

**COUNTY OF TEHAMA,  
CALIFORNIA**



**FINANCIAL STATEMENTS  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2014**

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**COUNTY OF TEHAMA**  
**Annual Financial Report**  
**For the Year Ended June 30, 2014**

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## **INTRODUCTORY SECTION**

- **County Officials**

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**COUNTY OF TEHAMA**  
**County Officials**  
**For the Year Ended June 30, 2014**

**ELECTED OFFICIALS**

Supervisor, District 1.....	Steve Chamblin
Supervisor, District 2.....	Sandy Bruce
Supervisor, District 3.....	Dennis Garton
Supervisor, District 4.....	Bob Williams
Supervisor, District 5.....	Burt Bundy
Assessor.....	Dale Stroud
Auditor/Controller.....	LeRoy M. 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 Administrator.....	Williams Goodwin
Agriculture Commissioner - Sealer Weights & Measures.....	Rick J. Gurrola
Air Pollution Control Officer.....	Alan Abbs
Building Official.....	John Stover
Chief Probation Officer.....	Richard Muench
Child Support Services Director.....	Tonya Moore
Civil Defense Coordinator.....	Dave Hencratt
County Counsel.....	Arthur J. Wylene
County Librarian (Interim).....	Sally Ainsworth
Court Executive Officer - Jury Commissioner.....	Gina Setter
Director of Environmental Health.....	Tim Potonovic
Director of Planning.....	Sean M. Moore
Director of Public Works - Road Commissioner.....	Gary Antone
Facilities Maintenance.....	Johnny Fourmet
Farm Advisor.....	Rick Buchner
Fire Warden - Chief.....	Jeff Schori
Health Officer.....	Richard Wickenheiser, MD
Health Services Agency - Executive Director.....	Valerie Lucero
Personnel Director.....	Williams Goodwin
Public Guardian - Public Administrator.....	Melani Rodrigue
Social Services Director.....	Charlene Reid
Veterans Service Officer.....	William R. 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

**Report on the Financial Statements**

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, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

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

## **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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As discussed in Note 2A to the basic financial statements, errors were detected in prior year net position and fund balance. The correction of these errors resulted in the restatement of beginning net position/fund balance for the year ended June 30, 2014. Our opinion is not modified with respect to this matter.

As described in Note 1O to the financial statements, the County implemented Governmental Accounting Standards Board (GASB) Statements No. 70. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section and combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

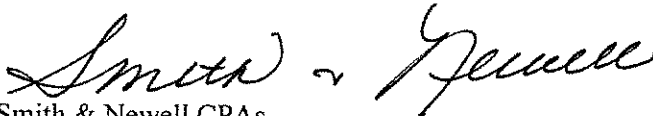
The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated March 5, 2015, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control over financial reporting and compliance.

A handwritten signature in cursive script, appearing to read "Smith & Newell", written in black ink.

Smith & Newell CPAs  
Yuba City, California  
March 5, 2015

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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, 2014

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, 2014. 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 \$256,485,257 (net position). Of this amount, \$23,455,295 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$2,697,673 during the year.
- As of June 30, 2014 the County's governmental funds combined ending fund balances were \$62,807,930. This is a net increase of \$9,925,999, from the prior year, and is comprised of \$28,626,723 in Nonspendable and/or Restricted fund balance and \$34,181,207 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 position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information on expenses and revenues to show how the government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues are reported as soon as earned and expenses are reported as soon as incurred even though the related cash flows may not have taken 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, 2014

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 activities of the County include 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 (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 seven major funds: the General fund, Road Fund, Public Safety Fund, Public Assistance Fund, Health Services Fund, the Capital Projects Fund, and the Debt Service 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 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.

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

# COUNTY OF TEHAMA

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2014

### 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, infrastructure assets reported using the modified approach and budgetary comparisons for the General Fund and other major governmental funds.

### III. GOVERNMENT-WIDE FINANCIAL ANALYSIS

#### Condensed Statement of Net Position June 30, 2014

	Governmental Activities		Business-Type Activities		Total	
	2013	2014	2013	2014	2013	2014
Current and other assets	\$ 77,060,208	\$ 85,555,578	\$ 69,164	\$ 89,905	\$ 77,129,372	\$ 85,645,483
Capital assets	198,042,223	201,780,067	972,672	934,808	199,014,895	202,714,875
Total Assets	275,102,431	287,335,645	1,041,836	1,024,713	276,144,267	288,360,358
Current and other liabilities	11,673,577	12,390,552	7,553	8,657	11,681,130	12,399,209
Long term liabilities	10,251,553	19,066,392	424,000	409,500	10,675,553	19,475,892
Total Liabilities	21,925,130	31,456,944	431,553	418,157	22,356,683	31,875,101
Net investment in capital assets	191,489,267	186,377,784	548,672	525,308	192,037,939	186,903,092
Restricted	33,993,596	46,126,870	-	-	33,993,596	46,126,870
Unrestricted	27,694,438	23,374,047	61,611	81,248	27,756,049	23,455,295
Total Net Position	\$ 253,177,301	\$ 255,878,701	\$ 610,283	\$ 606,556	\$ 253,787,584	\$ 256,485,257

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 position of \$46,126,870 represents resources that are subject to external restrictions on how they may be used.

Unrestricted net position of \$23,455,295 represents 9.1% of the total net position 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, 2014

#### Statement of Activities For the Year Ended June 30, 2014

	Governmental Activities		Business-Type Activities		Total	
	2013	2014	2013	2014	2013	2014
<b>Program revenues</b>						
Charges for services	\$ 22,792,516	\$ 23,724,735	\$ 152,579	\$ 181,884	\$ 22,945,095	\$ 23,906,619
Grants and contributions	76,442,425	73,091,649	423,229	70,812	76,865,654	73,162,461
<b>General revenues:</b>						
Property taxes	17,631,945	18,584,796	-	-	17,631,945	18,584,796
Other taxes	7,057,819	4,630,087	-	-	7,057,819	4,630,087
Interest and investment earnings	454,131	373,923	234	457	454,365	374,380
Other revenue	956,957	1,283,708	274	-	957,231	1,283,708
Gain on sale	985,572	-	-	-	985,572	-
<b>Total Revenues</b>	<b>126,321,365</b>	<b>121,688,898</b>	<b>576,316</b>	<b>253,153</b>	<b>126,897,681</b>	<b>121,942,051</b>
<b>Expenses:</b>						
General government	16,538,359	17,070,487	-	-	16,538,359	17,070,487
Public protection	30,010,065	31,274,022	-	-	30,010,065	31,274,022
Public ways and facilities	16,760,829	9,759,241	-	-	16,760,829	9,759,241
Health and welfare	20,037,950	18,399,209	-	-	20,037,950	18,399,209
Public assistance	39,861,818	38,363,347	-	-	39,861,818	38,363,347
Education	634,491	647,563	-	-	634,491	647,563
Culture and recreation	315,947	314,924	-	-	315,947	314,924
Interest and fiscal charges	329,148	787,159	-	-	329,148	787,159
Health Center	-	-	67,477	70,812	67,477	70,812
Sanitation District	-	-	179,300	186,068	179,300	186,068
<b>Total Expenses</b>	<b>124,488,607</b>	<b>116,615,952</b>	<b>246,777</b>	<b>256,880</b>	<b>124,735,384</b>	<b>116,872,832</b>
Change in net position	1,832,758	5,072,946	329,539	(3,727)	2,162,297	5,069,219
Net position, beginning	251,344,543	253,177,301	280,744	610,283	251,625,287	253,787,584
Prior period adjustments	-	(2,371,546)	-	-	-	(2,371,546)
<b>Net position, ending</b>	<b>\$ 253,177,301</b>	<b>\$ 255,878,701</b>	<b>\$ 610,283</b>	<b>\$ 606,556</b>	<b>\$ 253,787,584</b>	<b>\$ 256,485,257</b>

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

- Governmental activities had an increase of \$5,072,946 and Business-Type activities had a decrease of \$3,727. The result was an overall increase in net position of \$5,069,219.
- Revenues increased slightly in Property Tax while Other Taxes decreased. Interest and Investment Earnings decreased, while other revenue increased substantially due to requisitions for ACO projects.
- There was a significant decrease in expenditures for Public Ways and Facilities, Health & Sanitation and Public Assistance expenditures. In addition, interest and fiscal charge expense more than doubled largely due to the payoff on a certificate of participation.

## COUNTY OF TEHAMA

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2014

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

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

**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, 2014, the County's governmental funds reported combined ending fund balances \$62,807,930. Approximately 54.4% of this total amount, or \$34,181,207, 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, 2014, unrestricted fund balance of the general fund was \$18,836,028, while total fund balance reached \$22,007,299. As a measure of the general fund's liquidity, the unrestricted fund balance represents 77% of \$24,425,351 in total fund expenditures, and total fund balance is 90% 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. Non-spendable amounts are not available for operations.

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 \$5,334,209. Of this amount \$4,581,322 is available and the remaining \$752,887 is non-spendable. The overall fund balance increased by \$1,727,618.

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 \$4,743,272. Of this amount, \$4,678,375 is available and the balance of \$64,897 is non-spendable. The overall fund balance increased by \$315,429.

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, 2014, the total fund balance of the Public Assistance Fund was \$2,187,946. This represents an available fund balance of \$2,102,734 and an overall increase in fund balance of \$1,140,153.

The Health Services Fund is used to account for all revenues and expenditures associated with providing health services to County residents. At June 30, 2014 the Health Services Fund had \$2,938,950 available for operations.

## COUNTY OF TEHAMA

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2014

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

#### Revenues Classified by Source Governmental Funds

Revenue Sources	FY 2013		FY 2014		Change	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
Taxes	\$ 23,774,673	19%	\$ 22,269,885	18%	\$ (1,504,788)	-6.33%
Licenses and permits	2,357,081	2%	2,794,955	2%	437,874	18.58%
Fines & forfeitures	2,298,940	2%	2,335,756	2%	36,816	1.60%
Use of money & property	433,859	0%	359,124	0%	(74,735)	-17.23%
intergovernmental	73,801,440	58%	74,763,861	61%	962,421	1.30%
Charges for services	19,051,586	17%	19,539,022	16%	487,436	2.56%
Other	2,125,754	2%	1,342,978	1%	(782,776)	-36.82%
Total	\$ 123,843,333	100%	\$ 123,405,581	100%	\$ (437,752)	

Significant changes for major revenue sources are explained below:

- **LICENSES & PERMITS** – This revenue source saw gains due to increased Building Permits, Planning Fees and Fees and Funding for Environmental Health.
- **USE OF MONEY & PROPERTY** – As in prior years, continued lower cash balances and/or the falling interest rate resulted in a decrease in interest earned on most Funds.
- **OTHER** – The decrease is attributable to the sale of land to the State in the prior year.

## COUNTY OF TEHAMA

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2014

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 2013		FY 2014		Change	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
General government	\$ 16,131,345	13%	\$ 16,807,985	14%	\$ 676,640	4%
Public protection	28,920,010	23%	29,943,451	24%	1,023,441	4%
Health and welfare	19,810,440	16%	18,129,996	15%	(1,680,444)	-8%
Public assistance	39,536,246	32%	38,003,745	31%	(1,532,501)	-4%
Education	610,202	0%	615,517	1%	5,315	1%
Recreation and cultural services	270,007	0%	265,701	0%	(4,306)	-2%
Public ways and facilities	16,138,362	13%	9,551,558	8%	(6,586,804)	-41%
Debt Service: Principal	387,454	0%	1,384,094	1%	996,640	257%
Debt Service: Interest & other	333,305	0%	346,822	0%	13,517	4%
Debt Service: Issuance costs	-	0%	399,199	0%	399,199	0%
Capital outlay	2,848,208	2%	7,643,320	6%	4,795,112	168%
Total Expenditures	<u>\$ 124,985,579</u>	<u>100%</u>	<u>\$ 123,091,388</u>	<u>100%</u>	<u>\$ (1,894,191)</u>	

Significant changes for major functions are explained below:

**PUBLIC WAYS & FACILITIES** – there was a decrease in Road Department project expenditures.

**DEBT SERVICE: PRINCIPAL** – the County chose to pay off the remaining balance on a 1998 Certificate of Participation.

**CAPITAL OUTLAY** – the change is largely a result of investments in the construction of a new Ag Center building, a relocated Day Reporting Center, the Jail re-roofing project, buses and bus stops and a fire truck.

**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 two enterprise funds and two internal service funds; the Health Center and Sanitation District, and Risk Management and Dental Insurance, respectively.

#### V. GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final budget showed an increase in revenue of \$1,844,276. The increase to the final revenue budget is largely due to increases in Sales and Use Tax and Intergovernmental Revenue. The increased expenditure appropriations in Public Safety were largely due to ACO projects and the Day Reporting Re-Entry project.

## COUNTY OF TEHAMA

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2014

During the year, actual revenues were more than budgetary estimates by \$2,029,982. Actual expenditures were less than budgetary estimates by \$3,814,925 and transfers were less than budgeted by \$1,543,277. The net effect of over-realization of revenues and under-utilization of appropriations resulted in a positive variance of \$8,939,951 providing fund balance carry-over to nearly fully fund the budget gap in fiscal year 2014/15.

#### **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, 2014 amounts to \$202,714,875 (net of accumulated depreciation). This investment in capital assets includes land, structures and improvements, equipment, construction-in-progress, and some infrastructure.

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 to report its infrastructure, which includes its roads, signs and markings, bridges and culverts \$159,728,920. 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, 2014 lists the 85% of road conditions as fair or better, 91% of bridges are listed as fair or better, and 85% of signs pass the sign reflectivity requirements.

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 54-57 of this report.

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

At June 30, 2014, the County had a total long-term debt outstanding of \$19,475,892. The debt consists of \$15,393,021 in Certificates of Participation (COP), capital lease obligations of \$9,262 and bonds payable of \$409,500. Additional long-term liability includes a compensated leave payable of \$3,664,109.

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**

The County adopted its fiscal year 2014-15 final appropriation budget in the total amount of \$148,759,343 (net of operating transfers totaling \$17,642,815). The general fund contingency was \$1,806,578.



## COUNTY OF TEHAMA

### Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2014

Administration made the following assumptions in their Budget Overview:

“The budget proposed for adoption as the Adopted Budget is based on a variety of assumptions, such as the three-year General Fund forecast detailed in the Recommended Budget, and the actual fund balance carryover from FY 2013-14. Although the local unemployment rate of 10.3% in July 2014 remains above the state average of 7.3%, other economic measures are showing signs of improvement. For example, Property Taxes in Tehama County are expected to increase by 1.68%, reflective of a growth in private property values.

