

**COUNTY OF TEHAMA,  
CALIFORNIA**



**FINANCIAL STATEMENTS  
TOGETHER WITH  
INDEPENDENT AUDITORS' REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2011**

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**COUNTY OF TEHAMA**  
**Annual Financial Report**  
**For the Year Ended June 30, 2011**

**Table of Contents**

	Page
<b>INTRODUCTORY SECTION</b>	
County Officials.....	i
<b>FINANCIAL SECTION</b>	
Independent Auditor’s Report.....	1-2
Management’s Discussion and Analysis (Required Supplementary Information - Unaudited).....	3-10
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets.....	11
Statement of Activities.....	12
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet.....	13
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets - Governmental Activities.....	14
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities - Governmental Activities.....	16
Proprietary Funds:	
Statement of Net Assets.....	17
Statement of Revenues, Expenses, and Changes in Net Assets.....	18
Statement of Cash Flows.....	19
Fiduciary Funds:	
Statement of Fiduciary Net Assets.....	20
Statement of Changes in Fiduciary Net Assets.....	21
Notes to Basic Financial Statements.....	22-47
Required Supplementary Information (Unaudited):	
Schedule of Funding Progress.....	48
Infrastructure Assets Reported Using the Modified Approach.....	48-51
Budgetary Comparison Schedule - General Fund.....	52
Budgetary Comparison Schedule - Road.....	53
Budgetary Comparison Schedule - Public Safety.....	54
Budgetary Comparison Schedule - Public Assistance.....	55
Budgetary Comparison Schedule - Health Services.....	56
Notes to Required Supplementary Information.....	57

**COUNTY OF TEHAMA**  
**Annual Financial Report**  
**For the Year Ended June 30, 2011**

**Table of Contents**

	Page
Combining Nonmajor Fund Statements:	
Nonmajor Governmental Funds:	
Combining Balance Sheet.....	58
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances. ....	59
Special Revenue Funds:	
Combining Balance Sheet. ....	60-61
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances. ....	62-63
Debt Service Funds:	
Combining Balance Sheet. ....	64
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances. ....	65
Nonmajor Enterprise Funds:	
Combining Statement of Net Assets.....	66
Combining Statement of Revenues, Expenses, and Changes in Net Assets.....	67
Combining Statement of Cash Flows. ....	68
Internal Service Funds:	
Combining Statement of Net Assets.....	69
Combining Statement of Revenues, Expenses, and Changes in Net Assets.....	70
Combining Statement of Cash Flows. ....	71
Fiduciary Funds:	
Trust Funds:	
Combining Statement of Fiduciary Net Assets - Investment Trust Funds.....	72
Combining Statement of Changes in Fiduciary Net Assets - Investment Trust Funds. ....	73
Agency Funds:	
Combining Statement of Assets and Liabilities - Agency Funds.....	74
Combining Statement of Changes in Assets and Liabilities - Agency Funds. ....	75

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## **INTRODUCTORY SECTION**

- **County Officials**

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**COUNTY OF TEHAMA**  
**County Officials**  
**For the Year Ended June 30, 2011**

**ELECTED OFFICIALS**

Supervisor, District 1.....	Greg Avilla
Supervisor, District 2.....	George Russell
Supervisor, District 3.....	Dennis Garton
Supervisor, District 4.....	Bob Williams
Supervisor, District 5.....	Ron Warner
Assessor.....	Dale Stroud
Auditor/Controller.....	LeRoy Anderson
Clerk & Recorder/Clerk of the Board/Elections.....	Beverly Ross
District Attorney.....	Gregg Cohen
Sheriff/Coroner.....	Dave Hencratt
Treasurer/Tax Collector.....	Dana Hollmer

**DEPARTMENT DIRECTORS/ADMINISTRATORS**

Chief Administration.....	Williams Goodwin
Agriculture.....	Rick Gurrola
Air Pollution Control.....	Alan Abbs
Building & Safety.....	John Stover
Chief Probation Officer.....	Richard Muench
Child Support Services.....	Vacant
County Counsel.....	William Murphy
Court Executive Officer.....	Gina Setter
Environmental Health.....	Tim Potonovic
Facilities Maintenance.....	Johnny Fourmet
Farm Advisor.....	Rick Buchner
Fire.....	Gary Durden
Health Officer.....	Richard Wickenheiser, MD
Health Services Agency.....	Valerie Lucero
Library.....	Jessica Hudson
Personnel.....	Reanette Fillmer
Planning.....	John Stouffer
Public Guardian.....	David Nichols
Public Works.....	Gary Antone
Social Services.....	Charlene Reid
Veterans' Service.....	Bill Johnson

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## **FINANCIAL SECTION**

- **Independent Auditor's Report**
- **Management's Discussion and Analysis**
- **Basic Financial Statements**
- **Required Supplementary Information**
- **Combining Nonmajor Fund Statements**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Supervisors and Grand Jury  
County of Tehama  
Red Bluff, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Tehama, California (County), as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

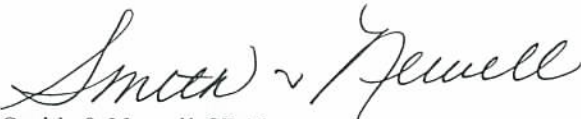
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated February 15, 2012, 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 and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Required Supplementary Information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

To the Board of Supervisors and Grand Jury  
County of Tehama  
Red Bluff, California

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section and combining nonmajor fund statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

A handwritten signature in cursive script, reading "Smith & Newell".

Smith & Newell CPA's  
Yuba City, California  
February 15, 2012

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**Management's Discussion and Analysis  
(Unaudited)**

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# COUNTY OF TEHAMA

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2011

This section of the County of Tehama (County) annual financial report presents a discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2011. It should be read in conjunction with the County's basic financial statements following this section.

### I. FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of the fiscal year by \$244,543,048 (net assets). Of this amount, \$26,343,663 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$3,574,953 during the year.
- As of June 30, 2011 the County's governmental funds combined ending fund balances were \$49,253,925. This is a net decrease of \$1,656,947 from the prior year, and is comprised of \$21,287,659 in Non-spendable and/or Restricted fund balance and \$27,966,266 as Committed, Assigned or Unassigned.

### II. OVERVIEW OF THE FINANCIAL STATEMENTS

#### A. Financial Reporting Model

The County of Tehama's financial reporting model is designed to demonstrate government accountability by presenting both a long-term and a near term view of its finances. This model is prescribed by Statement Number 34 of the Government Accounting Standards Board (GASB 34). This model is comprised of three parts: 1) Management Discussion and Analysis which provides the financial highlights; 2) The County's basic financial statements, which consist of the Government-Wide financial statements, the Fund financial statements and Notes to the financial statements; 3) Required Supplementary Information.

#### B. Government-Wide Financial Statements

The government-wide financial statements provide an overview of the County's finances, in a manner similar to a private sector business that is using the accrual basis of accounting. They demonstrate accountability of Tehama County by showing the extent to which it has met operating objectives efficiently and effectively, using all resources available, and whether it can continue to do so.

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

The statement of activities presents information on expenses and revenues to show how the government's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues are reported as soon as earned and expenses are reported as soon as incurred even though the related cash flows may not have take place until future fiscal periods (e.g., earned but unused vacation leave).

# COUNTY OF TEHAMA

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2011

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 a significant portion of their costs through user fees and charges (business-type activities). The governmental activity of the County includes general government, public protection, public ways and facilities, health and sanitation, public assistance, education and recreation. The business type activities of the County include the Health Center (debt payment and worker's compensation cost) and the Sanitation District.

Certain component units such as county service areas are essentially part of County operations and their financial data are blended in with operational funds of the County.

### **C. Fund Financial Statements**

The fund financial statements provide evidence of accountability by demonstrating compliance with budgetary decisions made in a public forum. A fund is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or purposes stipulated by laws, regulations or policies. The funds of the County are divided into three categories: governmental, proprietary, and fiduciary.

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

The County maintains 19 individual governmental funds. On the financial statements for governmental funds information is presented separately for six major funds: the General Fund, Road Fund, Public Safety Fund, Public Assistance Fund, Health Services Fund and the Capital Projects Fund. Data from other governmental funds are aggregated into a single column.

*Proprietary funds* are of two types. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for The Tehama County Sanitation District #1 and its health center operations, which currently includes only debt payment and worker's compensation costs.

*Internal service funds* are used to accumulate and allocate costs internally among the County's various functions. The County uses internal services funds to account for Risk Management (Worker's Compensation, Liability and Property Insurance) and Dental Insurance programs. Because these services predominantly benefit governmental, rather than business type functions, they have been included within governmental activities in the government-wide financial statements.

*Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's programs. The County maintains both agency funds and investment trust funds in the fiduciary fund category.



## COUNTY OF TEHAMA

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2011

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the information provided in the financial statements.

#### **D. Required Supplementary Information**

In addition to the basic financial statements, this report presents Required Supplementary Information that includes the County's progress in funding its obligation to provide pension benefits to its employees, budgetary comparisons for the General Fund and other governmental major funds, and infrastructure assets reported using the modified approach.

### **III. GOVERNMENT-WIDE FINANCIAL ANALYSIS**

#### **Condensed Statement of Net Assets June 30, 2011**

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 70,320,788	\$ 69,208,871	(\$ 801,360)	(\$1,082,930)	\$ 69,519,428	\$ 68,125,941
Capital assets	197,519,068	194,913,226	1,054,510	1,093,730	198,573,578	196,006,956
Total Assets	267,839,856	264,122,097	253,150	10,800	268,093,006	264,132,897
Current and other liabilities	12,059,950	11,285,375	10,778	10,258	12,070,728	11,295,633
Long term liabilities	11,028,230	11,405,669	451,000	463,500	11,479,230	11,869,169
Total Liabilities	23,088,180	22,691,044	461,778	473,758	23,549,958	23,164,802
Invested in capital assets, net	190,238,632	187,282,732	603,510	630,230	190,842,142	187,912,962
Restricted	27,357,243	24,380,111	0	0	27,357,243	24,380,111
Unrestricted	27,155,801	29,768,210	(812,138)	(1,093,188)	26,343,663	28,675,022
Total Net Assets	\$244,751,676	\$241,431,053	(\$ 208,628)	(\$ 462,958)	\$244,543,048	\$240,968,095

The amount invested in capital assets, net of related debt, reflects the County's investment in land, structures and improvements, infrastructure and equipment. The County uses the capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets of \$27,357,243 represent resources that are subject to external restrictions on how they may be used.

Unrestricted net assets of \$26,343,663 represent 10.1% of the total net assets and may be used to meet the County's ongoing obligations to citizens and creditors.

## COUNTY OF TEHAMA

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2011

#### Statement of Activities For the Year Ended June 30, 2011

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Program revenues</b>						
Charges for services	\$ 23,944,074	\$ 22,535,815	\$ 160,854	\$ 181,156	\$ 24,104,928	\$ 22,716,971
Grants and Contributions	67,084,449	65,944,365	232,309	450,230	67,316,758	66,394,595
<b>General revenues:</b>						
Property taxes	18,154,447	18,215,226	0	0	18,154,447	18,215,226
Other taxes	3,306,498	3,677,315	0	0	3,306,498	3,677,315
Interest and Investment Earnings	761,012	888,056	401	402	761,413	888,458
Other revenue	1,057,061	558,116	8,180	1,013	1,065,241	559,129
<b>Total Revenues</b>	<b>114,307,541</b>	<b>111,818,893</b>	<b>401,744</b>	<b>632,801</b>	<b>114,709,285</b>	<b>112,451,694</b>
<b>Expenses:</b>						
General government	17,489,942	15,058,816	0	0	17,489,942	15,058,816
Public protection	28,057,092	28,126,219	0	0	28,057,092	28,126,219
Public ways and facilities	8,823,540	11,496,995	0	0	8,823,540	11,496,995
Health and welfare	17,736,136	17,096,069	0	0	17,736,136	17,096,069
Public assistance	37,529,192	37,627,233	0	0	37,529,192	37,627,233
Education	705,903	684,817	0	0	705,903	684,817
Culture and recreation	299,453	302,301	0	0	299,453	302,301
Interest and fiscal charges	345,660	344,056	0	0	345,660	344,056
Health Center	0	0	82,988	231,088	82,988	231,088
Sanitation District	0	0	64,426	205,874	64,426	205,874
<b>Total Expenses</b>	<b>110,986,918</b>	<b>110,736,506</b>	<b>147,414</b>	<b>436,962</b>	<b>111,134,332</b>	<b>111,173,468</b>
Change in net assets	3,320,623	1,082,387	254,330	195,839	3,574,953	1,278,226
Net assets, beginning	241,431,053	240,322,298	(462,958)	(658,797)	240,968,095	239,663,501
Prior period adjustments	0	26,368	0	0	0	26,368
<b>Net assets, ending</b>	<b>\$244,751,676</b>	<b>\$241,431,053</b>	<b>(\$ 208,628)</b>	<b>(\$ 462,958)</b>	<b>\$244,543,048</b>	<b>\$240,968,095</b>

The following highlights significant factors that affected the governmental and business-type activities and contributed to the change in net assets:

- Governmental activities accounted for 93% of the \$3,574,953 increase in net assets, and Business-Type activities accounted for an increase of 7%.
- Significant factors include increases in Revenue from Grants and Contributions, Charges for Services, and Other Revenue.
- A significant decrease in expenditures for Public Ways and Facilities was offset by a nearly equal increase in other General Government expenditures for a net effect of practically no change in expenditures over last year.

#### IV. FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The County uses fund accounting to ensure and demonstrate compliance with budgetary and legal requirements.

## COUNTY OF TEHAMA

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2011

**Governmental funds.** The general government functions are included 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 spendable resources. Such information is useful in assessing the County's financing requirements.

At June 30, 2011, the County's governmental funds reported combined ending fund balances of \$49,253,925. Approximately 55.1% of this total amount, or \$27,966,266, constitutes unrestricted fund balance which may be used to meet the County's ongoing general obligation to citizens and creditors

The General Fund is the main operating fund of the County. At June 30, 2011, unrestricted fund balance of the general fund was \$17,683,218, while total fund balance reached \$22,503,163. As a measure of the general fund's liquidity, the unrestricted fund balance represents 78.5% of \$23,515,974 in total fund expenditures, and total fund balance nearly 100% of that same amount.

The following Special Revenue Funds can be viewed a little differently. Here, all restricted fund balance, as defined by GASB-54, is also available for operations except non-spendable amounts.

The Public Safety Fund is used to account for all revenues and expenditures associated with public protection programs. The Public Safety Fund has a total fund balance of \$1,674,116. Of this amount, \$1,614,056 is available and the balance of \$60,060 is non-spendable. The overall fund balance increased by \$758,330.

The Public Assistance Fund is used to account for all revenues and expenditures associated with the Federal and State mandates of various Health and Welfare Codes. At June 30, 2011, the total fund balance of the Public Assistance Fund was \$208,354. This represents an available fund balance of \$141,523 and an overall decrease in fund balance of \$52,056.

The Road Fund is used to account for all revenues and expenditures associated with design, construction and maintenance of county road infrastructure. The Road Fund had a fund balance of \$6,015,836. Of this amount \$5,518,387 is available and the remaining \$497,449 is in the form of inventory and imprest cash and is non-spendable. The overall fund balance increased by \$1,287,619.

The Health Services Fund is used to account for all revenues and expenditures associated with providing health services to County residents. The total fund balance of the Health Services Fund at June 30, 2011 was \$685,211. Of this amount \$671,981 is available for operations.

The following table presents the revenues from various sources as well as increases or decreases from the prior year in the governmental funds.

## COUNTY OF TEHAMA

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2011

#### Revenues Classified by Source Governmental Funds

<u>Revenue sources</u>	FY 2011		FY 2010		Change	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
Taxes	\$ 20,538,208	18%	\$ 20,991,395	19%	(\$453,187)	-2%
Licenses and permits	2,062,140	2%	2,209,085	2%	(146,945)	-7%
Fines & forfeitures	2,705,612	2%	2,575,360	2%	130,252	5%
Use of money & property	722,259	1%	849,303	1%	(127,044)	-15%
Intergovernmental	68,820,287	59%	62,119,519	57%	6,700,768	11%
Charges for services	20,131,968	17%	18,630,286	17%	1,501,682	8%
Other	1,333,974	1%	1,397,503	2%	(63,529)	-5%
<b>Total</b>	<b>\$116,314,448</b>	<b>100%</b>	<b>\$108,772,451</b>	<b>100%</b>	<b>(\$7,541,997)</b>	

Significant changes for major revenue sources are explained below:

- **USE OF MONEY & PROPERTY** – As in the prior year, continued lower cash balances and/or the falling interest rate resulted in a decrease in interest earned on most Funds.
- **INTERGOVERNMENTAL** – Increase was due in large part to more State and Federal revenue in the Road Fund and State park bond funding for upgrades to County owned recreation facilities.
- **CHARGE FOR CURRENT SERVICES** – Increased payroll deductions for Health Insurance accounted for the bulk of the change, along with an increase in Road & Street Impact Fees.

