

COUNTY OF LASSEN

AUDIT REPORT

JUNE 30, 2008

COUNTY OF LASSEN

Table of Contents

	<u>Page</u>
FINANCIAL SECTION	
Independent Auditor’s Report	1-2
Management’s Discussion and Analysis (Required Supplementary Information).....	3-17
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	18
Statement of Activities	19
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet.....	20
Reconciliation of the Governmental Funds Balance Sheet to the Governmental-Wide Statement of Net Assets – Governmental Activities	21
Statement of Revenues, Expenditures, and Changes in Fund Balances	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Governmental-Wide Statement of Activities – Governmental Activities	23
Proprietary Funds:	
Statement of Fund Net Assets.....	24
Statement of Revenues, Expenses, and Changes in Fund Net Assets.....	25
Statement of Cash Flows	26-27
Fiduciary Funds:	
Statement of Fiduciary Net Assets.....	28
Statement of Changes in Fiduciary Net Assets.....	29
Notes to the Basic Financial Statements:.....	30-57
Required Supplementary Information:	
County Employee’s Retirement Plan (Defined Pension Benefit Plan):	
Schedule of Funding Progress	58
Budgetary Comparison Schedule – General Fund.....	59
Budgetary Comparison Schedule – Road Fund	60
Budgetary Comparison Schedule – Health and Human Services Fund	61
Budgetary Comparison Schedule – Welfare.....	62
Budgetary Comparison Schedule – Public Safety Fund	63
Note to Required Supplementary Information:	
Budgetary Basis of Accounting	64

COUNTY OF LASSEN

Table of Contents

	<u>Page</u>
Supplemental Information:	
Nonmajor Governmental Funds:	
Combining Balance Sheet.....	65-72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	73-80
Nonmajor Enterprise Funds:	
Combining Statement of Fund Net Assets.....	81
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	82
Combining Statement of Cash Flows	83-84
Internal Service Funds:	
Combining Statement of Fund Net Assets.....	85
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets.....	86
Combining Statement of Cash Flows	87-88



INDEPENDENT AUDITOR'S REPORT

Board of Supervisors and Grand Jury
County of Lassen
Susanville, California

We have audited the accompanying basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Lassen, California, (the County), as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Lassen, California, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued under separate cover, our report dated December 31, 2008, on our consideration of the County of Lassen's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Board of Supervisors and Grand Jury
County of Lassen

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining 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 have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Gallina LLP

Roseville, CA
December 31, 2008

COUNTY OF LASSEN

Management's Discussion and Analysis Required Supplementary Information

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded liabilities at the close of the 2007-2008 fiscal year by \$75,088,568 (*net assets*). Of this amount, \$13,378,138 (*unrestricted net assets*) may be used to meet ongoing obligations to citizens and creditors, \$20,659,291 is restricted for specific purpose (*restricted net assets*), and \$41,051,139 is invested in capital assets, net of related debt. The government's total net assets increased by \$2,734,617.
- The County governmental funds reported combined fund balances of \$33,669,044 an increase of \$721,051 in comparison with the prior year.
- The County's unreserved fund balance for the general fund was \$6,543,745, or 78% of total general fund expenditures.
- The County's investment in capital assets increased by \$3,595,414.
- The County's total long-term liabilities decreased by \$493,362 in comparison with the prior year. The decrease resulted primarily from scheduled principal retirement of certificates of participation. There were no new capital leases.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components 1) **Government-wide** financial statements; 2) **Fund** financial statements and 3) **Notes** to the basic financial statements. Required Supplementary Information is included in addition to the basic financial statements.

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

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

COUNTY OF LASSEN

Management's Discussion and Analysis Required Supplementary Information

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or in part a portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education and recreation. The business-type activities of the County include the County Service Area (Honey Lake TV), County Business Parks, and County Water Systems.

Fund Financial Statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains five individual governmental funds that are considered major funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, the Road Fund, the Health and Human Services Fund, the Welfare Fund, and the Public Safety Fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

COUNTY OF LASSEN

Management's Discussion and Analysis Required Supplementary Information

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Proprietary funds are maintained two ways. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the County Service Area #1 (Honey Lake TV), county business parks, and county water systems operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its fleet maintenance and information systems functions. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise fund operations are not considered to be major funds of the County. The County's internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds except for agency funds.

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

Required Supplementary Information is presented concerning the County's major funds budgetary schedules. The County adopts an annual appropriated budget for its funds. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$75,088,568 at the close of the most recent fiscal year.

COUNTY OF LASSEN

Management's Discussion and Analysis Required Supplementary Information

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Statement of Net Assets
June 30, 2008

	Governmental Activities		Business-Type Activities		Totals		Variance (%)
	2008	2007	2008	2007	2008	2007	
Current and Other Assets	\$ 39,632,782	\$ 38,645,257	\$ 207,415	\$ 262,999	\$ 39,840,197	\$ 38,908,256	2.4%
Capital Assets	41,254,366	38,299,848	1,021,773	1,022,418	42,276,139	39,322,266	7.5%
Total Assets	<u>80,887,148</u>	<u>76,945,105</u>	<u>1,229,188</u>	<u>1,285,417</u>	<u>82,116,336</u>	<u>78,230,522</u>	9.9%
Current and Other Liabilities	3,991,638	2,343,229	--	3,849	3,991,638	2,347,078	70.1%
Long-Term Liabilities	3,036,130	3,529,493	--	--	3,036,130	3,529,493	-14.0%
Total Liabilities	<u>7,027,768</u>	<u>5,872,722</u>	<u>--</u>	<u>3,849</u>	<u>7,027,768</u>	<u>5,876,571</u>	56.1%
Invested in Capital Assets, net of debt	40,029,366	36,433,307	1,021,773	1,022,418	41,051,139	37,455,725	9.6%
Restricted	20,659,291	10,245,699	--	--	20,659,291	10,245,699	101.6%
Unrestricted	13,170,723	24,393,377	207,415	259,150	13,378,138	24,652,527	-45.7%
Total Net Assets	<u>\$ 73,859,380</u>	<u>\$ 71,072,383</u>	<u>\$ 1,229,188</u>	<u>\$ 1,281,568</u>	<u>\$ 75,088,568</u>	<u>\$ 72,353,951</u>	3.8%

A portion of the County's net assets, \$13,378,138 represents *unrestricted net assets* which may be used to meet the County's ongoing obligations to citizens and creditors. A large portion of the variance when compared to the prior year is attributed to the reclassification of certain assets.

Another significant portion of the County's net assets, \$41,051,139, reflects its investment in capital assets (e.g. land and easements, structures and improvements, infrastructure, and equipment), less any related debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in 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.

The County's management also designates unreserved fund balance to a particular function, project or activity. Fund balance may also be designated for purposes beyond the current year. However, designated fund balance is available for appropriation at any time.

At the end of the current fiscal year, the County reported positive balances in all three categories of net assets, both for the County as a whole, as well as for its separate governmental activities and business-type activities.

The County's net assets increased by \$2,734,617 during the current fiscal year. The net decrease in unrestricted net assets represents the degree to which increases in ongoing expenses exceeded increases in ongoing revenues. The increase in net assets invested in capital assets, net of related

COUNTY OF LASSEN

Management's Discussion and Analysis Required Supplementary Information

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

debt, represents capital purchases net of depreciation plus the retirement of related long-term debt.