These improvements are not sufficient to balance the County's budget; however, Tehama County experienced revenue streams that are classified as “one-time.” For example, the General Fund received a one-time General Fund contribution of \$1,474,183 from the Requisition of funds from the 2002 COP bond issuance for completed projects (which included the Jail Roof and Courthouse Windows) prior to refunding through the 2014 COP issuance. Without this revenue, the expenditures in the General Fund would exceed the revenues and Fund Balance Carryover by \$1.4 million dollars.

Although revenues are projected to increase this year, one-time revenues are not anticipated next year, and it is anticipated that expenditures will continue to rise by approximately 5% per year without adding new programs. This imbalance will continue to require significant fund balance carryover in future years in order to balance the budget.”

The 2014-15 General Fund budget requirements were just slightly higher than the prior year. Fund balance carry over from the prior year was not sufficient to fill the budget gap. Therefore, \$160,549 of obligated fund balance was used for designated purposes.

The Road Fund appropriations budget decreased by \$2.16 million. Most of the decrease is in Professional Services (projects).

The Public Safety appropriations budget increased by \$3.36 million. Some of the larger increases were seen in Sheriff & Sheriff Auto Shop (new), Jail and a higher budget for special contingencies.

The \$3.3 million Social Service budget increase was primarily in the area of Public Assistance.

The Capital Outlay budget saw some substantial increases as new projects have been approved. Those increases include increased appropriations for Courthouse electric upgrade, Re-entry Day Reporting Center and the Ag Center, along with the addition of \$4 million for a new Library, \$400,000 for a Work Farm and \$300,000 for the Corning Courthouse.

The Health Service budget increased slightly overall with the largest increase in Mental Health, a slight increase in Drug & Alcohol and slight decreases in the Clinic and Public Health programs.

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## **Basic Financial Statements**

- **Government-Wide Financial Statements**

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**COUNTY OF TEHAMA**  
**Statement of Net Position**  
**June 30, 2014**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 58,272,842	\$ 89,031	\$ 58,361,873
Cash with fiscal agent	13,243,700	-	13,243,700
Receivables:			
Accounts	271,250	874	272,124
Taxes	123,600	-	123,600
Intergovernmental	11,602,013	-	11,602,013
Due from agency funds	158,755	-	158,755
Deposits with others	35,900	-	35,900
Inventory	752,887	-	752,887
Prepaid costs	1,094,631	-	1,094,631
Capital assets:			
Non-depreciable	162,446,438	38,047	162,484,485
Depreciable, net	39,333,629	896,761	40,230,390
Total capital assets	<u>201,780,067</u>	<u>934,808</u>	<u>202,714,875</u>
<b>Total Assets</b>	<u>287,335,645</u>	<u>1,024,713</u>	<u>288,360,358</u>
<b>LIABILITIES</b>			
Accounts payable	2,311,578	2,514	2,314,092
Salaries and benefits payable	1,935,259	-	1,935,259
Due to other governments	4,845	-	4,845
Due to others	5,243	-	5,243
Accrued interest payable	118,375	6,143	124,518
Deposits payable	432,550	-	432,550
Unearned revenues	6,772,752	-	6,772,752
Accrued claims liability	809,950	-	809,950
Long-term liabilities:			
Due within one year	4,076,338	15,500	4,091,838
Due in more than one year	14,990,054	394,000	15,384,054
<b>Total Liabilities</b>	<u>31,456,944</u>	<u>418,157</u>	<u>31,875,101</u>
<b>NET POSITION</b>			
Net investment in capital assets	186,377,784	525,308	186,903,092
Restricted for:			
General government	696,701	-	696,701
Public protection	11,888,548	-	11,888,548
Health and welfare	2,714,737	-	2,714,737
Public assistance	5,238,017	-	5,238,017
Culture and recreation	2,655	-	2,655
Public ways and facilities	7,066,242	-	7,066,242
Debt service	11,133,192	-	11,133,192
Capital projects	7,386,778	-	7,386,778
Unrestricted	23,374,047	81,248	23,455,295
<b>Total Net Position</b>	<u>\$ 255,878,701</u>	<u>\$ 606,556</u>	<u>\$ 256,485,257</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, 2014**

<u>Functions/Programs:</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 17,070,487	\$ 14,148,695	\$ 2,277,150	\$ -
Public protection	31,274,022	2,360,677	10,783,372	21,536
Health and welfare	18,399,209	5,439,583	11,961,762	-
Public assistance	38,363,347	636,582	37,106,496	-
Education	647,563	9,777	31,185	-
Culture and recreation	314,924	30,345	13,135	-
Public ways and facilities	9,759,241	1,099,076	6,721,224	4,175,789
Interest on long-term debt	787,159	-	-	-
<b>Total Governmental Activities</b>	<u>116,615,952</u>	<u>23,724,735</u>	<u>68,894,324</u>	<u>4,197,325</u>
Business-type activities:				
Health Center	70,812	-	70,812	-
Tehama County Sanitation District #1	186,068	181,884	-	-
<b>Total Business-Type Activities</b>	<u>256,880</u>	<u>181,884</u>	<u>70,812</u>	<u>-</u>
<b>Total</b>	<u>\$ 116,872,832</u>	<u>\$ 23,906,619</u>	<u>\$ 68,965,136</u>	<u>\$ 4,197,325</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 Position**

**Net Position - Beginning**

Prior period adjustment

**Net Position - Beginning, Restated**

**Net Position - Ending**

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

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

<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
\$ (644,642)	\$ -	\$ (644,642)
(18,108,437)	-	(18,108,437)
(997,864)	-	(997,864)
(620,269)	-	(620,269)
(606,601)	-	(606,601)
(271,444)	-	(271,444)
2,236,848	-	2,236,848
(787,159)	-	(787,159)
<u>(19,799,568)</u>	<u>-</u>	<u>(19,799,568)</u>
-	-	-
<u>-</u>	<u>(4,184)</u>	<u>(4,184)</u>
<u>-</u>	<u>(4,184)</u>	<u>(4,184)</u>
<u>(19,799,568)</u>	<u>(4,184)</u>	<u>(19,803,752)</u>
18,584,796	-	18,584,796
3,256,916	-	3,256,916
944,998	-	944,998
428,173	-	428,173
373,923	457	374,380
1,283,708	-	1,283,708
<u>24,872,514</u>	<u>457</u>	<u>24,872,971</u>
<u>5,072,946</u>	<u>(3,727)</u>	<u>5,069,219</u>
253,177,301	610,283	253,787,584
<u>(2,371,546)</u>	<u>-</u>	<u>(2,371,546)</u>
<u>250,805,755</u>	<u>610,283</u>	<u>251,416,038</u>
<u>\$ 255,878,701</u>	<u>\$ 606,556</u>	<u>\$ 256,485,257</u>

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## **Basic Financial Statements**

- **Fund Financial Statements**

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**COUNTY OF TEHAMA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2014**

	<u>General Fund</u>	<u>Road</u>	<u>Public Safety</u>	<u>Public Assistance</u>
<b>ASSETS</b>				
Cash and investments	\$ 17,033,241	\$ 4,474,136	\$ 5,016,360	\$ 7,597,999
Cash with fiscal agent	-	-	-	-
Receivables:				
Accounts	85,739	2,379	20,625	9,303
Taxes	123,600	-	-	-
Intergovernmental	1,899,392	1,315,117	1,467,170	2,769,092
Due from other funds	5,090,031	-	-	-
Advances to other funds	1,272,650	-	-	-
Prepaid costs	927,173	-	64,897	85,212
Inventory	-	752,887	-	-
<b>Total Assets</b>	<u>\$ 26,431,826</u>	<u>\$ 6,544,519</u>	<u>\$ 6,569,052</u>	<u>\$ 10,461,606</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 216,479	\$ 517,660	\$ 279,029	\$ 46,514
Salaries and benefits payable	346,727	160,755	572,535	392,669
Due to other governments	-	-	2,250	-
Due to others	645	110	1,340	1,170
Deposits payable	210,568	161,393	50,402	10,187
Due to other funds	-	-	-	565,045
Unearned revenues	641,543	-	79,173	6,033,091
Advances from other funds	1,180,000	-	-	-
<b>Total Liabilities</b>	<u>2,595,962</u>	<u>839,918</u>	<u>984,729</u>	<u>7,048,676</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues	1,828,565	370,392	841,051	1,224,984
<b>Total Deferred Inflows of Resources</b>	<u>1,828,565</u>	<u>370,392</u>	<u>841,051</u>	<u>1,224,984</u>
<b>FUND BALANCES</b>				
Nonspendable	1,019,823	752,887	64,897	85,212
Restricted	2,151,448	4,581,322	4,678,375	2,102,734
Committed	9,917,720	-	-	-
Assigned	2,224,629	-	-	-
Unassigned	6,693,679	-	-	-
<b>Total Fund Balances (Deficits)</b>	<u>22,007,299</u>	<u>5,334,209</u>	<u>4,743,272</u>	<u>2,187,946</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 26,431,826</u>	<u>\$ 6,544,519</u>	<u>\$ 6,569,052</u>	<u>\$ 10,461,606</u>

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

<b>Health Services</b>	<b>Capital Projects</b>	<b>Debt Service</b>	<b>Other Governmental Funds</b>	<b>Total</b>
\$ 4,551,159	\$ 5,252,317	\$ 257,551	\$ 10,392,853	\$ 54,575,616
-	2,368,059	10,875,641	-	13,243,700
103,799	346	-	32,190	254,381
-	-	-	-	123,600
4,019,326	-	-	131,916	11,602,013
-	-	-	-	5,090,031
9,454	-	-	10,000	1,292,104
7,121	-	-	4,278	1,088,681
-	-	-	-	752,887
<u>\$ 8,690,859</u>	<u>\$ 7,620,722</u>	<u>\$ 11,133,192</u>	<u>\$ 10,571,237</u>	<u>\$ 88,023,013</u>
\$ 754,786	\$ 233,944	\$ -	\$ 199,284	\$ 2,247,696
355,437	-	-	90,165	1,918,288
-	-	-	2,595	4,845
1,083	-	-	895	5,243
-	-	-	-	432,550
4,478,335	-	-	-	5,043,380
-	-	-	18,945	6,772,752
-	-	-	-	1,180,000
<u>5,589,641</u>	<u>233,944</u>	<u>-</u>	<u>311,884</u>	<u>17,604,754</u>
<u>3,329,938</u>	<u>-</u>	<u>-</u>	<u>15,399</u>	<u>7,610,329</u>
<u>3,329,938</u>	<u>-</u>	<u>-</u>	<u>15,399</u>	<u>7,610,329</u>
7,121	-	-	4,278	1,934,218
2,938,950	-	-	10,239,676	26,692,505
-	7,386,778	11,133,192	-	28,437,690
-	-	-	-	2,224,629
(3,174,791)	-	-	-	3,518,888
<u>(228,720)</u>	<u>7,386,778</u>	<u>11,133,192</u>	<u>10,243,954</u>	<u>62,807,930</u>
<u>\$ 8,690,859</u>	<u>\$ 7,620,722</u>	<u>\$ 11,133,192</u>	<u>\$ 10,571,237</u>	<u>\$ 88,023,013</u>

**COUNTY OF TEHAMA**  
**Reconciliation of the Governmental Funds Balance**  
**Sheet to the Government-Wide Statement of**  
**Net Position - Governmental Activities**  
**June 30, 2014**

<b>Total Fund Balance - Total Governmental Funds</b>	<b>\$ 62,807,930</b>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets.	201,777,066
Other long term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenues in the governmental funds.	7,610,329
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.	(118,375)
Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.	
Certificates of participation, plus unamortized premium of \$733,021	(15,393,021)
Capital leases payable	(9,262)
Compensated absences	(3,654,595)
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 position.	2,858,629
<b>Net Position of Governmental Activities</b>	<b>\$ 255,878,701</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, 2014**

	<u>General Fund</u>	<u>Road</u>	<u>Public Safety</u>	<u>Public Assistance</u>
<b>REVENUES</b>				
Taxes and assessments	\$ 17,938,747	\$ 575,793	\$ -	\$ -
Licenses and permits	1,462,673	10,152	3,409	-
Fines and forfeitures	1,831,736	-	121,258	6,804
Use of money and property	152,278	14,661	6,174	13,311
Intergovernmental	3,742,941	10,934,678	9,467,932	35,296,667
Charges for services	13,857,266	444,258	347,738	98,306
Other revenues	451,575	54,926	532,868	137,003
<b>Total Revenues</b>	<u>39,437,216</u>	<u>12,034,468</u>	<u>10,479,379</u>	<u>35,552,091</u>
<b>EXPENDITURES</b>				
Current:				
General government	16,805,775	-	-	-
Public protection	4,410,790	-	21,691,988	-
Health and welfare	901,222	-	-	-
Public assistance	1,044,385	-	-	35,079,996
Education	615,517	-	-	-
Culture and recreation	265,701	-	-	-
Public ways and facilities	3,854	8,082,887	-	-
Debt service:				
Principal	-	-	-	-
Interest and other charges	4,978	-	-	-
Issuance costs	-	-	-	-
Capital outlay	373,129	2,785,889	343,567	296,399
<b>Total Expenditures</b>	<u>24,425,351</u>	<u>10,868,776</u>	<u>22,035,555</u>	<u>35,376,395</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>15,011,865</u>	<u>1,165,692</u>	<u>(11,556,176)</u>	<u>175,696</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,551,767	35,000	11,939,255	1,002,477
Transfers out	(15,356,755)	-	(4,950)	(38,020)
Issuance of debt	-	-	-	-
Premium on certificates of participation	-	-	-	-
Refunded certificates of participation redeemed	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>(13,804,988)</u>	<u>35,000</u>	<u>11,934,305</u>	<u>964,457</u>
<b>Net Change in Fund Balances</b>	<u>1,206,877</u>	<u>1,200,692</u>	<u>378,129</u>	<u>1,140,153</u>
<b>Fund Balances - Beginning</b>	20,800,422	3,606,591	4,427,843	1,047,793
Prior period adjustment	-	299,930	(62,700)	-
<b>Fund Balances - Beginning, Restated</b>	20,800,422	3,906,521	4,365,143	1,047,793
Change in inventory on purchases method	-	226,996	-	-
<b>Fund Balances (Deficits) - Ending</b>	<u>\$ 22,007,299</u>	<u>\$ 5,334,209</u>	<u>\$ 4,743,272</u>	<u>\$ 2,187,946</u>