The following table presents expenditures by function compared to prior year's amounts in the governmental funds.

#### Expenditures by Function Governmental Funds

<u>Expenditures by Function</u>	FY 2011		FY 2010		Change	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
General government	\$16,883,811	15%	\$14,749,703	13%	\$ 2,134,108	14%
Public protection	27,130,788	24%	26,856,667	24%	274,121	1%
Health and welfare	17,724,135	15%	16,947,196	15%	776,939	5%
Public assistance	37,681,008	33%	37,209,342	33%	471,666	1%
Education	689,214	1%	660,540	1%	28,674	4%
Recreation and cultural services	240,082	0%	236,720	0%	3,362	1%
Public ways and facilities	8,108,399	7%	10,976,008	10%	-2,867,609	-26%
Debt Service: Principal	348,085	0%	338,664	0%	9,421	3%
Debt Service: Interest & other	349,335	0%	364,819	0%	-15,484	-4%
Capital outlay	5,316,759	5%	2,784,132	3%	2,532,627	91%
<b>Total Expenditures</b>	<b>\$114,471,616</b>	<b>100%</b>	<b>\$111,123,791</b>	<b>100%</b>	<b>\$3,347,825</b>	

## COUNTY OF TEHAMA

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2011

Significant changes for major functions are explained below:

**PUBLIC WAYS AND FACILITIES** – The change is largely attributable to increased capitalization of completed projects and fewer fixed asset purchases.

**CAPITAL OUTLAY** – The increase is largely attributable to the capitalization of completed Road projects.

**GENERAL GOVERNMENT** – a significant increase in expense for Capital Projects is due to a transfer of courthouse construction funds to the State.

*Proprietary funds.* The County's proprietary funds provide the same type of information found in the government wide financial statements, but in more detail. These funds include one enterprise fund and two internal service funds; the Sanitation District and Risk Management & Dental Insurance, respectively.

In 2005, the Skilled Nursing Facility assets were transferred into the Special Revenue Fund called the Health Services Fund. At that time, the Enterprise Fund for the Skilled Nursing Facility was kept open to account for closing costs. Currently, the County's General Fund is responsible for the remaining cash deficit of \$887,205. It is anticipated this debt will be paid in full by FY 13/14.

#### V. GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final budget showed an increase in revenue of \$629,244. The increase to the final revenue budget is mostly due to grant revenue in Office of Emergency Services (Homeland Security), State Park Bonds and Community Action Agency. There were overall mixture of increases and decreases in expense budgets across all functions resulting in a net decrease of \$323,404.

During the year, actual revenues were more than budgetary estimates by \$2,918,933. Actual expenditures and transfers were less than budgetary estimates by \$5,637,654. The net effect of over-realization of revenues and under-utilization of appropriations resulted in a positive variance of \$8,556,587, thus eliminating the need to draw upon the existing fund balance and allowing for an increase to the reserve for economic uncertainty.

#### VI. CAPITAL ASSETS AND DEBT ADMINISTRATION

##### A. Capital Assets

The County's investment in capital assets for its governmental and business type activities as of June 30, 2011 amounts to \$198,573,578 (net of accumulated depreciation). This investment in capital assets includes land, structures and improvements, equipment, construction-in-progress, and some infrastructure.

## COUNTY OF TEHAMA

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2011

The County's infrastructure assets are recorded at historical cost in the government-wide financial statements as required by GASB Statement No. 34. The County has elected to use the modified approach for infrastructure to reports its infrastructure, which includes its roads, signs and markings, bridges and culverts \$155,143,580. The infrastructure assets reported under the modified approach are not subject to depreciation per GASB Statement No. 34.

There were no significant changes in the assessed condition of the County's maintained road subsystem from the prior year. The assessed condition maintained by the County agreed with the County's policy to maintain at least 75 percent of its road system at fair or better condition. The assessment as of June 30, 2011 lists the majority of road conditions as either good or fair, bridges are listed as good or fair, and signs are listed in good to excellent condition.

More detailed information about the County's capital assets is presented in Note 4 of the basic financial statements and the Required Supplementary Information on pages 48-57 of this report.

#### **B. Long-Term Debt**

At June 30, 2011, the County had a total long-term debt outstanding of \$11,479,230. The debt consists of \$7,268,546 in Certificates of Participation (COP), capital lease obligations of \$11,890 and bonds payable of \$451,000. Additional long-term liability includes a compensated leave payable of \$3,747,794.

More detailed information about the County's capital assets is presented in Note 7 of the basic financial statements.

### **VII. ECONOMIC FACTOR'S AND NEXT YEAR'S BUDGET AND RATES**

The County adopted its fiscal year 2011-2012 final appropriation budget in the total amount of \$122,786,738 (net of operating transfers totaling \$15,874,104). The general fund contingency was \$2,740,826. This represents a decreased financing requirement of \$114,658 from the prior year.

The General Fund budget requirements were \$214,928 less than the prior year. Fund balance carry over from the prior year contributed \$980,222 to the reserve for economic uncertainty. The General Fund had a small increase in the overall budget for operating transfers, primarily to Public Safety. The budget for contingencies increased slightly and professional services decreased slightly.

The Social Service budget decrease was primarily in the area of Public Assistance.

The Capital Outlay budget saw a large increase due to the addition of appropriations for a proposed Ag Center partially funded by revenue from the sale of County land for \$1,234,000.

The Health Service budget increased slightly overall, with the bulk of the increase in Drug & Alcohol and Clinic Services.

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## **Basic Financial Statements**

- **Government-Wide Financial Statements**

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**COUNTY OF TEHAMA**  
**Statement of Net Assets**  
**June 30, 2011**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 53,768,208	\$ 84,835	\$ 53,853,043
Cash with fiscal agent	6,414,993	-	6,414,993
Accounts receivable	150,014	-	150,014
Taxes receivable	154,887	-	154,887
Due from other governments	8,123,527	-	8,123,527
Internal balances	887,205	(887,205)	-
Advances to fiduciary funds	124,709	-	124,709
Deposits with others	35,900	-	35,900
Inventory	497,349	-	497,349
Prepaid costs	163,996	-	163,996
Restricted cash and investments	-	1,010	1,010
Capital assets:			
Non-depreciable	157,069,294	38,047	157,107,341
Depreciable, net	40,449,774	1,016,463	41,466,237
Total capital assets	<u>197,519,068</u>	<u>1,054,510</u>	<u>198,573,578</u>
<b>Total Assets</b>	<u>267,839,856</u>	<u>253,150</u>	<u>268,093,006</u>
<b>LIABILITIES</b>			
Accounts payable	2,296,137	4,013	2,300,150
Accrued salaries and benefits	1,798,705	-	1,798,705
Due to other governments	41,563	-	41,563
Accrued interest payable	85,186	6,765	91,951
Deposits payable	223,557	-	223,557
Unearned revenue	6,701,391	-	6,701,391
Accrued claims liability	913,411	-	913,411
Long-term liabilities:			
Due within one year	3,728,305	13,000	3,741,305
Due in more than one year	7,299,925	438,000	7,737,925
<b>Total Liabilities</b>	<u>23,088,180</u>	<u>461,778</u>	<u>23,549,958</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	190,238,632	603,510	190,842,142
Restricted for:			
General government	462,090	-	462,090
Public protection	8,326,984	-	8,326,984
Health and welfare	792,827	-	792,827
Public assistance	1,535,832	-	1,535,832
Education	333	-	333
Public ways and facilities	6,454,178	-	6,454,178
Debt service	2,803,570	-	2,803,570
Capital projects	6,981,429	-	6,981,429
Unrestricted	27,155,801	(812,138)	26,343,663
<b>Total Net Assets</b>	<u>\$244,751,676</u>	<u>\$ (208,628)</u>	<u>\$244,543,048</u>

The notes to the basic financial statements are an integral part of this statement.

**COUNTY OF TEHAMA**  
**Statement of Activities**  
**For the Year Ended June 30, 2011**

<u>Functions/Programs:</u>	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
Governmental activities:				
General government	\$ 17,489,942	\$ 12,898,355	\$ 2,473,179	\$ 16,324
Public protection	28,057,092	2,903,815	7,029,412	19,844
Health and welfare	17,736,136	6,698,560	9,565,109	-
Public assistance	37,529,192	267,549	35,512,075	3,553
Education	705,903	13,752	25,845	13,030
Culture and recreation	299,453	36,261	23,107	-
Public ways and facilities	8,823,540	1,125,782	5,410,592	6,992,379
Interest on long-term debt	345,660	-	-	-
<b>Total Governmental Activities</b>	<u>110,986,918</u>	<u>23,944,074</u>	<u>60,039,319</u>	<u>7,045,130</u>
Business-type activities:				
Health Center	82,988	-	232,309	-
Tehama County Sanitation District #1	64,426	160,854	-	-
<b>Total Business-Type Activities</b>	<u>147,414</u>	<u>160,854</u>	<u>232,309</u>	<u>-</u>
<b>Total</b>	<u>\$ 111,134,332</u>	<u>\$ 24,104,928</u>	<u>\$ 60,271,628</u>	<u>\$ 7,045,130</u>

**General revenues:**

Taxes:

  Property taxes  
  Sales and use taxes  
  Franchise taxes  
  Other taxes  
  Interest and investment earnings  
  Miscellaneous

**Total General Revenues**

**Change in Net Assets**

**Net Assets - Beginning**

**Net Assets - Ending**

The notes to the basic financial statements are an integral part of this statement.

**Net (Expense) Revenue and  
Changes in Net Assets**

<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
\$ (2,102,084)	\$ -	\$ (2,102,084)
(18,104,021)	-	(18,104,021)
(1,472,467)	-	(1,472,467)
(1,746,015)	-	(1,746,015)
(653,276)	-	(653,276)
(240,085)	-	(240,085)
4,705,213	-	4,705,213
(345,660)	-	(345,660)
<u>(19,958,395)</u>	<u>-</u>	<u>(19,958,395)</u>
-	149,321	149,321
-	96,428	96,428
-	245,749	245,749
<u>(19,958,395)</u>	<u>245,749</u>	<u>(19,712,646)</u>
18,154,447	-	18,154,447
2,087,661	-	2,087,661
922,737	-	922,737
296,100	-	296,100
761,012	401	761,413
1,057,061	8,180	1,065,241
<u>23,279,018</u>	<u>8,581</u>	<u>23,287,599</u>
3,320,623	254,330	3,574,953
241,431,053	(462,958)	240,968,095
<u>\$244,751,676</u>	<u>\$ (208,628)</u>	<u>\$244,543,048</u>

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## **Basic Financial Statements**

- **Fund Financial Statements**

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**COUNTY OF TEHAMA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2011**

	<u>General Fund</u>	<u>Road</u>	<u>Public Safety</u>	<u>Public Assistance</u>
<b>ASSETS</b>				
Cash and investments	\$ 19,307,720	\$ 5,486,628	\$ 2,122,221	\$ 6,363,496
Cash with fiscal agent	-	-	107,080	-
Accounts receivable	38,163	1,908	4,076	21,096
Taxes receivable	154,887	-	-	-
Due from other governments	1,747,361	745,460	932,871	821,930
Advances to other funds	4,038,731	-	-	-
Advances to fiduciary funds	124,709	-	-	-
Prepaid costs	11,952	-	60,060	66,831
Inventory	-	497,349	-	-
<b>Total Assets</b>	<u>\$ 25,423,523</u>	<u>\$ 6,731,345</u>	<u>\$ 3,226,308</u>	<u>\$ 7,273,353</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 149,525	\$ 250,942	\$ 163,526	\$ 13,350
Accrued salaries and benefits	324,818	163,385	507,621	344,052
Due to other governments	-	-	2,250	-
Deposits payable	5,196	165,793	52,568	-
Advances from other funds	591,088	-	-	-
Unearned revenue	354,130	135,389	279,784	5,892,718
Deferred revenue	1,495,603	-	546,443	814,879
<b>Total Liabilities</b>	<u>2,920,360</u>	<u>715,509</u>	<u>1,552,192</u>	<u>7,064,999</u>
<b>Fund Balances:</b>				
Nonspendable	4,213,464	497,449	60,060	66,831
Restricted	606,481	5,518,387	1,580,862	130,074
Committed	9,393,849	-	-	-
Assigned	2,774,226	-	33,194	11,449
Unassigned	5,515,143	-	-	-
<b>Total Fund Balances</b>	<u>22,503,163</u>	<u>6,015,836</u>	<u>1,674,116</u>	<u>208,354</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 25,423,523</u>	<u>\$ 6,731,345</u>	<u>\$ 3,226,308</u>	<u>\$ 7,273,353</u>

The notes to the basic financial statements are an integral part of this statement.



<b>Health Services</b>	<b>Capital Projects</b>	<b>Other Governmental Funds</b>	<b>Total</b>
\$ 3,154,955	\$ 4,355,756	\$ 8,686,886	\$ 49,477,662
-	3,504,343	2,803,570	6,414,993
31,470	-	53,301	150,014
-	-	-	154,887
3,809,496	-	66,409	8,123,527
-	-	10,000	4,048,731
-	-	-	124,709
13,230	-	5,794	157,867
-	-	-	497,349
<u>\$ 7,009,151</u>	<u>\$ 7,860,099</u>	<u>\$ 11,625,960</u>	<u>\$ 69,149,739</u>

\$ 472,032	\$ 878,670	\$ 300,063	\$ 2,228,108
363,899	-	79,281	1,783,056
36,246	-	3,067	41,563
-	-	-	223,557
2,570,438	-	-	3,161,526
-	-	39,370	6,701,391
2,881,325	-	18,363	5,756,613
<u>6,323,940</u>	<u>878,670</u>	<u>440,144</u>	<u>19,895,814</u>

13,230	-	16,667	4,867,701
218,575	-	8,365,579	16,419,958
-	6,981,429	2,803,570	19,178,848
453,406	-	-	3,272,275
-	-	-	5,515,143
<u>685,211</u>	<u>6,981,429</u>	<u>11,185,816</u>	<u>49,253,925</u>
<u>\$ 7,009,151</u>	<u>\$ 7,860,099</u>	<u>\$ 11,625,960</u>	<u>\$ 69,149,739</u>

**COUNTY OF TEHAMA**  
**Reconciliation of the Governmental Funds Balance Sheet to the**  
**Government-Wide Statement of Net Assets - Governmental Activities**  
**June 30, 2011**

<b>Total Fund Balance - Total Governmental Funds</b>	<b>\$ 49,253,925</b>
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets.	197,513,091
Deferred revenue represents amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds.	5,756,613
Interest payable on long-term debt does not require the use of current financial resources and, therefore, is not accrued as a liability in the governmental funds.	(85,186)
Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.	
Certificates of participation, net of unamortized premium of \$33,546	(7,268,546)
Capital leases payable	(11,892)
Compensated absences	(3,721,142)
Internal service funds are used by management to charge the cost of certain activities, such as insurance and equipment maintenance and operations, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net assets.	<u>3,314,813</u>
<b>Net Assets of Governmental Activities</b>	<b><u><u>\$244,751,676</u></u></b>

The notes to the basic financial statements are an integral part of this statement.

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**COUNTY OF TEHAMA**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2011**

	<u>General Fund</u>	<u>Road</u>	<u>Public Safety</u>	<u>Public Assistance</u>
<b>REVENUES</b>				
Taxes	\$ 16,717,966	\$ -	\$ -	\$ -
Licenses and permits	1,386,159	9,911	1,877	-
Fines and forfeitures	2,029,048	-	148,813	-
Use of money and property	385,573	71,520	9,522	13,771
Intergovernmental	4,435,503	11,503,274	5,463,907	33,864,491
Charges for services	11,901,730	714,417	1,062,044	100,793
Other revenues	329,489	26,719	252,680	370,783
<b>Total Revenues</b>	<u>37,185,468</u>	<u>12,325,841</u>	<u>6,938,843</u>	<u>34,349,838</u>
<b>EXPENDITURES</b>				
Current:				
General government	15,968,408	-	-	-
Public protection	4,605,449	-	18,692,429	-
Health and welfare	1,070,370	-	-	-
Public assistance	687,131	-	-	34,835,973
Education	689,214	-	-	-
Culture and recreation	240,082	-	-	-
Public ways and facilities	-	6,745,703	-	-
Debt service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital outlay	255,320	4,106,634	212,343	442,391
<b>Total Expenditures</b>	<u>23,515,974</u>	<u>10,852,337</u>	<u>18,904,772</u>	<u>35,278,364</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>13,669,494</u>	<u>1,473,504</u>	<u>(11,965,929)</u>	<u>(928,526)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	12,878,624	876,470
Transfers out	(14,383,199)	-	(154,365)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(14,383,199)</u>	<u>-</u>	<u>12,724,259</u>	<u>876,470</u>
<b>Net Change in Fund Balances</b>	<u>(713,705)</u>	<u>1,473,504</u>	<u>758,330</u>	<u>(52,056)</u>
<b>Fund Balances - Beginning</b>	23,216,868	4,728,217	915,786	260,410
Change in inventory on purchases method	-	(185,885)	-	-
<b>Fund Balances - Ending</b>	<u>\$ 22,503,163</u>	<u>\$ 6,015,836</u>	<u>\$ 1,674,116</u>	<u>\$ 208,354</u>

The notes to the basic financial statements are an integral part of this statement.

