,690</u>

COUNTY OF SHASTA

Roads Administration Fund
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final		Final to Actual
Revenues				
Taxes	\$ 2,207,861	\$ 2,207,861	\$ 2,305,009	\$ 97,148
Licenses and permits	39,000	39,000	20,180	(18,820)
Use of money and property	63,000	63,000	23,676	(39,324)
Intergovernmental	16,862,522	16,862,522	12,331,093	(4,531,429)
Charges for other services	713,800	713,800	765,544	51,744
Miscellaneous revenue	--	--	69,479	69,479
Total Revenues	<u>19,886,183</u>	<u>19,886,183</u>	<u>15,514,981</u>	<u>(4,371,202)</u>
Expenditures				
Current:				
Public ways and facilities	25,380,508	25,915,508	17,857,883	8,057,625
Total Expenditures	<u>25,380,508</u>	<u>25,915,508</u>	<u>17,857,883</u>	<u>8,057,625</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,494,325)</u>	<u>(6,029,325)</u>	<u>(2,342,902)</u>	<u>3,686,423</u>
Other Financing Sources (Uses)				
Transfers in	14,500	14,500	14,500	--
Transfers out	--	(465,000)	(107,118)	357,882
Sale of capital assets	--	--	51,236	51,236
Net Financing Sources (Uses)	<u>14,500</u>	<u>(450,500)</u>	<u>(41,382)</u>	<u>409,118</u>
Net Change in Fund Balance	(5,479,825)	(6,479,825)	(2,384,284)	4,095,541
Fund Balance - Beginning	<u>13,478,887</u>	<u>13,478,887</u>	<u>13,478,887</u>	<u>--</u>
Fund Balance - Ending	<u>\$ 7,999,062</u>	<u>\$ 6,999,062</u>	<u>\$ 11,094,603</u>	<u>\$ 4,095,541</u>

COUNTY OF SHASTA

Public Safety Fund
 Budgetary Comparison Schedule
 For the Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variances
	Original	Final		Final to Actual
Revenues				
Taxes	\$ 113,947	\$ 113,947	\$ 90,623	\$ (23,324)
Licenses and permits	54,300	117,300	120,499	3,199
Fines and forfeitures	369,100	630,055	1,321,380	691,325
Use of money and property	--	--	38,620	38,620
Intergovernmental	29,549,805	29,123,833	28,963,149	(160,684)
Charges for other services	3,466,970	3,510,470	3,469,334	(41,136)
Miscellaneous revenue	330,550	477,697	235,204	(242,493)
Total Revenues	<u>33,884,672</u>	<u>33,973,302</u>	<u>34,238,809</u>	<u>265,507</u>
Expenditures				
Current:				
Public Protection	56,241,548	58,924,684	51,528,777	7,395,907
Total Expenditures	<u>56,241,548</u>	<u>58,924,684</u>	<u>51,528,777</u>	<u>7,395,907</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(22,356,876)</u>	<u>(24,951,382)</u>	<u>(17,289,968)</u>	<u>7,661,414</u>
Other Financing Sources (Uses)				
Transfers in	23,125,891	23,362,468	23,024,801	(337,667)
Transfers out	(641,440)	(973,131)	(722,245)	250,886
Sale of capital assets	1,500	46,335	80,926	34,591
Net Financing Sources (Uses)	<u>22,485,951</u>	<u>22,435,672</u>	<u>22,383,482</u>	<u>(52,190)</u>
Net Change in Fund Balance	129,075	(2,515,710)	5,093,514	7,609,224
Fund Balance - Beginning	<u>13,217,172</u>	<u>13,217,172</u>	<u>13,217,172</u>	<u>--</u>
Fund Balance - Ending	<u>\$ 13,346,247</u>	<u>\$ 10,701,462</u>	<u>\$ 18,310,686</u>	<u>\$ 7,609,224</u>

COUNTY OF SHASTA

Notes to Required Supplementary Information For the Year Ended June 30, 2013

BASIS OF BUDGETING

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

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

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

The County uses an encumbrance system as an extension of normal budgetary accounting for the general, special revenue, and other debt service funds and to assist in controlling expenditures of the capital projects funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as reservations of fund balance since they do not constitute expenditures or liabilities. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward in the ensuing year's budget.

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

SUPPLEMENTARY INFORMATION

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

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COUNTY OF SHASTA

Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2013

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total
Assets				
Cash and investments	\$ 22,926,215	\$ 1,950,501	\$ 19,466	\$ 24,896,182
Accounts receivable	141,297	--	--	141,297
Due from other governments	4,958,399	1,277,602	--	6,236,001
Other assets	381,675	--	--	381,675
Due from other funds	445,897	--	--	445,897
Special assessments receivable	601,911	--	--	601,911
Notes receivable	10,108,512	--	--	10,108,512
Advances to other funds	579,896	--	--	579,896
Cash and investments - restricted	--	--	654,379	654,379
Total Assets	<u>\$ 40,143,802</u>	<u>\$ 3,228,103</u>	<u>\$ 673,845</u>	<u>\$ 44,045,750</u>
Liabilities				
Accounts payable	\$ 593,378	\$ 1,440,595	\$ --	\$ 2,033,973
Retention payable	--	570,017	--	570,017
Salaries and benefits payable	793,580	--	--	793,580
Due to other funds	521,739	3,887	--	525,626
Due to other governments	190,687	--	--	190,687
Unearned revenue	1,800,532	--	--	1,800,532
Advances from other funds	601,116	--	--	601,116
Total Liabilities	<u>4,501,032</u>	<u>2,014,499</u>	<u>--</u>	<u>6,515,531</u>
Deferred Inflows of Resources				
Unavailable revenue	830,079	--	--	830,079
Fund Balances				
Nonspendable	381,675	--	--	381,675
Restricted	33,714,735	--	673,845	34,388,580
Committed	716,281	--	--	716,281
Assigned	--	1,213,604	--	1,213,604
Total Fund Balance	<u>34,812,691</u>	<u>1,213,604</u>	<u>673,845</u>	<u>36,700,140</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 40,143,802</u>	<u>\$ 3,228,103</u>	<u>\$ 673,845</u>	<u>\$ 44,045,750</u>

COUNTY OF SHASTA

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2013

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total
Revenues				
Taxes	\$ 2,060,439	--	\$ --	\$ 2,060,439
Licenses and permits	215,457	--	--	215,457
Fines & forfeitures	21,600	60,000	--	81,600
Use of money and property	292,427	488	4,145	297,060
Intergovernmental	35,022,911	10,627,417	--	45,650,328
Charges for other services	3,172,248	--	--	3,172,248
Miscellaneous revenue	307,481	--	--	307,481
Total Revenues	<u>41,092,563</u>	<u>10,687,905</u>	<u>4,145</u>	<u>51,784,613</u>
Expenditures				
Current				
General government	--	12,137,416	--	12,137,416
Public protection	11,955,512	--	--	11,955,512
Public ways and facilities	539,685	--	--	539,685
Health and sanitation	27,774,696	--	--	27,774,696
Public assistance	377,116	--	--	377,116
Debt service				
Principal	--	--	37,887,001	37,887,001
Interest	--	--	2,375,041	2,375,041
Fiscal agent fees	--	--	1,007,664	1,007,664
Total Expenditures	<u>40,647,009</u>	<u>12,137,416</u>	<u>41,269,706</u>	<u>94,054,131</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>445,554</u>	<u>(1,449,511)</u>	<u>(41,265,561)</u>	<u>(42,269,518)</u>
Other Financing Sources (Uses)				
Transfers in	6,387,415	40,000	4,386,032	10,813,447
Transfers out	(195,225)	(2,802,551)	--	(2,997,776)
Long-term debt issued	--	--	33,505,000	33,505,000
Premium on long-term debt issuance	--	--	578,107	578,107
Sale of capital assets	7,838	--	--	7,838
Total Other Financing Sources (Uses)	<u>6,200,028</u>	<u>(2,762,551)</u>	<u>38,469,139</u>	<u>41,906,616</u>
Net Change in Fund Balances	6,645,582	(4,212,062)	(2,796,422)	(362,902)
Fund Balances - Beginning	<u>28,167,109</u>	<u>5,425,666</u>	<u>3,470,267</u>	<u>37,063,042</u>
Fund Balances - Ending	<u>\$ 34,812,691</u>	<u>\$ 1,213,604</u>	<u>\$ 673,845</u>	<u>\$ 36,700,140</u>