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



<b>Health Services</b>	<b>Capital Projects</b>	<b>Debt Service</b>	<b>Other Governmental Funds</b>	<b>Total</b>
\$ -	\$ 4,085	\$ -	\$ 3,751,260	\$ 22,269,885
-	-	-	1,318,721	2,794,955
14,744	355,314	-	5,900	2,335,756
5,423	44,255	62,546	60,476	359,124
11,978,694	-	-	3,342,949	74,763,861
4,201,787	-	-	589,667	19,539,022
25,990	2,105	-	138,511	1,342,978
<u>16,226,638</u>	<u>405,759</u>	<u>62,546</u>	<u>9,207,484</u>	<u>123,405,581</u>
-	-	2,210	-	16,807,985
-	-	-	3,840,673	29,943,451
16,424,902	-	-	803,872	18,129,996
-	-	-	1,879,364	38,003,745
-	-	-	-	615,517
-	-	-	-	265,701
-	-	-	1,464,817	9,551,558
4,094	-	1,380,000	-	1,384,094
615	-	341,229	-	346,822
-	-	399,199	-	399,199
253,327	1,915,721	-	1,675,288	7,643,320
<u>16,682,938</u>	<u>1,915,721</u>	<u>2,122,638</u>	<u>9,664,014</u>	<u>123,091,388</u>
(456,300)	(1,509,962)	(2,060,092)	(456,530)	314,193
5,419,820	1,468,894	1,595,380	40,000	23,052,593
(5,387,315)	(791,370)	(1,474,183)	-	(23,052,593)
-	-	14,660,000	-	14,660,000
-	-	733,021	-	733,021
-	-	(5,130,000)	-	(5,130,000)
<u>32,505</u>	<u>677,524</u>	<u>10,384,218</u>	<u>40,000</u>	<u>10,263,021</u>
(423,795)	(832,438)	8,324,126	(416,530)	10,577,214
195,075	9,181,776	2,809,066	10,813,365	52,881,931
-	(962,560)	-	(152,881)	(878,211)
195,075	8,219,216	2,809,066	10,660,484	52,003,720
-	-	-	-	226,996
<u>\$ (228,720)</u>	<u>\$ 7,386,778</u>	<u>\$ 11,133,192</u>	<u>\$ 10,243,954</u>	<u>\$ 62,807,930</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, 2014**

**Net Change in Fund Balances - Total Governmental Funds** \$10,577,214

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	7,643,320
Less current year depreciation	(2,269,117)
Various adjustments affecting capital assets (including contributions)	21,535

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. Proceeds from the sale of capital assets were \$59,270.

(163,559)

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

Principal retirements	6,514,094
Proceeds from issuance of debt, plus premium of \$733,021	(15,393,021)

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 unavailable revenues	(1,693,748)
--------------------------------	-------------

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.

226,996

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	(41,138)
Change in compensated absences payable	29,980
Amortization of premium	29,600

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.

(409,210)

**Change in Net Position of Governmental Activities** \$ 5,072,946

**COUNTY OF TEHAMA**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2014**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental</b>
	<b>Health Center</b>	<b>Other Enterprise Funds</b>	<b>Totals</b>	<b>Internal Service Funds</b>
<b>ASSETS</b>				
Current Assets:				
Cash and investments	\$ 1,189	\$ 87,842	\$ 89,031	\$ 3,697,226
Receivables:				
Accounts	-	874	874	16,869
Deposits with others	-	-	-	35,900
Prepaid costs	-	-	-	5,950
<b>Total Current Assets</b>	<b>1,189</b>	<b>88,716</b>	<b>89,905</b>	<b>3,755,945</b>
Noncurrent Assets:				
Capital assets:				
Non-depreciable	-	38,047	38,047	-
Depreciable, net	-	896,761	896,761	3,001
Total capital assets	-	934,808	934,808	3,001
<b>Total Noncurrent Assets</b>	<b>-</b>	<b>934,808</b>	<b>934,808</b>	<b>3,001</b>
<b>Total Assets</b>	<b>1,189</b>	<b>1,023,524</b>	<b>1,024,713</b>	<b>3,758,946</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	-	2,514	2,514	63,882
Salaries and benefits payable	-	-	-	16,971
Accrued interest payable	-	6,143	6,143	-
Compensated absences payable	-	-	-	8,563
Bonds payable	-	15,500	15,500	-
Estimated claims liability	-	-	-	809,950
<b>Total Current Liabilities</b>	<b>-</b>	<b>24,157</b>	<b>24,157</b>	<b>899,366</b>
Noncurrent Liabilities:				
Compensated absences payable	-	-	-	951
Bonds payable	-	394,000	394,000	-
<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>394,000</b>	<b>394,000</b>	<b>951</b>
<b>Total Liabilities</b>	<b>-</b>	<b>418,157</b>	<b>418,157</b>	<b>900,317</b>
<b>NET POSITION</b>				
Net investment in capital assets	-	525,308	525,308	3,001
Unrestricted	1,189	80,059	81,248	2,855,628
<b>Total Net Position</b>	<b>\$ 1,189</b>	<b>\$ 605,367</b>	<b>\$ 606,556</b>	<b>\$ 2,858,629</b>

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 Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2014**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental</b>
	<b>Health Center</b>	<b>Other Enterprise Funds</b>	<b>Totals</b>	<b>Internal Service Funds</b>
<b>OPERATING REVENUES</b>				
Charges for services	\$ -	\$ 181,884	\$ 181,884	\$ 3,229,563
Other revenues	-	-	-	34,160
<b>Total Operating Revenues</b>	<u>-</u>	<u>181,884</u>	<u>181,884</u>	<u>3,263,723</u>
<b>OPERATING EXPENSES</b>				
Salaries and benefits	70,812	-	70,812	479,072
Services and supplies	-	123,983	123,983	-
Administration	-	-	-	70,670
Insurance	-	-	-	643,834
Professional services	-	4,000	4,000	207,093
Claims and judgments	-	-	-	2,286,063
Depreciation	-	39,560	39,560	1,000
<b>Total Operating Expenses</b>	<u>70,812</u>	<u>167,543</u>	<u>238,355</u>	<u>3,687,732</u>
<b>Operating Income (Loss)</b>	<u>(70,812)</u>	<u>14,341</u>	<u>(56,471)</u>	<u>(424,009)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Interest income	6	451	457	14,799
Interest expense	-	(18,525)	(18,525)	-
Other non-operating revenues	70,812	-	70,812	-
<b>Total Non-Operating Revenues (Expenses)</b>	<u>70,818</u>	<u>(18,074)</u>	<u>52,744</u>	<u>14,799</u>
<b>Change in Net Position</b>	6	(3,733)	(3,727)	(409,210)
<b>Total Net Position - Beginning</b>	<u>1,183</u>	<u>609,100</u>	<u>610,283</u>	<u>3,267,839</u>
<b>Total Net Position - Ending</b>	<u>\$ 1,189</u>	<u>\$ 605,367</u>	<u>\$ 606,556</u>	<u>\$ 2,858,629</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, 2014**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental</b>
	<b>Health Center</b>	<b>Other Enterprise Funds</b>	<b>Totals</b>	<b>Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ -	\$ 183,341	\$ 183,341	\$ 3,246,854
Payments to suppliers	(70,812)	(126,662)	(197,474)	(3,199,389)
Payments to employees	-	-	-	(482,612)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(70,812)</b>	<b>56,679</b>	<b>(14,133)</b>	<b>(435,147)</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>				
Non-operating revenues received	70,812	-	70,812	-
<b>Net Cash Provided (Used) by Non-Capital Financing Activities</b>	<b>70,812</b>	<b>-</b>	<b>70,812</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition of capital assets	-	(1,696)	(1,696)	-
Principal paid on capital debt	-	(14,500)	(14,500)	-
Interest paid on capital debt	-	(18,742)	(18,742)	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>-</b>	<b>(34,938)</b>	<b>(34,938)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest and dividends	6	451	457	14,799
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>6</b>	<b>451</b>	<b>457</b>	<b>14,799</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>6</b>	<b>22,192</b>	<b>22,198</b>	<b>(420,348)</b>
<b>Balances - Beginning</b>	<b>1,183</b>	<b>65,650</b>	<b>66,833</b>	<b>4,117,574</b>
<b>Balances - Ending</b>	<b>\$ 1,189</b>	<b>\$ 87,842</b>	<b>\$ 89,031</b>	<b>\$ 3,697,226</b>

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

Continued (Page 1 of 2)

**COUNTY OF TEHAMA**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2014**

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Health</u>	<u>Other</u>		<u>Internal</u>
	<u>Center</u>	<u>Enterprise</u>	<u>Totals</u>	<u>Service</u>
		<u>Funds</u>		<u>Funds</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS)</b>				
<b>TO NET CASH PROVIDED (USED) BY OPERATING</b>				
<b>ACTIVITIES</b>				
Operating income (loss)	\$ (70,812)	\$ 14,341	\$ (56,471)	\$ (424,009)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	-	39,560	39,560	1,000
Decrease (increase) in:				
Accounts receivable	-	1,457	1,457	(16,869)
Prepaid costs	-	-	-	2,633
Increase (decrease) in:				
Accounts payable	-	1,321	1,321	5,270
Salaries and benefits payable	-	-	-	968
Compensated absences payable	-	-	-	(4,508)
Estimated claims liability	-	-	-	368
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ (70,812)</u>	<u>\$ 56,679</u>	<u>\$ (14,133)</u>	<u>\$ (435,147)</u>

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

Continued (Page 2 of 2)

**COUNTY OF TEHAMA**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2014**

	<b>Investment Trust Funds</b>	<b>Agency Funds</b>
<b>ASSETS</b>		
Cash and investments	\$41,888,441	\$20,251,246
Receivables:		
Taxes	-	5,518,826
<b>Total Assets</b>	<b>41,888,441</b>	<b>25,770,072</b>
<b>LIABILITIES</b>		
Due to other funds	-	46,651
Advances from other funds	-	112,104
Agency obligations	-	25,611,317
<b>Total Liabilities</b>	<b>-</b>	<b>25,770,072</b>
<b>NET POSITION</b>		
Net position held in trust for investment pool participants	<b>\$41,888,441</b>	<b>\$ -</b>

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

**COUNTY OF TEHAMA**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2014**

	<u><b>Investment Trust Funds</b></u>
<b>ADDITIONS</b>	
Contributions:	
Contributions to investment pool	\$ 7,241,377
<b>Total Additions</b>	<u>7,241,377</u>
<b>DEDUCTIONS</b>	
Distributions from investment pool	<u>9,296,839</u>
<b>Total Deductions</b>	<u>9,296,839</u>
<b>Change in Net Position</b>	(2,055,462)
<b>Net Position - Beginning</b>	<u>43,943,903</u>
<b>Net Position - Ending</b>	<u><u>\$41,888,441</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, 2014**

**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 county wide 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.

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.

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.

**Blended Component Units**

The County Board of Supervisors is the governing body of a number of special purpose district funds. Among its duties, the County Board of Supervisors approves the budgets, special taxes and fees of these special districts. As an integral part of the County, these special districts are reported as nonmajor funds in the County's financial statements as follows:

Special Revenue Funds:

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

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

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

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

**A. Reporting Entity (Continued)**

**Blended Component Units (Continued)**

Special Revenue Funds: (Continued)

Tehama County Flood Control and Tehama County Flood Zone 3 - The Tehama County Flood Control and Tehama County Flood Zone 3 were 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.

Enterprise Funds:

Health Center - The Tehama County Health Center was established to account for operations involved in providing 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.

**Discretely Presented Component Units**

There are no component units of the County which meet the criteria for discrete presentation.

**Joint Ventures**

The County is a member of the California State Association of Counties Excess Insurance Authority (CSAC). CSAC is a joint powers authority organized for the purpose of developing and funding excess insurance programs for member counties. CSAC operates public entity risk pools for workers' compensation, comprehensive liability, property, and medical malpractice, and the pool purchases excess insurance and services for members. CSAC is under the control and direction of a board of directors consisting of representatives of the fifty member counties. Complete audited financial statements can be obtained from CSAC's office at 75 Iron Point Circle, Suite 200, Folsom, California, 95630. The County is not financially accountable for this organization and therefore, it is not a component unit under Statement Nos. 14, 39, and 61 of the Governmental Accounting Standards Board.

**B. Basis of Presentation**

**Government-Wide Financial Statements**

The statement of net position 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 for 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.

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

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

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

**Government-Wide Financial Statements (Continued)**

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.

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. Funding comes primarily from state highway users taxes and state and federal highway improvement grants.
- The Public Safety fund is a special revenue fund used to account for revenues and expenditures associated with specific public protection programs. Funding comes primarily from state and federal grant revenues.
- 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. Funding comes primarily from state grant revenues.
- 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. Funding comes primarily from state and federal grant revenues.
- The Capital Projects fund is a capital project fund used to account for revenues and expenditures used for major maintenance, acquisition and construction of major capital facilities, other than those financed by business-type funds.

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**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: (Continued)

- The Debt Service fund is a debt service fund used to account for repayment of the Certificates of Participation.

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 workers' compensation 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. The agency funds maintained by the County are presented in one component.

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 fund 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.

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

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

**C. Basis of Accounting and Measurement Focus (Continued)**

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.

**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 position.

**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 State 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.

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

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

**E. Cash, Cash Equivalents, and Investments (Continued)**

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, 2014, 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 their equity in the County Treasurer's investment pool, to be cash equivalents.

**F. Receivables**

Receivables for governmental activities consist mainly of accounts, taxes and intergovernmental. Receivables for enterprise funds consist mainly of user fees. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

**G. 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. Proprietary fund inventories are recorded as expenses at the time the inventory is consumed.

**Prepaid Costs**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid costs in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.



**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

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

**H. Capital Assets**

Capital assets, including public domain (infrastructure such as roads, bridges, sidewalks, sewer and similar items) are defined by the County as assets with a cost of more than \$1,500 and an estimated useful life of more than one year. Capital assets are recorded at historical cost or 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, are expensed.

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.

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.

**I. 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 fiscal 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 is responsible for assessing, collecting, and distributing property taxes in accordance with state law. Property taxes are levied on both secured (real property) and unsecured (personal property other than land and buildings) property. Supplemental property taxes are assessed upon transfer of ownership in property or completion of new construction.

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

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

**I. Property Tax (Continued)**

The County levies, bills and collects taxes as follows:

	Secured	Unsecured
Valuation/lien dates	January 1	January 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 County of Tehama apportions secured property tax revenue in accordance with the alternate methods of distribution, the “Teeter Plan”, as described by Sections 4701 through 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.

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 \$1,335,986 at June 30, 2014. 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.

**J. 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 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.

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

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

**K. Unearned Revenues**

Under the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. When assets are recognized in connection with a transaction before the earnings process is complete, those assets are offset by a corresponding liability for unearned revenue.