<b>Health Services</b>	<b>Capital Projects</b>	<b>Other Governmental Funds</b>	<b>Total</b>
\$ -	\$ 1,948	\$ 3,818,294	\$ 20,538,208
-	-	664,193	2,062,140
26,942	126,749	374,060	2,705,612
16,621	54,776	170,476	722,259
9,835,930	16,325	3,700,857	68,820,287
5,981,851	-	371,133	20,131,968
231,325	-	122,978	1,333,974
<u>16,092,669</u>	<u>199,798</u>	<u>9,221,991</u>	<u>116,314,448</u>
-	911,293	4,110	16,883,811
-	-	3,832,910	27,130,788
16,088,202	-	565,563	17,724,135
-	-	2,157,904	37,681,008
-	-	-	689,214
-	-	-	240,082
-	-	1,362,696	8,108,399
13,085	-	335,000	348,085
1,242	-	348,093	349,335
112,683	99,007	88,381	5,316,759
<u>16,215,212</u>	<u>1,010,300</u>	<u>8,694,657</u>	<u>114,471,616</u>
<u>(122,543)</u>	<u>(810,502)</u>	<u>527,334</u>	<u>1,842,832</u>
470,357	-	312,113	14,537,564
-	-	-	(14,537,564)
<u>470,357</u>	<u>-</u>	<u>312,113</u>	<u>-</u>
347,814	(810,502)	839,447	1,842,832
337,397	7,791,931	10,346,369	47,596,978
-	-	-	(185,885)
<u>\$ 685,211</u>	<u>\$ 6,981,429</u>	<u>\$ 11,185,816</u>	<u>\$ 49,253,925</u>

**COUNTY OF TEHAMA**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances of Governmental Funds to the**  
**Government-Wide Statement of Activities - Governmental Activities**  
**For the Year Ended June 30, 2011**

**Net Change in Fund Balances - Total Governmental Funds** \$ 1,842,832

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for capital outlay	5,316,759
Depreciation expense	(2,788,689)
Capital contributions	58,201
Other adjustments	300,000

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the net cost of the capital assets disposed. There were no significant proceeds.

(276,912)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Principal retirements	348,085
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Some revenues reported in the statement of activities will not be collected for several months after the County's year end and do not provide current financial resources and therefore are not reported as revenues in the governmental funds.

Change in deferred revenue	(1,826,948)
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Measurement focus adjustment for inventory reported using the purchases method in the governmental funds and reported using the consumption method in the Statement of Activities.

(185,885)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Change in accrued interest on long-term debt	3,675
Change in compensated absences payable	27,439
Amortization of premium	1,973

Internal service funds are used by management to charge the cost of certain activities, such as insurance and equipment maintenance and operations, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

500,093

**Change in Net Assets of Governmental Activities** \$ 3,320,623

The notes to the basic financial statements are an integral part of this statement.

**COUNTY OF TEHAMA**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2011**

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Health</u>	<u>Other</u>	<u>Totals</u>	<u>Internal</u>
	<u>Center</u>	<u>Enterprise</u>		<u>Service</u>
		<u>Funds</u>		<u>Funds</u>
<b>ASSETS</b>				
Current Assets:				
Cash and investments	\$ 1,167	\$ 83,668	\$ 84,835	\$ 4,290,546
Deposits with others	-	-	-	35,900
Prepaid costs	-	-	-	6,129
<b>Total Current Assets</b>	<u>1,167</u>	<u>83,668</u>	<u>84,835</u>	<u>4,332,575</u>
Noncurrent Assets:				
Restricted cash and investments	1,010	-	1,010	-
Capital assets:				
Non-depreciable	-	38,047	38,047	-
Depreciable, net	-	1,016,463	1,016,463	5,977
Total capital assets	<u>-</u>	<u>1,054,510</u>	<u>1,054,510</u>	<u>5,977</u>
<b>Total Noncurrent Assets</b>	<u>1,010</u>	<u>1,054,510</u>	<u>1,055,520</u>	<u>5,977</u>
<b>Total Assets</b>	<u>2,177</u>	<u>1,138,178</u>	<u>1,140,355</u>	<u>4,338,552</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	-	4,013	4,013	68,029
Accrued salaries and benefits	-	-	-	15,649
Accrued interest payable	-	6,765	6,765	-
Advances from other funds	887,205	-	887,205	-
Compensated absences payable	-	-	-	23,985
Bonds payable	-	13,000	13,000	-
Estimated claims liability	-	-	-	913,411
<b>Total Current Liabilities</b>	<u>887,205</u>	<u>23,778</u>	<u>910,983</u>	<u>1,021,074</u>
Noncurrent Liabilities:				
Compensated absences payable	-	-	-	2,665
Bonds payable	-	438,000	438,000	-
<b>Total Noncurrent Liabilities</b>	<u>-</u>	<u>438,000</u>	<u>438,000</u>	<u>2,665</u>
<b>Total Liabilities</b>	<u>887,205</u>	<u>461,778</u>	<u>1,348,983</u>	<u>1,023,739</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	-	603,510	603,510	5,977
Unrestricted	<u>(885,028)</u>	<u>72,890</u>	<u>(812,138)</u>	<u>3,308,836</u>
<b>Total Net Assets</b>	<u>\$ (885,028)</u>	<u>\$ 676,400</u>	<u>(208,628)</u>	<u>\$ 3,314,813</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>-</u>	
<b>Net Assets of the Business-Type Activities</b>			<u>\$ (208,628)</u>	

The notes to the basic financial statements are an integral part of this statement.

**COUNTY OF TEHAMA**  
**Statement of Revenues, Expenses, and**  
**Changes in Net Assets**  
**Proprietary Funds**  
**For the Year Ended June 30, 2011**

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Health</u>	<u>Other</u>	<u>Totals</u>	<u>Internal</u>
	<u>Center</u>	<u>Enterprise</u>		<u>Service</u>
		<u>Funds</u>		<u>Funds</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ -	\$ 160,854	\$ 160,854	\$ 3,833,916
Other revenues	7,283	897	8,180	279
<b>Total Operating Revenues</b>	<u>7,283</u>	<u>161,751</u>	<u>169,034</u>	<u>3,834,195</u>
<b>OPERATING EXPENSES</b>				
Salaries and benefits	-	-	-	430,270
Services and supplies	-	135,094	135,094	-
Administration	-	-	-	72,539
Insurance	-	-	-	660,710
Professional services	-	3,807	3,807	131,093
Claims and judgments	-	-	-	1,802,042
Depreciation	-	39,220	39,220	3,517
<b>Total Operating Expenses</b>	<u>-</u>	<u>178,121</u>	<u>178,121</u>	<u>3,100,171</u>
<b>Operating Income (Loss)</b>	<u>7,283</u>	<u>(16,370)</u>	<u>(9,087)</u>	<u>734,024</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest income	14	387	401	34,222
Interest expense	(10,439)	(20,382)	(30,821)	-
Other non-operating revenues	232,309	-	232,309	-
Other non-operating expenses	(206,625)	-	(206,625)	-
<b>Total Non-Operating Revenues (Expenses)</b>	<u>15,259</u>	<u>(19,995)</u>	<u>(4,736)</u>	<u>34,222</u>
<b>Income (Loss) Before Transfers</b>	<u>22,542</u>	<u>(36,365)</u>	<u>(13,823)</u>	<u>768,246</u>
Transfers in	-	12,500	12,500	-
Transfers out	-	(12,500)	(12,500)	-
<b>Change in Net Assets</b>	<u>22,542</u>	<u>(36,365)</u>	<u>(13,823)</u>	<u>768,246</u>
<b>Total Net Assets - Beginning</b>	<u>(907,570)</u>	<u>712,765</u>		<u>2,546,567</u>
<b>Total Net Assets - Ending</b>	<u>\$ (885,028)</u>	<u>\$ 676,400</u>		<u>\$ 3,314,813</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>268,153</u>	
<b>Change in Net Assets of the Business-Type Activities</b>			<u>\$ 254,330</u>	

The notes to the basic financial statements are an integral part of this statement.



**COUNTY OF TEHAMA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2011**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental</b>
	<b>Health Center</b>	<b>Other Enterprise Funds</b>	<b>Totals</b>	<b>Activities Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 7,283	\$ 161,751	\$ 169,034	\$ 3,834,195
Payments to suppliers	-	(138,193)	(138,193)	(1,037,652)
Payments to employees	-	-	-	(430,295)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>7,283</b>	<b>23,558</b>	<b>30,841</b>	<b>2,366,248</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Interfund loans repaid	(22,528)	-	(22,528)	-
Non-operating revenues received	232,309	-	232,309	-
Non-operating expenses paid	(206,625)	-	(206,625)	-
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>3,156</b>	<b>-</b>	<b>3,156</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Principal paid on capital debt	-	(12,500)	(12,500)	-
Interest paid on capital debt	(10,439)	(20,568)	(31,007)	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(10,439)</b>	<b>(33,068)</b>	<b>(43,507)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends	14	385	399	34,221
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>14</b>	<b>385</b>	<b>399</b>	<b>34,221</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>14</b>	<b>(9,125)</b>	<b>(9,111)</b>	<b>2,400,469</b>
<b>Balances - Beginning of Year</b>	<b>2,163</b>	<b>92,793</b>	<b>94,956</b>	<b>1,890,077</b>
<b>Balances - End of the Year</b>	<b>\$ 2,177</b>	<b>\$ 83,668</b>	<b>\$ 85,845</b>	<b>\$ 4,290,546</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 7,283	\$ (16,370)	\$ (9,087)	\$ 734,024
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	-	39,220	39,220	3,517
Decrease (increase) in:				
Prepaid costs	-	-	-	1,674,532
Increase (decrease) in:				
Accounts payable	-	708	708	62,352
Accrued salaries and benefits	-	-	-	(84)
Compensated absences payable	-	-	-	59
Estimated claims liability	-	-	-	(108,152)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 7,283</b>	<b>\$ 23,558</b>	<b>\$ 30,841</b>	<b>\$ 2,366,248</b>

The notes to the basic financial statements are an integral part of this statement.

**COUNTY OF TEHAMA**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2011**

	<b>Investment Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and investments	\$ 43,647,088	\$ 17,164,614
Cash with fiscal agent	-	9,023
Taxes receivable	-	5,835,640
<b>Total Assets</b>	43,647,088	23,009,277
<b>LIABILITIES</b>		
Advances from governmental funds	-	124,709
Agency obligations	-	22,884,568
<b>Total Liabilities</b>	-	23,009,277
<b>NET ASSETS</b>		
Net assets held in trust for investment pool participants	\$ 43,647,088	\$ -

The notes to the basic financial statements are an integral part of this statement.

**COUNTY OF TEHAMA**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2011**

	<u><b>Investment Trust Funds</b></u>
<b>ADDITIONS</b>	
Contributions:	
Contributions to investment pool	<u>\$ 8,034,664</u>
<b>Total Additions</b>	<u>8,034,664</u>
<b>DEDUCTIONS</b>	
Distributions from investment pool	<u>6,517,669</u>
<b>Total Deductions</b>	<u>6,517,669</u>
<b>Change in Net Assets</b>	1,516,995
<b>Net Assets - Beginning</b>	<u>42,130,093</u>
<b>Net Assets - Ending</b>	<u><u>\$ 43,647,088</u></u>

The notes to the basic financial statements are an integral part of this statement.

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## **Basic Financial Statements**

- **Notes to Basic Financial Statements**

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**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2011**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of County of Tehama (County) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

**A. Reporting Entity**

The County operates under an Administrator-Board of Supervisors form of government and provides various services on a countywide basis including law and justice, education, detention, social, health, fire protection, road construction, road maintenance, transportation, park and recreation facilities, elections and records, communications, planning, zoning, and tax collection.

As required by GAAP, these financial statements present the County and its component units, entities for which the government is considered to be financially accountable.

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

For financial reporting purposes, the County's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the Board of Supervisors. The financial statements of the individual component units may be obtained by writing to the County of Tehama, Auditor-Controller's Office, P.O. Box 669, Red Bluff, CA 96080.

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

**Special Revenue Funds:**

Air Pollution - The Air Pollution District was established to provide better air quality to residents.

Los Molinos Lighting District - The Los Molinos Lighting District was established to provide lighting to district residents.

Tehama County Flood Control District and Flood Zone 3 - The Tehama County Flood Control District and Flood Zone 3 was established to provide for flood control in the County.

Tehama Power Authority - The Tehama Power Authority was established to provide power services for the County.

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2011**

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

**A. Reporting Entity (Continued)**

**Enterprise Funds:**

Health Center - The Tehama County Health Center was established to provide health services to County residents.

Tehama County Sanitation District # 1 - The Tehama County Sanitation District # 1 was established to provide sanitation services to certain County residents in the Mineral area.

**B. Basis of Presentation**

**Government-Wide Financial Statements**

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

The statement of activities presents a comparison between direct expenses and program revenues for each different identifiable activity of the County's business-type activities and each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Certain indirect costs, which cannot be identified and broken down are included in the program expense reported for individual functions and activities. Program revenues include 1) charges paid by the recipients of goods and services offered by the program, 2) operating grants and contributions and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are presented instead as general revenues.

**Fund Financial Statements**

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis is placed on major funds within the governmental and proprietary categories, each is displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

- Total assets, liabilities, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.



**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2011**

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

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

**Fund Financial Statements (Continued)**

The County reports the following major governmental funds:

- The General fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as public protection, public ways and facilities, health and sanitation, public assistance, education, and recreation services.
- The Road fund is a special revenue fund used to account for revenues and expenditures for streets and road expansion.
- The Public Safety fund is a special revenue fund used to account for revenues and expenditures associated with specific public protection programs.
- The Public Assistance fund is a special revenue fund used to account for revenues and expenditures associated with the Federal and State mandates of various Health and Welfare Codes.
- The Health Services fund is a special revenue fund used to account for revenues and expenditures associated with providing health care services to County residents.
- The Capital Projects fund is a capital project fund used to account for revenues and expenditures used for major maintenance, acquisition and for construction of major capital facilities, other than those financed by business-type funds.

The County reports the following major proprietary funds:

- The Health Center fund is an enterprise fund that was used to account for operations involved in providing health services to County residents. There are no longer services provided through this fund. The Fund's only function is to repay outstanding liabilities.

The County reports the following additional fund types:

- Internal Service Funds account for the County's risk management and self insurance programs which provide services to other departments on a cost reimbursement basis.
- The Investment Trust Funds account for the assets of legally separate entities that deposit cash with the County Treasurer. The assets of these funds are held in trust for other agencies and are part of the County's external pool. The external investment pool is made up of two separate funds: Special Districts governed by Local Boards and School Districts. The County is obligated to disburse monies from these funds on demand.
- Agency Funds account for the receipt and disbursement of various taxes, deposits, deductions, and property collected by the County, acting in the capacity of an agent for distribution to other governmental units or other organizations.

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2011**

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

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

**Fund Financial Statements (Continued)**

County Departmental Agency Funds - Accounts for all assets under the control of County departments which are held in a fiduciary capacity.

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

The government-wide and proprietary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales tax, grants, entitlements, and donations. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide financial statements for the business-type activities and the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The County has elected not to follow subsequent private-sector guidance.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary funds include trust funds and agency funds. All trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. Agency funds are reported using the accrual basis of accounting to recognize receivables and payables.

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2011**

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

**D. Non-Current Governmental Assets/Liabilities**

Non-current governmental assets and liabilities, such as capital assets and long-term liabilities, are reported in the governmental activities column in the government-wide statement of net assets.