SPECIAL REVENUE FUNDS

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COUNTY OF SHASTA

Combining Balance Sheet
Special Revenue Funds
June 30, 2013

	Mental Health Services	Housing Home IPP	Housing Cal Home	Endangered Species
Assets				
Cash and investments	\$ 8,656,187	\$ 65,719	\$ 89,545	\$ 202,677
Accounts receivable	--	--	--	--
Due from other governments	821,914	--	10,455	--
Other assets	25,481	--	--	--
Due from other funds	199,016	--	--	--
Special assessments receivable	--	--	--	--
Notes receivable	--	5,497,807	379,798	--
Advances to other funds	--	--	--	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u><u>\$ 9,702,598</u></u>	<u><u>\$ 5,563,526</u></u>	<u><u>\$ 479,798</u></u>	<u><u>\$ 202,677</u></u>
Liabilities				
Accounts payable	\$ 245,389	\$ --	\$ --	\$ --
Salaries and benefits payable	87,122	--	--	--
Due to other funds	282,166	--	--	--
Due to other governments	760	--	--	1,250
Unearned revenue	--	--	100,000	--
Advances from other funds	--	--	--	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>615,437</u>	<u> </u>	<u>100,000</u>	<u>1,250</u>
Deferred Inflows of Resources				
Unavailable revenue	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balances				
Nonspendable	25,481	--	--	--
Restricted	9,061,680	5,563,526	379,798	201,427
Committed	--	--	--	--
Total Fund Balance	<u>9,087,161</u>	<u>5,563,526</u>	<u>379,798</u>	<u>201,427</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 9,702,598</u></u>	<u><u>\$ 5,563,526</u></u>	<u><u>\$ 479,798</u></u>	<u><u>\$ 202,677</u></u>

continued

COUNTY OF SHASTA

Combining Balance Sheet (continued)
 Special Revenue Funds
 June 30, 2013

	Substance Abuse Fund	Roads SVAP Fund	Child Support Services	Public Health
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets				
Cash and investments	\$ 87	\$ 495,393	\$ 3,053,209	\$ 1,919,269
Accounts receivable	--	--	--	110,769
Due from other governments	--	--	--	3,464,970
Other assets	--	--	1,680	34,622
Due from other funds	--	--	2,246	238,439
Special assessments receivable	--	--	--	--
Notes receivable	--	--	--	--
Advances to other funds	--	564,896	--	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 87</u>	<u>\$ 1,060,289</u>	<u>\$ 3,057,135</u>	<u>\$ 5,768,069</u>
Liabilities				
Accounts payable	\$ --	\$ --	\$ 3,171	\$ 255,243
Salaries and benefits payable	--	--	209,275	395,792
Due to other funds	87	--	4,337	152,686
Due to other governments	--	--	284	184,713
Unearned revenue	--	--	644,614	143,837
Advances from other funds	--	--	--	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>87</u>	<u>--</u>	<u>861,681</u>	<u>1,132,271</u>
Deferred Inflows of Resources				
Unavailable revenue	--	--	--	214,177
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balances:				
Nonspendable	--	--	1,680	34,622
Restricted	--	1,060,289	1,527,107	4,337,385
Committed	--	--	666,667	49,614
Total Fund Balance	<u> </u>	<u>1,060,289</u>	<u>2,195,454</u>	<u>4,421,621</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 87</u>	<u>\$ 1,060,289</u>	<u>\$ 3,057,135</u>	<u>\$ 5,768,069</u>

continued

COUNTY OF SHASTA

Combining Balance Sheet (continued)
Special Revenue Funds
June 30, 2013

	Shasta Housing Fund	County Water Agency	Air Quality Management	Fire Protection CSA #1
Assets				
Cash and investments	\$ 80,988	\$ 254,903	\$ 2,572,023	\$ 2,951,666
Accounts receivable	--	--	14,000	80
Due from other governments	42,441	2,646	87,973	291,160
Other assets	255	--	--	319,637
Due from other funds	--	--	4,013	--
Special assessments receivable	--	--	--	--
Notes receivable	4,230,907	--	--	--
Advances to other funds	--	15,000	--	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u><u>\$ 4,354,591</u></u>	<u><u>\$ 272,549</u></u>	<u><u>\$ 2,678,009</u></u>	<u><u>\$ 3,562,543</u></u>
Liabilities				
Accounts payable	\$ 9,325	\$ --	\$ 2,542	\$ 54,819
Salaries and benefits payable	--	--	25,109	68,952
Due to other funds	--	--	1,652	2,562
Due to other governments	--	--	--	2,720
Unearned revenue	--	--	912,081	--
Advances from other funds	--	--	--	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>9,325</u>	<u>--</u>	<u>941,384</u>	<u>129,053</u>
Deferred Inflows of Resources				
Unavailable revenue	--	--	14,000	--
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balances:				
Nonspendable	255	--	--	319,637
Restricted	4,345,011	272,549	1,722,625	3,113,853
Committed	--	--	--	--
Total Fund Balance	<u>4,345,266</u>	<u>272,549</u>	<u>1,722,625</u>	<u>3,433,490</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u><u>\$ 4,354,591</u></u>	<u><u>\$ 272,549</u></u>	<u><u>\$ 2,678,009</u></u>	<u><u>\$ 3,562,543</u></u>

continued

COUNTY OF SHASTA

Combining Balance Sheet (continued)
 Special Revenue Funds
 June 30, 2013

	Inmate Welfare Fund	In-Home Support Services	Lighting Districts
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and investments	\$ 129,418	\$ --	\$ 280,385
Accounts receivable	16,448	--	--
Due from other governments	--	206,480	327
Other assets	--	--	--
Due from other funds	--	2,183	--
Special assessments receivable	--	--	--
Notes receivable	--	--	--
Advances to other funds	--	--	--
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 145,866</u>	<u>\$ 208,663</u>	<u>\$ 280,712</u>
Liabilities			
Accounts payable	\$ 17,215	\$ 44	\$ --
Salaries and benefits payable	--	7,330	--
Due to other funds	--	73,698	--
Due to other governments	960	--	--
Unearned revenue	--	--	--
Advances from other funds	--	--	--
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>18,175</u>	<u>81,072</u>	<u>--</u>
Deferred Inflows of Resources			
Unavailable revenue	--	--	--
	<u> </u>	<u> </u>	<u> </u>
Fund Balances:			
Nonspendable	--	--	--
Restricted	127,691	127,591	280,712
Committed	--	--	--
Total Fund Balance	<u>127,691</u>	<u>127,591</u>	<u>280,712</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 145,866</u>	<u>\$ 208,663</u>	<u>\$ 280,712</u>