**L. 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.

**M. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2014, the County did not have any deferred outflows of resources.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under the modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for receivables that have not been received within the modified accrual period. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**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.

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

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

**O. Implementation of Governmental Accounting Standards Board Statements (GASB)**

The following Governmental Accounting Standards Board (GASB) Statement has been implemented, if applicable to the County of Tehama, in the current financial statements.

**Statement No. 70**, Accounting and Financial Reporting for Nonexchange Financial Guarantees. This statement improves accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

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

**A. Restatement of Fund Balance/Net Position**

Adjustments resulting from errors or a change to comply with provisions of the accounting standards are treated as adjustments to prior periods. Accordingly, the County reports these changes as restatements of beginning fund balance/net position. During the current year the County analyzed several funds and determined that three agency funds would be more correctly classified as special revenue funds, one capital projects fund would be more correctly classified as an agency fund, and one special revenue fund would be more correctly classified as an agency fund. In addition, during the current year an adjustment to fund balance/net position was required to correct a prior year misstatement of revenues and an adjustment to net position was required to correct a prior year misstatement of capital assets.

The impact of the restatements on the net position on the governmental activities' financial statements as previously reported is presented below:

	Governmental Activities
Net Position, June 30, 2013, as previously reported	\$ 253,177,301
Adjustment associated with:	
Reclassification of funds	( 1,178,141)
Correction of revenues	299,930
Correction of capital assets	( 1,493,335)
Total Adjustments	( 2,371,546)
Net Position, July 1, 2013, as restated	<u>\$ 250,805,755</u>

The impact of the restatements on the fund balance on the governmental fund financial statements as previously reported is presented below:

	Road	Public Safety	Capital Projects	Other Governmental Funds
Fund Balance, June 30, 2013, as previously reported	\$ 3,606,591	\$ 4,427,843	\$ 9,181,776	\$ 10,813,365
Adjustment associated with:				
Reclassification of funds	-	( 62,700)	( 962,560)	( 152,881)
Correction of revenues	299,930	-	-	-
Total Adjustments	<u>299,930</u>	<u>( 62,700)</u>	<u>( 962,560)</u>	<u>( 152,881)</u>
Fund Balance, July 1, 2013, as restated	<u>\$ 3,906,521</u>	<u>\$ 4,365,143</u>	<u>\$ 8,219,216</u>	<u>\$ 10,660,484</u>

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

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

**B. Deficit Fund Balance**

The following major special revenue fund had a deficit fund balance at June 30, 2014. The deficit is expected to be eliminated through future reimbursements.

Health Services fund	\$ 228,720
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**C. 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, 2014, the County does not expect to incur a liability.

**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 Treasury 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 position value of involuntary participation in the investment pool totaled \$41,888,441 at June 30, 2014.

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

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

**A. Financial Statement Presentation**

As of June 30, 2014, the County's cash and investments are reported in the financial statements as follows:

Primary government	\$ 71,605,573
Investment trust funds	41,888,441
Agency funds	<u>20,251,246</u>
Total Cash	<u><u>\$ 133,745,260</u></u>

As of June 30, 2014, the County's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 18,075
Deposits (less outstanding checks)	<u>1,239,621</u>
Total Cash in County Pool	1,257,696
Deposits with fiscal agents	<u>13,243,700</u>
Total Cash	<u>14,501,396</u>
Investments:	
In Treasurer's Pool	<u>119,243,864</u>
Total Investments	<u>119,243,864</u>
Total Cash and Investments	<u><u>\$ 133,745,260</u></u>

**B. Cash**

At year end, the carrying amount of the County's cash deposits (including amount in checking accounts, money market accounts, certificates of deposit, and deposits with fiscal agents) was \$14,483,321 and the bank balance was \$15,455,034. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. In addition the County had cash on hand of \$18,075.

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.

**C. Investments**

Pursuant to Section 53646 of the Government Code, the County prepares an investment policy annually and presents it to the Board of Supervisors for review and approval.

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

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

**C. Investments (Continued)**

The investment policy provides the basis for the management of a prudent, conservative investment program. Funds are invested to provide the maximum security of principal with secondary emphasis on achieving the highest return, while meeting daily cash flow needs. All investments are made in accordance with the Government Code and, in general, the investment policy is more restrictive than state law. Under the provisions of the County's investment policy the County may invest or deposit in the following:

- Local Agency Investment Fund (LAIF)
- Sweep Account
- U.S. Treasury Notes
- Securities Issued by U.S. Government Agencies and Instrumentalities
- Bankers' Acceptances
- Commercial Paper
- Negotiable CD's and Bank Notes
- Medium Term Notes
- Money Market Mutual Funds
- Mortgage Pass-Through Securities
- Guaranteed Investment Contracts
- Repurchase Agreements
- California Asset Management Program (CAMP)
- California State Registered Warrants

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. To limit the exposure to fair value losses from increases in interest rates, the County's investment policy limits investment maturities to a term appropriate to the need for funds so as to permit the County to meet all projected obligations. Any investments that mature more than five years from the date of purchase require prior approval of the Board of Supervisors.

As of June 30, 2014, the County had the following investments, all of which had a maturity of 5 years or less:

Investment Type	Interest Rates	Maturities		Fair Value	Weighted Average Maturity (Years)
		0-1 year	1-5 years		
Government Agencies	0.50-5.25%	\$ 3,042,158	\$76,216,832	\$ 79,258,990	3.12
Corporate Notes	0.70-5.55%	1,025,071	12,052,792	13,077,863	2.24
Negotiable CD's	0.40-2.00%	988,000	5,919,011	6,907,011	2.27
Local Agency Investment Fund (LAIF)	Variable	<u>20,000,000</u>	<u>-</u>	<u>20,000,000</u>	<u>-</u>
Total Investments		<u>\$ 25,055,229</u>	<u>\$94,188,635</u>	<u>\$119,243,864</u>	<u>2.45</u>

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**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. The County's investment policy sets specific parameters by the type of investment to be met at the time of purchase. 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.

<u>Investment Type</u>	<u>Minimum Legal Rating</u>	<u>Standard &amp; Poor's Rating</u>	<u>Moody's Rating</u>	<u>% of Portfolio</u>
Federal Farm Credit Bank	N/A	AA+	AAA	5.88%
Federal Home Loan Mortgage Corp	N/A	AA+	AAA	17.61%
Federal Home Loan Bank	N/A	AA+	AAA	16.07%
Federal National Mortgage Assoc.	N/A	AA+	AAA	26.91%
Corporate Notes	A	A+	A1	2.66%
Corporate Notes	A	AA	A1	0.47%
Corporate Notes	A	AA+	A1	0.88%
Corporate Notes	A	A	A2	0.86%
Corporate Notes	A	AA	AA2	0.86%
Corporate Notes	A	A	A3	0.85%
Corporate Notes	A	A-	A1	0.86%
Corporate Notes	A	AA-	AA3	1.72%
Corporate Notes	A	AAA	AAA	1.81%
Negotiable CD's	N/A	Unrated	Unrated	5.79%
LAIF	N/A	Unrated	Unrated	16.77%
Total				<u>100.00%</u>

Custodial Credit Risk for Investments - Custodial credit risk for investments 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. To mitigate the custodial credit risk the County requires that all of its managed investments be held in safekeeping by a third party bank trust department.

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. The County's investment policy contains 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, 2014, 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	\$ 7,012,929	5.88%
Federal Home Loan Mortgage Corporation	20,999,123	17.61%
Federal Home Loan Bank	19,161,859	16.07%
Federal National Mortgage Association	32,085,078	26.91%



**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

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

**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, 2014 the County's investment position in LAIF was \$20,000,000. The total amount invested by all public agencies in LAIF on that day was \$64,846,169,129. Of that amount, 98.14% is invested in non-derivative financial products and 1.86% in structured notes and asset-backed securities.

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

The following are condensed statements of net position and changes in net position for the Treasurer's Pool at June 30, 2014:

	Internal Participants	External Participants	Total Pool
<b>Statement of Net Position</b>			
Cash on hand	\$ 18,075	\$ -	\$ 18,075
Deposits (less outstanding warrants)	1,239,621	-	1,239,621
Investments	77,355,423	41,888,441	119,243,864
Net Position at June 30, 2014	\$ 78,613,119	\$ 41,888,441	\$ 120,501,560
<b>Statement of Changes in Net Position</b>			
Net position at July 1, 2013	\$ 74,730,727	\$ 43,943,903	\$ 118,674,630
Net changes in investments by pool participants	3,882,392	( 2,055,462)	1,826,930
Net Position at June 30, 2014	\$ 78,613,119	\$ 41,888,441	\$ 120,501,560

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTE 4: CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2014, was as follows:

	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers/ Adjustments</u>	<u>Balance</u> <u>June 30, 2014</u>
<b>Governmental Activities</b>					
Capital Assets, Not Being Depreciated:					
Land	\$ 1,533,130	\$ 94,256	\$ -	\$ -	\$ 1,627,386
Infrastructure	157,534,694	2,247,629	( 53,403)	-	159,728,920
Construction in progress	<u>477,326</u>	<u>1,915,720</u>	<u>-</u>	<u>( 1,302,914)</u>	<u>1,090,132</u>
Total Capital Assets, Not Being Depreciated	<u>159,545,150</u>	<u>4,257,605</u>	<u>( 53,403)</u>	<u>( 1,302,914)</u>	<u>162,446,438</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	50,871,079	1,514,974	( 175,199)	222,216	52,433,070
Equipment	26,393,799	1,648,830	( 868,220)	87,144	27,261,553
Software	<u>639,893</u>	<u>243,446</u>	<u>( 21,182)</u>	<u>14,299</u>	<u>876,456</u>
Total Capital Assets, Being Depreciated	<u>77,904,771</u>	<u>3,407,250</u>	<u>( 1,064,601)</u>	<u>323,659</u>	<u>80,571,079</u>
Less Accumulated Depreciation For:					
Buildings and improvements	( 15,749,899)	( 940,920)	88,085	( 428,479)	( 17,031,213)
Equipment	( 23,145,398)	( 1,267,469)	845,178	( 131,557)	( 23,699,246)
Software	<u>( 512,401)</u>	<u>( 61,728)</u>	<u>21,182</u>	<u>45,956</u>	<u>( 506,991)</u>
Total Accumulated Depreciation	<u>( 39,407,698)</u>	<u>( 2,270,117)</u>	<u>954,445</u>	<u>( 514,080)</u>	<u>( 41,237,450)</u>
Total Capital Assets, Being Depreciated, Net	<u>38,497,073</u>	<u>1,137,133</u>	<u>( 110,156)</u>	<u>( 190,421)</u>	<u>39,333,629</u>
Governmental Activities Capital Assets, Net	<u>\$198,042,223</u>	<u>\$ 5,394,738</u>	<u>(\$ 163,559)</u>	<u>(\$ 1,493,335)</u>	<u>\$201,780,067</u>
	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Retirements</u>		<u>Balance</u> <u>June 30, 2014</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	<u>1,688,486</u>	<u>1,696</u>	<u>-</u>		<u>1,690,182</u>
Total Capital Assets, Being Depreciated	<u>1,688,486</u>	<u>1,696</u>	<u>-</u>		<u>1,690,182</u>
Less Accumulated Depreciation For:					
Structures and improvements	<u>( 753,861)</u>	<u>( 39,560)</u>	<u>-</u>		<u>( 793,421)</u>
Total Accumulated Depreciation	<u>( 753,861)</u>	<u>( 39,560)</u>	<u>-</u>		<u>( 793,421)</u>
Total Capital Assets, Being Depreciated, Net	<u>934,625</u>	<u>( 37,864)</u>	<u>-</u>		<u>896,761</u>
Business-Type Activities Capital Assets, Net	<u>\$ 972,672</u>	<u>(\$ 37,864)</u>	<u>\$ -</u>		<u>\$ 934,808</u>

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

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

**Depreciation**

Depreciation expense was charged to governmental functions as follows:

General government	\$ 296,815
Public protection	1,013,521
Health and welfare	200,751
Public assistance	289,852
Education	27,596
Culture and recreation	45,808
Public ways and facilities	<u>394,774</u>
Subtotal Governmental Funds	2,269,117
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>1,000</u>
Total Depreciation Expense - Governmental Functions	<u><u>\$ 2,270,117</u></u>

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

Tehama County Sanitation District #1	\$ <u>39,560</u>
Total Depreciation Expense – Business-Type Functions	<u><u>\$ 39,560</u></u>

**Construction in Progress**

Construction in progress for governmental activities at June 30, 2014 relates to work performed on various County projects.

**NOTE 5: INTERFUND TRANSACTIONS**

**Due To/From Other Funds**

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as due from or due to other funds. In addition, when funds overdraw their share of pooled cash, the receivables and payables are also classified as due from or due to other funds. The following are due from and due to balances as of June 30, 2014:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General fund	\$ 5,090,031	\$ -
Public Assistance	-	565,045
Health Services	-	4,478,335
Agency funds	<u>-</u>	<u>46,651</u>
Total	<u><u>\$ 5,090,031</u></u>	<u><u>\$ 5,090,031</u></u>

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

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

**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, 2014:

	<u>Advance to Other Funds</u>	<u>Advance from Other Funds</u>
General Fund	\$ 1,272,650	\$ 1,180,000
Health Services	9,454	-
Other Governmental Funds	10,000	-
Agency Funds	<u>-</u>	<u>112,104</u>
Total	<u>\$ 1,292,104</u>	<u>\$ 1,292,104</u>

**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, 2014:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 1,551,767	\$ 15,356,755
Road	35,000	-
Public Safety	11,939,255	4,950
Public Assistance	1,002,477	38,020
Health Services	5,419,820	5,387,315
Capital Projects	1,468,894	791,370
Debt Service	1,595,380	1,474,183
Nonmajor Governmental Funds	<u>40,000</u>	<u>-</u>
Total	<u>\$ 23,052,593</u>	<u>\$ 23,052,593</u>

**NOTE 6: UNEARNED REVENUES**

At June 30, 2014, components of unearned revenues were as follows:

	<u>Unearned</u>
General Fund	
2014/2015 payment in lieu of taxes revenues	\$ 530,446
Title III forest reserve revenues not recognized as earned	65,769
Other revenues received but not earned	45,328
Public Safety	
Other revenues received but not earned	79,173
Public Assistance	
Social services revenues received but not earned	6,033,091
Non Major Governmental Funds	
Child support revenues received but not earned	9,301
Building and safety revenues received but not earned	4,644
Air Pollution revenues received but not earned	<u>5,000</u>
Total	<u>\$ 6,772,752</u>

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTE 7: LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2014:

Type of Indebtedness	Balance July 1, 2013	Additions	Retirements	Balance June 30, 2014	Amounts Due Within One Year
<b>Governmental Activities</b>					
Certificates of participation	\$ 6,510,000	\$14,660,000	(\$ 6,510,000)	\$ 14,660,000	\$ 745,000
Unamortized Premium	29,600	733,021	( 29,600)	733,021	29,321
Certificates of Participation, net	<u>6,539,600</u>	<u>15,393,021</u>	<u>( 6,539,600)</u>	<u>15,393,021</u>	<u>774,321</u>
Capital Leases Payable	13,356	-	( 4,094)	9,262	4,318
Compensated Absences	<u>3,698,597</u>	<u>3,237,296</u>	<u>( 3,271,784)</u>	<u>3,664,109</u>	<u>3,297,699</u>
Total Governmental Activities	<u>\$10,251,553</u>	<u>\$18,630,317</u>	<u>(\$ 9,815,478)</u>	<u>\$ 19,066,392</u>	<u>\$ 4,076,338</u>
<b>Business-Type Activities</b>					
Bonds	<u>\$ 424,000</u>	<u>\$ -</u>	<u>(\$ 14,500)</u>	<u>\$ 409,500</u>	<u>\$ 15,500</u>
Total Business-Type Activities	<u>\$ 424,000</u>	<u>\$ -</u>	<u>(\$ 14,500)</u>	<u>\$ 409,500</u>	<u>\$ 15,500</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. 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, 2014, are as follows:

**Governmental Activities**

Certificates of Participation:

2014 Certificates of Participation, issued May 13, 2014, in the amount of \$14,660,000, payable in annual installments of \$300,000 to \$965,000, with an interest rate of 2.0% to 5.0% and maturity on September 15, 2038. The certificates were used to refund the 1998 and 2002 certificates of participation which were used to finance capital projects and to finance additional capital improvements.