**E. Cash, Cash Equivalents and Investments**

The County sponsors an investment pool that is managed by the County Treasurer. The Treasurer invests on behalf of most funds of the County and external participants in accordance with the California Government Code and the County's investment policy.

Investment transactions are recorded on the trade date. Investments are reported at fair value which is determined using selected bases annually. The fair value represents the amount the County could reasonably expect to receive for an investment in a current sale between a willing buyer and seller. Short term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Corporate notes are valued by the safekeeping institution and by the County brokerage firm. Cash deposits are reported at carrying amount which reasonably estimates fair value. Managed funds not listed on an established market are reported at the estimated fair value as determined by the respective fund managers based on quoted sales prices of the underlying securities.

Participant's equity in the investment pool is determined by the dollar amount of participant deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on an amortized cost basis. Amortized premiums and accreted discounts, accrued interest, and realized gains and losses, net of expenses, are apportioned to pool participants every quarter. This method differs from the fair value method used to value investments in these financial statements, as unrealized gains or losses are not apportioned to pool participants. During the fiscal year ended June 30, 2011, the County Treasurer has not entered into any legally binding guarantees to support the value of participant equity in the investment pool.

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

For purposes of the accompanying statement of cash flows, the County considers all highly liquid investments with a maturity of three months or less when purchased including cash with fiscal agent and restricted cash, and their equity in the County Treasurer's investment pool, to be cash equivalents.

**F. Restricted Cash and Investments**

Restricted assets in the enterprise funds represent cash and investments held in the Health Center fund that are restricted for health center activity (\$1,010).

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2011**

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

**G. Receivables**

**Accounts Receivable**

Accounts receivable for governmental activities consist mainly of taxes, grants and interest. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

**H. Other Assets**

**Inventory**

Inventories are stated at cost (first-in, first-out basis) for governmental and proprietary funds. Inventory recorded by governmental funds includes materials and supplies for roads. Governmental fund inventories are recorded as expenditures at the time the inventory is consumed. Unconsumed inventories in governmental funds are equally offset by nonspendable fund balance to indicate that portion of fund balance is not in spendable form.

**Prepaid Costs**

Payments made for services that will benefit periods beyond June 30, 2011, are recorded as prepaid costs. Prepaids in governmental funds are equally offset by nonspendable fund balance to indicate that portion of fund balance is not in spendable form.

**I. Capital Assets**

Capital assets, including public domain (infrastructure such as roads and bridges) are defined by the County as assets with a cost of \$1,500 and above and an estimated useful life of more than one year. Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is unavailable. Contributed capital assets are recorded at their estimated fair market value at the date of donation.

The County has elected to use the modified approach for reporting its infrastructure capital assets. Under the modified approach depreciation is not reported for these assets and all expenditures, except for betterments and major improvements made to the system.

The County manages its maintained road, bridge and sign subsystems of the road network using the Carte Graph Pavement Management Program and accounts for them using the modified approach. The program establishes scales to determine the conditions of the various subsystems. It is the County's policy to maintain 75 percent of its road, bridge and sign subsystems at a fair or better condition. Currently, the right of way value provided is a rough valuation based on several estimations and assumptions to establish the valuation parameters. A final detailed valuation will be available in future years.

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2011**

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

**I. Capital Assets (Continued)**

Capital assets used in operations are depreciated or amortized using the straight line method over the assets estimated useful life in the government-wide financial statements. The range of estimated useful lives by type of asset is as follows:

<u>Depreciable Asset</u>	<u>Estimated Lives</u>
Equipment, furniture and fixtures	5 years
Structures and improvements	50 years

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

**J. Property Tax**

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

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

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

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

The County of Tehama apportions secured property tax revenue in accordance with the alternate methods of distribution, the “Teeter Plan”, as prescribed by Section 4717 of the California Revenue and Taxation code. Under the Teeter Plan the County allocates to certain local taxing agencies 100 percent of the secured property taxes billed. In return, the County retains penalties and interest on delinquent secured taxes in the Tax Loss Reserve Fund (TLRF). The primary purpose of TLRF is to cover losses that may occur as a result of special sales of tax-defaulted property.

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2011**

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

**J. Property Tax (Continued)**

The County is legally required to maintain a minimum balance of 1% of the annual taxes levied on properties participating in the Teeter Plan. The balance in the TLRF was \$1,263,782 at June 30, 2011. The County's management believes that any ownership rights to the TLRF the County may have are effective only upon a Board approved transfer or to the extent of losses related to the sale of tax defaulted property. Amounts in the TLRF are considered to be held in a custodial capacity for the participants in the County's Teeter Plan and accounted for in an agency fund.

**K. Interfund Transactions**

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

Loans reported as receivables and payables are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans) as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances". Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not in spendable form.

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. These services provide information on the net cost of each government function and therefore are not eliminated in the process of preparing the government-wide statement of activities.

Reimbursements occur when the funds responsible for particular expenditures or expenses repay the funds that initially paid for them. Such reimbursements are reflected as an expenditures or expenses in the reimbursing fund and reductions to expenditures or expenses in the reimbursed fund.

All other interfund transactions are treated as transfers. Transfers between funds are netted as part of the reconciliation to the government-wide presentation.

**L. Unearned Revenue/Deferred Revenue**

Unearned revenue is recorded for assets recognized in connection with a transaction before the earnings process is complete. Those assets are offset by a corresponding liability for unearned revenue.

Deferred revenue is recorded under the modified accrual basis of accounting when revenue which has been earned during the current period has met the measurable criteria but has not met the available criteria.

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2011**

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

**M. Compensated Absences**

The County's policy regarding vacation and other leave obligations is to permit employees to accumulate earned but unused vacation and other leave obligations. In the government-wide financial statements the accrued compensated absences is recorded as an expense and related liability, with the current portion estimated based on historical trends. In the governmental fund financial statements, the expenditures and liabilities related to those obligations are recognized only when they mature. In the proprietary funds the accrued compensated absences is recorded as an expense and related liability in the year earned. The County includes its share of social security and medicare taxes payable on behalf of the employees in the accrual for compensated absences.

**N. Estimates**

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

**O. Implementation of Governmental Accounting Standards Board Statements**

**GASB Statement No. 54**

For the fiscal year ended June 30, 2011 for financial statement presentation, the County implemented Governmental Accounting Standards Board Statement No. 54 (GASB 54), "Fund Balance Reporting and Governmental Fund Type Definitions". The requirements of this statement are effective for financial statement periods beginning after June 15, 2010.

GASB 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications and by clarifying the existing governmental fund type definitions. It establishes fund balance classifications based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in the governmental funds. The initial distinction in reporting fund balance information is identifying amounts that are considered nonspendable. This Statement provides for additional classification as restricted, committed, assigned and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

GASB 54 also provides guidance for classifying and disclosing information on stabilization amounts. The definitions of the General fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type are also clarified by the provisions in this statement.

**NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Deficit Fund Balance/Net Assets**

The following major enterprise fund had deficit net assets:

The Health Center fund had a net asset deficit of \$885,028. The deficit is primarily the responsibility of the General fund. The skilled nursing facility was officially closed on August 31, 2004.

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2011**

**NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

**B. Rebatable Arbitrage**

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. At June 30, 2011, the County does not expect to incur a liability.

**C. Gann Spending Limitation**

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

**NOTE 3: CASH AND INVESTMENTS**

The County Treasurer manages, in accordance with California Government Code Section 53600, funds deposited in the investment pool by the County, all County school districts, various districts, and some cities within the County. The County investment pool is not registered with the Securities and Exchange Commission as an investment company. California Government Code and by the County's investment policy govern the investment pool activity. The objectives of the policy are in order of priority, safety, liquidity, yield and public trust. The pool attempts to match maturities with planned outlays and maximize the return on investment over various market cycles. Yield is considered only after safety and credit quality have been met, consistent with limiting risk and prudent investment principles.

The Treasury Oversight Committee and the Board of Supervisors monitor and review the management of public funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the oversight committee and the investment pool participants twice per year. The report covers the type of investment in the pool, maturity dates, par value, actual cost and fair value. All cash and investments with the exception of deposits with fiscal agents are considered part of the investment pool.

The County sponsored investment pool includes both internal and external participants. The portion of the pool attributable to external pool participants, which are considered involuntary participants, are included in the primary government as an Investment Trust Fund which does not have separate financial reports. The State of California statutes require certain special districts and other governmental entities to maintain their cash surplus with the County Treasurer. The net assets value of involuntary participation in the investment pool totaled \$43,647,088 at June 30, 2011.



**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2011**

**NOTE 3: CASH AND INVESTMENTS (CONTINUED)**

**A. Financial Statement Presentation**

As of June 30, 2011, the County's cash and investments are reported in the financial statements as follows:

Primary government	\$ 60,269,046
Investment trust funds	43,647,088
Agency funds	<u>17,173,637</u>
Total Cash	<u><u>\$ 121,089,771</u></u>

As of June 30, 2011, the County's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 31,473
Deposits (less outstanding warrants)	<u>5,772,408</u>
Total Cash in County Pool	<u>5,803,881</u>
Deposits with fiscal agents	<u>6,424,016</u>
Total Cash	<u>12,227,897</u>
Investments:	
In Treasurer's Pool	<u>108,861,874</u>
Total Investments	<u>108,861,874</u>
Total Cash and Investments	<u><u>\$ 121,089,771</u></u>

**B. Cash**

At year end, the carrying amount of the County's cash deposits (including amount in checking accounts, money market accounts and deposits with fiscal agents) was \$12,196,424 and the bank balance was \$13,691,707. The difference between the bank balance and the carrying amount represents outstanding warrants and deposits in transit. In addition the County had cash on hand of \$31,473.

Custodial Credit Risk For Deposits - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The County's investment policy requires that deposits in banks must meet the requirements of the California Government Code. Under this code, deposits of more than \$250,000 must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of the public funds. The first \$250,000 of the County's deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Deposits more than the \$250,000 insured amount are collateralized. The County's investment policy does not further limit its deposits.

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2011**

**NOTE 3: CASH AND INVESTMENTS (CONTINUED)**

**C. Investments**

Under the provisions of the County's investment policy and the California Government Code, the County may invest or deposit in the following:

- Banker's Acceptances
- Commercial Paper
- Local Agency Investment Fund
- Mutual Funds
- Medium Term Corporate Notes
- Money Market Funds
- Negotiable Certificates of Deposit
- Repurchase Agreements/Reverse Repurchase Agreements
- Securities of the Federal Government or its Agencies.

Interest Rate Risk - Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the County manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The County limits its exposure to interest rate risk inherent in its portfolio by limiting individual maturities to 5 years or less.

As of June 30, 2011, the County had the following investments, all of which had a maturity of five years or less:

Investment Type	Interest Rates	Maturities		Fair Value	Weighted Average Maturity (Years)
		0-1 year	1-5 years		
<b>Pooled Investments</b>					
Government Agencies	.49-6.47%	\$ 8,059,805	61,294,667	69,354,472	2.24
Corporate Notes	2.00-6.35%	2,255,738	7,251,664	9,507,405	1.29
LAIF	Variable	30,000,000	-	30,000,000	-
Total Pooled Investments		<u>\$ 40,315,543</u>	<u>\$68,546,331</u>	<u>\$108,861,874</u>	<u>1.54</u>

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2011**

**NOTE 3: CASH AND INVESTMENTS (CONTINUED)**

**C. Investments (Continued)**

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code or the County's investment policy, and the actual rating as of year end for each investment type.

Investment Type	Minimum Legal Rating	Standard & Poor's Rating	Moody's Rating	% of Portfolio
Federal Farm Credit Bank	N/A	AAA	AAA	5.49%
Federal Farm Credit Bank	N/A	AAA	Aaa	3.65%
Federal Farm Credit Bank	N/A	AAA	N/A	1.84%
Federal Farm Credit Bank	N/A	AAA	Aaae	0.92%
Federal Farm Credit Bank	N/A	AA+	AAA	0.94%
Federal Home Loan Mortgage Corp	N/A	AAA	AAA	1.84%
Federal Home Loan Mortgage Corp	N/A	AAA	Aaa	2.75%
Federal Home Loan Mortgage Corp	N/A	AAA	N/A	0.92%
Federal Home Loan Mortgage Corp	N/A	AA+	AAA	3.82%
Federal Home Loan Bank	N/A	AAA	AAA	8.39%
Federal Home Loan Bank	N/A	AAA	Aaa	7.34%
Federal Home Loan Bank	N/A	AAA	AAAe	0.92%
Federal Home Loan Bank	N/A	AAA	Aaae	0.92%
Federal Home Loan Bank	N/A	AAA	N/A	5.51%
Federal National Mortgage Assoc.	N/A	AAA	AAA	2.76%
Federal National Mortgage Assoc.	N/A	AAA	Aaa	2.76%
Federal National Mortgage Assoc.	N/A	AAA	Aaae	0.92%
Federal National Mortgage Assoc.	N/A	AAA	N/A	0.92%
Federal National Mortgage Assoc.	N/A	AA+	AAA	4.62%
Federal National Mortgage Assoc.	N/A	AA+	Aaa	5.56%
Federal National Mortgage Assoc.	N/A	AA+	N/A	0.92%
Corporate Notes	A	A	Aa3	0.92%
Corporate Notes	A	A+	A1	0.92%
Corporate Notes	A	A+	Aa3	1.91%
Corporate Notes	A	AA+	AA1	0.97%
Corporate Notes	A	AA+	AA2	1.94%
Corporate Notes	A	AA+	AAA	0.92%
Corporate Notes	A	AA+	Aaa	0.92%
Corporate Notes	A	N/R	WR	0.23%
LAIF	N/A	Unrated	Unrated	27.56%
Total				100%

Custodial Credit Risk for Investments - Custodial credit risk for investments is the risk that, in the event of the failure of a depository institution, the County will not be able to recover its deposits or collateral securities that are in the possession of an outside party. To mitigate the custodial credit risk the County requires that all of its managed investments be held in the name of the County. At June 30, 2011, the County's investment pool had no securities exposed to custodial credit risk.

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2011**

**NOTE 3: CASH AND INVESTMENTS (CONTINUED)**

**C. Investments (Continued)**

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. State law and the investment policy of the County contain limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) at June 30, 2011, that represent 5 percent or more of total County investments are as follows:

<u>Investment Type</u>	<u>Amount Invested</u>	<u>Percentage of Investments</u>
Federal Farm Credit Bank	\$ 13,986,896	12.84%
Federal Home Loan Mortgage Corporation	10,155,745	9.33%
Federal Home Loan Bank	25,120,153	23.08%
Federal National Mortgage Association	20,091,680	18.46%

**D. Investment in External Investment Pools**

Investment in Local Agency Investment Fund - The County of Tehama is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code and is managed by the Treasurer of the State of California. The Local Investment Advisory Board (LAIF Board) has oversight responsibility for LAIF. The LAIF Board consists of five members as designated by State statute.

Investments in LAIF are available on demand and are stated at amortized cost, which approximates fair value. The fair value of the County's position in the pool is the same as the value of the pooled shares. At June 30, 2011 the County's investment position in LAIF was \$30,000,000. The total amount invested by all public agencies in LAIF on that day was \$66,489,270,508. Of that amount, 94.99% is invested in non-derivative financial products and 5.01% in structured notes and asset-backed securities.