continued

COUNTY OF SHASTA

Combining Balance Sheet (continued)
 Special Revenue Funds
 June 30, 2013

	County Service Areas	Permanent Road Divisions	Total
Assets			
Cash and investments	\$ 642,724	\$ 1,532,022	\$ 22,926,215
Accounts receivable	--	--	141,297
Due from other governments	2,028	28,005	4,958,399
Other assets	--	--	381,675
Due from other funds	--	--	445,897
Special assessments receivable	--	601,911	601,911
Notes receivable	--	--	10,108,512
Advances to other funds	--	--	579,896
	<hr/>	<hr/>	<hr/>
Total Assets	\$ 644,752	\$ 2,161,938	\$ 40,143,802
	<hr/>	<hr/>	<hr/>
Liabilities			
Accounts payable	\$ 5,630	\$ --	\$ 593,378
Salaries and benefits payable	--	--	793,580
Due to other funds	--	4,551	521,739
Due to other governments	--	--	190,687
Unearned revenue	--	--	1,800,532
Advances from other funds	--	601,116	601,116
	<hr/>	<hr/>	<hr/>
Total Liabilities	5,630	605,667	4,501,032
	<hr/>	<hr/>	<hr/>
Deferred Inflows of Resources			
Unavailable revenue	--	601,902	830,079
	<hr/>	<hr/>	<hr/>
Fund Balances:			
Nonspendable	--	--	381,675
Restricted	639,122	954,369	33,714,735
Committed	--	--	716,281
Total Fund Balance	<hr/>	<hr/>	<hr/>
	639,122	954,369	34,812,691
	<hr/>	<hr/>	<hr/>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 644,752	\$ 2,161,938	\$ 40,143,802
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COUNTY OF SHASTA

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Special Revenue Funds
For the Year Ended June 30, 2013

	<u>Mental Health Services</u>	<u>Housing Home IPP</u>	<u>Housing Cal Home</u>	<u>Endangered Species</u>
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	--	--
Fines & forfeitures	--	--	--	--
Use of money and property	35,273	17,719	--	551
Intergovernmental	8,242,141	--	346,901	--
Charges for other services	--	--	--	--
Miscellaneous revenue	420	--	--	--
Total Revenues	<u>8,277,834</u>	<u>17,719</u>	<u>346,901</u>	<u>551</u>
Expenditures				
Current				
Public protection	--	--	--	11,450
Public ways and facilities	--	--	--	--
Health and sanitation	7,326,526	--	--	--
Public assistance	--	(120)	5,852	--
Total Expenditures	<u>7,326,526</u>	<u>(120)</u>	<u>5,852</u>	<u>11,450</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>951,308</u>	<u>17,839</u>	<u>341,049</u>	<u>(10,899)</u>
Other Financing Sources (Uses)				
Transfers in	3,838,220	--	--	--
Transfers out	(106,247)	--	--	--
Sale of capital assets	6,293	--	--	--
Total Other Financing Sources (Uses)	<u>3,738,266</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	4,689,574	17,839	341,049	(10,899)
Fund Balances - Beginning	<u>4,397,587</u>	<u>5,545,687</u>	<u>38,749</u>	<u>212,326</u>
Fund Balances - Ending	<u>\$ 9,087,161</u>	<u>\$ 5,563,526</u>	<u>\$ 379,798</u>	<u>\$ 201,427</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, 2013

	Substance Abuse Fund	Road SVAP Fund	Child Support Services	Public Health
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	--	5,294
Fines & forfeitures	--	--	--	2,000
Use of money and property	(179)	--	10,268	6,623
Intergovernmental	--	--	6,924,728	17,925,963
Charges for other services	--	4,799	--	1,273,684
Miscellaneous revenue	--	--	186	207,821
Total Revenues	<u>(179)</u>	<u>4,799</u>	<u>6,935,182</u>	<u>19,421,385</u>
Expenditures				
Current				
Public protection	--	--	7,011,081	--
Public ways and facilities	--	--	--	--
Health and sanitation	--	--	--	19,388,121
Public assistance	--	--	--	--
Total Expenditures	<u>--</u>	<u>--</u>	<u>7,011,081</u>	<u>19,388,121</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(179)</u>	<u>4,799</u>	<u>(75,899)</u>	<u>33,264</u>
Other Financing Sources (Uses)				
Transfers in	--	--	53,436	609,587
Transfers out	--	--	--	(88,978)
Sale of capital assets	--	--	1,545	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>54,981</u>	<u>520,609</u>
Net Change in Fund Balances	(179)	4,799	(20,918)	553,873
Fund Balances - Beginning	<u>179</u>	<u>1,055,490</u>	<u>2,216,372</u>	<u>3,867,748</u>
Fund Balances - Ending	<u>\$ --</u>	<u>\$ 1,060,289</u>	<u>\$ 2,195,454</u>	<u>\$ 4,421,621</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, 2013

	Shasta Housing Fund	County Water Agency	Air Quality Management	Fire Protection CSA #1
Revenues				
Taxes	\$ --	\$ 179,781	\$ --	\$ 1,771,519
Licenses and permits	--	--	197,903	12,260
Fines & forfeitures	--	--	19,600	--
Use of money and property	53,781	1,159	5,810	16,958
Intergovernmental	52,925	3,053	663,642	535,693
Charges for other services	--	18,293	22,100	1,377,889
Miscellaneous revenue	--	2,183	--	5,348
Total Revenues	<u>106,706</u>	<u>204,469</u>	<u>909,055</u>	<u>3,719,667</u>
Expenditures				
Current				
Public protection	--	--	--	4,718,874
Public ways and facilities	--	157,717	--	--
Health and sanitation	--	--	1,060,049	--
Public assistance	60,792	--	--	--
Total Expenditures	<u>60,792</u>	<u>157,717</u>	<u>1,060,049</u>	<u>4,718,874</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>45,914</u>	<u>46,752</u>	<u>(150,994)</u>	<u>(999,207)</u>
Other Financing Sources (Uses)				
Transfers in	--	107,477	--	1,778,695
Transfers out	--	--	--	--
Sale of capital assets	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>107,477</u>	<u>--</u>	<u>1,778,695</u>
Net Change in Fund Balances	45,914	154,229	(150,994)	779,488
Fund Balances - Beginning	<u>4,299,352</u>	<u>118,320</u>	<u>1,873,619</u>	<u>2,654,002</u>
Fund Balances - Ending	<u>\$ 4,345,266</u>	<u>\$ 272,549</u>	<u>\$ 1,722,625</u>	<u>\$ 3,433,490</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, 2013

	Inmate Welfare Fund	In-Home Support Services	Lighting Districts
	<u> </u>	<u> </u>	<u> </u>
Revenues			
Taxes	\$ --	\$ --	\$ 16,442
Licenses and permits	--	--	--
Fines & forfeitures	--	--	--
Use of money and property	137,684	(43)	832
Intergovernmental	--	325,884	312
Charges for other services	--	--	--
Miscellaneous revenue	91,523	--	--
Total Revenues	<u>229,207</u>	<u>325,841</u>	<u>17,586</u>
Expenditures			
Current			
Public protection	214,107	--	--
Public ways and facilities	--	--	8,116
Health and sanitation	--	--	--
Public assistance	--	310,592	--
Total Expenditures	<u>214,107</u>	<u>310,592</u>	<u>8,116</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>15,100</u>	<u>15,249</u>	<u>9,470</u>
Other Financing Sources (Uses)			
Transfers in	--	--	--
Transfers out	--	--	--
Sale of capital assets	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>
Net Change in Fund Balances	15,100	15,249	9,470
Fund Balances - Beginning	<u>112,591</u>	<u>112,342</u>	<u>271,242</u>
Fund Balances - Ending	<u>\$ 127,691</u>	<u>\$ 127,591</u>	<u>\$ 280,712</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, 2013