\$ 14,660,000

Total Certificates of Participation

14,660,000

Total Governmental Activities

\$ 14,660,000

**Business-Type Activities**

Bonds:

1997 Sanitation District #1 Bonds, issued March, 1997, in the amount of \$824,465, payable in annual installments of \$8,000 to \$35,000 with an interest rate of 4.50% and maturity on September, 2036. The bonds were used to finance construction and upgrade of the sanitation system.

\$ 409,500

Total Bonds

409,500

Total Business-Type Activities

\$ 409,500

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

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

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**

Year Ended June 30	Certificates of Participation		
	Principal	Interest	Total
2015	\$ 745,000	\$ 473,499	\$ 1,218,499
2016	725,000	519,088	1,244,088
2017	740,000	500,738	1,240,738
2018	760,000	478,238	1,238,238
2019	780,000	451,238	1,231,238
2020-2024	4,470,000	1,702,888	6,172,888
2025-2029	2,660,000	957,284	3,617,284
2030-2034	1,700,000	609,359	2,309,359
2035-2039	2,080,000	227,213	2,307,213
Total	\$ 14,660,000	\$ 5,919,545	\$ 20,579,545

**Business-Type Activities**

Year Ended June 30	Bonds		
	Principal	Interest	Total
2015	\$ 15,500	\$ 18,079	\$ 33,579
2016	16,000	17,370	33,370
2017	17,000	16,628	33,628
2018	17,500	15,851	33,351
2019	18,500	15,041	33,541
2020-2024	104,000	61,762	165,762
2025-2029	130,000	35,550	165,550
2030-2034	91,000	6,705	97,705
Total	\$ 409,500	\$ 186,986	\$ 596,486

**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 noncancellable 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.

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**NOTE 8: LEASES (CONTINUED)**

**Capital Leases (Continued)**

	<u>Stated Interest Rate</u>	<u>Present Value of Remaining Payments at June 30, 2014</u>
Governmental activities	3.58-6.90%	\$ 9,262
Total		<u>\$ 9,262</u>

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

	<u>Governmental Activities</u>
Equipment	\$ 20,711
Less: accumulated depreciation	( 12,081)
Net Value	<u>\$ 8,630</u>

As of June 30, 2014, capital lease annual amortization was as follows:

<u>Governmental Year Ending June 30:</u>	<u>Activities</u>
2015	\$ 4,709
2016	4,709
2017	<u>392</u>
Total Requirements	9,810
Less Interest	( 548)
Present Value of Remaining Payments	<u>\$ 9,262</u>

**NOTE 9: NET POSITION**

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net investment in capital assets** - 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.
  
- **Restricted net position** - Consists of net position 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 position** - All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

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

**Net Position Flow Assumption**

When a government funds outlays for a particular purpose from both restricted and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted net position is available, it is considered that restricted resources are used first, followed by the unrestricted resources.

**Net Position Restricted by Enabling Legislation**

The government-wide Statement of Net Position reports \$46,126,870 of restricted net position, of which \$811,499 is restricted by enabling legislation.

**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, 2014, fund balance for governmental funds are made up of the following:

- **Nonspendable fund balance** - amounts that cannot be spent because they are either (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 and prepaid amounts.
- **Restricted fund balance** - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions may effectively be changed or lifted with the consent of resource providers.
- **Committed fund balance** - amounts that can only be used for the specific purposes determined by formal action of the County’s highest level of decision-making authority. The Board of Supervisors is the highest level of decision making authority for the County that can, by adoption of an ordinance commit fund balance. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **Assigned fund balance** - amounts that are constrained by the County’s intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose.
- **Unassigned fund balance** - the residual classification for the County’s General fund that includes all amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.



**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

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

The fund balances for all major and nonmajor governmental funds as of June 30, 2014, were distributed as follows:

	<u>General Fund</u>	<u>Road</u>	<u>Public Safety</u>	<u>Public Assistance</u>	<u>Health Services</u>
<b>Nonspendable:</b>					
Advances to other funds - net	\$ 92,650	\$ -	\$ -	\$ -	\$ -
Prepaid Costs	927,173	-	64,897	85,212	7,121
Inventory	<u>-</u>	<u>752,887</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>1,019,823</u>	<u>752,887</u>	<u>64,897</u>	<u>85,212</u>	<u>7,121</u>
<b>Restricted:</b>					
General	4,950	-	-	-	-
Cash Difference	150	-	-	-	-
Realignment	909,965	-	-	-	-
AR	33,872	-	-	-	-
Wrap Around	286,296	-	-	-	-
AVA County of Tehama	105,428	-	-	-	-
APSA Act AB 1130 Grant	1,203	-	-	-	-
Vital & Health Stats	70,890	-	-	-	-
Recorder Micrographics	33,884	-	-	-	-
PC1463.9 Litter Control	7,954	-	-	-	-
Fair Booth Trust	979	-	-	-	-
Recorder Automation	247,539	-	-	-	-
Small Claim Fees Cp 116.910	20,867	-	-	-	-
Revolving Loan (24 CFR 570)	7,375	-	-	-	-
County Parks	1,676	-	-	-	-
VC27360 Child Restraints	6,513	-	-	-	-
Safe Drinking Water	277,020	-	-	-	-
UST & HS Code 25287	154	-	-	-	-
Domestic Violence Program	12,039	-	-	-	-
HS 25299 Underground Tank	97,908	-	-	-	-
Housing Ass't Payment	24,786	-	-	-	-
Road Services	-	4,581,322	-	-	-
Public Safety	-	-	4,678,375	-	-
Public Assistance	-	-	-	2,102,734	-
Health Services	-	-	-	-	2,938,950
Fish and Game	-	-	-	-	-
Fire	-	-	-	-	-
Child Support	-	-	-	-	-
Building and Safety	-	-	-	-	-
Senior Nutrition	-	-	-	-	-
Transportation Operations	-	-	-	-	-
Air Pollution Services	-	-	-	-	-
Los Molinos Lighting	-	-	-	-	-
Flood Control and Water Conserv	-	-	-	-	-
Tehama Power Authority	-	-	-	-	-
AB 923	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>2,151,448</u>	<u>4,581,322</u>	<u>4,678,375</u>	<u>2,102,734</u>	<u>2,938,950</u>

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Govern- mental Funds</u>	<u>Total</u>
<b>Nonspendable:</b>				
Advances to other funds - net	\$ -	\$ -	\$ -	\$ 92,650
Prepaid Costs	-	-	4,278	1,088,681
Inventory	-	-	-	752,887
Subtotal	<u>-</u>	<u>-</u>	<u>4,278</u>	<u>1,934,218</u>
<b>Restricted:</b>				
General	-	-	-	4,950
Cash Difference	-	-	-	150
Realignment	-	-	-	909,965
AR	-	-	-	33,872
Wrap Around	-	-	-	286,296
AVA County of Tehama	-	-	-	105,428
APSA Act AB 1130 Grant	-	-	-	1,203
Vital & Health Stats	-	-	-	70,890
Recorder Micrographics	-	-	-	33,884
PC1463.9 Litter Control	-	-	-	7,954
Fair Booth Trust	-	-	-	979
Recorder Automation	-	-	-	247,539
Small Claim Fees Cp 116.910	-	-	-	20,867
Revolving Loan (24 CFR 570)	-	-	-	7,375
County Parks	-	-	-	1,676
VC27360 Child Restraints	-	-	-	6,513
Safe Drinking Water	-	-	-	277,020
UST & HS Code 25287	-	-	-	154
Domestic Violence Program	-	-	-	12,039
HS 25299 Underground Tank	-	-	-	97,908
Housing Ass't Payment	-	-	-	24,786
Road Services	-	-	-	4,581,322
Public Safety	-	-	-	4,678,375
Public Assistance	-	-	-	2,102,734
Health Services	-	-	-	2,938,950
Fish and Game	-	-	155,854	155,854
Fire	-	-	5,382,852	5,382,852
Child Support	-	-	149,164	149,164
Building and Safety	-	-	263,478	263,478
Senior Nutrition	-	-	43,993	43,993
Transportation Operations	-	-	1,626,605	1,626,605
Air Pollution Services	-	-	1,162,341	1,162,341
Los Molinos Lighting	-	-	71,566	71,566
Flood Control and Water Conserv	-	-	1,265,948	1,265,948
Tehama Power Authority	-	-	5,300	5,300
AB 923	-	-	112,575	112,575
Subtotal	<u>-</u>	<u>-</u>	<u>10,239,676</u>	<u>26,692,505</u>

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

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

The fund balances for all major and nonmajor governmental funds as of June 30, 2014, were distributed as follows: (Continued)

	<u>General Fund</u>	<u>Road</u>	<u>Public Safety</u>	<u>Public Assistance</u>	<u>Health Services</u>
<b>Committed:</b>					
Sun City Development	51,653	-	-	-	-
Uniform Allowance	72,500	-	-	-	-
Dept of Health Services	127,500	-	-	-	-
State Loan Repay	2,190,604	-	-	-	-
Compensation Study	2,473,724	-	-	-	-
Economic Uncertainty	5,001,739	-	-	-	-
Capital Projects	-	-	-	-	-
Debt Service	-	-	-	-	-
Subtotal	<u>9,917,720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Assigned:</b>					
Camp Tehama OPS	82,169	-	-	-	-
Departments	199,025	-	-	-	-
Veterans Halls	237,663	-	-	-	-
Capital Assets	1,387,215	-	-	-	-
Nuisance Abate	173,932	-	-	-	-
Antelope Sewer	23,200	-	-	-	-
Sick Leave & Vacation Buyout	2,585	-	-	-	-
Encumbrances	<u>118,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>2,224,629</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Unassigned</b>	<u>6,693,679</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,174,791)</u>
Total	<u>\$22,007,299</u>	<u>\$ 5,334,209</u>	<u>\$4,743,272</u>	<u>\$2,187,946</u>	<u>(\$ 228,720)</u>

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Other Govern- mental Funds</u>	<u>Total</u>
<b>Committed:</b>				
Sun City Development	-	-	-	51,653
Uniform Allowance	-	-	-	72,500
Dept of Health Services	-	-	-	127,500
State loan repay	-	-	-	2,190,604
Compensation Study	-	-	-	2,473,724
Economic Uncertainty	-	-	-	5,001,739
Capital Projects	7,386,778	-	-	7,386,778
Debt Service	-	11,133,192	-	11,133,192
Subtotal	<u>7,386,778</u>	<u>11,133,192</u>	<u>-</u>	<u>28,437,690</u>
<b>Assigned:</b>				
Camp Tehama OPS	-	-	-	82,169
Departments	-	-	-	199,025
Veterans Halls	-	-	-	237,663
Capital Assets	-	-	-	1,387,215
Nuisance Abate	-	-	-	173,932
Antelope Sewer	-	-	-	23,200
Sick Leave & Vacation Buyout	-	-	-	2,585
Encumbrances	-	-	-	118,840
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,224,629</u>
<b>Unassigned</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,518,888</u>
Total	<u>\$7,386,778</u>	<u>\$11,133,192</u>	<u>\$10,243,954</u>	<u>\$62,807,930</u>

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

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

**Fund Balance Flow Assumption**

When a government funds outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance), a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted fund balance are available, it is considered that restricted fund balance is depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Fund Balance Policy**

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.

**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 or [www.calpers.ca.gov](http://www.calpers.ca.gov).

Effective January 1, 2013, the County added retirement tiers for both Miscellaneous and Safety Plans for new employees as required under the Public Employee Pension Reform Act (PEPRA). New employees hired on or after January 1, 2013 are subject to new, lower pension formulas, caps on pensionable income levels and new definitions of pensionable income. In addition, new employees will be required to contribute half of the total normal cost of the pension benefit unless impaired by an existing Memorandum of Understanding.