**E. County Investment Pool Condensed Financial Information**

The following are condensed statements of net assets and changes in net asset for the Treasurer's Pool at June 30, 2011:

	<u>Internal Participants</u>	<u>External Participants</u>	<u>Total Pool</u>
<b>Statement of Net Assets</b>			
Cash on hand	\$ 31,473	\$ -	\$ 31,473
Deposits (less outstanding warrants)	5,772,408	-	5,772,408
Investments	<u>65,214,786</u>	<u>43,647,088</u>	<u>108,861,874</u>
Net Assets at June 30, 2011	<u>\$ 71,018,667</u>	<u>\$ 43,647,088</u>	<u>\$ 114,665,755</u>
<b>Statement of Changes in Net Assets</b>			
Net assets at July 1, 2010	\$ 63,521,766	\$ 42,130,093	\$ 105,651,859
Net changes in investments by pool participants	<u>7,496,901</u>	<u>1,516,995</u>	<u>9,013,896</u>
Net Assets at June 30, 2011	<u>\$ 71,018,667</u>	<u>\$ 43,647,088</u>	<u>\$ 114,665,755</u>

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2011**

**NOTE 4: CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2011, was as follows:

	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers/ Adjustments</u>	<u>Balance</u> <u>June 30, 2011</u>
<b>Governmental Activities</b>					
Capital Assets, Not Being Depreciated:					
Land	\$ 1,245,130	\$ -	\$ -	\$ 300,000	\$ 1,545,130
Infrastructure	151,572,122	3,840,737	( 269,279)	-	155,143,580
Construction in progress	<u>410,085</u>	<u>99,007</u>	<u>-</u>	<u>( 128,508)</u>	<u>380,584</u>
Total Capital Assets, Not Being Depreciated	<u>153,227,337</u>	<u>3,939,744</u>	<u>( 269,279)</u>	<u>171,492</u>	<u>157,069,294</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	50,411,830	15,768	-	128,508	50,556,106
Equipment	24,745,326	1,342,612	( 953,721)	( 16,640)	25,117,577
Software	<u>411,955</u>	<u>76,836</u>	<u>( 2,793)</u>	<u>-</u>	<u>485,998</u>
Total Capital Assets, Being Depreciated	<u>75,569,111</u>	<u>1,435,216</u>	<u>( 956,514)</u>	<u>111,868</u>	<u>76,159,681</u>
Less Accumulated Depreciation For:					
Buildings and improvements	( 13,255,759)	( 1,009,672)	-	-	( 14,265,431)
Equipment	( 20,332,679)	( 1,717,806)	946,088	16,640	( 21,087,757)
Software	<u>( 294,784)</u>	<u>( 64,728)</u>	<u>2,793</u>	<u>-</u>	<u>( 356,719)</u>
Total Accumulated Depreciation	<u>( 33,883,222)</u>	<u>( 2,792,206)</u>	<u>948,881</u>	<u>16,640</u>	<u>( 35,709,907)</u>
Total Capital Assets, Being Depreciated, Net	<u>41,685,889</u>	<u>( 1,356,990)</u>	<u>( 7,633)</u>	<u>128,508</u>	<u>40,449,774</u>
Governmental Activities Capital Assets, Net	<u>\$194,913,226</u>	<u>\$ 2,582,754</u>	<u>(\$ 276,912)</u>	<u>\$ 300,000</u>	<u>\$197,519,068</u>
	<u>Balance</u> <u>July 1, 2010</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2011</u>	
<b>Business-Type Activities</b>					
Capital Assets, Not Being Depreciated:					
Land	\$ 38,047	\$ -	\$ -	\$ 38,047	
Total Capital Assets, Not Being Depreciated	<u>38,047</u>	<u>-</u>	<u>-</u>	<u>38,047</u>	
Capital Assets, Being Depreciated:					
Structures and improvements	1,688,486	-	-	1,688,486	
Equipment	<u>4,461</u>	<u>-</u>	<u>( 1,753)</u>	<u>2,708</u>	
Total Capital Assets, Being Depreciated	<u>1,692,947</u>	<u>-</u>	<u>( 1,753)</u>	<u>1,691,194</u>	
Less Accumulated Depreciation For:					
Structures and improvements	( 632,803)	( 39,220)	-	( 672,023)	
Equipment	<u>( 4,461)</u>	<u>-</u>	<u>1,753</u>	<u>( 2,708)</u>	
Total Accumulated Depreciation	<u>( 637,264)</u>	<u>( 39,220)</u>	<u>1,753</u>	<u>( 674,731)</u>	
Total Capital Assets, Being Depreciated, Net	<u>1,055,683</u>	<u>( 39,220)</u>	<u>-</u>	<u>1,016,463</u>	
Business-Type Activities Capital Assets, Net	<u>\$ 1,093,730</u>	<u>(\$ 39,220)</u>	<u>\$ -</u>	<u>\$ 1,054,510</u>	

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2011**

**NOTE 4: CAPITAL ASSETS (CONTINUED)**

**Depreciation**

Depreciation expense was charged to governmental functions as follows:

General government	\$ 405,845
Public protection	1,240,243
Health and welfare	177,658
Public assistance	274,303
Education	24,207
Culture and recreation	64,489
Public ways and facilities	<u>601,944</u>
Subtotal Governmental Funds	2,788,689
Depreciation on capital assets held by the County's internal service funds are charged to various functions based on their usage of the assets	<u>3,517</u>
Total Depreciation Expense - Governmental Functions	<u><u>\$ 2,792,206</u></u>

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

Tehama County Sanitation District #1	<u>\$ 39,220</u>
Total Depreciation Expense – Business-Type Functions	<u><u>\$ 39,220</u></u>

**Construction in Progress**

Construction in progress for governmental activities at June 30, 2011 relates to work performed on various County projects.

**NOTE 5: INTERFUND TRANSACTIONS**

**Advances To/From Other Funds**

Advances to/from other funds are non-current interfund loans and are offset by a nonspendable fund balance account in applicable governmental funds to indicate they are not in spendable form. The following are advance to/from other funds as of June 30, 2011.

	<u>Advance to Other Funds</u>	<u>Advance from Other Funds</u>
General Fund	\$ 4,038,731	\$ 591,088
Health Services	-	2,570,438
Nonmajor Governmental funds	10,000	-
Health Center	<u>-</u>	<u>887,205</u>
Total	<u><u>\$ 4,048,731</u></u>	<u><u>\$ 4,048,731</u></u>

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2011**

**NOTE 5: INTERFUND TRANSACTIONS (CONTINUED)**

**Transfers**

Transfers are indicative of funding for capital projects, lease payments or debt service, reimbursement of various County operations and re-allocations of special revenues. The following are the interfund transfer balances as of June 30, 2011:

	Transfer <u>In</u>	Transfer <u>Out</u>
General Fund	\$ -	\$ 14,383,199
Public Safety	12,878,624	154,365
Public Assistance	876,470	-
Health Services	470,357	-
Nonmajor Governmental Funds	312,113	-
Nonmajor Proprietary Funds	<u>12,500</u>	<u>12,500</u>
Total	<u>\$ 14,550,064</u>	<u>\$ 14,550,064</u>

**NOTE 6: UNEARNED/DEFERRED REVENUE**

At June 30, 2011, components of unearned and deferred revenues were as follows:

	<u>Unearned</u>	<u>Deferred</u>	<u>Total</u>
General Fund			
State and other agency revenue receivable	\$ -	\$ 175,258	\$ 175,258
State SB 90 revenue receivable	-	1,320,345	1,320,345
2011/2012 payment in lieu of taxes revenues	147,800	-	147,800
Title III forest reserve revenues not recognized as earned	153,311	-	153,311
Other revenues received but not earned	53,019	-	53,019
Road			
Road project deposits received in advance	135,389	-	135,389
Public Safety			
State and other Agency revenue receivable	-	92,480	92,480
State SB 90 revenue receivable	-	453,963	453,963
Settlement not recognized as earned	68,247	-	68,247
Other revenues received but not earned	211,537	-	211,537
Public Assistance			
State and other Agency revenue receivable	-	814,879	814,879
Medi-cal revenues received but not earned	89,137	-	89,137
State public assistance and administration revenues received but not earned	823,983	-	823,983
Wraparound revenues received but not earned	601,968	-	601,968
Other revenues received but not earned	4,377,630	-	4,377,630
Health Services			
State and other Agency revenue receivable	-	2,552,573	2,552,573
State SB 90 revenue receivable	-	328,752	328,752
Non Major Governmental Funds			
State and other Agency revenue receivable	-	18,363	18,363
Child support revenues received but not earned	13,931	-	13,931
Other revenues received but not earned	<u>25,439</u>	<u>-</u>	<u>25,439</u>
Total	<u>\$ 6,701,391</u>	<u>\$ 5,756,613</u>	<u>\$12,458,004</u>

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2011**

**NOTE 7: LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2011:

Type of Indebtedness	Balance July 1, 2010	Additions	Retirements	Balance June 30, 2011	Amounts Due Within One Year
<b>Governmental Activities</b>					
Certificates of participation	\$ 7,570,000	\$ -	\$ 335,000	\$ 7,235,000	\$ 345,000
Plus: Unamortized Premium	35,519	-	1,973	33,546	1,973
Certificates of Participation, net	7,605,519	-	336,973	7,268,546	346,973
Capital Leases Payable	24,975	-	13,085	11,890	8,318
Compensated Absences	3,775,175	2,872,824	2,900,205	3,747,794	3,373,014
Total Governmental Activities	<u>\$11,405,669</u>	<u>\$ 2,872,824</u>	<u>\$ 3,250,263</u>	<u>\$ 11,028,230</u>	<u>\$ 3,728,305</u>
<b>Business-Type Activities</b>					
Bonds	\$ 463,500	-	\$ 12,500	\$ 451,000	\$ 13,000
Total Business-Type Activities	<u>\$ 463,500</u>	<u>\$ -</u>	<u>\$ 12,500</u>	<u>\$ 451,000</u>	<u>\$ 13,000</u>

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for these funds are included as part of the above totals for governmental activities. Estimated claims are liquidated by charges for services collected through individual internal service funds. The capital lease liability is liquidated by lease payments made by the departments leasing the equipment. Compensated absences for the governmental activities are generally liquidated by the fund where the accrued liability occurred.

Individual issues of debt payable outstanding at June 30, 2011, are as follows:

Type of Indebtedness	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding June 30, 2011
<b>Governmental Activities</b>					
Certificates of Participation:					
1998 Certificates of Participation					
Finance a portion of the juvenile detention facility, refund 1993 certificates of participation and finance employment center project					
	2020	3.90-4.75%	\$90,000 - \$415,000	\$ 4,530,000	\$ 1,335,000
2002 Certificates of Participation					
Refund the 1991 and 1993 certificates of participation which were used to finance capital projects					
	2027	2.20-4.75%	\$225,000 - \$490,000	<u>9,075,000</u>	<u>5,900,000</u>
Total Certificates of Participation				<u>13,605,000</u>	<u>7,235,000</u>
Total Governmental Activities				<u>\$ 13,605,000</u>	<u>\$ 7,235,000</u>



**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2011**

**NOTE 7: LONG-TERM LIABILITIES (CONTINUED)**

Individual issues of debt payable outstanding at June 30, 2011, are as follows (Continued):

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding June 30, 2011</u>
<b>Business-Type Activities</b>					
Bonds:					
1997 Sanitation District #1 Bonds					
Finance construction and upgrade of the sanitation system.	2033	4.50%	\$8,000 - \$35,000	\$ 824,465	\$ 451,000
Total Bonds				<u>824,465</u>	<u>451,000</u>
Total Business-Type Activities				<u>\$ 824,465</u>	<u>\$ 451,000</u>

Following is a schedule of debt payment requirements of governmental activities and business-type activities to maturity for long-term debt, excluding compensated absences that have indefinite maturities and capital leases which are reported in Note 8.

**Governmental Activities**

<u>Year Ended June 30</u>	<u>Certificates of Participation</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 345,000	\$ 337,961	\$ 682,961
2013	380,000	322,663	702,663
2014	375,000	305,901	680,901
2015	375,000	289,141	664,141
2016	410,000	271,266	681,266
2017-2021	2,360,000	1,056,664	3,416,664
2022-2026	2,035,000	528,463	2,563,463
2027-2031	<u>955,000</u>	<u>68,638</u>	<u>1,023,638</u>
Total	<u>\$ 7,235,000</u>	<u>\$ 3,180,697</u>	<u>\$ 10,415,697</u>

**Business-Type Activities**

<u>Year Ended June 30</u>	<u>Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 13,000	\$ 20,003	\$ 33,003
2013	14,000	19,395	33,395
2014	14,500	18,754	33,254
2015	15,500	18,079	33,579
2016	16,000	17,370	33,370
2017-2021	92,500	75,004	167,504
2022-2026	113,500	51,986	165,486
2027-2031	140,500	23,389	163,889
2032-2036	<u>31,500</u>	<u>1,159</u>	<u>32,659</u>
Total	<u>\$ 451,000</u>	<u>\$ 245,139</u>	<u>\$ 696,139</u>

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2011**

**NOTE 8: LEASES**

**Operating Leases**

The County has signed several operating leases primarily for office buildings. Terms of the leases are month to month or contain early termination clauses. Because of this, the County does not have a definite non-cancelable commitment from these various leases.

**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.

	<u>Stated Interest Rate</u>	<u>Present Value of Remaining Payments at June 30, 2011</u>
Governmental fund activities	3.58-6.90%	\$ 11,890
Total Capital Lease Obligations		<u>\$ 11,890</u>

Equipment and related accumulated depreciation under capital lease are as follows:

	<u>Governmental Activities</u>
Equipment	\$ 36,735
Less: accumulated depreciation	( 19,431)
Net Value	<u>\$ 17,304</u>

As of June 30, 2011, capital lease annual amortization was as follows:

	<u>Governmental Activities</u>
Year Ending June 30:	
2012	\$ 8,858
2013	<u>3,672</u>
Total Requirements	12,530
Less Interest	( 640)
Present Value of Remaining Payments	<u>\$ 11,890</u>

**NOTE 9: NET ASSETS**

The government-wide and proprietary fund financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted and unrestricted.

- Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2011**

**NOTE 9: NET ASSETS (CONTINUED)**

- Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. These principally include restrictions for capital projects, debt service requirements and other special revenue fund purposes.
- Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When both restricted and unrestricted net assets are available, it is considered that restricted resources are used first, followed by the unrestricted resources.

**NOTE 10: FUND BALANCES**

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2011, fund balance for governmental funds are made up of the following:

- Nonspendable fund balance - includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.
- Restricted fund balance - includes amounts that can be spent for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- Committed fund balance - includes amounts that can only be used for the specific purposes determined by a formal action of the County’s highest level of decision-making authority, the Board of Supervisors. Commitments may be changed or lifted only by the County taking the same formal action that imposed the constraint originally (for example: resolution and ordinance).
- Assigned fund balance - comprises amounts intended to be used by the County for specific purposes that are neither restricted nor committed. Intent is expressed by (1) the Board of Supervisors or (b) a body (for example: a budget or finance committee) or official to which the Board of Supervisors has delegated the authority to assign amounts to be used for specific purposes.
- 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. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, that fund would report a negative unassigned fund balance.

The Board of Supervisors establishes, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done through adoption of the budget and subsequent budget amendments that occur throughout the year.

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2011**

**NOTE 10: FUND BALANCES (CONTINUED)**

The Board of Supervisors has adopted a fund balance policy for financial statement reporting. The policy establishes procedures for reporting fund balance classifications, establishes prudent reserve requirements and establishes a hierarchy of fund balance expenditures. The policy also provides for the County to establish and maintain a minimum committed fund balance in the General Fund equal to 8.33 % of adopted (final) budgeted general fund appropriations for economic uncertainty.

When both restricted and unrestricted resources are available for use, it is considered that restricted resources are used first, followed by the unrestricted committed, assigned and unassigned resources as they are needed.

The fund balances for all major and nonmajor governmental funds as of June 30, 2011, were distributed as follows:

	General Fund	Road	Public Safety	Public Assistance	Health Services	Capital Projects	Other Govern- mental Funds	Total
<b>Nonspendable:</b>								
Imprest Cash	\$ 4,050	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ 873	\$ 5,023
Cash difference	150	-	-	-	-	-	-	150
Accounts receivable	33,872	-	-	-	-	-	-	33,872
Advances to other funds	4,038,731	-	-	-	-	-	10,000	4,038,731
Advances to fiduciary funds	124,709	-	-	-	-	-	-	124,709
Prepaid costs	11,952	-	60,060	66,831	13,230	-	5,794	157,867
Inventory	-	497,349	-	-	-	-	-	497,349
Subtotal	<u>4,213,464</u>	<u>497,449</u>	<u>60,060</u>	<u>66,831</u>	<u>13,230</u>	<u>-</u>	<u>16,667</u>	<u>4,867,701</u>
<b>Restricted for:</b>								
General government	317,751	-	-	-	-	-	144,339	462,090
Public protection	-	-	1,580,862	-	-	-	6,649,820	8,230,682
Health & welfare	1,181	-	-	-	218,575	-	849,415	1,069,171
Public assistance	287,216	-	-	130,074	-	-	283,663	700,953
Education	333	-	-	-	-	-	-	333
Public ways & facilities	-	5,518,387	-	-	-	-	438,342	5,956,729
Subtotal	<u>606,481</u>	<u>5,518,387</u>	<u>1,580,862</u>	<u>130,074</u>	<u>218,575</u>	<u>-</u>	<u>8,365,579</u>	<u>16,419,958</u>
<b>Committed to:</b>								
General government	8,145,477	-	-	-	-	-	-	8,145,477
Health & Welfare	1,248,372	-	-	-	-	-	-	1,248,372
Debt service	-	-	-	-	-	-	2,803,570	2,803,570
Capital projects	-	-	-	-	-	6,981,429	-	6,981,429
Subtotal	<u>9,393,849</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,981,429</u>	<u>2,803,570</u>	<u>19,178,848</u>
<b>Assigned to:</b>								
General government	1,467,839	-	-	-	-	-	-	1,467,839
Public protection	69,000	-	33,194	-	-	-	-	102,194
Health & welfare	1,237,387	-	-	-	453,406	-	-	1,690,793
Public assistance	-	-	-	11,449	-	-	-	11,449
Subtotal	<u>2,774,226</u>	<u>-</u>	<u>33,194</u>	<u>11,449</u>	<u>453,406</u>	<u>-</u>	<u>-</u>	<u>3,272,275</u>
<b>Unassigned</b>	<u>5,515,143</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,515,143</u>
Total	<u>\$22,503,163</u>	<u>\$6,015,836</u>	<u>\$1,674,116</u>	<u>\$208,354</u>	<u>\$685,211</u>	<u>\$6,981,429</u>	<u>\$11,185,816</u>	<u>\$49,253,925</u>

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2011**

**NOTE 11: EMPLOYEE’S RETIREMENT PLAN**

**A. Plan Description**

The County contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit plan. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by statute. Copies of PERS’ annual financial report may be obtained from their executive office – 400 Q Street, Lincoln Plaza East, Sacramento, CA 95811.