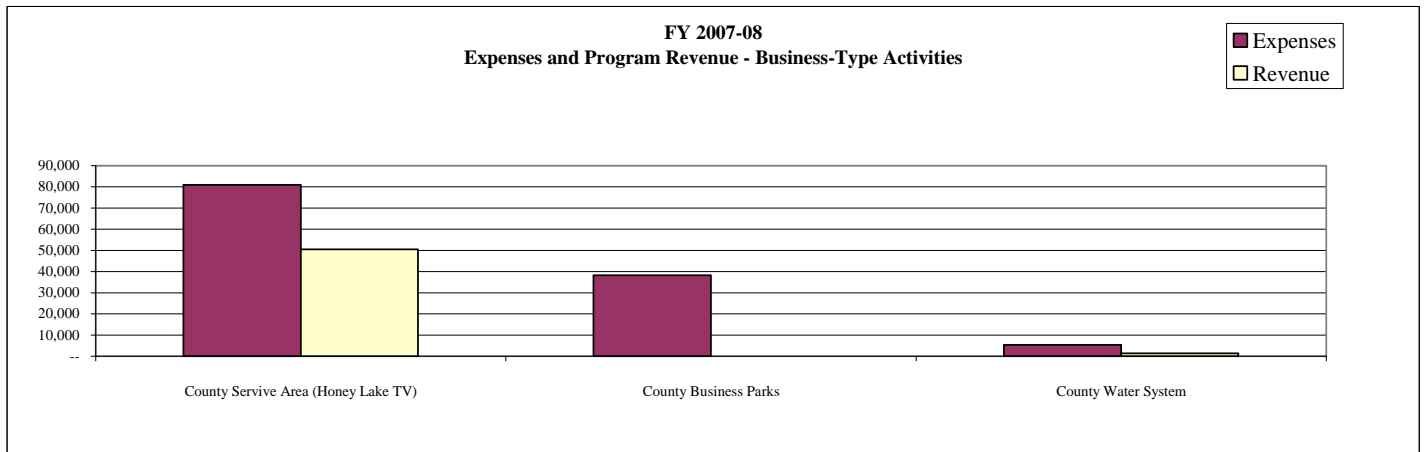
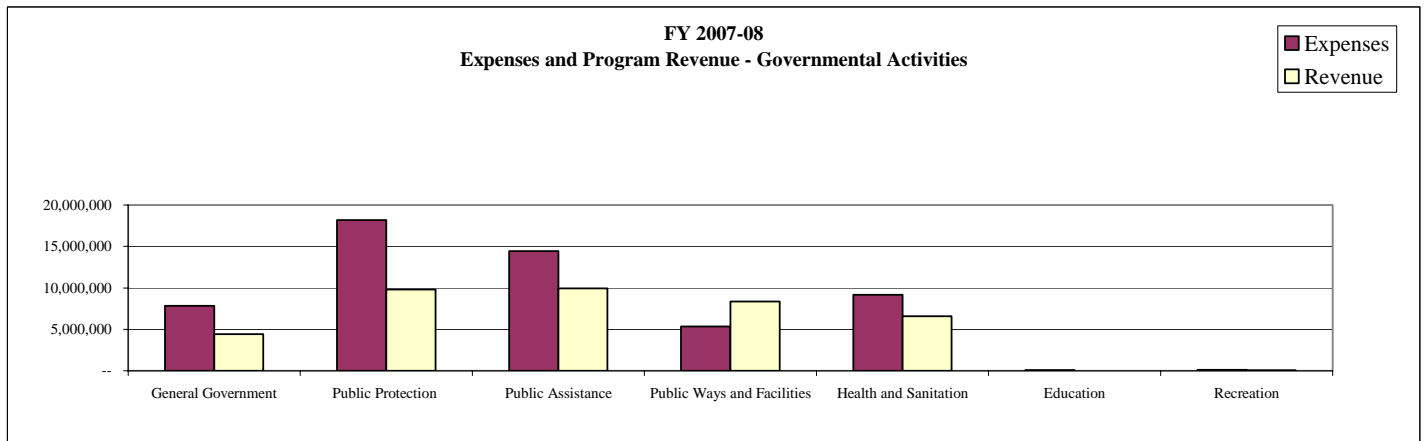
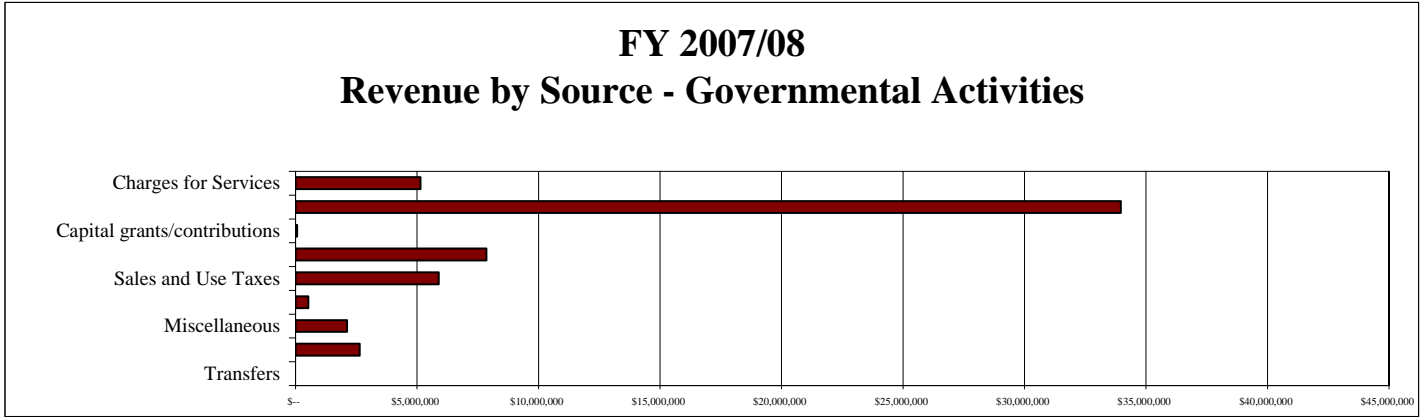
The following table indicates the changes in net assets for governmental and business-type activities:

Statement of Activities For the Year Ended June 30, 2008							
Revenues	Governmental Activities		Business-Type Activities		Total		Variance (%)
	2008	2007	2008	2007	2008	2007	
Program Revenues:							
Charges for Services	\$ 5,091,341	\$ 5,042,863	\$ 51,839	\$ 30,445	\$ 5,143,180	\$ 5,073,308	1.4%
Operating grants/contributions	33,959,169	35,684,022	--	58,693	33,959,169	35,742,715	-5.0%
Capital grants/contributions	66,916	--	--	--	66,916	--	--
Property Taxes	7,862,759	4,300,530	--	--	7,862,759	4,300,530	82.8%
Sales and Use Taxes	5,899,074	5,473,419	--	--	5,899,074	5,473,419	7.8%
Other Taxes	529,108	3,639,246	--	--	529,108	3,639,246	-85.5%
Miscellaneous	2,128,618	1,720,545	--	18,666	2,128,618	1,739,211	22.4%
Interest and Investment earnings	2,604,311	2,595,384	35,359	20,514	2,639,670	2,615,898	0.9%
Total Revenues	<u>58,141,296</u>	<u>58,456,009</u>	<u>87,198</u>	<u>128,318</u>	<u>58,228,494</u>	<u>58,584,327</u>	<u>-0.6%</u>
Expenses							
General Government	7,818,030	8,390,586	--	--	7,818,030	8,390,586	-6.8%
Public Protection	18,176,837	16,471,245	--	--	18,176,837	16,471,245	10.4%
Public Assistance	14,437,045	14,804,899	--	--	14,437,045	14,804,899	-2.5%
Public Ways and Facilities	5,343,195	4,004,043	--	--	5,343,195	4,004,043	33.4%
Health and Sanitation	9,156,415	7,442,091	--	--	9,156,415	7,442,091	23.0%
Education	87,822	84,703	--	--	87,822	84,703	3.7%
Recreation	102,218	104,612	--	--	102,218	104,612	-2.3%
Interest and Fiscal Charges	64,514	70,697	--	--	64,514	70,697	-8.7%
County Service Area (Honey Lake TV)	--	--	81,013	59,482	81,013	59,482	36.2%
County Business Parks	--	--	38,232	36,256	38,232	36,256	5.5%
County Water System	--	--	5,333	3,873	5,333	3,873	37.7%
Total Expenses	<u>55,186,076</u>	<u>51,372,876</u>	<u>124,578</u>	<u>99,611</u>	<u>55,310,654</u>	<u>51,472,487</u>	<u>7.5%</u>
Excess (deficiency) of revenues over (under) expenses	2,955,220	7,083,133	(37,380)	28,707	2,917,840	7,111,840	-59.0%
Transfers	15,000	(293,824)	(15,000)	293,824	--	--	--
Change in Net Assets	2,970,220	6,789,309	(52,380)	322,531	2,917,840	7,111,840	-59.0%
Net Assets - Beginning	71,072,383	55,849,996	1,281,568	998,206	72,353,951	56,848,202	27.3%
Prior Period Adjustment	(183,223)	8,433,078	--	(39,169)	(183,223)	8,393,909	-102.2%
Net Assets - Ending	<u>\$ 73,859,380</u>	<u>\$ 71,072,383</u>	<u>\$ 1,229,188</u>	<u>\$ 1,281,568</u>	<u>\$ 75,088,568</u>	<u>\$ 72,353,951</u>	<u>3.8%</u>

COUNTY OF LASSEN

Management's Discussion and Analysis Required Supplementary Information

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)



COUNTY OF LASSEN

Management's Discussion and Analysis Required Supplementary Information

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses *fund accounting* to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The general government functions are contained in the General, Special Revenue, Debt Service, and Capital Project Funds. Included in these funds are the special districts governed by the Board of Supervisors. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

	Net Change in Fund Balance Governmental Funds			
	FY 2007/08	FY 2006/07	Increase (Decrease)	
			Amount	Percent
Fund Balance - Beginning of Year, restated	\$ 32,947,993	\$ 32,127,601	\$ 820,392	2.55%
Revenues	61,086,000	57,814,270	3,271,730	5.66%
Expenditures	(60,246,226)	(57,015,030)	(3,231,196)	5.67%
Excess (Deficiency) of Revenues Over (Under) Expenditures	839,774	799,240	40,534	5.07%
Other Financing Sources (Uses)	15,000	21,152	(6,152)	-29.08%
Prior period adjustment	(133,723)	--	(133,723)	--
Fund Balance - Ending of Year	<u>\$ 33,669,044</u>	<u>\$ 32,947,993</u>	<u>\$ 721,051</u>	<u>2.19%</u>

At June 30, 2008, the County's governmental funds reported combined fund balances of \$33,669,044, an increase of \$721,051 in comparison with the prior year. Of these combined fund balances, \$30,968,854 constitutes *unreserved fund balance of the General and Special Revenue Funds*, which is available to meet the County's current and future needs. The remainder of fund balance \$2,700,190 is *reserved* to indicate that it is *not* available for new spending because it has been committed.