	County Service Areas	Permanent Road Divisions	Total
Revenues			
Taxes	\$ 91,854	\$ 843	\$ 2,060,439
Licenses and permits	--	--	215,457
Fines & forfeitures	--	--	21,600
Use of money and property	2,169	3,822	292,427
Intergovernmental	1,653	16	35,022,911
Charges for other services	21,688	453,795	3,172,248
Miscellaneous revenue	--	--	307,481
Total Revenues	<u>117,364</u>	<u>458,476</u>	<u>41,092,563</u>
Expenditures			
Current			
Public protection	--	--	11,955,512
Public ways and facilities	65,897	307,955	539,685
Health and sanitation	--	--	27,774,696
Public assistance	--	--	377,116
Total Expenditures	<u>65,897</u>	<u>307,955</u>	<u>40,647,009</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>51,467</u>	<u>150,521</u>	<u>445,554</u>
Other Financing Sources (Uses)			
Transfers in	--	--	6,387,415
Transfers out	--	--	(195,225)
Sale of capital assets	--	--	7,838
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>6,200,028</u>
Net Change in Fund Balances	51,467	150,521	6,645,582
Fund Balances - Beginning	<u>587,655</u>	<u>803,848</u>	<u>28,167,109</u>
Fund Balances - Ending	<u>\$ 639,122</u>	<u>\$ 954,369</u>	<u>\$ 34,812,691</u>

CAPITAL PROJECTS FUNDS

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COUNTY OF SHASTA

Combining Balance Sheet
 Non-Major Capital Projects Funds
 June 30, 2013

	Accumulated Capital Outlay	Animal Shelter	Juvenile Hall	Total
Assets				
Cash and investments	\$ 947,803	\$ --	\$ 1,002,698	\$ 1,950,501
Due from other governments	--	--	1,277,602	1,277,602
Total Assets	<u>\$ 947,803</u>	<u>\$ --</u>	<u>\$ 2,280,300</u>	<u>\$ 3,228,103</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ --	\$ --	\$ 1,440,595	\$ 1,440,595
Retention payable	--	--	570,017	570,017
Due to other funds	2,468	--	1,419	3,887
Total Liabilities	<u>2,468</u>	<u>--</u>	<u>2,012,031</u>	<u>2,014,499</u>
Fund Balances:				
Assigned	945,335	--	268,269	1,213,604
Total Fund Balance	<u>945,335</u>	<u>--</u>	<u>268,269</u>	<u>1,213,604</u>
Total Liabilities and Fund Balances	<u>\$ 947,803</u>	<u>\$ --</u>	<u>\$ 2,280,300</u>	<u>\$ 3,228,103</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, 2013

	Accumulated Capital Outlay	Animal Shelter	Juvenile Hall	Total
Revenues				
Fines & forfeitures	\$ --	\$ --	\$ 60,000	\$ 60,000
Use of money and property	(79)	--	567	488
Intergovernmental	--	--	10,627,417	10,627,417
Total Revenues	<u>(79)</u>	<u>--</u>	<u>10,687,984</u>	<u>10,687,905</u>
Expenditures				
Current				
General government	--	3	12,137,413	12,137,416
Total Expenditures	<u>--</u>	<u>3</u>	<u>12,137,413</u>	<u>12,137,416</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(79)</u>	<u>(3)</u>	<u>(1,449,429)</u>	<u>(1,449,511)</u>
Other Financing Sources (Uses)				
Transfers in	--	--	40,000	40,000
Transfers out	(2,802,551)	--	--	(2,802,551)
Total Other Financing Sources (Uses)	<u>(2,802,551)</u>	<u>--</u>	<u>40,000</u>	<u>(2,762,551)</u>
Net Change in Fund Balances	(2,802,630)	(3)	(1,409,429)	(4,212,062)
Fund Balances - Beginning	<u>3,747,965</u>	<u>3</u>	<u>1,677,698</u>	<u>5,425,666</u>
Fund Balances - Ending	<u>\$ 945,335</u>	<u>\$ --</u>	<u>\$ 268,269</u>	<u>\$ 1,213,604</u>

DEBT SERVICE FUNDS

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COUNTY OF SHASTA

Combining Balance Sheet
 Non-Major Debt Service Funds
 June 30, 2013

	<u>Courthouse Improvement</u>	<u>Justice Center Renovation</u>	<u>Admin Center</u>	<u>Energy Retrofit</u>	<u>Total</u>
Assets					
Cash and investments	\$ 14,023	\$ 1,154	\$ 4,273	\$ 16	\$ 19,466
Cash and investments - restricted	--	570,513	83,866	--	654,379
Total Assets	<u>\$ 14,023</u>	<u>\$ 571,667</u>	<u>\$ 88,139</u>	<u>\$ 16</u>	<u>\$ 673,845</u>
Fund Balances					
Restricted	\$ 14,023	\$ 571,667	\$ 88,139	\$ 16	\$ 673,845
Total Fund Balances	<u>\$ 14,023</u>	<u>\$ 571,667</u>	<u>\$ 88,139</u>	<u>\$ 16</u>	<u>\$ 673,845</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, 2013

	<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	\$ 60	\$ 63	\$ 4,017	\$ 5	\$ 4,145
Total Revenues	<u>60</u>	<u>63</u>	<u>4,017</u>	<u>5</u>	<u>4,145</u>
Expenditures					
Debt service:					
Principal	400,000	585,000	36,630,000	272,001	37,887,001
Interest	131,308	62,706	2,119,973	61,054	2,375,041
Fiscal agent fees	--	1,795	1,005,869	--	1,007,664
Total Expenditures	<u>531,308</u>	<u>649,501</u>	<u>39,755,842</u>	<u>333,055</u>	<u>41,269,706</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(531,248)</u>	<u>(649,438)</u>	<u>(39,751,825)</u>	<u>(333,050)</u>	<u>(41,265,561)</u>
Other Financing Sources (Uses)					
Transfers in	531,308	649,451	2,872,219	333,054	4,386,032
Long-term debt issued	--	--	33,505,000	--	33,505,000
Premium on long-term debt issuance	--	--	578,107	--	578,107
Total Other Financing Sources (Uses)	<u>531,308</u>	<u>649,451</u>	<u>36,955,326</u>	<u>333,054</u>	<u>38,469,139</u>
Net Change in Fund Balances	60	13	(2,796,499)	4	(2,796,422)
Fund Balances - Beginning	<u>13,963</u>	<u>571,654</u>	<u>2,884,638</u>	<u>12</u>	<u>3,470,267</u>
Fund Balances - Ending	<u>\$ 14,023</u>	<u>\$ 571,667</u>	<u>\$ 88,139</u>	<u>\$ 16</u>	<u>\$ 673,845</u>