**B. Funding Policy**

Miscellaneous plan members are required to contribute 7 percent of their annual covered salary. Safety plan members are required to contribute 9 percent of their annual covered salary. The County is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members using the actuarial basis adopted by the PERS Board of Administrators. The County has committed to contribute a portion of the required employee contribution in addition to their own required contributions. The actuarial methods and assumptions used are those adopted by the PERS Board of Administration. The required employer contribution rate for fiscal year 2010/2011 was 11.002 percent for miscellaneous employees and 19.922 percent for safety employees. The contribution requirements of the plan are established by State statute and the employer contribution rate is established and may be amended by PERS.

**C. Annual Pension Cost**

For fiscal year 2010/2011, the County’s annual pension cost of \$3,211,641 for the miscellaneous plan and \$1,241,647 for the safety plan was equal to the County’s required and actual contributions. The required contribution was determined as part of the June 30, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75 percent investment rate of return (net of administrative expenses), (b) projected annual salary increases of 3.25 percent to 14.45 percent for miscellaneous plan and 3.25 percent to 13.15 percent for safety plan, depending on age, service, and type of employment, and (c) 3.25 percent per year cost of living adjustment. Both (a) and (b) included an inflation component of 3.00 percent. The actuarial value of PERS assets was determined using techniques that smooth the effect of short term volatility in the market value of investments over a fifteen-year period (smoothed market value). PERS unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. Initial unfunded liabilities are amortized over a closed period that depends on the plan’s date of entry into PERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20 year period. The tables below present three year trend information.

Miscellaneous

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
June 30, 2009	\$ 3,246,685	100%	-
June 30, 2010	3,114,095	100%	-
June 30, 2011	3,211,641	100%	-

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2011**

**NOTE 11: EMPLOYEE'S RETIREMENT PLAN (CONTINUED)**

**C. Annual Pension Cost (Continued)**

Safety

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
June 30, 2009	\$ 1,232,468	100%	-
June 30, 2010	1,338,075	100%	-
June 30, 2011	1,241,647	100%	-

**D. Funded Status and Funding Progress**

As of June 30, 2010, the most recent actuarial valuation date, the miscellaneous plan was 68.9 percent funded. The actuarial accrued liability for benefits was \$160,575,259, and the actuarial value of assets was \$140,818,593, resulting in an unfunded actuarial accrued liability (UAAL) of \$19,756,666. The covered payroll (annual payroll of active employees covered by the plan) was \$29,421,585, and the ratio of the UAAL to the covered payroll was 67.2 percent.

As of June 30, 2010, the most recent actuarial valuation date, the safety plan was 63.5 percent funded. The actuarial accrued liability for benefits was \$53,262,216, and the actuarial value of assets was \$42,914,876, resulting in an unfunded actuarial accrued liability (UAAL) of \$10,347,340. The covered payroll (annual payroll of active employees covered by the plan) was \$6,604,897, and the ratio of the UAAL to the covered payroll was 156.7 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**NOTE 12: RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has Risk Management Funds (Internal Service Funds) to finance its insured and uninsured risks of loss. The County's uninsured risk of loss is as follows: General liability \$100,000; Dental \$1,500. The County is a member of the County Supervisors Association of California Excess Insurance Authority, a public entity risk pool currently operating as a common risk management and insurance program for counties. Should actual loss among participants be greater than anticipated, the County will be assessed its pro rata share of the deficiency. Conversely, if the actual losses are less than anticipated, the County will be refunded its pro rata share of the excess. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2011**

**NOTE 12: RISK MANAGEMENT (CONTINUED)**

Actual claims unpaid as of June 30, 2011, including any estimates for incurred but not reported (IBNR) amounts, constitute claims payable. The claims liability at June 30, 2011, was as follows:

General Liability	\$ 813,000
Dental Insurance	<u>100,411</u>
Total	<u>\$ 913,411</u>

All funds of the County participate in the program and make payments to the Risk Management funds based on actuarial estimates of the amounts needed to pay prior and current year claims. The claims liability of \$913,411 reported in the funds at June 30, 2011, is based on the requirements of Governmental Accounting Standards Board Statements No. 10, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably determined.

Changes in the County's claims liability amount for the fiscal years 2009, 2010, and 2011 were as follows:

	<u>Balance at Beginning of Fiscal Year</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at End of Fiscal Year</u>
2009	\$ 1,178,847	\$ 2,147,714	\$ 2,315,714	\$ 1,010,847
2010	1,010,847	2,348,003	2,337,287	1,021,563
2011	1,021,563	1,786,890	1,895,042	913,411

The ultimate settlement of specific claims against the County cannot presently be determined and no provision for any other liability that may result has been made in the financial statements.

**NOTE 13: OTHER INFORMATION**

**A. Contingent Liabilities**

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

The County is involved in several lawsuits. Due to the nature of the cases, County Counsel is unable to estimate at this time the probability of favorable or unfavorable outcomes. Therefore, no provision has been made in the financial statements for a loss contingency.

**B. Subsequent Events**

Management has evaluated events subsequent to June 30, 2011 through February 15, 2012, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2011**

**NOTE 13: OTHER INFORMATION (CONTINUED)**

**C. Joint Agencies**

The CSAC Excess Insurance Authority is a joint powers authority organized for the purpose of developing and funding excess insurance programs for member counties. The Authority operates public entity risk pools for workers' compensation, comprehensive liability, property and medical malpractice, and the pool purchases excess insurance and services for members. The Authority is under the control and direction of a board of directors consisting of representatives of the fifty-four member counties and seven members elected by the public entity membership. There is no significant financial interest or ongoing financial responsibility on the part of the County with this Authority.

Complete audited financial statements for CSAC Excess Insurance Authority can be obtained from the Authority's office at 75 Iron Point Circle, Suite 200, Folsom, California 95630.



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**Required Supplementary Information  
(Unaudited)**

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**COUNTY OF TEHAMA**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2011**

**1. SCHEDULE OF FUNDING PROGRESS - PENSION**

The Schedule of Funding Progress - Pension presents a consolidated snapshot of the County's ability to meet current and future liabilities with the plan assets. Of particular interest to most is the funded status ratio. This ratio conveys a plan's level of assets to liabilities, an important indicator to determine the financial health of the pension plan. The closer the plan is to a 100% funded status, the better position it will be in to meet all of its future liabilities.

The table below shows a three-year analysis of the most recent 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 for the County Miscellaneous Plan and Safety Plan.

Miscellaneous Plan:

Valuation Date	Entry Age Normal Accrued Liability	Unfunded Actuarial Value of Assets	Liability (Excess Assets)	Funded Ratios		Annual Covered Payroll	UAAL as a % of Payroll
				Actuarial Value	Market Value		
June 30, 2008	\$ 137,833,476	\$ 127,350,502	\$ 10,482,974	92.4%	94.3%	\$ 27,064,943	38.7%
June 30, 2009	151,230,441	133,857,552	17,372,889	88.5%	64.8%	28,722,737	60.5%
June 30, 2010	160,575,259	140,818,593	19,756,666	87.7%	68.9%	29,421,585	67.2%

Safety Plan:

Valuation Date	Entry Age Normal Accrued Liability	Unfunded Actuarial Value of Assets	Liability (Excess Assets)	Funded Ratios		Annual Covered Payroll	UAAL as a % of Payroll
				Actuarial Value	Market Value		
June 30, 2008	\$ 45,740,757	\$ 38,166,205	\$ 7,574,552	83.4%	85.1%	\$ 6,049,800	125.2%
June 30, 2009	49,833,065	40,397,403	9,435,662	81.1%	59.3%	6,601,072	142.9%
June 30, 2010	53,262,216	42,916,876	10,347,340	80.6%	63.5%	6,604,897	156.7%

**2. INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH**

**A. Roads**

The County of Tehama manages its maintained road subsystem of the road network using the Carte Graph Pavement Management Program and accounts for them using the modified approach as set forth in GASB 34. The program establishes an Overall Condition Index (OCI) on a scale from zero to one hundred (0-100) for each road segment maintained by the Department of Public Works. The scale establishes categories from poor to excellent as follows:

Excellent	85 to 100
Good to Very Good	55 to 84
Fair	40 to 54
Poor	0 to 39

**COUNTY OF TEHAMA**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2011**

**2. INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH  
(CONTINUED)**

**A. Roads (Continued)**

It is the County's policy to maintain at least 75 percent of its maintained road miles of the road system at a fair or better condition. Condition assessments are determined on a three year rotation with detailed inspections and an ongoing daily program. Following is a table of the roads' condition:

<u>OCI Condition</u>	<u>Number of Miles</u>	<u>Percent</u>
Excellent	63.95	5.88%
Good	336.45	30.92%
Fair	536.14	49.26%
Poor	<u>151.78</u>	<u>13.94%</u>
Total	<u><u>1088.32</u></u>	<u><u>100.00%</u></u>

As of June 30, 2011, all (approximately 263.05) un-surfaced roads were rated as fair. The Department of Public Works also maintains records of 0.96 miles of unimproved right of way which are not included in the total assessed miles.

The number of road miles will vary from year to year due to improved methods of measurement and inspection as well as road mile additions and deletions.

The majority of roads falling below the rating of fair are in the Local road category and can be directly related to the fact these roads were acquired by the County with inadequate or no structural section. These roads are in rural areas with minimal traffic and will require large expenditures and many years to attain the adopted ratings.

**B. Bridges**

The County of Tehama manages its maintained bridge subsystem of the road network using the Carte Graph Pavement Management Program and accounts for them using the modified approach as set forth in GASB 34. Several factors were blended to establish a scale with bridges falling in categories from poor to excellent as follows:

Excellent	90 to 100
Good to Very Good	80 to 89
Fair	50 to 79
Poor	0 to 49

**COUNTY OF TEHAMA**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2011**

**2. INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH  
(CONTINUED)**

**B. Bridges (Continued)**

It is the County's policy to maintain at least 75 percent of its bridges at a fair or better condition. Bridges were categorized into different structure types in order to simplify ratings and the maintenance of the database records. There are fourteen categories based on nomenclature, materials, and sub types. The following is a table of the bridges' condition as of June 30, 2011:

<u>Condition</u>	<u>Number of Bridges</u>	<u>Percent</u>
Excellent	131	18.77%
Good	153	21.92%
Fair	355	50.86%
Poor	<u>59</u>	<u>8.45%</u>
Total	<u><u>698</u></u>	<u><u>100.00%</u></u>

The total bridge inventory for fiscal year 2011 remained constant. However, two bridges were reconstructed on McCoy Road at North Dibble Creek and South Dibble Creek.

**C. Signs**

The County of Tehama manages its maintained sign subsystem of the road network using the Carte Graph Sign Management program and accounts for them using the modified approach as set forth in GASB 34. Signs are rated by comparing legibility, color, and reflectivity to new material as an evaluator drives by at the posted speed. A scale has been established with signs falling in categories from poor to excellent as follows:

Excellent	80% to 100% of new parameters
Good	60% to 79% of new parameters
Fair	50% to 59% of new parameters
Poor	40% to 49% of new parameters

It is the County's policy to maintain at least 75% of its signs at a fair or better condition. Following is a table of the signs' condition:

<u>Condition</u>	<u>Number of Signs</u>	<u>Percent</u>
Excellent	3,693	43.7%
Good	2,978	35.2%
Fair	1,031	12.2%
Poor	<u>750</u>	<u>8.9%</u>
Total	<u><u>8,452</u></u>	<u><u>100.00%</u></u>

The sign assessment data has not changed from the prior year. The County is in the process of converting the sign assessment database to capture changes in the California or M.U.T.C.D. and to incorporate digital evaluations. Management believes there have been no significant changes in the condition and the total number of signs.

**COUNTY OF TEHAMA**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2011**

**2. INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH  
(CONTINUED)**

**C. Signs (Continued)**

There are 1,450 pavement markings (Stop Ahead, Limit Lines, etc.) associated with signs that are not included in the condition matrix as they are inspected and refreshed as needed each year to maintain maximum brightness.

**D. Right of Way**

Currently the right of way value provided is a rough valuation based on several estimations and assumptions to establish the valuation parameters. The widths of right of way corridors were established by researching records. The established right of way corridors were then converted into acreage. While many of the right of way corridors do not have a uniform width, using uniform widths yielded an area that is fairly accurate. With assistance from the County Assessor's Office values were established for various land types (i.e. residential, rural residential, agricultural, ranch land, and range land). The value was then applied to the acreage to develop a rough estimation of the right of way value.

**E. Cost of Maintenance**

The estimated annual amount to maintain 75% of the roads, bridges, and signs in a fair or better condition level is \$6,740,000. The actual road, bridge, and sign expenses for the past five years are as follows:

	<u>Actual</u>
Fiscal Year 2010/2011	\$ 9,660,492
Fiscal Year 2009/2010	8,950,796
Fiscal Year 2008/2009	9,431,175
Fiscal Year 2007/2008	10,399,812
Fiscal Year 2006/2007	5,535,203

The average annual expenditure of the last five years was \$8,795,496.

**COUNTY OF TEHAMA**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2011**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Taxes	\$ 15,178,809	\$ 15,212,405	\$ 16,717,966	\$ 1,505,561
Licenses and permits	1,278,031	1,271,031	1,386,159	115,128
Fines and forfeitures	1,450,794	1,450,794	2,029,048	578,254
Use of money and property	420,351	420,351	385,573	(34,778)
Intergovernmental	3,591,847	4,049,473	4,435,503	386,030
Charges for services	11,636,145	11,772,044	11,901,730	129,686
Other revenues	81,314	90,437	329,489	239,052
<b>Total Revenues</b>	<b>33,637,291</b>	<b>34,266,535</b>	<b>37,185,468</b>	<b>2,918,933</b>
<b>EXPENDITURES</b>				
Current:				
General government	19,948,409	19,570,038	15,968,408	3,601,630
Public protection	4,868,192	4,983,918	4,605,449	378,469
Health and welfare	890,181	921,371	1,070,370	(148,999)
Public assistance	671,084	841,685	687,131	154,554
Education	701,994	732,103	689,214	42,889
Culture and recreation	273,400	272,687	240,082	32,605
Debt service				
Interest and other charges	70,000	70,000	-	70,000
Capital outlay	792,655	500,709	255,320	245,389
<b>Total Expenditures</b>	<b>28,215,915</b>	<b>27,892,511</b>	<b>23,515,974</b>	<b>4,376,537</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>5,421,376</b>	<b>6,374,024</b>	<b>13,669,494</b>	<b>7,295,470</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(15,615,302)	(15,644,316)	(14,383,199)	1,261,117
<b>Total Other Financing Sources (Uses)</b>	<b>(15,615,302)</b>	<b>(15,644,316)</b>	<b>(14,383,199)</b>	<b>1,261,117</b>
<b>Net Change in Fund Balances</b>	<b>(10,193,926)</b>	<b>(9,270,292)</b>	<b>(713,705)</b>	<b>8,556,587</b>
<b>Fund Balances - Beginning</b>	<b>23,216,868</b>	<b>23,216,868</b>	<b>23,216,868</b>	<b>-</b>
<b>Fund Balances - Ending</b>	<b>\$ 13,022,942</b>	<b>\$ 13,946,576</b>	<b>\$ 22,503,163</b>	<b>\$ 8,556,587</b>