The General Fund is the chief operating fund of the County. At June 30, 2008, unreserved fund balance was \$6,543,745 while total fund balance reached \$8,183,083. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved and total fund balance to total fund expenditures. Unreserved fund balance represents 78% of total General Fund expenditures, while the total fund balance represents 97% of total General Fund expenditures.

COUNTY OF LASSEN

Management's Discussion and Analysis
Required Supplementary Information

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (continued)

The County's management also designates (earmarks) unreserved fund balance to a particular function, project, or activity. Fund balance may also be designated for purposes beyond the current year. However, designated fund balance is available for appropriation at any time. Of the \$6,543,745 General Fund unreserved fund balance, 56% (or \$3,693,734) is designated.

The other governmental funds' fund balances increased \$293,743 to \$25,485,961. The four major governmental funds had changes in fund balance as follows: Roads \$374,867, Health and Human Services \$281,229, Welfare \$(686,272), Public Safety \$(283,068). The non-major governmental funds changed by \$606,987.

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

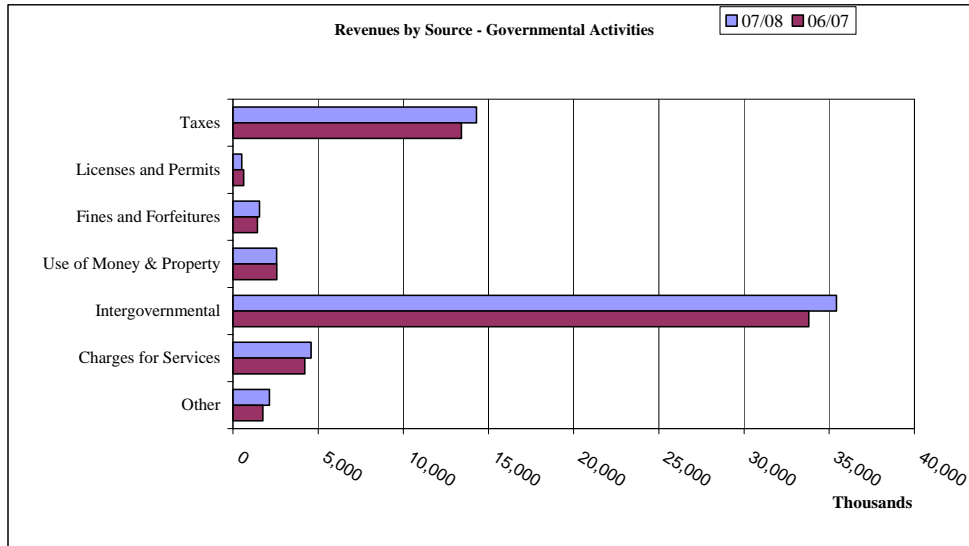
Revenues Classified by Source
Governmental Funds

	FY 2007/08		FY 2006/07		Increase(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Revenue by Source:						
Taxes	\$ 14,290,941	23.39%	\$ 13,413,195	21.96%	\$ 877,746	6.54%
Licenses and Permits	507,845	0.83%	624,668	1.02%	(116,823)	-18.70%
Fines and Forfeitures	1,564,094	2.56%	1,435,600	2.35%	128,494	8.95%
Use of Money & Property	2,568,520	4.20%	2,572,504	4.21%	(3,984)	-0.15%
Intergovernmental	35,430,907	58.00%	33,800,903	55.33%	1,630,004	4.82%
Charges for Services	4,579,759	7.50%	4,217,734	6.90%	362,025	8.58%
Other	2,143,934	3.51%	1,749,666	2.86%	394,268	22.53%
Total	\$ 61,086,000	100.00%	\$ 57,814,270	100.00%	\$ 3,271,730	5.66%

COUNTY OF LASSEN

Management's Discussion and Analysis Required Supplementary Information

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



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

Expenditures Classified by Function Governmental Funds

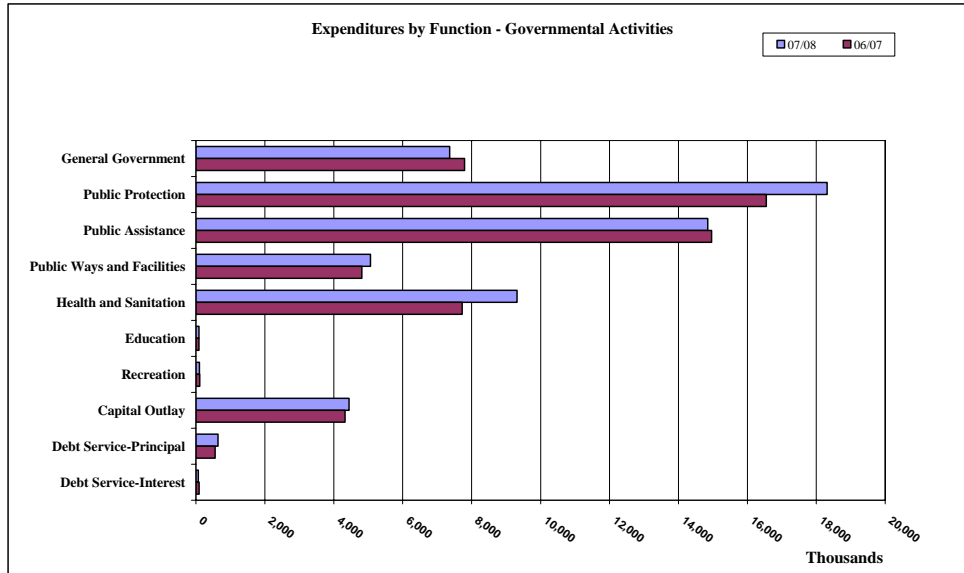
	FY 2007/08		FY 2006/07		Increase(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Expenditures by Function:						
General Government	\$ 7,359,569	12.22%	\$ 7,795,963	13.67%	\$ (436,394)	-5.60%
Public Protection	18,315,190	30.40%	16,552,755	29.03%	1,762,435	10.65%
Public Assistance	14,850,567	24.65%	14,966,080	26.25%	(115,513)	-0.77%
Public Ways and Facilities	5,063,494	8.40%	4,810,785	8.44%	252,709	5.25%
Health and Sanitation	9,316,820	15.46%	7,725,993	13.55%	1,590,827	20.59%
Education	87,485	0.15%	85,007	0.15%	2,478	2.92%
Recreation	102,845	0.17%	109,985	0.19%	(7,140)	-6.49%
Capital Outlay	4,440,163	7.37%	4,324,594	7.59%	115,569	2.67%
Debt Service-Principal	641,541	1.06%	555,000	0.97%	86,541	15.59%
Debt Service-Interest	68,552	0.11%	88,868	0.16%	(20,316)	-22.86%
Total	\$ 60,246,226	100.00%	\$ 57,015,030	100.00%	\$ 3,231,196	5.67%

COUNTY OF LASSEN

Management's Discussion and Analysis Required Supplementary Information

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (continued)

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



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

Other Financing Sources (Uses) Governmental Funds

	FY 2007/08	FY 2006/07	Increase(Decrease)	
			Amount	Percent
Transfers in	\$ 14,090,442	\$ 12,601,012	\$ 1,489,430	11.82%
Transfers out	(14,075,442)	(12,579,860)	(1,495,582)	11.89%
Net financing sources(uses)	\$ 15,000	\$ 21,152	\$ (6,152)	-29.08%

COUNTY OF LASSEN

Management's Discussion and Analysis
Required Supplementary Information

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (continued)

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

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Enterprise funds report the business-type activities of the County. Enterprise funds are used to account for County Service Area #1 (Honey Lake TV), county business parks, county water systems operations.

	Net Change in Fund Balance			
	Enterprise Funds		Increases(Decreases)	
	<u>FY 2007/08</u>	<u>FY 2006/07</u>	<u>Amount</u>	<u>Percent</u>
Total Net Assets - Beginning	\$ 1,281,568	\$ 998,206	\$ 283,362	28.39%
Revenues	51,839	49,111	2,728	5.55%
Expenditures	<u>(124,578)</u>	<u>(99,611)</u>	<u>(24,967)</u>	<u>25.06%</u>
Operating Income(Loss)	(72,739)	(50,500)	(22,239)	44.04%
Non-Operating Revenues(Expens	35,359	76,664	(41,305)	-53.88%
Capital Contributions		317,519	(317,519)	
Transfers In/Out	<u>(15,000)</u>	<u>(21,152)</u>	<u>6,152</u>	<u>-29.08%</u>
Change in Net Assets	(52,380)	322,531	(374,911)	-116.24%
Prior Period Adjustment	<u>--</u>	<u>(39,169)</u>	<u>39,169</u>	<u>--</u>
Fund Balance - Ending of Year	<u><u>\$ 1,229,188</u></u>	<u><u>\$ 1,281,568</u></u>	<u><u>\$ (52,380)</u></u>	<u><u>-4.09%</u></u>

The net assets of the enterprise funds decreased \$(52,380). Operating revenues increased (5.5%) while operating expenses increased by 25%.