NONMAJOR ENTERPRISE FUNDS

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COUNTY OF SHASTA

Combining Statement of Net Position
 Non-Major Enterprise Funds
 June 30, 2013

	CSA #2 Sugarloaf Water	CSA #3 Castella Water	CSA # 8 Palo Cedro
	<u> </u>	<u> </u>	<u> </u>
Assets			
Current assets:			
Cash and investments	\$ 23,423	\$ 72,805	\$ 1,213,668
Receivables, net	5,655	11,250	30,640
Due from other governments	125	--	266
Due from other funds	--	--	281
Other assets	20	(153)	(82)
Total current assets	<u>29,223</u>	<u>83,902</u>	<u>1,244,773</u>
Noncurrent Assets:			
Special assessments receivable	--	169,130	--
Cash and investments - restricted	--	2,022	--
Capital assets, non-depreciable	1,342	19,860	340,835
Capital assets, depreciable -net	41,917	849,064	1,282,862
Total noncurrent assets	<u>43,259</u>	<u>1,040,076</u>	<u>1,623,697</u>
Total Assets	<u>72,482</u>	<u>1,123,978</u>	<u>2,868,470</u>
Liabilities			
Current liabilities:			
Accounts payable	697	1,369	187
Interest payable	--	2,423	--
Due to other funds	--	60	--
Due to other governments			
Deposits from others	--	500	--
Unearned revenue	931	1,828	1,800
Bonds, notes payable	0	2,300	20,000
Total current liabilities	<u>1,628</u>	<u>8,480</u>	<u>21,987</u>
Noncurrent Liabilities:			
Advances from other funds	--	--	--
Bonds, notes payable	--	173,900	--
Total noncurrent liabilities	<u>--</u>	<u>173,900</u>	<u>--</u>
Total Liabilities	<u>1,628</u>	<u>182,380</u>	<u>21,987</u>
Net Position			
Net investments in capital assets	43,259	692,724	1,603,697
Unrestricted	27,595	248,874	1,242,786
Total Net Position	<u>\$ 70,854</u>	<u>\$ 941,598</u>	<u>\$ 2,846,483</u>

continued

COUNTY OF SHASTA

Combining Statement of Net Position (continued)
 Non-Major Enterprise Funds
 June 30, 2013

	CSA #11 French Gulch	CSA #13 Alpine Meadows	CSA # 17 Cotton- wood
	<u> </u>	<u> </u>	<u> </u>
Assets			
Current assets:			
Cash and investments	\$ 117,167	\$ 16,126	\$ 230,736
Receivables, net	20,184	6,724	162,626
Due from other governments	2,623	--	4,869
Due from other funds	--	--	--
Other assets	98	48	3,504
Total current assets	<u>140,072</u>	<u>22,898</u>	<u>401,735</u>
Noncurrent Assets:			
Special assessments receivable	145,402	--	--
Cash and investments - restricted	--	--	--
Capital assets, non-depreciable	45,928	--	352,773
Capital assets, depreciable -net	868,298	148,478	2,727,547
Total noncurrent assets	<u>1,059,628</u>	<u>148,478</u>	<u>3,080,320</u>
Total Assets	<u>1,199,700</u>	<u>171,376</u>	<u>3,482,055</u>
Liabilities			
Current liabilities:			
Accounts payable	1,525	622	7,141
Interest payable	1,242	--	--
Due to other funds	--	281	--
Due to other governments			
Deposits from others	--	--	--
Unearned revenue	317	407	2,603
Bonds, notes payable	20,320	--	--
Total current liabilities	<u>23,404</u>	<u>1,310</u>	<u>9,744</u>
Noncurrent Liabilities:			
Advances from other funds	--	15,000	398,147
Bonds, notes payable	125,082	--	--
Total noncurrent liabilities	<u>125,082</u>	<u>15,000</u>	<u>398,147</u>
Total Liabilities	<u>148,486</u>	<u>16,310</u>	<u>407,891</u>
Net Position			
Net investments in capital assets	768,825	148,478	3,080,320
Unrestricted	282,389	6,588	(6,156)
Total Net Position	<u>\$ 1,051,214</u>	<u>\$ 155,066</u>	<u>\$ 3,074,164</u>

continued

COUNTY OF SHASTA

Combining Statement of Net Position (continued)
 Non-Major Enterprise Funds
 June 30, 2013

	CSA #23 Crag View Water	CSA #25 Keswick Water	Total
Assets			
Current assets:			
Cash and investments	\$ 52,309	\$ 80,163	\$ 1,806,397
Receivables, net	7,628	12,071	256,778
Due from other governments	1,523	733	10,139
Due from other funds	65	--	346
Other assets	253	--	3,688
Total current assets	<u>61,778</u>	<u>92,967</u>	<u>2,077,348</u>
Noncurrent Assets:			
Special assessments receivable	--	--	314,532
Cash and investments - restricted	--	--	2,022
Capital assets, non-depreciable	--	230	760,968
Capital assets, depreciable -net	1,415,712	249,671	7,583,549
Total noncurrent assets	<u>1,415,712</u>	<u>249,901</u>	<u>8,661,071</u>
Total Assets	<u>1,477,490</u>	<u>342,868</u>	<u>10,738,419</u>
Liabilities			
Current liabilities:			
Accounts payable	974	3,765	16,280
Interest payable	--	--	3,665
Due to other funds	65	161	567
Due to other governments			
Deposits from others	--	--	500
Unearned revenue	371	1,729	9,986
Bonds, notes payable	6,864	--	49,484
Total current liabilities	<u>8,274</u>	<u>5,655</u>	<u>80,482</u>
Noncurrent Liabilities:			
Advances from other funds	--	--	413,147
Bonds, notes payable	267,682	--	566,664
Total noncurrent liabilities	<u>267,682</u>	<u>--</u>	<u>979,811</u>
Total Liabilities	<u>275,956</u>	<u>5,655</u>	<u>1,060,293</u>
Net Position			
Net investments in capital assets	1,141,166	249,901	7,728,370
Unrestricted	60,368	87,312	1,949,756
Total Net Position	<u>\$ 1,201,534</u>	<u>\$ 337,213</u>	<u>\$ 9,678,126</u>

COUNTY OF SHASTA

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
 Non-Major Enterprise Funds
 For the Year Ended June 30, 2013

	CSA #2 Sugarloaf Water	CSA #3 Castella Water	CSA # 8 Palo Cedro
	<u> </u>	<u> </u>	<u> </u>
Operating Revenues			
Charges for services	\$ 42,057	\$ 49,344	\$ 156,978
Total Operating Revenues	<u>42,057</u>	<u>49,344</u>	<u>156,978</u>
 Operating Expenses			
Services and supplies	58,935	38,991	204,290
Central Service Costs	2,829	3,421	6,647
Depreciation	4,658	41,199	91,104
Closure Expense	(4)	--	--
Total Operating Expenses	<u>66,418</u>	<u>83,611</u>	<u>302,041</u>
 Operating Income (Loss)	<u>(24,361)</u>	<u>(34,267)</u>	<u>(145,063)</u>
 Non-Operating Revenues (Expenses)			
Investment income	82	185	3,337
Property tax revenue	--	--	--
Miscellaneous revenue	--	13,101	12
Miscellaneous expense	--	--	(13,250)
Interest expense	(423)	(7,284)	--
Total Non-Operating Revenues (Expenses)	<u>(341)</u>	<u>6,002</u>	<u>(9,901)</u>
 Net Income (Loss) before Capital Contributions	<u>(24,702)</u>	<u>(28,265)</u>	<u>(154,964)</u>
 Capital grants and improvement fees	<u> </u>	<u> </u>	<u> </u>
 Change in Net Position	<u>(24,702)</u>	<u>(28,265)</u>	<u>(154,964)</u>
 Net Position - Beginning	<u>95,556</u>	<u>969,863</u>	<u>3,001,447</u>
 Net Position - Ending	<u>\$ 70,854</u>	<u>\$ 941,598</u>	<u>\$ 2,846,483</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, 2013