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

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

**B. Funding Policy**

For active plan members preceding PEPRA, Miscellaneous Plan members, including Miscellaneous Plan elected officials, pay 7 percent of their annual covered salary while Safety Plan members, including Safety Plan elected officials, pay 9 percent of their annual covered salary. For active plan members included in PEPRA, Miscellaneous Plan members pay 6.25 percent of their annual covered salary while Safety Plan members pay 10 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. The contribution requirements of the plan are established by State statute and the employer contribution rate is established and may be amended by PERS. The Miscellaneous and Safety Plans include a cost sharing agreement which determines whether a portion of the members' contribution is paid by the County or whether a portion of the employers' contribution is paid by the member. Results of the cost sharing agreements are as follows:

	Member Share		County Share		Total	
	Member	County	Member	County	Member	County
<b>Miscellaneous</b>						
Classic - MISC1	7.000%	0.000%	0.000%	13.681%	7.000%	13.681%
Classic - elected officials	0.000%	7.000%	0.000%	13.681%	0.000%	20.681%
PEPRA - MISC2	6.250%	0.000%	0.000%	13.681%	6.250%	13.681%
PEPRA - MISC3	6.250%	0.000%	0.000%	13.681%	6.250%	13.681%
<b>Safety</b>						
Classic - SOS1	9.000%	0.000%	0.000%	25.967%	9.000%	25.967%
Classic - elected officials	0.000%	9.000%	0.000%	25.967%	0.000%	34.967%
Classic - POBU employees	6.000%	3.000%	0.000%	25.967%	6.000%	28.967%
PEPRA - SOS2	10.000%	0.000%	0.000%	25.967%	10.000%	25.967%
PEPRA - SOS3	10.000%	0.000%	0.000%	25.967%	10.000%	25.967%

**C. Annual Pension Cost**

For fiscal year 2013/2014, the County's annual pension cost of \$4,162,461 for the Miscellaneous plan and \$1,807,267 for the Safety plan for PERS was equal to the County's actual contributions. The required contributions for fiscal year 2013/2014 were determined as part of the June 30, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.5 percent investment rate of return (net of administrative expenses), (b) projected annual salary increases of 3.30 percent to 14.20 percent, depending on age, service, and type of employment, (c) 2.75 percent inflation, (d) 3.00 percent payroll growth, and (e) individual salary growth based on a merit scale with assumed annual inflation of 2.75 percent and annual production growth of 0.25 percent.

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

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

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

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). Initial unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. All changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methodology are amortized separately over a 20 year period. All gains or losses are tracked and amortized over a rolling 30 year period with the exception of gains and losses in fiscal years 2008-2009, 2009-2010 and 2010-2011 in which each year's gains or losses will be isolated and amortized over fixed and declining 30 year periods (as opposed to the current rolling 30 year amortization). If the plan's accrued liability exceeds the actuarial value of plan assets, the annual contribution with respect to the total unfunded liability may not be less than the amount produced by a 30 year amortization of the unfunded liability. The following table presents three year trend information:

Miscellaneous

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	\$ 3,530,273	100%	-
June 30, 2013	3,706,861	100%	-
June 30, 2014	4,162,461	100%	-

Safety

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	\$ 1,294,559	100%	-
June 30, 2013	1,447,146	100%	-
June 30, 2014	1,807,267	100%	-

**D. Funded Status and Funding Progress**

As of June 30, 2013, the most recent actuarial valuation date, the miscellaneous plan was 74.7 percent funded. The actuarial accrued liability for benefits was \$190,704,429, and the actuarial value of assets was \$142,520,687, resulting in an unfunded actuarial accrued liability (UAAL) of \$48,183,742. The covered payroll (annual payroll of active employees covered by the plan) was \$29,861,385, and the ratio of the UAAL to the covered payroll was 161.4 percent.

As of June 30, 2013 the most recent actuarial valuation date, the safety plan was 69.6 percent funded. The actuarial accrued liability for benefits was \$63,036,597, and the actuarial value of assets was \$43,889,494, resulting in an unfunded actuarial accrued liability (UAAL) of \$19,147,103. The covered payroll (annual payroll of active employees covered by the plan) was \$6,760,933, and the ratio of the UAAL to the covered payroll was 283.2 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.

**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

**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 (CSAC-EIA), 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.

Actual claims unpaid as of June 30, 2014, including any estimates for incurred but not reported (IBNR) amounts, constitute claims payable. The claims liability at June 30, 2014, was as follows:

General Liability	\$ 703,000
Dental Insurance	<u>106,950</u>
Total	<u><u>\$ 809,950</u></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 \$809,950 reported in the funds at June 30, 2014, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires 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 2012, 2013, and 2014 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>
2012	\$ 913,411	\$ 1,789,834	\$ 1,781,058	\$ 922,187
2013	922,187	1,669,183	1,781,788	809,582
2014	809,582	2,286,431	2,286,063	809,950

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. Commitments and Contingencies**

The County had active construction projects as of June 30, 2014. The estimated costs to be incurred for these projects is \$1,117,555.



**COUNTY OF TEHAMA**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2014**

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

**A. Commitments and Contingencies (Continued)**

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.

The County had the following encumbrances at June 30, 2014, General fund \$118,840, Road \$102,110, Public Safety \$32,558, Public Assistance \$34,457, Health Services \$7,957, and non-major governmental funds \$254,138.

**B. Subsequent Events**

Management has evaluated events subsequent to June 30, 2014 through March 5, 2015, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

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**Required Supplementary Information  
(Unaudited)**

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**COUNTY OF TEHAMA**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2014**

**I. 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, 2011	\$ 172,779,664	\$ 148,584,196	\$ 24,195,468	86.0%	76.7%	\$ 29,409,675	82.3%
June 30, 2012	181,092,430	155,069,627	26,022,803	85.6%	71.5%	28,422,997	91.6%
June 30, 2013	190,704,429	142,520,687	48,183,742	74.7%	74.7%	29,861,385	161.4%

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, 2011	\$ 57,967,134	\$ 45,347,019	\$ 12,620,115	78.2%	70.0%	\$ 5,887,592	214.4%
June 30, 2012	60,245,088	47,308,490	12,936,598	78.5%	65.7%	6,178,706	209.4%
June 30, 2013	63,036,597	43,889,494	19,147,103	69.6%	69.6%	6,760,933	283.2%

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

**A. Roads**

The County of Tehama manages its maintained road system, included in the area wide 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 maintained by the Department of Public Works. A scale was established whereby roads fall into categories ranging from poor to excellent with numerical ratings as follows:

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

**COUNTY OF TEHAMA**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2014**

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

**A. Roads (Continued)**

The Department of Public Works recommends that seventy five (75) percent of the County maintained road system be maintained to a fair or better rating. Condition assessments (ratings) are conducted on a three-year cycle with detailed inspections occurring on an ongoing daily basis. The following is a table of the roads' condition:

<u>OCI Condition</u>	<u>Number of Miles</u>	<u>Percent</u>
Excellent	78.26	7.19%
Good	581.98	53.47%
Fair	260.71	23.96%
Poor	<u>167.34</u>	<u>15.38%</u>
Total	<u><u>1088.29</u></u>	<u><u>100.00%</u></u>

As of June 30, 2014, the County's overall maintained road system rating was 84.63% fair and above for Arterial, Collector and Local roads, including 263.05 miles of unsurfaced roads maintained at a fair condition rating. The Department of Public Works also maintains records of 0.96 miles of unconstructed/unrated right of way. The total amount of maintained roads recorded by the department is 1089.25 miles, which is unchanged from the prior year's report.

The majority of roads falling below the established rating of fair are in the Local road category were generally acquired by the County with inadequate or no structural section. Many of these roads are in rural settings with minimal traffic, requiring large fund expenditures and many years to attain one of the adopted ratings.

**B. Bridges**

The County of Tehama manages its maintained bridge system utilizing the Carte Graph Bridge Management Program and accounts for each using the modified approach as set forth in GASB 34. Several factors are considered to achieve the established scale of 0 to 100, which provides a rating for each structure in the County's inventory. The established scale places each bridge structure into categories ranging from poor to excellent as shown below:

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

**COUNTY OF TEHAMA**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2014**

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

**B. Bridges (Continued)**

The Department of Public Works recommends that 75 percent of its bridges be maintained at a fair or better rating. The following is a table of the bridges' condition as of June 30, 2014:

<u>Condition</u>	<u>Number of Bridges</u>	<u>Percent</u>
Excellent	137	19.71%
Good	224	32.23%
Fair	271	39.00%
Poor	<u>63</u>	<u>9.06%</u>
Total	<u><u>695</u></u>	<u><u>100.00%</u></u>

Caltrans conducts periodic inspections of all bridge structures that are 20 feet or longer. This amounts to approximately 400 County structures. Bridges generally have a useful life of 50 to 75 years with low levels of significant deterioration from year to year. County staff also conducts inspections of approximately 400 bridges and drainage structures less than 20 feet in length and 137 cattle guards that the County maintains. The cattle guard structures are not rated.

**C. Signs**

The County of Tehama manages its maintained sign database system using the Carte Graph Sign Management program and accounts for them using the modified approach as set forth in GASB 34. The State and Federal versions of the Manual of Uniform Traffic Control Device (MUTCD) guidelines identify sign reflectivity requirements as a crucial rating factor. Therefore, County sign reflectivity is measured using County owned equipment and assigned a "Pass or Fail" rating in keeping with industry standards.

Public Works staff continues to develop a comprehensive geo-referenced database in order to accurately count and locate all maintained signage. The cumulative sign data and rating shown below is based on the current number of signs recorded in the database system. The total number of signs will fluctuate as staff improves the quality control functions of the geo-referenced database.

<u>Condition</u>	<u>Number of Street Name Signs</u>	<u>Number of Traffic Signs</u>	<u>Total</u>	<u>Percent Pass/Fail</u>
Pass	3,457	4,646	8,103	84.69%
Fail	<u>0</u>	<u>1,465</u>	<u>1,465</u>	<u>15.31%</u>
Total	<u><u>3,457</u></u>	<u><u>6,111</u></u>	<u><u>9,568</u></u>	<u><u>100.00%</u></u>

Additionally, the County maintains a significant number of miles of road centerline and edgeline striping, pavement markings, and object marker signs. They are visually inspected during routine operations and refreshed/replaced as needed annually to maintain maximum visibility.

**COUNTY OF TEHAMA**  
**Required Supplementary Information**  
**For the Year Ended June 30, 2014**

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

**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 and 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, or pass condition rating is \$8,000,000. The average annual expenditures over the last five years was \$9,839,736. The below totals reflect high dollar value bridge replacements and some major collector road projects that tend to skew the expenditure vs. rating analysis. The funds expended have helped to slow the facility degradation, however the overall ratings continue to decline, albeit at a slower place. The funds expended for all of the above noted facilities over the past five fiscal years are as follows:

	<u>Actual</u>
Fiscal Year 2013/2014	\$ 9,089,229
Fiscal Year 2012/2013	14,993,500
Fiscal Year 2011/2012	6,504,661
Fiscal Year 2010/2011	9,660,492
Fiscal Year 2009/2010	8,950,796



**COUNTY OF TEHAMA**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2014**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Taxes and assessments	\$ 16,541,786	\$ 17,041,786	\$ 17,938,747	\$ 896,961
Licenses and permits	1,258,870	1,263,870	1,462,673	198,803
Fines and forfeitures	1,442,722	1,433,103	1,831,736	398,633
Use of money and property	196,651	216,651	152,278	(64,373)
Intergovernmental	2,241,031	3,461,822	3,742,941	281,119
Charges for services	14,385,811	14,438,042	14,650,771	212,729
Other revenues	289,592	345,465	451,575	106,110
<b>Total Revenues</b>	<b>36,356,463</b>	<b>38,200,739</b>	<b>40,230,721</b>	<b>2,029,982</b>
<b>EXPENDITURES</b>				
Current:				
General government	20,417,324	20,395,070	17,599,280	2,795,790
Public protection	4,634,139	4,806,435	4,410,790	395,645
Health and welfare	1,002,216	1,036,649	901,222	135,427
Public assistance	1,142,933	1,199,850	1,044,385	155,465
Education	619,701	637,251	615,517	21,734
Culture and recreation	292,971	302,036	265,701	36,335
Public ways and facilities	-	-	3,854	(3,854)
Debt service				
Interest and other charges	25,000	25,000	4,978	20,022
Capital outlay	428,000	631,490	373,129	258,361
<b>Total Expenditures</b>	<b>28,562,284</b>	<b>29,033,781</b>	<b>25,218,856</b>	<b>3,814,925</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>7,794,179</b>	<b>9,166,958</b>	<b>15,011,865</b>	<b>5,844,907</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	1,551,767	1,551,767
Transfers out	(16,900,032)	(16,900,032)	(15,356,755)	1,543,277
<b>Total Other Financing Sources (Uses)</b>	<b>(16,900,032)</b>	<b>(16,900,032)</b>	<b>(13,804,988)</b>	<b>3,095,044</b>
<b>Net Change in Fund Balances</b>	<b>(9,105,853)</b>	<b>(7,733,074)</b>	<b>1,206,877</b>	<b>8,939,951</b>
<b>Fund Balances - Beginning</b>	<b>20,800,422</b>	<b>20,800,422</b>	<b>20,800,422</b>	<b>-</b>
<b>Fund Balances - Ending</b>	<b>\$ 11,694,569</b>	<b>\$ 13,067,348</b>	<b>\$ 22,007,299</b>	<b>\$ 8,939,951</b>

**COUNTY OF TEHAMA**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2014**

**Reconciliation of Net Change in Fund Balance - Budgetary to GAAP Basis:**

**Net Change in Fund Balance - Budgetary Basis** \$ 1,206,877

The amount reported in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance was different because:

OMB A-87 interfund charges are included as charges for services for budgetary purposes, but are a reduction of expenditures for financial reporting purposes.