Internal service funds are an accounting device to accumulate and allocate costs internally among the County's various functions. Internal service funds are used to account for information technology services, vehicle maintenance and other services provided to departments and other county agencies.

COUNTY OF LASSEN

Management's Discussion and Analysis
Required Supplementary Information

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (continued)

	Net Change in Fund Balance Internal Service Funds			
			Increases(Decreases)	
	<u>FY 2007/08</u>	<u>FY 2006/07</u>	<u>Amount</u>	<u>Percent</u>
Total Net Assets - Beginning	\$ 888,108	\$ 1,075,272	\$ (187,164)	-17.41%
Revenues	1,022,397	999,170	23,227	2.32%
Expenditures	<u>(1,033,708)</u>	<u>(995,001)</u>	<u>(38,707)</u>	<u>3.89%</u>
Operating Income(Loss)	(11,311)	4,169	(15,480)	-371.31%
Non-Operating Revenues(Expens	37,903	13,441	24,462	182.00%
Transfers In/Out	<u>--</u>	<u>--</u>	<u>--</u>	<u>0.00%</u>
Change in Net Assets	26,592	17,610	8,982	51.01%
Prior Period Adjustment	<u>--</u>	<u>(204,774)</u>	<u>204,774</u>	<u>--</u>
Fund Balance - Ending of Year	<u>\$ 914,700</u>	<u>\$ 888,108</u>	<u>\$ 26,592</u>	<u>2.99%</u>

Unrestricted net assets of the internal service funds at June 30, 2008 were \$607,400. Investments in capital assets, net of related debt were \$307,300.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

The mid-year review is a formal process by which each department is analyzed for expense and revenue trends. Adjustments are recommended where indicated and monitored for the remainder of the year. Unless there is some unforeseen and unusual circumstance that causes a budget overrun, a draw on the Contingency Reserve is not recommended.

Differences between the General Fund original budget and the final amended budget resulted in an \$266,628 increase in appropriations. The components of this increase are briefly summarized as follows: \$24,085 increase to the general government; \$(5,623) decrease to the public protection; \$19,000 increase to capital outlay; and \$229,166 increase in other financing uses.

COUNTY OF LASSEN

Management's Discussion and Analysis
Required Supplementary Information

GENERAL FUND BUDGETARY HIGHLIGHTS (continued)

Even with these adjustments, actual expenditures were \$2,172,677 below final budgeted appropriation amounts. Resources available for appropriation were \$624,847 above final budgeted resource amounts.

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

Budgetary Comparison
General Fund

	Original Budget	Final Budget	Net Change	
			Amount	Percent
Total Revenues	\$ 16,578,781	\$ 16,628,781	\$ 50,000	0.30%
Total Expenditures	(9,581,429)	(9,618,891)	(37,462)	0.39%
Other Financing Sources (Uses)	(9,017,217)	(9,246,383)	(229,166)	2.54%
Net Change in Fund Balances	<u>\$ (2,019,865)</u>	<u>\$ (2,236,493)</u>	<u>\$ (216,628)</u>	<u>10.72%</u>

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

Budgetary Comparison
General Fund

	Final Budget	Actual Amounts	Net Change	
			Amount	Percent
Total Revenues	\$ 16,628,781	\$ 17,710,277	\$ 1,081,496	6.50%
Total Expenditures	(9,618,891)	(8,410,250)	1,208,641	-12.57%
Other Financing Sources (Uses)	(9,246,383)	(8,738,996)	507,387	-5.49%
Net Change in Fund Balances	<u>\$ (2,236,493)</u>	<u>\$ 561,031</u>	<u>\$ 2,797,524</u>	<u>-125.09%</u>

CAPITAL ASSETS

The County's total investment in capital assets as of June 30, 2008, amounted to \$42,276,139 net of accumulated depreciation. This investment in a broad range of capital assets includes land, infrastructure (roads and bridges), structures and improvements, and equipment.

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

COUNTY OF LASSEN

Management's Discussion and Analysis
Required Supplementary Information

CAPITAL ASSETS (continued)

Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007	2008	2007
	Land	\$ 3,444,198	\$ 3,444,198	\$ 342,519	\$ 342,519	\$ 3,786,717
Structures & Improvements	23,209,679	22,624,237	800,614	800,614	24,010,293	23,424,851
Equipment	11,541,448	11,162,307	201,633	160,208	11,743,081	11,322,515
Infrastructure	30,508,241	30,023,523	--	--	30,508,241	30,023,523
Construction In Progress	8,713,369	5,019,818	--	--	8,713,369	5,019,818
Total	77,416,935	72,274,083	1,344,766	1,303,341	78,761,701	73,577,424
Accumulated Depreciation	(36,162,569)	(33,974,235)	(322,993)	(280,923)	(36,485,562)	(34,255,158)
Net Capital Assets	<u>\$ 41,254,366</u>	<u>\$ 38,299,848</u>	<u>\$ 1,021,773</u>	<u>\$ 1,022,418</u>	<u>\$ 42,276,139</u>	<u>\$ 39,322,266</u>

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

	Additions	Transfers	Retirements (net)	Prior Year Adjustments	Current Year Depreciation & PY Depr.	Net Change
					Adj.	
Construction in progress	\$ 4,038,172	\$ (344,621)	\$ --	\$ --	\$ --	\$ 3,693,551
Infrastructure	452,517	32,201	--	--	(1,164,594)	(679,876)
Structures & Improvements	273,022	312,420	--	--	(551,226)	34,216
Equipment	675,512	--	(296,371)	--	(472,514)	(93,373)
Totals	<u>\$ 5,439,223</u>	<u>\$ --</u>	<u>\$ (296,371)</u>	<u>\$ --</u>	<u>\$ (2,188,334)</u>	<u>\$ 2,954,518</u>

The most significant additions to governmental capital assets are continuing work on the Skyline East road, improvements at Janesville Park, the Juvenile Hall Group Home Remodel project and various road projects.

DEBT ADMINISTRATION

At June 30, 2008, the County had total long-term liabilities outstanding of \$3,036,131 as compared to \$3,529,493 in the prior year. During the year, retirement of debt amounted to \$1,537,095. Additions and adjustments to long-term liabilities amounted to a decrease of \$493,362.

COUNTY OF LASSEN

Management's Discussion and Analysis Required Supplementary Information

DEBT ADMINISTRATION (continued)

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

Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Notes Payable	\$ --	\$ 14,286	\$ --	\$ --	\$ --	\$ 14,286
Refunding Certificates of Participation (1998)	1,225,000	1,795,000	--	--	1,225,000	1,795,000
Capital Lease Obligations	--	57,255	--	--	--	57,255
Compensated absences	1,199,890	1,118,325	--	--	1,199,890	1,118,325
Claims liability	611,240	544,627	--	--	611,240	544,627
Total	3,036,130	3,529,493	--	--	3,036,130	3,529,493
Less Current Portion	(1,199,945)	(1,171,943)	--	--	(1,199,945)	(1,171,943)
Net Long-Term Debt	\$ 1,836,185	\$ 2,357,550	\$ --	\$ --	\$ 1,836,185	\$ 2,357,550

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In fiscal year 2007/08 Lassen County projected an operating shortfall. The budget was adopted using fund balances as the means to maintain the current level of services. Fortunately revenue received during the fiscal year met projections in most funds and not all budgeted expenditures were realized. Although fund balance was used to meet the needs of the County during the fiscal year, less was required than anticipated.

The development of the County budget for fiscal year 2008/09 presented additional challenges. Despite the protections afforded local governments by Proposition 1A the County's budget is still subject to significant impacts from State budget actions. The budget adopted by the State included significant decreases in funding for many local programs, especially in the area of health and human services. Additional reductions have already been proposed for the second half of the year. The on-going State deficit will most certainly be a major factor in determining the County's ability to maintain the current levels of service in the future.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Lassen County Auditor's Office at 221 South Roop Street, Susanville California 96130.