	CSA #11 French Gulch	CSA #13 Alpine Meadows	CSA # 17 Cotton- wood
Operating Revenues			
Charges for services	\$ 80,390	\$ 36,605	\$ 608,432
Total Operating Revenues	<u>80,390</u>	<u>36,605</u>	<u>608,432</u>
Operating Expenses			
Services and supplies	53,209	26,372	534,296
Central Service Costs	577	1,585	20,865
Depreciation	43,056	7,070	240,599
Closure Expense	--	8	--
Total Operating Expenses	<u>96,842</u>	<u>35,035</u>	<u>795,760</u>
Operating Income (Loss)	<u>(16,452)</u>	<u>1,570</u>	<u>(187,328)</u>
Non-Operating Revenues (Expenses)			
Investment income	291	52	704
Property tax revenue	--	--	--
Miscellaneous revenue	36	--	3,708
Miscellaneous expense	--	--	--
Interest expense	(5,288)	--	(16,698)
Total Non-Operating Revenues (Expenses)	<u>(4,961)</u>	<u>52</u>	<u>(12,286)</u>
Net Income (Loss) before Capital Contributions	<u>(21,413)</u>	<u>1,622</u>	<u>(199,614)</u>
Capital grants and improvement fees	--	--	--
Change in Net Position	<u>(21,413)</u>	<u>1,622</u>	<u>(199,614)</u>
Net Position - Beginning	<u>1,072,627</u>	<u>153,444</u>	<u>3,273,778</u>
Net Position - Ending	<u>\$ 1,051,214</u>	<u>\$ 155,066</u>	<u>\$ 3,074,164</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, 2013

	CSA #23 Crag View Water	CSA #25 Keswick Water	Total
Operating Revenues			
Charges for services	\$ 38,610	\$ 53,927	\$ 1,066,343
Total Operating Revenues	<u>38,610</u>	<u>53,927</u>	<u>1,066,343</u>
Operating Expenses			
Services and supplies	45,930	72,040	1,034,063
Central Service Costs	3,351	4,694	43,969
Depreciation	17,416	14,404	459,506
Closure Expense	20	--	24
Total Operating Expenses	<u>66,717</u>	<u>91,138</u>	<u>1,537,562</u>
Operating Income (Loss)	<u>(28,107)</u>	<u>(37,211)</u>	<u>(471,219)</u>
Non-Operating Revenues (Expenses)			
Investment income	(2,773)	331	2,209
Property tax revenue	6,275	20,628	26,903
Miscellaneous revenue	17,142	3,657	37,656
Miscellaneous expense	--	(42)	(13,292)
Interest expense	--	--	(29,693)
Total Non-Operating Revenues (Expenses)	<u>20,644</u>	<u>24,574</u>	<u>23,783</u>
Net Income (Loss) before Capital Contributions	<u>(7,463)</u>	<u>(12,637)</u>	<u>(447,436)</u>
Capital grants and improvement fees	346,509	--	346,509
Change in Net Position	339,046	(12,637)	(100,927)
Net Position - Beginning	<u>862,488</u>	<u>349,850</u>	<u>9,779,053</u>
Net Position - Ending	<u>\$ 1,201,534</u>	<u>\$ 337,213</u>	<u>\$ 9,678,126</u>

COUNTY OF SHASTA

Combining Statement of Cash Flows
Non-Major Enterprise Funds
For the Fiscal Year Ended June 30, 2012

	CSA #2 Sugarloaf Water	CSA #3 Castella Water	CSA # 8 Palo Cedro
Cash Flows from Operating Activities			
Receipts from customers	\$ 41,762	\$ 48,966	\$ 153,120
Payments to suppliers	(63,875)	(41,649)	(210,921)
Operating subsidies and transfers	--	--	--
Net Cash Provided (Used) by Operating Activities	<u>(22,113)</u>	<u>7,317</u>	<u>(57,801)</u>
Cash Flows from Non-Capital Financing Activities:			
Property taxes	--	--	--
Other revenue (expense)	--	65	(13,238)
Nonoperating subsidies and transfers	806	500	1,534
Net Cash Provided (Used) by Noncapital Financing Activities	<u>806</u>	<u>565</u>	<u>(11,704)</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	--	--	--
Capital improvement fees	--	--	--
Principal payments on capital debt	(15,896)	(2,200)	--
Special assessments	15,896	15,582	--
Capital grants received	--	--	--
Interest payments on capital debt	(822)	(7,316)	--
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(822)</u>	<u>6,066</u>	<u>--</u>
Cash Flows from Investing Activities			
Income on investments	82	185	3,337
Net Cash Provided (Used) by Investing Activities	<u>82</u>	<u>185</u>	<u>3,337</u>
Net Increase (Decrease) in Cash	(22,047)	14,133	(66,168)
Cash and cash equivalents, beginning of year	<u>45,470</u>	<u>60,694</u>	<u>1,279,836</u>
Cash and cash equivalents, end of year	<u>\$ 23,423</u>	<u>\$ 74,827</u>	<u>\$ 1,213,668</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	(24,361)	(34,267)	(145,063)
Adjustments to reconcile net operating income to net cash provided (used) by operating activities:			
Depreciation expense	4,658	41,199	91,104
Changes in assets and liabilities:			
Receivables, net	(544)	(2,206)	(3,577)
Due from other funds	250	--	(281)
Other assets	(30)	145	147
Accounts payable	(2,086)	618	(336)
Due to other funds	--	--	205
Deferred Revenue	--	1,828	--
Due from other governments	--	--	--
Net Cash Provided (Used) by Operating Activities	<u>\$ (22,113)</u>	<u>\$ 7,317</u>	<u>(57,801)</u>

continued

COUNTY OF SHASTA

Combining Statement of Cash Flows (continued)
 Non-Major Enterprise Funds
 For the Fiscal Year Ended June 30, 2012

	CSA #11 French Gulch	CSA #13 Alpine Meadows	CSA # 17 Cotton- wood
Cash Flows from Operating Activities			
Receipts from customers	\$ 76,693	\$ 36,518	\$ 593,730
Payments to suppliers	(52,739)	(27,401)	(561,806)
Operating subsidies and transfers	--	--	--
Net Cash Provided (Used) by Operating Activities	<u>23,954</u>	<u>9,117</u>	<u>31,924</u>
Cash Flows from Non-Capital Financing Activities:			
Property taxes	--	--	--
Other revenue (expense)	36	--	3,708
Nonoperating subsidies and transfers	--	(1,667)	(19,293)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>36</u>	<u>(1,667)</u>	<u>(15,585)</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	--	--	--
Capital improvement fees	--	--	--
Principal payments on capital debt	(19,650)	--	--
Special assessments	19,650	--	(3,540)
Capital grants received	(2,306)	--	(4,869)
Interest payments on capital debt	(5,452)	--	(16,698)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(7,758)</u>	<u>--</u>	<u>(25,107)</u>
Cash Flows from Investing Activities			
Income on investments	291	52	704
Net Cash Provided (Used) by Investing Activities	<u>291</u>	<u>52</u>	<u>704</u>
Net Increase (Decrease) in Cash	16,523	7,502	(8,064)
Cash and cash equivalents, beginning of year	<u>100,644</u>	<u>8,624</u>	<u>238,800</u>
Cash and cash equivalents, end of year	<u>\$ 117,167</u>	<u>\$ 16,126</u>	<u>\$ 230,736</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (16,452)	\$ 1,570	\$ (187,328)
Adjustments to reconcile net operating income to net cash provided (used) by operating activities:			
Depreciation expense	43,056	7,070	240,599
Changes in assets and liabilities:			
Receivables, net	(5,937)	(536)	(20,489)
Due from other funds	2,242	321	3,188
Other assets	5	(48)	(1,854)
Accounts payable	1,040	333	(4,795)
Due to other funds	--	--	--
Deferred Revenue	--	407	2,603
Due from other governments	--	--	--
Net Cash Provided (Used) by Operating Activities	<u>\$ 23,954</u>	<u>\$ 9,117</u>	<u>\$ 31,924</u>

continued

COUNTY OF SHASTA

Combining Statement of Cash Flows (continued)
 Non-Major Enterprise Funds
 For the Fiscal Year Ended June 30, 2012