Charges for services	(793,505)
General government expenditures	<u>793,505</u>

**Net Change in Fund Balance - Statement of Revenues, Expenditures, and Changes in Fund Balance** \$ 1,206,877

**COUNTY OF TEHAMA**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Road - Major Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Taxes and assessments	\$ 350,000	\$ 350,000	\$ 575,793	\$ 225,793
Licenses and permits	7,000	7,000	10,152	3,152
Use of money and property	38,882	38,882	14,661	(24,221)
Intergovernmental	14,086,297	14,413,839	10,934,678	(3,479,161)
Charges for services	345,000	345,000	444,258	99,258
Other revenues	30,500	65,500	54,926	(10,574)
<b>Total Revenues</b>	<b>14,857,679</b>	<b>15,220,221</b>	<b>12,034,468</b>	<b>(3,185,753)</b>
<b>EXPENDITURES</b>				
Current:				
Public ways and facilities	14,797,162	15,048,770	10,333,781	4,714,989
Capital outlay	788,000	879,286	534,995	344,291
<b>Total Expenditures</b>	<b>15,585,162</b>	<b>15,928,056</b>	<b>10,868,776</b>	<b>5,059,280</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(727,483)</b>	<b>(707,835)</b>	<b>1,165,692</b>	<b>1,873,527</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	35,000	35,000
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>35,000</b>	<b>35,000</b>
<b>Net Change in Fund Balances</b>	<b>(727,483)</b>	<b>(707,835)</b>	<b>1,200,692</b>	<b>1,908,527</b>
<b>Fund Balance - Beginning</b>	<b>3,606,591</b>	<b>3,606,591</b>	<b>3,606,591</b>	<b>-</b>
Prior period adjustment	-	-	299,930	299,930
<b>Fund Balance - Beginning, Restated</b>	<b>3,606,591</b>	<b>3,606,591</b>	<b>3,906,521</b>	<b>299,930</b>
Change in inventory on purchases method	-	-	226,996	226,996
<b>Fund Balance - Ending</b>	<b>\$ 2,879,108</b>	<b>\$ 2,898,756</b>	<b>\$ 5,334,209</b>	<b>\$ 2,435,453</b>
<b>Reconciliation of Net Change in Fund Balance - Budgetary to GAAP Basis:</b>				
<b>Net Change in Fund Balance - Budgetary Basis</b>				<b>\$ 1,200,692</b>
The amount reported in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance was different because:				
Expenditures for infrastructure accounted for under the modified approach are included as public ways and facilities for budgetary purposes, but are capital outlay expenditures for financial reporting purposes.				
Public ways and facilities expenditures				(2,250,894)
Capital outlay expenditures				2,250,894
<b>Net Change in Fund Balance - Statement of Revenues, Expenditures, and Changes in Fund Balance</b>				<b>\$ 1,200,692</b>

**COUNTY OF TEHAMA**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Public Safety - Major Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Licenses and permits	\$ 1,250	\$ 1,250	\$ 3,409	\$ 2,159
Fines and forfeitures	18,500	18,500	121,258	102,758
Use of money and property	-	-	6,174	6,174
Intergovernmental	7,915,679	8,491,356	9,467,932	976,576
Charges for services	393,742	393,742	347,738	(46,004)
Other revenues	208,946	297,964	532,868	234,904
<b>Total Revenues</b>	<u>8,538,117</u>	<u>9,202,812</u>	<u>10,479,379</u>	<u>1,276,567</u>
<b>EXPENDITURES</b>				
Current:				
Public protection	23,227,546	23,841,749	21,691,988	2,149,761
Capital outlay	252,625	406,210	343,567	62,643
<b>Total Expenditures</b>	<u>23,480,171</u>	<u>24,247,959</u>	<u>22,035,555</u>	<u>2,212,404</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(14,942,054)</u>	<u>(15,045,147)</u>	<u>(11,556,176)</u>	<u>3,488,971</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	14,885,143	14,885,143	11,939,255	(2,945,888)
Transfers out	-	-	(4,950)	(4,950)
<b>Total Other Financing Sources (Uses)</b>	<u>14,885,143</u>	<u>14,885,143</u>	<u>11,934,305</u>	<u>(2,950,838)</u>
<b>Net Change in Fund Balances</b>	<u>(56,911)</u>	<u>(160,004)</u>	<u>378,129</u>	<u>538,133</u>
<b>Fund Balances - Beginning</b>	4,427,843	4,427,843	4,427,843	-
Prior period adjustment	-	-	(62,700)	(62,700)
<b>Fund Balances - Beginning, Restated</b>	<u>4,427,843</u>	<u>4,427,843</u>	<u>4,365,143</u>	<u>(62,700)</u>
<b>Fund Balances - Ending</b>	<u>\$ 4,370,932</u>	<u>\$ 4,267,839</u>	<u>\$ 4,743,272</u>	<u>\$ 475,433</u>

**COUNTY OF TEHAMA**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Public Assistance - Major Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Fines and forfeitures	\$ -	\$ -	\$ 6,804	\$ 6,804
Use of money and property	13,152	13,152	13,311	159
Intergovernmental	37,445,578	37,298,203	34,995,479	(2,302,724)
Charges for services	121,997	108,836	98,306	(10,530)
Other revenues	175,574	213,594	438,191	224,597
<b>Total Revenues</b>	<b>37,756,301</b>	<b>37,633,785</b>	<b>35,552,091</b>	<b>(2,081,694)</b>
<b>EXPENDITURES</b>				
Current:				
Public assistance	38,481,620	38,343,978	35,079,996	3,263,982
Capital outlay	349,000	548,303	296,399	251,904
<b>Total Expenditures</b>	<b>38,830,620</b>	<b>38,892,281</b>	<b>35,376,395</b>	<b>3,515,886</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(1,074,319)</b>	<b>(1,258,496)</b>	<b>175,696</b>	<b>1,434,192</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,074,319	1,074,319	1,002,477	(71,842)
Transfers out	-	-	(38,020)	(38,020)
<b>Total Other Financing Sources (Uses)</b>	<b>1,074,319</b>	<b>1,074,319</b>	<b>964,457</b>	<b>(109,862)</b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>(184,177)</b>	<b>1,140,153</b>	<b>1,324,330</b>
<b>Fund Balances - Beginning</b>	<b>1,047,793</b>	<b>1,047,793</b>	<b>1,047,793</b>	<b>-</b>
<b>Fund Balances - Ending</b>	<b>\$ 1,047,793</b>	<b>\$ 863,616</b>	<b>\$ 2,187,946</b>	<b>\$ 1,324,330</b>
<b>Reconciliation of Net Change in Fund Balance - Budgetary to GAAP Basis:</b>				
<b>Net Change in Fund Balance - Budgetary Basis</b>				<b>\$ 1,140,153</b>
The amount reported in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance was different because:				
Public assistance repayments are included as other revenues for budgetary purposes, but are included as intergovernmental revenues for financial reporting purposes.				
Intergovernmental revenues				301,188
Other revenues				(301,188)
<b>Net Change in Fund Balance - Statement of Revenues, Expenditures, and Changes in Fund Balance</b>				<b>\$ 1,140,153</b>

**COUNTY OF TEHAMA**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Health Services - Major Special Revenue Fund**  
**For the Year Ended June 30, 2014**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Fines and forfeitures	\$ -	\$ -	\$ 14,744	\$ 14,744
Use of money and property	-	-	5,423	5,423
Intergovernmental	14,365,809	8,773,612	11,978,694	3,205,082
Charges for services	5,698,390	1,858,190	4,201,787	2,343,597
Other revenues	98,853	9,809,389	25,990	(9,783,399)
<b>Total Revenues</b>	<b>20,163,052</b>	<b>20,441,191</b>	<b>16,226,638</b>	<b>(4,214,553)</b>
<b>EXPENDITURES</b>				
Current:				
Health and welfare	19,633,640	19,908,983	16,429,611	3,479,372
Capital outlay	656,241	656,241	253,327	402,914
<b>Total Expenditures</b>	<b>20,289,881</b>	<b>20,565,224</b>	<b>16,682,938</b>	<b>3,882,286</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(126,829)</b>	<b>(124,033)</b>	<b>(456,300)</b>	<b>(332,267)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	128,700	128,700	5,419,820	5,291,120
Transfers out	-	-	(5,387,315)	(5,387,315)
<b>Total Other Financing Sources (Uses)</b>	<b>128,700</b>	<b>128,700</b>	<b>32,505</b>	<b>(96,195)</b>
<b>Net Change in Fund Balances</b>	<b>1,871</b>	<b>4,667</b>	<b>(423,795)</b>	<b>(428,462)</b>
<b>Fund Balances - Beginning</b>	<b>195,075</b>	<b>195,075</b>	<b>195,075</b>	<b>-</b>
<b>Fund Balances (Deficits) - Ending</b>	<b>\$ 196,946</b>	<b>\$ 199,742</b>	<b>\$ (228,720)</b>	<b>\$ (428,462)</b>
<b>Reconciliation of Net Change in Fund Balance - Budgetary to GAAP Basis:</b>				
<b>Net Change in Fund Balance - Budgetary Basis</b>				<b>\$ (423,795)</b>
The amount reported in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance was different because:				
Debt service expenditures are included as health and welfare expenditures for budgetary purposes, but are included as debt service expenditures for financial reporting purposes.				
Health and welfare expenditures				(4,709)
Debt service - principal expenditures				4,094
Debt service - interest and other charges expenditures				615
<b>Net Change in Fund Balance - Statement of Revenues, Expenditures, and Changes in Fund Balance</b>				<b>\$ (423,795)</b>

**COUNTY OF TEHAMA**  
**Required Supplementary Information**  
**Note to Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2014**

**BUDGETARY BASIS OF ACCOUNTING**

Formal budgetary integration is employed as a management control device during the year. The County presents a comparison of annual budgets to actual results for the County's General and major special revenue funds. The amounts reported on the budgetary basis are generally on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

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.

**COUNTY OF TEHAMA**  
**Required Supplementary Information**  
**Note to Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2014**

**BUDGETARY BASIS OF ACCOUNTING (CONTINUED)**

The County uses an encumbrance system as an extension of normal budgetary accounting for the General, special revenue, and 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 restricted, committed, or assigned 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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## **Nonmajor Governmental Funds**

- **Special Revenue Funds**

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**COUNTY OF TEHAMA**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2014**

	<u>Fish and Game</u>	<u>Fire</u>	<u>Child Support</u>	<u>Building and Safety</u>
<b>ASSETS</b>				
Cash and investments	\$ 155,929	\$ 5,429,778	\$ 197,637	\$ 294,109
Receivables:				
Accounts	-	4,041	-	-
Intergovernmental	-	-	-	-
Advances to other funds	-	-	10,000	-
Prepaid costs	-	-	4,000	278
<b>Total Assets</b>	<u>\$ 155,929</u>	<u>\$ 5,433,819</u>	<u>\$ 211,637</u>	<u>\$ 294,387</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 75	\$ 38,749	\$ 721	\$ 8,044
Salaries and benefits payable	-	11,323	48,541	15,258
Due to other governments	-	-	(90)	2,685
Due to others	-	895	-	-
Unearned revenues	-	-	9,301	4,644
<b>Total Liabilities</b>	<u>75</u>	<u>50,967</u>	<u>58,473</u>	<u>30,631</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	4,000	278
Restricted	155,854	5,382,852	149,164	263,478
<b>Total Fund Balances</b>	<u>155,854</u>	<u>5,382,852</u>	<u>153,164</u>	<u>263,756</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 155,929</u>	<u>\$ 5,433,819</u>	<u>\$ 211,637</u>	<u>\$ 294,387</u>



<u>Senior Nutrition</u>	<u>Transportation Operations</u>	<u>Air Pollution</u>	<u>Los Molinos Lighting</u>	<u>Tehama County Flood Control</u>	<u>Tehama County Flood Zone 3</u>	<u>Tehama Power Authority</u>	<u>AB 923</u>
\$ 12,265	\$ 1,737,959	\$ 1,111,682	\$ 71,566	\$ 348,116	\$ 925,237	\$ 5,300	\$ 103,275
250	-	18,599	-	-	-	-	9,300
46,877	-	85,039	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 59,392</u>	<u>\$ 1,737,959</u>	<u>\$ 1,215,320</u>	<u>\$ 71,566</u>	<u>\$ 348,116</u>	<u>\$ 925,237</u>	<u>\$ 5,300</u>	<u>\$ 112,575</u>
\$ -	\$ 111,354	\$ 35,884	\$ -	\$ 3,527	\$ 930	\$ -	\$ -
-	-	12,095	-	2,948	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	5,000	-	-	-	-	-
-	111,354	52,979	-	6,475	930	-	-
15,399	-	-	-	-	-	-	-
15,399	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
43,993	1,626,605	1,162,341	71,566	341,641	924,307	5,300	112,575
43,993	1,626,605	1,162,341	71,566	341,641	924,307	5,300	112,575
<u>\$ 59,392</u>	<u>\$ 1,737,959</u>	<u>\$ 1,215,320</u>	<u>\$ 71,566</u>	<u>\$ 348,116</u>	<u>\$ 925,237</u>	<u>\$ 5,300</u>	<u>\$ 112,575</u>

**COUNTY OF TEHAMA**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2014**

	<b>TIDE</b>	<b>Total</b>
<b>ASSETS</b>		
Cash and investments	\$ -	\$ 10,392,853
Receivables:		
Accounts	-	32,190
Intergovernmental	-	131,916
Advances to other funds	-	10,000
Prepaid costs	-	4,278
	-	4,278
<b>Total Assets</b>	\$ -	\$ 10,571,237
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 199,284
Salaries and benefits payable	-	90,165
Due to other governments	-	2,595
Due to others	-	895
Unearned revenues	-	18,945
	-	18,945
<b>Total Liabilities</b>	-	311,884
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenues	-	15,399
	-	15,399
<b>Total Deferred Inflows of Resources</b>	-	15,399
<b>FUND BALANCES</b>		
Nonspendable	-	4,278
Restricted	-	10,239,676
	-	10,239,676
<b>Total Fund Balances</b>	-	10,243,954
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	\$ -	\$ 10,571,237

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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, 2014**

	<b>Fish and Game</b>	<b>Fire</b>	<b>Child Support</b>	<b>Building and Safety</b>
<b>REVENUES</b>				
Taxes and assessments	\$ -	\$ 2,739,427	\$ -	\$ -
License and permits	-	-	-	605,950
Fines and forfeitures	1,439	-	-	-
Use of money and property	714	26,619	1,678	1,137
Intergovernmental	-	138,683	1,625,105	-
Charges for services	-	374,968	-	38,716
Other revenues	-	74,529	252	792
<b>Total Revenues</b>	<b>2,153</b>	<b>3,354,226</b>	<b>1,627,035</b>	<b>646,595</b>
<b>EXPENDITURES</b>				
Current:				
Public protection	1,920	3,174,835	-	526,303
Health and welfare	-	-	-	-
Public assistance	-	-	1,608,357	-
Public ways and facilities	-	-	-	-
Capital outlay	-	299,437	21,106	7,274
<b>Total Expenditures</b>	<b>1,920</b>	<b>3,474,272</b>	<b>1,629,463</b>	<b>533,577</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>233</b>	<b>(120,046)</b>	<b>(2,428)</b>	<b>113,018</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>233</b>	<b>(120,046)</b>	<b>(2,428)</b>	<b>113,018</b>
<b>Fund Balances - Beginning</b>	<b>155,621</b>	<b>5,502,898</b>	<b>155,592</b>	<b>150,738</b>
Prior period adjustment	-	-	-	-
<b>Fund Balances - Beginning, Restated</b>	<b>155,621</b>	<b>5,502,898</b>	<b>155,592</b>	<b>150,738</b>
<b>Fund Balances - Ending</b>	<b>\$ 155,854</b>	<b>\$ 5,382,852</b>	<b>\$ 153,164</b>	<b>\$ 263,756</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>
\$ -	\$ 793,005	\$ -	\$ 11,516	\$ 123,139	\$ 84,173	\$ -	\$ -
-	-	604,039	-	-	-	-	108,732
-	-	4,461	-	-	-	-	-
99	19,586	4,145	322	1,524	4,178	24	450
156,814	1,116,777	301,288	226	2,414	1,642	-	-
20,000	120,544	35,439	-	-	-	-	-
61,238	-	1,700	-	-	-	-	-
<u>238,151</u>	<u>2,049,912</u>	<u>951,072</u>	<u>12,064</u>	<u>127,077</u>	<u>89,993</u>	<u>24</u>	<u>109,182</u>
-	-	-	9,370	80,625	47,620	-	-
-	-	682,994	-	-	-	-	120,878
271,007	-	-	-	-	-	-	-
-	1,464,817	-	-	-	-	-	-
-	1,328,617	1,634	-	11,610	5,610	-	-
<u>271,007</u>	<u>2,793,434</u>	<u>684,628</u>	<u>9,370</u>	<u>92,235</u>	<u>53,230</u>	<u>-</u>	<u>120,878</u>
<u>(32,856)</u>	<u>(743,522)</u>	<u>266,444</u>	<u>2,694</u>	<u>34,842</u>	<u>36,763</u>	<u>24</u>	<u>(11,696)</u>
<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>7,144</u>	<u>(743,522)</u>	<u>266,444</u>	<u>2,694</u>	<u>34,842</u>	<u>36,763</u>	<u>24</u>	<u>(11,696)</u>
36,849	2,370,127	886,928	68,872	306,799	887,544	5,276	124,271
-	-	8,969	-	-	-	-	-
<u>36,849</u>	<u>2,370,127</u>	<u>895,897</u>	<u>68,872</u>	<u>306,799</u>	<u>887,544</u>	<u>5,276</u>	<u>124,271</u>
<u>\$ 43,993</u>	<u>\$ 1,626,605</u>	<u>\$ 1,162,341</u>	<u>\$ 71,566</u>	<u>\$ 341,641</u>	<u>\$ 924,307</u>	<u>\$ 5,300</u>	<u>\$ 112,575</u>