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

COUNTY OF LASSEN

Statement of Net Assets
June 30, 2008

<u>ASSETS</u>	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
Cash and investments	\$ 33,682,687	\$ 292,415	\$ 33,975,102
Cash with fiscal agent	603,026	--	603,026
Accounts receivable	66,546	--	66,546
Due from other governmental entities	2,813,077	--	2,813,077
Internal balances	85,000	(85,000)	--
Deposits with others	1,289,338	--	1,289,338
Prepaid expenses	109,356	--	109,356
Inventories	679,020	--	679,020
Long term receivables	304,732	--	304,732
Capital assets:			
Nondepreciable	12,157,567	342,519	12,500,086
Depreciable, net	29,096,799	679,254	29,776,053
Total Assets	<u>\$ 80,887,148</u>	<u>\$ 1,229,188</u>	<u>\$ 82,116,336</u>
 <u>LIABILITIES</u>			
Accounts payable	\$ 1,365,600	\$ --	\$ 1,365,600
Salaries and benefits payable	1,183,320	--	1,183,320
Due to other governmental entities	723,487	--	723,487
Interest payable	8,831	--	8,831
Unearned revenue	710,400	--	710,400
Long-Term Liabilities:			
Portion due or payable within one year:			
Liability for compensated absences	599,945	--	599,945
Certificates of participation	600,000	--	600,000
Portion due or payable after one year:			
Liability for compensated absences	599,945	--	599,945
Certificates of participation	625,000	--	625,000
Claims liability	611,240	--	611,240
Total Liabilities	<u>7,027,768</u>	<u>--</u>	<u>7,027,768</u>
 <u>NET ASSETS</u>			
Investment in capital assets, net of related debt	40,029,366	1,021,773	41,051,139
Restricted for:			
Public Safety	1,049,321	--	1,049,321
Health & Public Assistance	9,221,497	--	9,221,497
Community Resources & Facilities	6,783,662	--	6,783,662
General Government & Support Services	705,131	--	705,131
Criminal Justice and Courthouse Construction	1,738,386	--	1,738,386
Debt service	1,161,294	--	1,161,294
Unrestricted	13,170,723	207,415	13,378,138
Total Net Assets	<u>73,859,380</u>	<u>1,229,188</u>	<u>75,088,568</u>
 Total Liabilities and Net Assets	<u>\$ 80,887,148</u>	<u>\$ 1,229,188</u>	<u>\$ 82,116,336</u>

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

COUNTY OF LASSEN

Statement of Activities
For the Year Ended June 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 7,818,030	\$ 1,251,007	\$ 3,100,890	\$ 66,916
Public protection	18,176,837	2,849,861	6,934,071	--
Public ways and facilities	5,343,195	139,601	8,204,449	--
Health and sanitation	9,156,415	845,200	5,741,392	--
Public assistance	14,437,045	5,672	9,919,068	--
Education	87,822	--	--	--
Recreation and culture	102,218	--	59,299	--
Debt service:				
Interest	64,514	--	--	--
Total Governmental Activities	<u>55,186,076</u>	<u>5,091,341</u>	<u>33,959,169</u>	<u>66,916</u>
Business-Type Activities:				
County Service Area (Honey Lake TV)	81,013	50,488	--	--
County Business Park	38,232	--	--	--
County Water System	5,333	1,351	--	--
Total Lassen County	<u>\$ 55,310,654</u>	<u>\$ 5,143,180</u>	<u>\$ 33,959,169</u>	<u>\$ --</u>

General Revenues:

 Taxes:

 Property taxes
 Sales and use taxes
 Other

 Miscellaneous

 Unrestricted interest and investment earnings

Transfers

 Total General Revenues and Transfers

Change in Net Assets

Net assets - July 1
Prior period adjustment
Net assets - June 30

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

Net (Expense) Revenue and
Changes in Net Assets

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (3,399,217)	\$ --	\$ (3,399,217)
(8,392,905)	--	(8,392,905)
3,000,855	--	3,000,855
(2,569,823)	--	(2,569,823)
(4,512,305)	--	(4,512,305)
(87,822)	--	(87,822)
(42,919)	--	(42,919)
(64,514)	--	(64,514)
(16,068,650)	--	(16,068,650)
	(30,525)	(30,525)
	(38,232)	(38,232)
	(3,982)	(3,982)
(16,068,650)	(72,739)	(16,141,389)
7,862,759	--	7,862,759
5,899,074	--	5,899,074
529,108	--	529,108
2,128,618	--	2,128,618
2,604,311	35,359	2,639,670
15,000	(15,000)	--
19,038,870	20,359	19,059,229
2,970,220	(52,380)	2,917,840
71,072,383	1,281,568	72,353,951
(183,223)	--	(183,223)
\$ 73,859,380	\$ 1,229,188	\$ 75,088,568

**BASIC FINANCIAL STATEMENTS –
FUND FINANCIAL STATEMENTS**

COUNTY OF LASSEN

Balance Sheet
Governmental Funds
June 30, 2008

	General	Road Fund	Health and Human Services	Welfare
<u>Assets</u>				
Cash and investments	\$ 6,925,453	\$ 6,631,455	\$ 2,710,003	\$ 1,209,061
Cash with fiscal agent	--	--	--	--
Deposits with others	1,289,338	--	--	--
Accounts receivable	--	--	--	--
Due from other governmental entities	174,361	--	1,340,829	202,084
Due from other funds	134,449	--	--	--
Advances to other funds	350,000	--	--	--
Prepaid expenses	--	--	--	--
Inventory	--	679,020	--	--
Long term receivables	143,369	--	--	--
Total Assets	<u>\$ 9,016,970</u>	<u>\$ 7,310,475</u>	<u>\$ 4,050,832</u>	<u>\$ 1,411,145</u>
<u>Liabilities</u>				
Accounts payable	\$ 43,351	\$ 912,072	\$ 76,042	\$ 4,781
Accrued salaries	237,121	105,553	215,833	131,790
Due to other governmental entities	4,377	2,369	655,732	20,514
Due to other funds	--	--	--	--
Advances from other funds	--	--	--	--
Deferred revenue	549,038	--	915,262	125,606
Total Liabilities	<u>833,887</u>	<u>1,019,994</u>	<u>1,862,869</u>	<u>282,691</u>
<u>Fund Balances</u>				
Reserved for:				
Advances	350,000	--	--	--
Prepaid expenses				
Self insurance	1,289,338	--	--	--
Inventory	--	679,020	--	--
Unreserved, reported in:				
General fund:				
Designated	3,693,734	--	--	--
Undesignated	2,850,011	--	--	--
Special revenue funds:				
Designated	--	--	157,742	--
Undesignated	--	5,611,461	2,030,221	1,128,454
Debt service funds:				
Undesignated	--	--	--	--
Capital project funds:				
Designated	--	--	--	--
Undesignated	--	--	--	--
Total Fund Balances	<u>8,183,083</u>	<u>6,290,481</u>	<u>2,187,963</u>	<u>1,128,454</u>
Total Liabilities and Fund Balances	<u>\$ 9,016,970</u>	<u>\$ 7,310,475</u>	<u>\$ 4,050,832</u>	<u>\$ 1,411,145</u>

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

Public Safety	Other Governmental Funds	Total
\$ 1,193,551	\$ 14,388,344	\$ 33,057,867
--	603,026	603,026
--	--	1,289,338
12,033	54,513	66,546
631,171	464,632	2,813,077
--	--	134,449
--	272,476	622,476
--	109,356	109,356
--	--	679,020
--	161,363	304,732
<u>\$ 1,836,755</u>	<u>\$ 16,053,710</u>	<u>\$ 39,679,887</u>
\$ 237,243	\$ 84,949	\$ 1,358,438
329,097	153,668	1,173,062
--	40,495	723,487
--	134,449	134,449
22,476	515,000	537,476
153,822	340,203	2,083,931
<u>742,638</u>	<u>1,268,764</u>	<u>6,010,843</u>
--	272,476	622,476
--	109,356	109,356
--	--	1,289,338
--	--	679,020
--	--	3,693,734
--	--	2,850,011
984,386	10,650,675	11,792,803
109,731	(115,664)	8,764,203
--	1,161,294	1,161,294
--	3,244,711	3,244,711
--	(537,902)	(537,902)
<u>1,094,117</u>	<u>14,784,946</u>	<u>33,669,044</u>
<u>\$ 1,836,755</u>	<u>\$ 16,053,710</u>	<u>\$ 39,679,887</u>

COUNTY OF LASSEN

Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets - Governmental Activities
June 30, 2008

Fund Balance - total governmental funds (page 20)	\$ 33,669,044
Amounts reported for governmental activities in the statement of net assets are different because:	
Deferred revenue in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	1,373,531
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	40,947,066
Internal service funds are used by the County to charge the cost of unemployment insurance, dental insurance, fleet services and telephone services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. Internal service fund net assets are:	914,700
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.	(8,831)
Long-term liabilities, including certificates of participation, are not due and payable in the current period, and therefore are not reported in the governmental funds.	
Certificates of participation	(1,225,000)
Compensated absences	(1,199,890)
Claims liability	<u>(611,240)</u>
Net assets of governmental activities (page 18)	<u>\$ 73,859,380</u>