**COUNTY OF TEHAMA**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Road - Major Special Revenue Fund**  
**For the Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Licenses and permits	\$ 19,500	\$ 19,500	\$ 9,911	\$ (9,589)
Use of money and property	60,551	60,551	71,520	10,969
Intergovernmental	13,823,809	13,823,809	11,503,274	(2,320,535)
Charges for services	488,000	488,000	714,417	226,417
Other revenues	52,739	52,739	26,719	(26,020)
<b>Total Revenues</b>	<u>14,444,599</u>	<u>14,444,599</u>	<u>12,325,841</u>	<u>(2,118,758)</u>
<b>EXPENDITURES</b>				
Current:				
Public ways and facilities	14,108,177	13,915,140	6,745,703	7,169,437
Capital outlay	298,500	419,847	4,106,634	(3,686,787)
<b>Total Expenditures</b>	<u>14,406,677</u>	<u>14,334,987</u>	<u>10,852,337</u>	<u>3,482,650</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>37,922</u>	<u>109,612</u>	<u>1,473,504</u>	<u>1,363,892</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	37,922	109,612	1,473,504	1,363,892
<b>Fund Balance - Beginning</b>	4,728,217	4,728,217	4,728,217	-
Change in inventory on purchases method	-	-	(185,885)	(185,885)
<b>Fund Balance - Ending</b>	<u>\$ 4,766,139</u>	<u>\$ 4,837,829</u>	<u>\$ 6,015,836</u>	<u>\$ 1,178,007</u>



**COUNTY OF TEHAMA**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Public Safety - Major Special Revenue Fund**  
**For the Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Licenses and permits	\$ 1,250	\$ 1,250	\$ 1,877	\$ 627
Fines and forfeitures	25,500	25,500	148,813	123,313
Use of money and property	-	-	9,522	9,522
Intergovernmental	5,020,837	4,959,324	5,463,907	504,583
Charges for services	1,047,606	1,068,825	1,062,044	(6,781)
Other revenues	14,349,838	14,420,287	252,680	(14,167,607)
<b>Total Revenues</b>	<u>20,445,031</u>	<u>20,475,186</u>	<u>6,938,843</u>	<u>(13,536,343)</u>
<b>EXPENDITURES</b>				
Current:				
Public protection	6,311,237	6,154,843	18,692,429	(12,537,586)
Capital outlay	-	-	212,343	(212,343)
<b>Total Expenditures</b>	<u>6,311,237</u>	<u>6,154,843</u>	<u>18,904,772</u>	<u>(12,749,929)</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>14,133,794</u>	<u>14,320,343</u>	<u>(11,965,929)</u>	<u>(26,286,272)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	14,133,793	14,152,068	12,878,624	(1,273,444)
Transfers out	-	-	(154,365)	(154,365)
<b>Total Other Financing Sources (Uses)</b>	<u>14,133,793</u>	<u>14,152,068</u>	<u>12,724,259</u>	<u>(1,427,809)</u>
<b>Net Change in Fund Balances</b>	28,267,587	28,472,411	758,330	(27,714,081)
<b>Fund Balances - Beginning</b>	915,786	915,786	915,786	-
<b>Fund Balances - Ending</b>	<u>\$ 29,183,373</u>	<u>\$ 29,388,197</u>	<u>\$ 1,674,116</u>	<u>\$ (27,714,081)</u>

**COUNTY OF TEHAMA**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Public Assistance - Major Special Revenue Fund**  
**For the Year Ended June 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Use of money and property	\$ 13,152	\$ 13,152	\$ 13,771	\$ 619
Intergovernmental	36,324,115	36,517,722	33,864,491	(2,653,231)
Charges for services	153,625	99,742	100,793	1,051
Other revenues	1,347,217	1,347,217	370,783	(976,434)
<b>Total Revenues</b>	<u>37,838,109</u>	<u>37,977,833</u>	<u>34,349,838</u>	<u>(3,627,995)</u>
<b>EXPENDITURES</b>				
Current:				
Public assistance	36,704,517	36,485,185	34,835,973	1,649,212
Capital outlay	453,572	453,572	442,391	11,181
<b>Total Expenditures</b>	<u>37,158,089</u>	<u>36,938,757</u>	<u>35,278,364</u>	<u>1,660,393</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>680,020</u>	<u>1,039,076</u>	<u>(928,526)</u>	<u>(1,967,602)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,040,692	1,040,692	876,470	(164,222)
<b>Total Other Financing Sources (Uses)</b>	<u>1,040,692</u>	<u>1,040,692</u>	<u>876,470</u>	<u>(164,222)</u>
<b>Net Change in Fund Balances</b>	1,720,712	2,079,768	(52,056)	(2,131,824)
<b>Fund Balances - Beginning</b>	<u>260,410</u>	<u>260,410</u>	<u>260,410</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 1,981,122</u>	<u>\$ 2,340,178</u>	<u>\$ 208,354</u>	<u>\$ (2,131,824)</u>

**COUNTY OF TEHAMA**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Health Services - Major Special Revenue Fund**  
**For the Year Ended June 30, 2011**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Fines and forfeitures	\$ 49,741	\$ 49,741	\$ 26,942	\$ (22,799)
Use of money and property	-	-	16,621	16,621
Intergovernmental	13,165,991	13,165,991	9,835,930	(3,330,061)
Charges for services	6,416,988	6,416,988	5,981,851	(435,137)
Other revenues	298,487	298,487	231,325	(67,162)
<b>Total Revenues</b>	<b>19,931,207</b>	<b>19,931,207</b>	<b>16,092,669</b>	<b>(3,838,538)</b>
<b>EXPENDITURES</b>				
Current:				
Health and welfare	19,772,527	19,900,600	16,088,202	3,812,398
Debt service:				
Principal	-	-	13,085	(13,085)
Interest and other charges	-	-	1,242	(1,242)
Capital outlay	-	-	112,683	(112,683)
<b>Total Expenditures</b>	<b>19,772,527</b>	<b>19,900,600</b>	<b>16,215,212</b>	<b>3,685,388</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>158,680</b>	<b>30,607</b>	<b>(122,543)</b>	<b>(153,150)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	158,680	158,680	470,357	311,677
<b>Total Other Financing Sources (Uses)</b>	<b>158,680</b>	<b>158,680</b>	<b>470,357</b>	<b>311,677</b>
<b>Net Change in Fund Balances</b>	<b>317,360</b>	<b>189,287</b>	<b>347,814</b>	<b>158,527</b>
<b>Fund Balances - Beginning</b>	<b>337,397</b>	<b>337,397</b>	<b>337,397</b>	<b>-</b>
<b>Fund Balances - Ending</b>	<b>\$ 654,757</b>	<b>\$ 526,684</b>	<b>\$ 685,211</b>	<b>\$ 158,527</b>

**COUNTY OF TEHAMA**  
**Notes to Required Supplementary Information**  
**For the Year Ended June 30, 2011**

**BUDGETARY BASIS OF ACCOUNTING**

In accordance with the provisions of Sections 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 Resolution. This resolution 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.

The following procedures are performed by the County in establishing the budgetary data reflected in the financial statements:

- (1) The County Administrative Officer submits to the Board of Supervisors a recommended draft budget for the fiscal year commencing the following July 1. The budget includes recommended expenditures and the means of financing them.
- (2) The Board of Supervisors reviews the recommended budget at regularly scheduled meetings, which are open to the public. The Board also conducts a public hearing on the recommended budget to obtain comments from interested persons.
- (3) Prior to August 1, the budget is adopted through the passage of a resolution.
- (4) From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein, as recommended expenditures become appropriations to the various County departments. The Board of Supervisors may amend the budget by motion during the fiscal year. The County Administrative Officer may authorize transfers from one object or purpose to another within the same department.
- (5) 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 or transfers of appropriations between object levels within the same budget unit or between departments or funds are authorized by the County Administrator's office and must be approved by the Board of Supervisors. Supplementary appropriations normally financed by unanticipated revenues during the year must be approved by the Board of Supervisors. Budgeted amounts in the budgetary 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. Encumbrances are combined with expenditures for budgetary comparison purposes. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward in the ensuing year's budget.

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## **Combining Nonmajor Fund Statements**

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## **Nonmajor Governmental Funds**

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**COUNTY OF TEHAMA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2011**

	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Totals</b>
<b>ASSETS</b>			
Cash and investments	\$ 8,686,886	\$ -	\$ 8,686,886
Cash with fiscal agent	-	2,803,570	2,803,570
Accounts receivable	53,301	-	53,301
Due from other governments	66,409	-	66,409
Advances to other funds	10,000	-	10,000
Prepaid costs	5,794	-	5,794
	<b>Total Assets</b>	<b>\$ 2,803,570</b>	<b>\$ 11,625,960</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities:</b>			
Accounts payable	\$ 300,063	\$ -	\$ 300,063
Accrued salaries and benefits	79,281	-	79,281
Due to other governments	3,067	-	3,067
Unearned revenue	39,370	-	39,370
Deferred revenue	18,363	-	18,363
	<b>Total Liabilities</b>	<b>-</b>	<b>440,144</b>
<b>Fund Balances:</b>			
Nonspendable	16,667	-	16,667
Restricted	8,365,579	-	8,365,579
Committed	-	2,803,570	2,803,570
	<b>Total Fund Balances</b>	<b>2,803,570</b>	<b>11,185,816</b>
	<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,803,570</b>	<b>\$ 11,625,960</b>

**COUNTY OF TEHAMA**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2011**

	<b>Special Revenue Funds</b>	<b>Debt Service Funds</b>	<b>Totals</b>
<b>REVENUES</b>			
Taxes	\$ 3,818,294	\$ -	\$ 3,818,294
Licenses and permits	664,193	-	664,193
Fines and forfeitures	44,366	329,694	374,060
Use of money and property	100,975	69,501	170,476
Intergovernmental	3,700,857	-	3,700,857
Charges for services	371,133	-	371,133
Other revenues	122,978	-	122,978
<b>Total Revenues</b>	<b>8,822,796</b>	<b>399,195</b>	<b>9,221,991</b>
<b>EXPENDITURES</b>			
Current:			
General government	-	4,110	4,110
Public protection	3,832,910	-	3,832,910
Health and welfare	565,563	-	565,563
Public assistance	2,157,904	-	2,157,904
Public ways and facilities	1,362,696	-	1,362,696
Debt service:			
Principal	-	335,000	335,000
Interest and other charges	-	348,093	348,093
Capital outlay	88,381	-	88,381
<b>Total Expenditures</b>	<b>8,007,454</b>	<b>687,203</b>	<b>8,694,657</b>
<b>Excess of Revenues Over(Under) Expenditures</b>	<b>815,342</b>	<b>(288,008)</b>	<b>527,334</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	23,750	288,363	312,113
<b>Total Other Financing Sources (Uses)</b>	<b>23,750</b>	<b>288,363</b>	<b>312,113</b>
<b>Net Change in Fund Balances</b>	<b>839,092</b>	<b>355</b>	<b>839,447</b>
<b>Fund Balances - Beginning</b>	<b>7,543,154</b>	<b>2,803,215</b>	<b>10,346,369</b>
<b>Fund Balances - Ending</b>	<b>\$ 8,382,246</b>	<b>\$ 2,803,570</b>	<b>\$ 11,185,816</b>

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## **Nonmajor Governmental Funds**

- **Special Revenue Funds**

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**COUNTY OF TEHAMA**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2011**

	<b>Fish and Game</b>	<b>Fire</b>	<b>Child Support</b>	<b>Building and Safety</b>
<b>ASSETS</b>				
Cash and investments	\$ 156,211	\$ 5,288,224	\$ 282,469	\$ 134,935
Accounts receivable	-	20,931	-	-
Due from other governments	-	-	21,301	-
Advances to other funds	-	-	10,000	-
Prepaid costs	-	-	3,594	-
	<b>Total Assets</b>	<b>\$ 5,309,155</b>	<b>\$ 317,364</b>	<b>\$ 134,935</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 202	\$ 55,050	\$ 4,433	\$ 45
Accrued salaries and benefits	-	10,209	44,995	9,360
Due to other governments	-	-	-	3,067
Unearned revenue	-	-	13,931	18,241
Deferred revenue	-	-	-	-
	<b>Total Liabilities</b>	<b>65,259</b>	<b>63,359</b>	<b>30,713</b>
<b>Fund Balances:</b>				
Nonspendable	-	300	13,594	-
Restricted	156,009	5,243,596	240,411	104,222
	<b>Total Fund Balances</b>	<b>5,243,896</b>	<b>254,005</b>	<b>104,222</b>
	<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,309,155</b>	<b>\$ 317,364</b>	<b>\$ 134,935</b>

<b>Senior Nutrition</b>	<b>Transportation Operations</b>	<b>Air Pollution</b>	<b>Los Molinos Lighting</b>	<b>Tehama County Flood Control</b>	<b>Tehama County Flood Zone 3</b>	<b>Tehama Power Authority</b>	<b>AB 923</b>
\$ 64,288	\$ 545,426	\$ 853,383	\$ 59,223	\$ 277,202	\$ 841,673	\$ 5,204	\$ 130,951
-	7,818	16,368	-	-	-	-	8,184
31,068	4,193	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 95,356</u>	<u>\$ 557,437</u>	<u>\$ 869,751</u>	<u>\$ 59,223</u>	<u>\$ 277,202</u>	<u>\$ 841,673</u>	<u>\$ 5,204</u>	<u>\$ 139,135</u>
\$ 43,588	\$ 116,897	\$ 902	\$ -	\$ 77,964	\$ -	\$ -	\$ -
-	-	14,409	-	308	-	-	-
-	-	-	-	-	-	-	-
-	2,198	5,000	-	-	-	-	-
8,516	-	-	-	-	-	-	-
<u>52,104</u>	<u>119,095</u>	<u>20,311</u>	<u>-</u>	<u>78,272</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	25	-	-	-	-	-
<u>43,252</u>	<u>438,342</u>	<u>849,415</u>	<u>59,223</u>	<u>198,930</u>	<u>841,673</u>	<u>5,204</u>	<u>139,135</u>
<u>43,252</u>	<u>438,342</u>	<u>849,440</u>	<u>59,223</u>	<u>198,930</u>	<u>841,673</u>	<u>5,204</u>	<u>139,135</u>
<u>\$ 95,356</u>	<u>\$ 557,437</u>	<u>\$ 869,751</u>	<u>\$ 59,223</u>	<u>\$ 277,202</u>	<u>\$ 841,673</u>	<u>\$ 5,204</u>	<u>\$ 139,135</u>

**COUNTY OF TEHAMA**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2011**

	<b>TIDE</b>	<b>Total</b>
<b>ASSETS</b>		
Cash and investments	\$ 47,697	\$ 8,686,886
Accounts receivable	-	53,301
Due from other governments	9,847	66,409
Advances to other funds	-	10,000
Prepaid costs	2,200	5,794
	<b>\$ 59,744</b>	<b>\$ 8,822,390</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 982	\$ 300,063
Accrued salaries and benefits	-	79,281
Due to other governments	-	3,067
Unearned revenue	-	39,370
Deferred revenue	9,847	18,363
	<b>10,829</b>	<b>440,144</b>
<b>Fund Balances:</b>		
Nonspendable	2,748	16,667
Restricted	46,167	8,365,579
	<b>48,915</b>	<b>8,382,246</b>
<b>Total Fund Balances</b>	<b>\$ 59,744</b>	<b>\$ 8,822,390</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 59,744</b>	<b>\$ 8,822,390</b>

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**COUNTY OF TEHAMA**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended June 30, 2011**

	<u>Fish and Game</u>	<u>Fire</u>	<u>Child Support</u>	<u>Building and Safety</u>
<b>REVENUES</b>				
Taxes	\$ -	\$ 2,654,074	\$ -	\$ -
License and permits	-	-	-	386,906
Fines and forfeitures	2,650	-	-	3,321
Use of money and property	1,837	62,518	4,276	1,548
Intergovernmental	-	250,413	1,919,813	-
Charges for services	-	186,349	-	14,548
Other revenues	-	25,212	13	1,636
<b>Total Revenues</b>	<u>4,487</u>	<u>3,178,566</u>	<u>1,924,102</u>	<u>407,959</u>
<b>EXPENDITURES</b>				
Current:				
Public protection	4,798	2,861,414	-	413,358
Health and welfare	-	-	-	-
Public assistance	-	-	1,857,099	-
Public ways and facilities	-	-	-	-
Capital outlay	-	5,778	7,811	-
<b>Total Expenditures</b>	<u>4,798</u>	<u>2,867,192</u>	<u>1,864,910</u>	<u>413,358</u>
<b>Excess of Revenues Over (Under)</b>				
<b>Expenditures</b>	<u>(311)</u>	<u>311,374</u>	<u>59,192</u>	<u>(5,399)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	(311)	311,374	59,192	(5,399)
<b>Fund Balances - Beginning</b>	<u>156,320</u>	<u>4,932,522</u>	<u>194,813</u>	<u>109,621</u>
<b>Fund Balances - Ending</b>	<u>\$ 156,009</u>	<u>\$ 5,243,896</u>	<u>\$ 254,005</u>	<u>\$ 104,222</u>