**COUNTY OF TEHAMA**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended June 30, 2014**

	<b>TIDE</b>	<b>Total</b>
<b>REVENUES</b>		
Taxes and assessments	\$ -	\$ 3,751,260
License and permits	-	1,318,721
Fines and forfeitures	-	5,900
Use of money and property	-	60,476
Intergovernmental	-	3,342,949
Charges for services	-	589,667
Other revenues	-	138,511
	-	9,207,484
<b>Total Revenues</b>	-	9,207,484
<b>EXPENDITURES</b>		
Current:		
Public protection	-	3,840,673
Health and welfare	-	803,872
Public assistance	-	1,879,364
Public ways and facilities	-	1,464,817
Capital outlay	-	1,675,288
	-	9,664,014
<b>Total Expenditures</b>	-	9,664,014
<b>Excess of Revenues Over (Under) Expenditures</b>	-	(456,530)
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers in	-	40,000
	-	40,000
<b>Total Other Financing Sources (Uses)</b>	-	40,000
<b>Net Change in Fund Balances</b>	-	(416,530)
<b>Fund Balances - Beginning</b>	161,850	10,813,365
Prior period adjustment	(161,850)	(152,881)
<b>Fund Balances - Beginning, Restated</b>	-	10,660,484
<b>Fund Balances - Ending</b>	\$ -	\$ 10,243,954

Continued (Page 2 of 2)

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## **Nonmajor Proprietary Funds**

- **Enterprise Funds**

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**COUNTY OF TEHAMA**  
**Combining Statement of Net Position**  
**Nonmajor Enterprise Fund**  
**June 30, 2014**

	<b>Tehama County Sanitation District #1</b>	<b>Totals</b>
<b>ASSETS</b>		
Current Assets:		
Cash and investments	\$ 87,842	\$ 87,842
Receivables:		
Accounts	874	874
	<u>88,716</u>	<u>88,716</u>
<b>Total Current Assets</b>		
Noncurrent Assets:		
Capital assets:		
Non-depreciable	38,047	38,047
Depreciable, net	896,761	896,761
Total capital assets	<u>934,808</u>	<u>934,808</u>
	<u>934,808</u>	<u>934,808</u>
<b>Total Noncurrent Assets</b>		
	<u>1,023,524</u>	<u>1,023,524</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	2,514	2,514
Accrued interest payable	6,143	6,143
Bonds payable	15,500	15,500
	<u>24,157</u>	<u>24,157</u>
<b>Total Current Liabilities</b>		
Noncurrent Liabilities:		
Bonds payable	<u>394,000</u>	<u>394,000</u>
	<u>394,000</u>	<u>394,000</u>
<b>Total Noncurrent Liabilities</b>		
	<u>418,157</u>	<u>418,157</u>
<b>NET POSITION</b>		
Net investment in capital assets	525,308	525,308
Unrestricted	80,059	80,059
	<u>\$ 605,367</u>	<u>\$ 605,367</u>

**COUNTY OF TEHAMA**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Nonmajor Enterprise Fund**  
**For the Year Ended June 30, 2014**

	<b>Tehama County Sanitation District #1</b>	<b>Totals</b>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 181,884	\$ 181,884
<b>Total Operating Revenues</b>	181,884	181,884
<b>OPERATING EXPENSES</b>		
Services and supplies	123,983	123,983
Professional services	4,000	4,000
Depreciation	39,560	39,560
<b>Total Operating Expenses</b>	167,543	167,543
<b>Operating Income (Loss)</b>	14,341	14,341
<b>NON-OPERATING REVENUE (EXPENSES)</b>		
Interest income	451	451
Interest expense	(18,525)	(18,525)
<b>Total Non-Operating Revenue (Expenses)</b>	(18,074)	(18,074)
<b>Change in Net Position</b>	(3,733)	(3,733)
<b>Total Net Position - Beginning</b>	609,100	609,100
<b>Total Net Position - Ending</b>	\$ 605,367	\$ 605,367

**COUNTY OF TEHAMA**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Fund**  
**For the Year Ended June 30, 2014**

	<b>Tehama County Sanitation District #1</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 183,341	\$ 183,341
Payments to suppliers	(126,662)	(126,662)
	<b>56,679</b>	<b>56,679</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	(1,696)	(1,696)
Principal paid on capital debt	(14,500)	(14,500)
Interest paid on capital debt	(18,742)	(18,742)
	<b>(34,938)</b>	<b>(34,938)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest and dividends	451	451
	<b>451</b>	<b>451</b>
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>451</b>	<b>451</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>22,192</b>	<b>22,192</b>
<b>Balances - Beginning</b>	<b>65,650</b>	<b>65,650</b>
<b>Balances - Ending</b>	<b>\$ 87,842</b>	<b>\$ 87,842</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ 14,341	\$ 14,341
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	39,560	39,560
Decrease (increase) in:		
Accounts receivable	1,457	1,457
Increase (decrease) in:		
Accounts payable	1,321	1,321
	<b>56,679</b>	<b>56,679</b>
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 56,679</b>	<b>\$ 56,679</b>

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## **Internal Service Funds**

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**COUNTY OF TEHAMA**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2014**

	<b>Risk Management</b>	<b>Dental Insurance</b>	<b>Total</b>
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 3,120,134	\$ 577,092	\$ 3,697,226
Receivables:			
Accounts	16,869	-	16,869
Deposits with others	-	35,900	35,900
Prepaid costs	4,291	1,659	5,950
<b>Total Current Assets</b>	<b>3,141,294</b>	<b>614,651</b>	<b>3,755,945</b>
Noncurrent Assets:			
Capital assets:			
Depreciable, net	3,001	-	3,001
Total capital assets	3,001	-	3,001
<b>Total Noncurrent Assets</b>	<b>3,001</b>	<b>-</b>	<b>3,001</b>
<b>Total Assets</b>	<b>3,144,295</b>	<b>614,651</b>	<b>3,758,946</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	6,658	57,224	63,882
Salaries and benefits payable	16,971	-	16,971
Compensated absences payable	8,563	-	8,563
Estimated claims liability	703,000	106,950	809,950
<b>Total Current Liabilities</b>	<b>735,192</b>	<b>164,174</b>	<b>899,366</b>
Noncurrent Liabilities:			
Compensated absences payable	951	-	951
<b>Total Noncurrent Liabilities</b>	<b>951</b>	<b>-</b>	<b>951</b>
<b>Total Liabilities</b>	<b>736,143</b>	<b>164,174</b>	<b>900,317</b>
<b>NET POSITION</b>			
Investment in capital assets	3,001	-	3,001
Unrestricted	2,405,151	450,477	2,855,628
<b>Total Net Position</b>	<b>\$ 2,408,152</b>	<b>\$ 450,477</b>	<b>\$ 2,858,629</b>

**COUNTY OF TEHAMA**  
**Combining Statement of Revenues, Expenses, and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2014**

	<b>Risk Management</b>	<b>Dental Insurance</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 2,451,378	\$ 778,185	\$ 3,229,563
Other revenues	34,160	-	34,160
<b>Total Operating Revenues</b>	<b>2,485,538</b>	<b>778,185</b>	<b>3,263,723</b>
<b>OPERATING EXPENSES</b>			
Salaries and benefits	479,072	-	479,072
Administration	70,670	-	70,670
Insurance	1,764	642,070	643,834
Professional services	138,007	69,086	207,093
Claims and judgments	2,286,063	-	2,286,063
Depreciation	1,000	-	1,000
<b>Total Operating Expenses</b>	<b>2,976,576</b>	<b>711,156</b>	<b>3,687,732</b>
<b>Operating Income (Loss)</b>	<b>(491,038)</b>	<b>67,029</b>	<b>(424,009)</b>
<b>NON-OPERATING REVENUE (EXPENSES)</b>			
Interest income	12,142	2,657	14,799
<b>Total Non-Operating Revenue (Expenses)</b>	<b>12,142</b>	<b>2,657</b>	<b>14,799</b>
<b>Change in Net Position</b>	<b>(478,896)</b>	<b>69,686</b>	<b>(409,210)</b>
<b>Total Net Position - Beginning</b>	<b>2,887,048</b>	<b>380,791</b>	<b>3,267,839</b>
<b>Total Net Position - Ending</b>	<b>\$ 2,408,152</b>	<b>\$ 450,477</b>	<b>\$ 2,858,629</b>



**COUNTY OF TEHAMA**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2014**

	<b>Risk Management</b>	<b>Dental Insurance</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 2,468,669	\$ 778,185	\$ 3,246,854
Payments to suppliers	(2,498,608)	(700,781)	(3,199,389)
Payments to employees	(482,612)	-	(482,612)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(512,551)</b>	<b>77,404</b>	<b>(435,147)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends	12,142	2,657	14,799
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>12,142</b>	<b>2,657</b>	<b>14,799</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(500,409)</b>	<b>80,061</b>	<b>(420,348)</b>
<b>Balances - Beginning</b>	<b>3,620,543</b>	<b>497,031</b>	<b>4,117,574</b>
<b>Balances - Ending</b>	<b>\$ 3,120,134</b>	<b>\$ 577,092</b>	<b>\$ 3,697,226</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (491,038)	\$ 67,029	\$ (424,009)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,000	-	1,000
Decrease (increase) in:			
Accounts receivable	(16,869)	-	(16,869)
Prepaid costs	4,292	(1,659)	2,633
Increase (decrease) in:			
Accounts payable	(6,396)	11,666	5,270
Salaries and benefits payable	968	-	968
Compensated absences payable	(4,508)	-	(4,508)
Estimated claims liability	-	368	368
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ (512,551)</b>	<b>\$ 77,404</b>	<b>\$ (435,147)</b>

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## **Fiduciary Funds**

- **Trust and Agency Funds**

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**COUNTY OF TEHAMA**  
**Combining Statement of Fiduciary Net Position**  
**Investment Trust Funds**  
**June 30, 2014**

	<b>Special Districts Governed by Local Boards</b>	<b>School Districts</b>	<b>Totals</b>
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and investments	\$ 3,948,141	\$37,940,300	\$41,888,441
<b>Total Assets</b>	<u>\$ 3,948,141</u>	<u>\$37,940,300</u>	<u>\$41,888,441</u>
<b>NET POSITION</b>			
Net position held in trust for pool participants	<u>\$ 3,948,141</u>	<u>\$37,940,300</u>	<u>\$41,888,441</u>

**COUNTY OF TEHAMA**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Investment Trust Funds**  
**For the Year Ended June 30, 2014**

	<b>Special Districts Governed by Local Boards</b>	<b>School Districts</b>	<b>Totals</b>
<b>ADDITIONS</b>			
Contributions:			
Contributions to investment pool	\$ 192,707	\$ 7,048,670	\$ 7,241,377
<b>Total Additions</b>	<u>192,707</u>	<u>7,048,670</u>	<u>7,241,377</u>
<b>DEDUCTIONS</b>			
Distributions from investment pool	878,592	8,418,247	9,296,839
<b>Total Deductions</b>	<u>878,592</u>	<u>8,418,247</u>	<u>9,296,839</u>
<b>Change in Net Position</b>	(685,885)	(1,369,577)	(2,055,462)
<b>Net Position - Beginning</b>	<u>4,634,026</u>	<u>39,309,877</u>	<u>43,943,903</u>
<b>Net Position - Ending</b>	<u>\$ 3,948,141</u>	<u>\$ 37,940,300</u>	<u>\$ 41,888,441</u>

**COUNTY OF TEHAMA**  
**Combining Statement of Assets and Liabilities**  
**Agency Funds**  
**June 30, 2014**

	<b>County Departmental Agency Funds</b>	<b>Totals</b>
<b>ASSETS</b>		
Cash and investments	\$20,251,246	\$20,251,246
Taxes receivable	5,518,826	5,518,826
<b>Total Assets</b>	<u>\$25,770,072</u>	<u>\$25,770,072</u>
<b>LIABILITIES</b>		
Due to other funds	\$ 46,651	\$ 46,651
Advances from other funds	112,104	112,104
Agency obligations	25,611,317	25,611,317
<b>Total Liabilities</b>	<u>\$25,770,072</u>	<u>\$25,770,072</u>

**COUNTY OF TEHAMA**  
**Combining Statement of Changes in**  
**Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2014**

	<u>Balance</u> <u>June 30, 2013</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2014</u>
<b>COUNTY DEPARTMENTAL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and investments	\$ 19,393,509	\$ 4,658,853	\$ 3,801,116	\$ 20,251,246
Taxes receivable	6,159,186	-	640,360	5,518,826
<b>Total Assets</b>	<u>\$ 25,552,695</u>	<u>\$ 4,658,853</u>	<u>\$ 4,441,476</u>	<u>\$ 25,770,072</u>
<b>LIABILITIES</b>				
Due to other funds	\$ -	\$ 46,651	\$ -	\$ 46,651
Advances from other funds	126,500	-	14,396	112,104
Agency obligations	25,426,195	4,612,202	4,427,080	25,611,317
<b>Total Liabilities</b>	<u>\$ 25,552,695</u>	<u>\$ 4,658,853</u>	<u>\$ 4,441,476</u>	<u>\$ 25,770,072</u>