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

COUNTY OF LASSEN

Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

	General	Road Fund	Health and Human Services	Welfare
Revenues:				
Taxes	\$ 9,000,245	\$ --	\$ --	\$ --
Licenses and permits	420,924	24,907	3,381	--
Intergovernmental	3,580,460	8,703,734	5,114,325	9,556,135
Charges for services	2,508,512	114,694	765,121	480
Fines and forfeitures	178,975	--	24,769	--
Use of money and property	442,775	271,369	97,104	61,713
Other	1,578,386	36,899	82,549	244,359
Total Revenues	<u>17,710,277</u>	<u>9,151,603</u>	<u>6,087,249</u>	<u>9,862,687</u>
Expenditures:				
Current:				
General government	6,022,865	--	--	--
Public protection	2,255,142	--	212,850	--
Public ways and facilities	--	5,031,278	--	--
Health and sanitation	--	--	7,489,966	--
Public assistance	--	--	718,247	13,038,071
Education	87,485	--	--	--
Recreation and culture	18,823	--	--	--
Debt Service:				
Principal	--	57,255	--	--
Interest	--	--	--	--
Capital outlay	25,935	3,688,203	111,724	17,888
Total Expenditures	<u>8,410,250</u>	<u>8,776,736</u>	<u>8,532,787</u>	<u>13,055,959</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>9,300,027</u>	<u>374,867</u>	<u>(2,445,538)</u>	<u>(3,193,272)</u>
Other Financing Sources (Uses):				
Transfers in	268,724	--	2,758,442	2,507,000
Transfers out	(9,007,720)	--	(31,675)	--
Total Other Financing Sources (Uses)	<u>(8,738,996)</u>	<u>--</u>	<u>2,726,767</u>	<u>2,507,000</u>
Net change in fund balances	561,031	374,867	281,229	(686,272)
Fund Balances, Beginning of Year	7,622,052	5,915,614	1,906,734	1,814,726
Prior period adjustment	--	--	--	--
Fund Balances, Beginning of Year - restated	<u>7,622,052</u>	<u>5,915,614</u>	<u>1,906,734</u>	<u>1,814,726</u>
Fund Balances, End of Year	<u>\$ 8,183,083</u>	<u>\$ 6,290,481</u>	<u>\$ 2,187,963</u>	<u>\$ 1,128,454</u>

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

Public Safety	Other Governmental Funds	Total
\$ 1,440,577	\$ 3,850,119	\$ 14,290,941
5,788	52,845	507,845
4,442,965	4,033,288	35,430,907
558,604	632,348	4,579,759
53,351	1,306,999	1,564,094
63,713	1,631,846	2,568,520
5,251	196,490	2,143,934
<u>6,570,249</u>	<u>11,703,935</u>	<u>61,086,000</u>
351,897	984,807	7,359,569
11,485,365	4,361,833	18,315,190
--	32,216	5,063,494
--	1,826,854	9,316,820
--	1,094,249	14,850,567
--	--	87,485
--	84,022	102,845
--	584,286	641,541
--	68,552	68,552
38,521	557,892	4,440,163
<u>11,875,783</u>	<u>9,594,711</u>	<u>60,246,226</u>
<u>(5,305,534)</u>	<u>2,109,224</u>	<u>839,774</u>
5,043,840	3,512,436	14,090,442
<u>(21,374)</u>	<u>(5,014,673)</u>	<u>(14,075,442)</u>
<u>5,022,466</u>	<u>(1,502,237)</u>	<u>15,000</u>
(283,068)	606,987	854,774
1,445,330	14,243,537	32,947,993
<u>(68,145)</u>	<u>(65,578)</u>	<u>(133,723)</u>
<u>1,377,185</u>	<u>14,177,959</u>	<u>32,814,270</u>
<u>\$ 1,094,117</u>	<u>\$ 14,784,946</u>	<u>\$ 33,669,044</u>

COUNTY OF LASSEN

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, 2008

Net change to fund balance - total governmental funds (page 22) \$ 854,774

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

Governmental funds report capital outlay 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 general capital assets, infrastructure, and other related capital assets adjustments	5,250,733	
Less: current year depreciation	<u>(2,245,824)</u>	
		3,004,909

Governmental fund revenues deferred at year end due to unavailability, and
therefore, deferred under the modified accrual method of accounting, were
recognized as revenue on the full accrual method of accounting (1,413,456)

Repayment of debt principal is an expenditure in the governmental
funds, but the repayment reduces long-term liabilities in the
statement of net assets.

Principal repayments:		
Notes payable		14,286
Certificates of participation		570,000
Capital leases		57,255

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 governmental funds.

Change in compensated absences	(81,565)
Change in accrued interest payable	4,038
Change in claims liabilities	(66,613)

Internal service funds are used by management to charge the costs of
certain activities to individual funds. The net revenue of
certain activities of the internal service funds is reported with
governmental activities. 26,592

Change in net assets of governmental activities (page 19)	<u><u>\$ 2,970,220</u></u>
---	----------------------------

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

COUNTY OF LASSEN

Statement of Fund Net Assets
Proprietary Funds
June 30, 2008

	Business-Type Activities - Enterprise Funds	Governmental Activities
<u>ASSETS</u>	Nonmajor Funds	Internal Service Funds
Current assets:		
Cash and investments	\$ 292,415	\$ 624,820
Total current assets	292,415	624,820
Noncurrent assets:		
Capital assets:		
Nondepreciable	342,519	--
Depreciable, net	679,254	307,300
Total noncurrent assets	1,021,773	307,300
Total Assets	\$ 1,314,188	\$ 932,120
 <u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ --	\$ 7,162
Salaries and benefits payable	--	10,258
Noncurrent liabilities:		
Advances from other funds	85,000	--
Total Liabilities	85,000	17,420
 <u>NET ASSETS</u>		
Investment in capital assets, net of related debt	1,021,773	307,300
Unrestricted	207,415	607,400
Total Net Assets	1,229,188	914,700
Total Liabilities and Net Assets	\$ 1,314,188	\$ 932,120

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

COUNTY OF LASSEN

Statement of Revenues, Expenses and
Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2008

	<u>Business-Type Activities - Enterprise Funds</u>	<u>Governmental Activities</u>
	<u>Nonmajor Funds</u>	<u>Internal Service Funds</u>
Operating Revenues:		
Charges for services	\$ 51,832	\$ 1,004,808
Miscellaneous	7	17,589
Total Operating Revenues	<u>51,839</u>	<u>1,022,397</u>
 Operating Expenses:		
Salaries and benefits	--	282,559
Services and supplies	82,508	573,004
Depreciation	42,070	178,145
Total Operating Expenses	<u>124,578</u>	<u>1,033,708</u>
 Operating Income (Loss)	<u>(72,739)</u>	<u>(11,311)</u>
 Non-Operating Revenue (Expenses):		
Interest income	35,359	35,791
Gain/(loss) on disposal of assets	--	2,112
Total Non-Operating Revenue	<u>35,359</u>	<u>37,903</u>
 Net Income (Loss) Before Transfers	(37,380)	26,592
 Transfers out	<u>(15,000)</u>	<u>--</u>
 Change in Net Assets	(52,380)	26,592
 Net Assets - Beginning of Year	<u>1,281,568</u>	<u>888,108</u>
 Net Assets - End of Year	<u>\$ 1,229,188</u>	<u>\$ 914,700</u>

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

COUNTY OF LASSEN

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2008

	Business-Type Activities - Enterprise Funds	Governmental Activities
	Nonmajor Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from customers	\$ 51,839	\$ --
Cash receipts from interfund services provided	--	1,022,397
Cash paid to suppliers for goods and services	(86,357)	(593,518)
Cash paid to employees for services	--	(283,199)
	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	(34,518)	145,680
	<hr/>	<hr/>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers in (out)	(15,000)	--
	<hr/>	<hr/>
Net Cash Provided (Used) by Noncapital Financing Activities	(15,000)	--
	<hr/>	<hr/>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Payments related to the acquisition of capital assets	(41,425)	(180,402)
Proceeds from sale of capital assets	--	5,260
	<hr/>	<hr/>
Net Cash Provided (Used) by Capital and Related Financing Activities	(41,425)	(175,142)
	<hr/>	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	35,359	35,791
	<hr/>	<hr/>
Net Cash Provided by Investing Activities	35,359	35,791
	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	(55,584)	6,329
Cash and Cash Equivalents, Beginning of Year	347,999	618,491
	<hr/>	<hr/>
Cash and Cash Equivalents, End of Year	\$ 292,415	\$ 624,820
	<hr/> <hr/>	<hr/> <hr/>

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

continued

COUNTY OF LASSEN

Statement of Cash Flows (continued)
 Proprietary Funds
 For the Year Ended June 30, 2008

	Business-Type Activities - Enterprise Funds	Governmental Activities
	Nonmajor Funds	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ (72,739)	\$ (11,311)
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:		
Depreciation	42,070	178,145
Changes in Assets and Liabilities:		
Increase (decrease) in:		
Accounts payable	(3,849)	(20,514)
Accrued salaries	--	(640)
	<u>\$ (34,518)</u>	<u>\$ 145,680</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (34,518)</u>	<u>\$ 145,680</u>