Senior Nutrition	Transportation Operations	Air Pollution	Los Molinos Lighting	Tehama County Flood Control	Tehama County Flood Zone 3	Tehama Power Authority	AB 923
\$ -	\$ 951,035	\$ -	\$ 11,443	\$ 119,978	\$ 81,764	\$ -	\$ -
-	-	138,183	-	-	-	-	139,104
-	-	4,655	-	-	-	-	-
845	4,511	11,511	663	3,387	9,564	61	31
175,971	701,359	417,729	238	174,633	1,693	-	-
30,000	102,505	37,731	-	-	-	-	-
69,680	-	18,694	-	-	-	-	-
276,496	1,759,410	628,503	12,344	297,998	93,021	61	139,135
-	-	-	8,105	437,233	34,783	-	-
-	-	565,563	-	-	-	-	-
300,805	-	-	-	-	-	-	-
-	1,362,696	-	-	-	-	-	-
-	37,322	-	-	14,850	-	-	-
300,805	1,400,018	565,563	8,105	452,083	34,783	-	-
(24,309)	359,392	62,940	4,239	(154,085)	58,238	61	139,135
23,750	-	-	-	-	-	-	-
23,750	-	-	-	-	-	-	-
(559)	359,392	62,940	4,239	(154,085)	58,238	61	139,135
43,811	78,950	786,500	54,984	353,015	783,435	5,143	-
\$ 43,252	\$ 438,342	\$ 849,440	\$ 59,223	\$ 198,930	\$ 841,673	\$ 5,204	\$ 139,135

**COUNTY OF TEHAMA**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended June 30, 2011**

	<b>TIDE</b>	<b>Total</b>
<b>REVENUES</b>		
Taxes	\$ -	\$ 3,818,294
License and permits	-	664,193
Fines and forfeitures	33,740	44,366
Use of money and property	223	100,975
Intergovernmental	59,008	3,700,857
Charges for services	-	371,133
Other revenues	7,743	122,978
	<b>100,714</b>	<b>8,822,796</b>
<b>EXPENDITURES</b>		
Current:		
Public protection	73,219	3,832,910
Health and welfare	-	565,563
Public assistance	-	2,157,904
Public ways and facilities	-	1,362,696
Capital outlay	22,620	88,381
	<b>95,839</b>	<b>8,007,454</b>
<b>Excess of Revenues Over (Under)</b>		
<b>Expenditures</b>	<b>4,875</b>	<b>815,342</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	-	23,750
	<b>-</b>	<b>23,750</b>
<b>Total Other Financing Sources (Uses)</b>		
	<b>4,875</b>	<b>839,092</b>
<b>Fund Balances - Beginning</b>	<b>44,040</b>	<b>7,543,154</b>
<b>Fund Balances - Ending</b>	<b>\$ 48,915</b>	<b>\$ 8,382,246</b>

Continued (Page 2 of 2)

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## **Nonmajor Governmental Funds**

- **Debt Service Funds**

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**COUNTY OF TEHAMA  
Combining Balance Sheet  
Nonmajor Debt Service Funds  
June 30, 2011**

	<b>Debt Service</b>	<b>Totals</b>
<b>ASSETS</b>		
Cash with fiscal agent	\$ 2,803,570	\$ 2,803,570
<b>Total Assets</b>	\$ 2,803,570	\$ 2,803,570
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Liabilities:</b>		
Advances from other funds	\$ -	\$ -
<b>Total Liabilities</b>	-	-
<b>Fund Balances:</b>		
Committed	2,803,570	2,803,570
<b>Total Fund Balances</b>	2,803,570	2,803,570
<b>Total Liabilities and Fund Balances</b>	\$ 2,803,570	\$ 2,803,570

**COUNTY OF TEHAMA**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Debt Service Funds**  
**For the Year Ended June 30, 2011**

	<b>Debt Service</b>	<b>Totals</b>
<b>REVENUES</b>		
Fines and forfeiture	\$ 329,694	\$ 329,694
Use of money and property	69,501	69,501
<b>Total Revenues</b>	399,195	399,195
<b>EXPENDITURES</b>		
Current:		
General government	4,110	4,110
Debt service:		
Principal	335,000	335,000
Interest and other charges	348,093	348,093
<b>Total Expenditures</b>	687,203	687,203
<b>Excess of Revenues Over (Under) Expenditures</b>	(288,008)	(288,008)
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	288,363	288,363
<b>Total Other Financing Sources (Uses)</b>	288,363	288,363
<b>Net Change in Fund Balances</b>	355	355
<b>Fund Balances - Beginning</b>	2,803,215	2,803,215
<b>Fund Balances - Ending</b>	\$ 2,803,570	\$ 2,803,570



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## **Nonmajor Proprietary Funds**

- **Enterprise Funds**

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**COUNTY OF TEHAMA**  
**Combining Statement of Net Assets**  
**Nonmajor Enterprise Fund**  
**June 30, 2011**

	<b>Tehama County Sanitation District #1</b>	<b>Totals</b>
<b>ASSETS</b>		
Current Assets:		
Cash and investments	\$ 83,668	\$ 83,668
<b>Total Current Assets</b>	<b>83,668</b>	<b>83,668</b>
Noncurrent Assets:		
Capital assets:		
Non-depreciable	38,047	38,047
Depreciable, net	1,016,463	1,016,463
Total capital assets	1,054,510	1,054,510
<b>Total Noncurrent Assets</b>	<b>1,054,510</b>	<b>1,054,510</b>
<b>Total Assets</b>	<b>1,138,178</b>	<b>1,138,178</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	4,013	4,013
Accrued interest payable	6,765	6,765
Bonds payable	13,000	13,000
<b>Total Current Liabilities</b>	<b>23,778</b>	<b>23,778</b>
Noncurrent Liabilities:		
Bonds payable	438,000	438,000
<b>Total Noncurrent Liabilities</b>	<b>438,000</b>	<b>438,000</b>
<b>Total Liabilities</b>	<b>461,778</b>	<b>461,778</b>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	603,510	603,510
Unrestricted	72,890	72,890
<b>Total Net Assets</b>	<b>\$ 676,400</b>	<b>\$ 676,400</b>

**COUNTY OF TEHAMA**  
**Combining Statement of Revenues, Expenses, and**  
**Changes in Net Assets**  
**Nonmajor Enterprise Fund**  
**For the Year Ended June 30, 2011**

	<b>Tehama County Sanitation District #1</b>	<b>Totals</b>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 160,854	\$ 160,854
Other revenues	897	897
	<hr/>	<hr/>
<b>Total Operating Revenues</b>	161,751	161,751
	<hr/>	<hr/>
<b>OPERATING EXPENSES</b>		
Services and supplies	135,094	135,094
Professional services	3,807	3,807
Depreciation	39,220	39,220
	<hr/>	<hr/>
<b>Total Operating Expenses</b>	178,121	178,121
	<hr/>	<hr/>
<b>Operating Income (Loss)</b>	(16,370)	(16,370)
	<hr/>	<hr/>
<b>NON-OPERATING REVENUE (EXPENSES)</b>		
Interest income	387	387
Interest expense	(20,382)	(20,382)
	<hr/>	<hr/>
<b>Total Non-Operating Revenue (Expenses)</b>	(19,995)	(19,995)
	<hr/>	<hr/>
<b>Income (Loss) Before Transfers</b>	(36,365)	(36,365)
	<hr/>	<hr/>
Transfers in	12,500	12,500
Transfers out	(12,500)	(12,500)
	<hr/>	<hr/>
<b>Change in Net Assets</b>	(36,365)	(36,365)
	<hr/>	<hr/>
<b>Total Net Assets - Beginning</b>	712,765	712,765
	<hr/>	<hr/>
<b>Total Net Assets - Ending</b>	<u>\$ 676,400</u>	<u>\$ 676,400</u>

**COUNTY OF TEHAMA**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Fund**  
**For the Year Ended June 30, 2011**

	<b>Tehama County Sanitation District #1</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 161,751	\$ 161,751
Payments to suppliers	(138,193)	(138,193)
	23,558	23,558
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Principal paid on capital debt	(12,500)	(12,500)
Interest paid on capital debt	(20,568)	(20,568)
	(33,068)	(33,068)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and dividends	385	385
	385	385
<b>Net Cash Provided (Used) by Investing Activities</b>	385	385
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(9,125)	(9,125)
<b>Balances - Beginning of Year</b>	92,793	92,793
<b>Balances - End of Year</b>	\$ 83,668	\$ 83,668
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (16,370)	\$ (16,370)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	39,220	39,220
Increase (decrease) in:		
Accounts payable	708	708
	708	708
<b>Net Cash Provided (Used) by Operating Activities</b>	\$ 23,558	\$ 23,558

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## **Internal Service Funds**

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**COUNTY OF TEHAMA**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**June 30, 2011**

	<b>Risk Management</b>	<b>Dental Insurance</b>	<b>Total</b>
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 3,738,002	\$ 552,544	\$ 4,290,546
Deposits with others	-	35,900	35,900
Prepaid costs	6,129	-	6,129
<b>Total Current Assets</b>	3,744,131	588,444	4,332,575
Noncurrent Assets:			
Capital assets:			
Depreciable, net	5,977	-	5,977
Total capital assets	5,977	-	5,977
<b>Total Noncurrent Assets</b>	5,977	-	5,977
<b>Total Assets</b>	3,750,108	588,444	4,338,552
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	3,552	64,477	68,029
Accrued salaries and benefits	15,649	-	15,649
Compensated absences payable	23,985	-	23,985
Estimated claims liability	813,000	100,411	913,411
<b>Total Current Liabilities</b>	856,186	164,888	1,021,074
Noncurrent Liabilities:			
Compensated absences payable	2,665	-	2,665
<b>Total Noncurrent Liabilities</b>	2,665	-	2,665
<b>Total Liabilities</b>	858,851	164,888	1,023,739
<b>NET ASSETS</b>			
Invested in capital assets	5,977	-	5,977
Unrestricted	2,885,280	423,556	3,308,836
<b>Total Net Assets</b>	\$ 2,891,257	\$ 423,556	\$ 3,314,813

**COUNTY OF TEHAMA**  
**Combining Statement of Revenues, Expenses, and**  
**Changes in Net Assets**  
**Internal Service Funds**  
**For the Year Ended June 30, 2011**

	<u>Risk Management</u>	<u>Dental Insurance</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 3,061,861	\$ 772,055	\$ 3,833,916
Other revenues	279	-	279
<b>Total Operating Revenues</b>	<u>3,062,140</u>	<u>772,055</u>	<u>3,834,195</u>
<b>OPERATING EXPENSES</b>			
Salaries and benefits	430,270	-	430,270
Administration	72,539	-	72,539
Insurance	2,418	658,292	660,710
Professional services	58,688	72,405	131,093
Claims and judgments	1,802,042	-	1,802,042
Depreciation	3,517	-	3,517
<b>Total Operating Expenses</b>	<u>2,369,474</u>	<u>730,697</u>	<u>3,100,171</u>
<b>Operating Income (Loss)</b>	<u>692,666</u>	<u>41,358</u>	<u>734,024</u>
<b>NON-OPERATING REVENUE (EXPENSES)</b>			
Interest income	28,088	6,134	34,222
<b>Total Non-Operating Revenue (Expenses)</b>	<u>28,088</u>	<u>6,134</u>	<u>34,222</u>
<b>Change in Net Assets</b>	720,754	47,492	768,246
<b>Total Net Assets - Beginning</b>	<u>2,170,503</u>	<u>376,064</u>	<u>2,546,567</u>
<b>Total Net Assets - Ending</b>	<u>\$ 2,891,257</u>	<u>\$ 423,556</u>	<u>\$ 3,314,813</u>

**COUNTY OF TEHAMA**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2011**

	<b>Risk Management</b>	<b>Dental Insurance</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 3,062,140	\$ 772,055	\$ 3,834,195
Payments to suppliers	(367,280)	(670,372)	(1,037,652)
Payments to employees	(430,295)	-	(430,295)
	2,264,565	101,683	2,366,248
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends	28,087	6,134	34,221
	28,087	6,134	34,221
<b>Net Cash Provided (Used) by Operating Activities</b>			
<b>Net Cash Provided (Used) by Investing Activities</b>			
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	2,292,652	107,817	2,400,469
<b>Balances - Beginning of Year</b>	1,445,350	444,727	1,890,077
<b>Balances - End of Year</b>	\$ 3,738,002	\$ 552,544	\$ 4,290,546
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ 692,666	\$ 41,358	\$ 734,024
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	3,517	-	3,517
Decrease (increase) in:			
Prepaid costs	1,674,532	-	1,674,532
Increase (decrease) in:			
Accounts payable	(2,125)	64,477	62,352
Accrued salaries and benefits	(84)	-	(84)
Compensated absences payable	59	-	59
Estimated claims liability	(104,000)	(4,152)	(108,152)
	\$ 2,264,565	\$ 101,683	\$ 2,366,248

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## **Fiduciary Funds**

- **Trust and Agency Funds**

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**COUNTY OF TEHAMA**  
**Combining Statement of Fiduciary Net Assets**  
**Investment Trust Funds**  
**June 30, 2011**

	<b>Special Districts Governed by Local Boards</b>	<b>School Funds</b>	<b>Totals</b>
<b>ASSETS</b>			
Cash and investments	\$ 5,375,489	\$ 38,271,599	\$ 43,647,088
<b>Total Assets</b>	\$ 5,375,489	\$ 38,271,599	\$ 43,647,088
<b>NET ASSETS</b>			
Net assets held in trust for pool participants	\$ 5,375,489	\$ 38,271,599	\$ 43,647,088

**COUNTY OF TEHAMA**  
**Combining Statement of Changes in Fiduciary Net Assets**  
**Investment Trust Funds**  
**For the Year Ended June 30, 2011**

	<u>Districts Governed by Local Boards</u>	<u>School Districts</u>	<u>Totals</u>
<b>ADDITIONS</b>			
Contributions:			
Contributions to investment pool	\$ 256,725	\$ 7,777,939	\$ 8,034,664
<b>Total Additions</b>	<u>256,725</u>	<u>7,777,939</u>	<u>8,034,664</u>
<b>DEDUCTIONS</b>			
Distributions from investment pool	245,079	6,272,590	6,517,669
<b>Total Deductions</b>	<u>245,079</u>	<u>6,272,590</u>	<u>6,517,669</u>
<b>Change in Net Assets</b>	11,646	1,505,349	1,516,995
<b>Net Assets - Beginning</b>	<u>5,363,843</u>	<u>36,766,250</u>	<u>42,130,093</u>
<b>Net Assets - Ending</b>	<u>\$ 5,375,489</u>	<u>\$ 38,271,599</u>	<u>\$ 43,647,088</u>



**COUNTY OF TEHAMA**  
**Combining Statement of Assets and Liabilities**  
**Agency Funds**  
**June 30, 2011**

	<u>County Departmental Agency Funds</u>	<u>Totals</u>
<b>ASSETS</b>		
Cash and investments	\$ 17,164,614	\$ 17,164,614
Cash with fiscal agent	9,023	9,023
Taxes receivable	<u>5,835,640</u>	<u>5,835,640</u>
<b>Total Assets</b>	<u>\$ 23,009,277</u>	<u>\$ 23,009,277</u>
<b>LIABILITIES</b>		
Advances from governmental funds	\$ 124,709	\$ 124,709
Agency obligations	<u>22,884,568</u>	<u>22,884,568</u>
<b>Total Liabilities</b>	<u>\$ 23,009,277</u>	<u>\$ 23,009,277</u>

**COUNTY OF TEHAMA**  
**Combining Statement of Changes in**  
**Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2011**

<b>COUNTY DEPARTMENTAL AGENCY FUNDS</b>	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2011</u>
<b>ASSETS</b>				
Cash and investments	\$ 14,962,185	\$ 6,359,829	\$ 4,157,400	\$ 17,164,614
Cash with fiscal agent	17,478	-	8,455	9,023
Taxes receivable	219,791	5,615,849	-	5,835,640
<b>Total Assets</b>	<u>\$ 15,199,454</u>	<u>\$ 11,975,678</u>	<u>\$ 4,165,855</u>	<u>\$ 23,009,277</u>
<b>LIABILITIES</b>				
Advances from governmental funds	\$ 103,028	\$ 21,681	\$ -	\$ 124,709
Agency obligations	15,096,426	11,953,997	4,165,855	22,884,568
<b>Total Liabilities</b>	<u>\$ 15,199,454</u>	<u>\$ 11,975,678</u>	<u>\$ 4,165,855</u>	<u>\$ 23,009,277</u>