	CSA #23 Crag View Water	CSA #25 Keswick Water	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 38,384	\$ 53,184	\$ 1,042,357
Payments to suppliers	(288,307)	(76,352)	(1,323,050)
Operating subsidies and transfers	(500,000)	--	(500,000)
Net Cash Provided (Used) by Operating Activities	<u>(749,923)</u>	<u>(23,168)</u>	<u>(780,693)</u>
Cash Flows from Non-Capital Financing Activities:			
Property taxes	6,275	--	6,275
Other revenue (expense)	106	24,714	15,391
Nonoperating subsidies and transfers	--	--	(18,120)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>6,381</u>	<u>24,714</u>	<u>3,546</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(191,056)	--	(191,056)
Capital improvement fees	--	--	--
Principal payments on capital debt	(5,165)	--	(42,911)
Special assessments	22,201	--	69,789
Capital grants received	841,731	1,729	836,285
Interest payments on capital debt	(129)	--	(30,417)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>667,582</u>	<u>1,729</u>	<u>641,690</u>
Cash Flows from Investing Activities			
Income on investments	(2,773)	331	2,209
Net Cash Provided (Used) by Investing Activities	<u>(2,773)</u>	<u>331</u>	<u>2,209</u>
Net Increase (Decrease) in Cash	(78,733)	3,606	(133,248)
Cash and cash equivalents, beginning of year	131,042	76,557	1,941,667
Cash and cash equivalents, end of year	<u>\$ 52,309</u>	<u>\$ 80,163</u>	<u>\$ 1,808,419</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ (28,107)	\$ (37,211)	\$ (471,219)
Adjustments to reconcile net operating income to net cash provided (used) by operating activities:			
Depreciation expense	17,416	14,404	459,506
Changes in assets and liabilities:			
Receivables, net	(778)	(1,825)	(35,892)
Due from other funds	(500,000)	(111)	(494,391)
Other assets	(132)	219	(1,548)
Accounts payable	(238,874)	219	(243,881)
Due to other funds	181	55	441
Deferred Revenue	371	--	5,209
Due from other governments	--	1,082	1,082
Net Cash Provided (Used) by Operating Activities	<u>\$ (749,923)</u>	<u>\$ (23,168)</u>	<u>\$ (780,693)</u>

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INTERNAL SERVICE FUNDS

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COUNTY OF SHASTA

Combining Statement of Net Position
Internal Service Funds
June 30, 2013

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Systems</u>
Assets			
Current Assets:			
Cash and investments	\$ 5,272,530	\$ 29,352,242	\$ 2,180,848
Receivables, net	103	289,787	1,004
Due from other governments	--	147	4,072
Inventories	41,370	--	--
Due from other funds	22,490	1,230	2,208
Other assets	39	13,977	56,639
Total current assets	<u>5,336,532</u>	<u>29,657,383</u>	<u>2,244,771</u>
Noncurrent Assets:			
Advances to other funds	--	398,147	--
Capital assets, non-depreciable	55,375	--	--
Capital assets, depreciable -net	1,764,344	644	613,878
Total noncurrent assets	<u>1,819,719</u>	<u>398,791</u>	<u>613,878</u>
Total Assets	<u>7,156,251</u>	<u>30,056,174</u>	<u>2,858,649</u>
Liabilities			
Current Liabilities:			
Accounts payable	168,741	383,024	35,466
Salaries and benefits payable	16,810	29,198	129,539
Due to other governments	--	--	--
Due to other funds	146,478	3,034	13,000
Claims payable	--	2,813,770	--
Compensated absences payable	7,921	47,764	114,556
Total current liabilities	<u>339,950</u>	<u>3,276,790</u>	<u>292,561</u>
Noncurrent Liabilities:			
Claims payable	--	17,523,230	--
Compensated absences payable	--	20,468	108,678
Total noncurrent liabilities	<u>--</u>	<u>17,543,698</u>	<u>108,678</u>
Total Liabilities	<u>339,950</u>	<u>20,820,488</u>	<u>401,239</u>
Net Position			
Net investment in capital assets	1,819,720	644	613,878
Unrestricted	4,996,581	9,235,042	1,843,532
Total Net Position	<u>\$ 6,816,301</u>	<u>\$ 9,235,686</u>	<u>\$ 2,457,410</u>

continued

COUNTY OF SHASTA

Combining Statement of Net Position (continued)
Internal Service Funds
June 30, 2013

	Facilities Management	County Utilities	Total
Assets			
Current Assets:			
Cash and investments	\$ 856,596	\$ 349,557	\$ 38,011,773
Receivables, net	275	--	291,169
Due from other governments	--	--	4,219
Inventories	42,220	--	83,590
Due from other funds	155,398	117,931	299,257
Other assets	--	--	70,655
Total current assets	<u>1,054,489</u>	<u>467,488</u>	<u>38,760,663</u>
Noncurrent Assets:			
Advances to other funds	--	--	398,147
Capital assets, non-depreciable	--	--	55,375
Capital assets, depreciable -net	101,707	--	2,480,573
Total noncurrent assets	<u>101,707</u>	<u>--</u>	<u>2,934,095</u>
Total Assets	<u>1,156,196</u>	<u>467,488</u>	<u>41,694,758</u>
Liabilities			
Current Liabilities:			
Accounts payable	40,818	6,774	634,823
Salaries and benefits payable	81,538	--	257,085
Due to other governments	1,121	108,389	109,510
Due to other funds	34	--	162,546
Claims payable	--	--	2,813,770
Compensated absences payable	50,841	--	221,082
Total current liabilities	<u>174,352</u>	<u>115,163</u>	<u>4,198,816</u>
Noncurrent Liabilities:			
Claims payable	--	--	17,523,230
Compensated absences payable	83,543	--	212,689
Total noncurrent liabilities	<u>83,543</u>	<u>--</u>	<u>17,735,919</u>
Total Liabilities	<u>257,895</u>	<u>115,163</u>	<u>21,934,735</u>
Net Position			
Net investment in capital assets	101,707	--	2,535,949
Unrestricted	796,594	352,325	17,224,074
Total Net Position	<u>\$ 898,301</u>	<u>\$ 352,325</u>	<u>\$ 19,760,023</u>