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

COUNTY OF LASSEN

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008

	<u>Investment Trust</u>	<u>Agency Funds</u>
<u>Assets</u>		
Current Assets:		
Cash and investments	\$ 21,079,481	\$ 9,344,262
Taxes receivable	--	2,878,619
	<u>21,079,481</u>	<u>12,222,881</u>
Total Assets		
<u>Liabilities</u>		
Current Liabilities:		
Agency obligations	--	12,222,881
	<u>--</u>	<u>12,222,881</u>
Total Liabilities		
<u>Net Assets</u>		
Net assets held in trust for investment pool participants	<u>\$ 21,079,481</u>	<u>\$ --</u>

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

COUNTY OF LASSEN

Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2008

	<u>Investment Trust</u>
ADDITIONS	
Contributions	\$ 50,675,930
Revenue from use of money and property	<u>1,189,741</u>
Total Additions	<u>51,865,671</u>
DEDUCTIONS	
Distributions from pooled investment	<u>53,530,890</u>
Total Deductions	<u>53,530,890</u>
Net increase (decrease) in net assets	(1,665,219)
Net Assets - Beginning of Year	<u>22,744,700</u>
Net Assets - End of Year	<u>\$ 21,079,481</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes provided in the financial section of this report are considered an integral and essential part of adequate disclosure and fair presentation of this report. The notes include a summary of significant accounting policies for the County, and other necessary disclosure of pertinent matters relating to the financial position of the County. The notes express significant insight to the financial statements and are conjunctive to understanding the rationale for presentation of the financial statements and information contained in this document.

COUNTY OF LASSEN

Notes to the Basic Financial Statements For the Year Ended June 30, 2008

Note 1: **Summary of Significant Accounting Policies**

This summary of significant accounting policies of the County of Lassen (the County) is presented to assist in understanding the County's financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

A. **Reporting Entity**

The accounting methods and procedures adopted by the County conform to generally accepted accounting principles as applied to governmental entities. These financial statements present the government and its component units, entities for which the government is considered to be financially accountable under the criteria set by Governmental Auditing Standards Board (GASB) Statement No. 14.

Reporting for component units on the County's financial statements can be blended or discretely presented. Blended component units, although legally separate entities, are in substance, part of the government's operations. Blended component units are an extension of the County and so data from these units are combined with the data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the County. Each component unit has a June 30th year end.

Blended Component Units: The Bieber Lighting District, Lassen-Modoc Flood Control District, and County Service Area #1 are districts governed by the County Board of Supervisors. The component units governing body is substantially the same as the primary government; hence, these units are presented by blending them with the primary government.

Discretely Presented Component Units: There are no component units of the County which meet the criteria for discrete presentation.

B. **Basis of Presentation**

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. 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 normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

COUNTY OF LASSEN

Notes to the Basic Financial Statements For the Year Ended June 30, 2008

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

B. Basis of Presentation (continued)

Government-Wide Financial Statements (continued)

The statement of activities demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function, and allocated indirect expenses. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

When both restricted and unrestricted net assets are available, unrestricted resources are used only after the restricted resources are depleted.

Fund Financial Statements

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

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

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 legislative and administrative, personnel, finance, counsel, elections, and property management.
- The *Road Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that relate to public ways not accounted for through other funds.

COUNTY OF LASSEN

Notes to the Basic Financial Statements For the Year Ended June 30, 2008

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

B. Basis of Presentation (continued)

Fund Financial Statements (continued)

- The *Health and Human Services Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that relate to health programs, children's programs and veterans services, such as public health, mental health, veterans services, public guardian, and drug and alcohol programs.
- The *Welfare Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that relate to Social Services programs including social services administration, general relief, protective services, and community services.
- The *Public Safety Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that relate to Public Safety, such as police protection, detention, public defender, and district attorney.

The County reports the following additional fund types:

- *Internal Service Funds* are used by the County to charge the cost of information technology services and fleet services to individual funds.
- The *Investment Trust Fund* accounts for the assets of legally separate entities that deposit cash with the County Treasurer. These entities include school and community college districts, other special districts governed by local boards, regional boards and authorities and pass through funds for tax collections for cities. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.
- The *Agency Funds* account for assets held by the County as an agent for various local governments.

COUNTY OF LASSEN

Notes to the Basic Financial Statements For the Year Ended June 30, 2008

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

C. **Basis of Accounting**

The government-wide, proprietary, and investment trust 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 taxes, grants, entitlements and donations. On an 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 eligible requirements have been satisfied.

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 (“susceptible to accrual”). Taxes, intergovernmental, interest and charges for services are considered susceptible to accrual. Property and sales taxes, interest, certain state and federal grants and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be measurable and available.

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financial sources.

For its business-type activities and enterprise funds, the County has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

COUNTY OF LASSEN

Notes to the Basic Financial Statements For the Year Ended June 30, 2008

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

D. Cash and Investments

The County follows the practice of pooling cash and investments of all funds except for funds required to be held by outside fiscal agents. Each fund type's portion of this pool is displayed on the combined balance sheet as cash and investments. Investments are stated at fair value in accordance with the provisions of GASB Statement No. 31.

E. Cash and Cash Equivalents

For purposes of the statements of cash flows, the County considers all cash and investments with maturities of 90 days or less and all pooled cash and investments held by the County Treasurer as cash and cash equivalents.

F. Receivables

Receivables consist mostly of amounts due from other agencies. Management believes its receivables are fully collectible except for its long term receivables on the Community Development Housing loans.

G. Inventory

Inventory is valued at market on a moving average basis. Road inventory consists of road supplies, fuel and various consumable items. The consumption method of accounting is used. The cost is recorded as an expenditure at the time individual inventory items are used. In governmental funds, reported inventories are equally offset by a fund balance reserve, which indicates that it does not constitute "available spendable resources" even though it is a component of net current assets.

H. Capital Assets

Capital assets (including infrastructure) are recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain (infrastructure) general fixed assets consisting of certain improvements including roads, bridges, water/sewer, lighting system, drainage systems, and flood control. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide statements and proprietary funds.

COUNTY OF LASSEN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2008

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

H. **Capital Assets** (continued)

The estimated useful lives are as follows:

Infrastructure	25 to 50 years
Structures and improvements	25 to 40 years
Equipment	3 to 10 years

The County has five networks of infrastructure assets – roads, water/sewer, lighting, drainage, and flood control. GASB No. 34 requires the County to report and depreciate new infrastructure effective with the beginning of the current year. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, water/sewer, lighting, drainage and flood control. These infrastructure assets are likely to be the largest asset class of the County. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and is first effective for fiscal years ending in 2007. The County elected to implement the general provisions of GASB No. 34 in fiscal year ended June 30, 2003, and has implemented the retroactive infrastructure provisions in the fiscal year ending June 30, 2008.

I. **Accumulated Compensated Absences**

The County accounts for compensated absences (unpaid vacation, sick leave and compensatory time) in accordance with GASB 16. In governmental funds, compensated absences are recorded as expenditures in the year paid. As it is the County’s policy to liquidate any unpaid vacation at June 30 from future resources rather than currently available expendable resources, the entire unpaid liability for the governmental funds is recorded in the government-wide financial statements only.

Unused vacation benefits may be accrued up to a maximum of 254 hours and are paid to employees upon termination. Compensated time off and administrative leave balances are accrued and paid to employees upon termination at 100%. Unused sick leave benefits do not vest with the employee and are lost upon termination. Therefore, unused sick leave benefits have not been accrued.

COUNTY OF LASSEN

Notes to the Basic Financial Statements For the Year Ended June 30, 2008

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

J. Revenue Recognition – Property Taxes

Property taxes are levied on real and personal property known as secured and unsecured taxes respectively. A mid-year completion of construction or transfer of property will generate a supplemental tax bill reflecting the market value at that time. This bill is in addition to the regular roll and may be due at various times of the year.

Property taxes attach as an enforceable lien on January 1. Taxes are levied on July 1 and are payable in two installments, December 10 and April 10. All general property taxes are then allocated by the County Auditor-Controller's office to the various taxing entities per the legislation implementing Proposition 13. The method of allocation used by the County is subject to review by the State of California. County property tax revenues are recognized when levied in accordance with the guidelines for implementation of the Teeter Plan for reporting property taxes.

The Teeter Plan allows the county to allocate secured and utility property taxes to jurisdictions at 100% of the billed amount rather than the actual tax collection. The county collects all future delinquent tax payments, penalties and interest. Special tax assessments are not included in the Teeter Plan. The benefits of participation in the Teeter Plan include more stable and reliable annual property tax revenues for participating jurisdictions.

Once adopted the Teeter Plan remains in effect unless either the County Board of Supervisors or resolutions from two-thirds of the participating jurisdictions order it discontinued.

K. Interfund Transactions

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

L. Estimates

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

COUNTY OF LASSEN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2008

Note 2: **Restatement of Fund Equity/Net Assets**

Trust funds – During the year, the County reclassified the Child Support Fund from an Agency fund to a Special Revenue fund.