COUNTY OF SHASTA

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2013

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Systems</u>
Operating Revenues			
Charges for services	<u>\$ 2,384,518</u>	<u>\$ 5,458,762</u>	<u>\$ 5,504,903</u>
Operating Expenses			
Salaries and benefits	393,856	751,267	3,331,397
Services and supplies	1,351,117	1,531,735	1,577,904
Central service costs	34,496	202,567	797,203
Insurance premiums	--	1,578,486	--
Claims expense	--	3,673,588	--
Depreciation	476,333	965	184,907
Total Operating Expenses	<u>2,255,802</u>	<u>7,738,608</u>	<u>5,891,411</u>
Operating Income (Loss)	<u>128,716</u>	<u>(2,279,846)</u>	<u>(386,508)</u>
Non-Operating Revenues (Expenses)			
Investment income (loss)	13,011	91,135	5,182
Miscellaneous revenue (expense)	(49,434)	632,556	2,951
Gain (loss) on disposition of capital assets	52,951	--	--
Total Non-Operating Revenues (Expenses)	<u>16,528</u>	<u>723,691</u>	<u>8,133</u>
Net Income (Loss) Before Transfers	<u>145,244</u>	<u>(1,556,155)</u>	<u>(378,375)</u>
Transfers in	106,467	--	600,868
Transfers out	<u>(20,000)</u>	<u>--</u>	<u>--</u>
Change in Net Position	231,711	(1,556,155)	222,493
Net Position - Beginning	<u>6,584,590</u>	<u>10,791,841</u>	<u>2,234,917</u>
Net Position - Ending	<u>\$ 6,816,301</u>	<u>\$ 9,235,686</u>	<u>\$ 2,457,410</u>

continued

COUNTY OF SHASTA

Combining Statement of Revenues, Expenses and Changes in Fund Net Position (continued)
 Internal Service Funds
 For the Year Ended June 30, 2013

	<u>Facilities Management</u>	<u>County Utilities</u>	<u>Total</u>
Operating Revenues			
Charges for services	\$ 3,374,317	\$ 1,653,618	\$ 18,376,118
Operating Expenses			
Salaries and benefits	2,236,169	--	6,712,689
Services and supplies	966,596	1,251,338	6,678,690
Central service costs	106,356	--	1,140,622
Insurance premiums	--	--	1,578,486
Claims expense	--	--	3,673,588
Depreciation	23,588	--	685,793
Total Operating Expenses	<u>3,332,709</u>	<u>1,251,338</u>	<u>20,469,868</u>
Operating Income (Loss)	<u>41,608</u>	<u>402,280</u>	<u>(2,093,750)</u>
Non-Operating Revenues (Expenses)			
Investment income (loss)	516	62	109,906
Miscellaneous revenue (expense)	638	--	586,711
Gain (loss) on disposition of capital assets	(1,463)	--	51,488
Total Non-Operating Revenues (Expenses)	<u>(309)</u>	<u>62</u>	<u>748,105</u>
Net Income (Loss) Before Transfers	41,299	402,342	(1,345,645)
Transfers in	15,985	--	723,320
Transfers out	(1,065)	(333,054)	(354,119)
Change in Net Position	56,219	69,288	(976,444)
Net Position - Beginning	<u>842,082</u>	<u>283,037</u>	<u>20,736,467</u>
Net Position - Ending	<u>\$ 898,301</u>	<u>\$ 352,325</u>	<u>\$ 19,760,023</u>

COUNTY OF SHASTA

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2013

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Systems</u>
Cash Flows from Operating Activities			
Receipts from customers	\$ 2,585,296	\$ 5,232,814	\$ 5,507,459
Payments to suppliers	(1,368,165)	(3,478,878)	(2,323,581)
Payments to employees	(389,479)	(741,567)	(3,323,913)
Claims paid	--	(3,265,588)	--
Net Cash Provided (Used) by Operating Activities	<u>827,652</u>	<u>(2,253,219)</u>	<u>(140,035)</u>
Cash Flows from Non-Capital Financing Activities:			
Other revenue (expense)	862	632,556	2,951
Operating subsidies and transfers out	86,467	19,293	600,868
Net Cash Provided (Used) by Noncapital Financing Activities	<u>87,329</u>	<u>651,849</u>	<u>603,819</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(554,237)	--	(179,878)
Proceeds from sale of capital assets	121,319	--	98,377
Transfers for capital acquisition	(50,296)	--	--
Cash Flows from Capital and Related and Related Financing Activities	<u>(483,214)</u>	<u>--</u>	<u>(81,501)</u>
Cash Flows from Investing Activities			
Income on investments	13,011	91,135	5,182
Net Increase (Decrease) in Cash	444,778	(1,510,235)	387,465
Cash at Beginning of Year	<u>4,827,752</u>	<u>30,862,477</u>	<u>1,793,383</u>
Cash at End of Year	<u>\$ 5,272,530</u>	<u>\$ 29,352,242</u>	<u>\$ 2,180,848</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 128,716	\$ (2,279,846)	\$ (386,508)
Adjustments to reconcile net operating income to net cash provided (used) by operating activities:			
Depreciation expense	476,333	965	184,907
Changes in assets and liabilities:			
Receivables, net	54	(286,191)	(1,006)
Due from other funds	253,199	(1,227)	2,857
Due from other governments	--	61,467	706
Inventories	(11,601)	--	--
Other assets	--	(12,297)	30,766
Accounts payable	29,049	(153,301)	26,318
Salaries and benefits payable	1,176	2,528	770
Due to other funds	(52,475)	(489)	(5,559)
Claims payable	--	408,000	--
Due to other governments	--	--	--
Compensated absences payable	3,201	7,172	6,714
Net Cash Provided (Used) by Operating Activities	<u>\$ 827,652</u>	<u>\$ (2,253,219)</u>	<u>\$ (140,035)</u>

continued

COUNTY OF SHASTA

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2013

	Facilities Management	Shasta County Utilities	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 3,443,476	\$ 1,628,644	\$ 18,397,689
Payments to suppliers	(1,149,503)	(1,226,567)	(9,546,694)
Payments to employees	(2,226,036)	--	(6,680,995)
Claims paid	--	--	(3,265,588)
Net Cash Provided (Used) by Operating Activities	<u>67,937</u>	<u>402,077</u>	<u>(1,095,588)</u>
Cash Flows from Non-Capital Financing Activities:			
Other revenue (expense)	638	--	637,007
Operating subsidies and transfers out	14,920	(333,054)	388,494
Net Cash Provided (Used) by Noncapital Financing Activities	<u>15,558</u>	<u>(333,054)</u>	<u>1,025,501</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(19,887)	--	(754,002)
Proceeds from sale of capital assets	3,166	--	222,862
Transfers for capital acquisition	--	--	(50,296)
Cash Flows from Capital and Related and Related Financing Activities	<u>(16,721)</u>	<u>--</u>	<u>(581,436)</u>
Cash Flows from Investing Activities			
Income on investments	516	62	109,906
Net Increase (Decrease) in Cash	67,290	69,085	(541,617)
Cash at Beginning of Year	<u>789,306</u>	<u>280,472</u>	<u>38,553,390</u>
Cash at End of Year	<u>\$ 856,596</u>	<u>\$ 349,557</u>	<u>\$ 38,011,773</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 41,608	\$ 402,280	\$ (2,093,750)
Adjustments to reconcile net operating income to net cash provided (used) by operating activities:			
Depreciation expense	23,588	--	685,793
Changes in assets and liabilities:			
Receivables, net	(216)	--	(287,359)
Due from other funds	69,375	(24,975)	299,229
Due from other governments	--	--	62,173
Inventories	4,806	--	(6,795)
Other assets	--	--	18,469
Accounts payable	11,268	6,774	(79,892)
Salaries and benefits payable	2,533	--	7,007
Due to other funds	(92,979)	--	(151,502)
Claims payable	--	--	408,000
Due to other governments	354	17,998	18,352
Compensated absences payable	7,600	--	24,687
Net Cash Provided (Used) by Operating Activities	<u>\$ 67,937</u>	<u>\$ 402,077</u>	<u>\$ (1,095,588)</u>