The impact of the restatements on the fund balances/net assets as previously reported is presented below:

	Government-Wide Statement of Activities	Fund Statements	
	Governmental Activities	Public Safety	Other Governmental Funds
Net assets/fund balances, June 30, 2007, as previously reported	\$ 71,072,383	\$ 1,445,330	\$ 14,243,537
Reclassify agency funds	(133,723)	(68,145)	(65,578)
Correct accumulated depreciation	(49,500)	--	--
Total Restatements	(183,223)	(68,145)	(65,578)
Net assets/fund balances, July 1, 2007, as restated	\$ 70,889,160	\$ 1,377,185	\$ 14,177,959

In addition, there were several accounts that were reclassified from the Public Safety Fund and the Inmate Welfare – State and County Fund to Agency Funds.

Note 3: **Cash and Investments**

The County sponsors an investment pool that is managed by the County Treasurer for the purpose of increasing interest earnings through investment activities. Cash and investments for most County activities are included in the investment pool. Interest earned on the investment pool is distributed to the participating funds using a formula based on the average daily cash balance of each fund.

The investment pool includes both voluntary and involuntary participation from external entities. The State of California statutes require certain special districts and other governmental entities to maintain their cash surplus with the County Treasurer.

The County investment pool is not registered with the Securities and Exchange Commission as an investment company. Investments made by the Treasurer are regulated by the California Government Code and by the County's investment policy. The objectives of the policy are in order of priority, safety, liquidity, yield, and public trust.

COUNTY OF LASSEN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2008

Note 3: **Cash and Investments** (continued)

The County has established a treasury oversight committee to 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 oversight committee and the Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the Board of Supervisors every month. The report covers the type of investments in the pool, maturity dates, par value, actual costs and fair value.

At June 30, 2008, total County cash and investments were as follows:

Cash:

Cash on hand	\$	3,640
Deposits		1,742,233
Less outstanding warrants		<u>(3,365,134)</u>
 Total Cash Overdrafts		 <u>(1,619,261)</u>

Investments:

In Treasurer's pool		66,018,132
Outside Treasurer's pool		<u>603,000</u>
 Total Investments		 <u>66,621,132</u>
 Total Cash and Investments	 \$	 <u><u>65,001,871</u></u>

Total cash and investments at June 30, 2008, were presented on the County's financial statements as follows:

	Unrestricted	Restricted	Total
Cash and Investments in Treasurer's Pool			
Primary government	\$ 33,975,102	\$ --	\$ 33,975,102
Investment trust fund	21,079,481	--	21,079,481
Agency funds	9,344,262	--	9,344,262
 Cash with Fiscal Agent			
Primary Government	--	603,026	603,026
	<u>\$ 64,398,845</u>	<u>\$ 603,026</u>	<u>\$ 65,001,871</u>

COUNTY OF LASSEN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2008

Note 3: **Cash and Investments** (continued)

Investments

The table below identifies the investment types that are authorized for the County by the California Government Code or the County's investment policy, where more restrictive. The table also identifies certain provisions of the County's investment policy that address interest rate risk, credit risk, and concentration risk.

Investments

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Issued by Lassen County	5 years	10%	None
U.S. Treasury Obligations	5 years	None	None
Obligations of the State of California	1 year	10%	None
Other Local Agency Bonds, Notes, or Warrants	1 year	10% 70% or 40%	None
Federal Agency Obligations	5 years	callable issues	50%
Banker's Acceptances	180 days	40%	10%
Commercial Paper	180 days	40%	10%
Negotiable Certificates of Deposit	1 year	30%	10%
Medium-Term Corporate Notes	5 years	30%	10%
Money Market Mutual Funds	N/A	20%	10%
Local Agency Investment Fund	N/A	None	\$40M
Other Local Government Pools	N/A	None	None

The County may also hold securities for the purpose of collateralizing its deposits in accordance with Sections 53651 and 53652 of the Government Code. Pledged funds held by the trustees in connection with the County's debt may not be subject to the above requirements if statutory provisions related to the debt allow the funds to be invested in a different manner.

COUNTY OF LASSEN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2008

Note 3: **Cash and Investments** (continued)

At June 30, 2008, the County had the following investments:

	<u>Interest Rates</u>	<u>Maturities</u>	<u>Par</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Investment Pool						
Federal Agency Issues - Coupon	3.3% - 5.25%	7/23/08 - 5/14/13	\$ 28,000,000	\$ 28,076,560	28,018,132	2.07
LAIF			<u>38,000,000</u>	<u>38,000,000</u>	<u>38,000,000</u>	<u>--</u>
			<u>\$ 66,000,000</u>	<u>\$ 66,076,560</u>	<u>\$ 66,018,132</u>	<u>0.88</u>
Investment outside Investment Pool						
Cash held with fiscal agent						
Investment agreement	5%	On Demand	\$ 603,000	\$ 603,000	\$ 603,000	--
			<u>\$ 603,000</u>	<u>\$ 603,000</u>	<u>\$ 603,000</u>	<u>--</u>

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

At June 30, 2008, in accordance with State law and the County's Investment Policy, the County did not have 5% or more of its net investment in commercial paper, corporate bonds or medium term notes of a single organization, nor did it have 10% or more of its net investment in any one money market mutual fund. Investments in obligations of the U.S. government, U.S. government agencies, or government-sponsored enterprises are exempt from these limitations.

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of the County Investment Pool's fair value at June 30, 2008.

COUNTY OF LASSEN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2008

Note 3: **Cash and Investments** (continued)

Concentration of Credit Risk (continued)

	<u>S&P</u>	<u>Moody's</u>	<u>% of Portfolio</u>
Federal Agencies - Discount	AAA	Aaa	39.41%
Federal Agencies - Discount	N/A	Aaa	3.03%
California Local Agency Investment Fund	Unrated	Unrated	<u>57.56%</u>
Total			<u><u>100.00%</u></u>

Custodial Credit Risk

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

Local Agency Investment Fund

The County Treasurer's Pool maintain an investment in the State of California Local Agency Investment Fund (LAIF). LAIF is part of the Pooled Money Investment Account (PMIA), an investment pool consisting of funds held by the state in addition to those deposited in LAIF. All PMIA funds are managed by the Investment Division of the State Treasurer's Office. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California Government Code. Participants in the pool include voluntary and involuntary participants, such as special districts and school districts for which there are legal provisions regarding their investments. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute.

At June 30, 2008, the County's investment position in the State of California Local Agency Investment Fund (LAIF) was \$38,000,000, which approximates fair value and is the same as value of the pool shares determined on an amortized cost basis. The total amount invested by all public agencies in LAIF on that day was \$70 billion. Of that amount, 14.72% was invested in structured notes and asset-backed securities with the remaining 85.28% invested in other non-derivative financial products.

COUNTY OF LASSEN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2008

Note 3: **Cash and Investments** (continued)

Fair Value

At June 30, 2008, the difference between the cost and fair value of cash and investments was not material (fair value was 100.09% of carrying value). Therefore, an adjustment to fair value was not required. Fair value is based on information provided by the State for the Local Agency Investment Fund and quoted market prices or safekeeping agent statements for other investments.

County Investment pool Condensed Financial Statements

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's investment pool as of June 30, 2008:

Statement of Net Assets

Net assets held for pool participants	<u>\$ 64,398,845</u>
Equity of internal pool participants	\$ 43,319,364
Equity of external pool participants	<u>21,079,481</u>
Total net assets	<u>\$ 64,398,845</u>

Statement of Changes in Net Assets

Investment earnings	\$ 3,383,619
Investment expenses	(717,184)
Net contributions from pool participants	<u>4,649,173</u>
Increase in Net Assets	7,315,608
Net assets at July 1, 2007	<u>57,083,237</u>
Net assets at June 30, 2008	<u>\$ 64,398,845</u>

Note 4: **Receivables**

Management believes its receivables are fully collectible except for its long term receivables on the Community Development Housing loans recorded in the General Fund. At June 30, 2008, the gross amount of these receivables was \$252,830 and the allowance for uncollectible accounts was \$109,461 which resulted in a net amount of \$143,369.

COUNTY OF LASSEN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2008

Note 5: **Capital Assets**

Capital Asset activity for the year ended June 30, 2008, was as follows:

	Balance July 1, 2007	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2008
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 3,444,198	\$ --	\$ --	\$ --	\$ 3,444,198
Construction in progress	5,019,818	4,038,172	--	(344,621)	8,713,369
Total capital assets, not being depreciated	8,464,016	4,038,172	--	(344,621)	12,157,567
Capital assets, being depreciated:					
Infrastructure	30,023,523	452,517	--	32,201	30,508,241
Structures and improvements	22,624,237	273,022	--	312,420	23,209,679
Equipment	11,162,307	675,512	(296,371)	--	11,541,448
Total capital assets, being depreciated	63,810,067	1,401,051	(296,371)	344,621	65,259,368
Less accumulated depreciation for:					
Infrastructure	(17,062,889)	(1,115,094)	--	(49,500)	(18,227,483)
Structures and improvements	(8,008,407)	(551,226)	--	--	(8,559,633)
Equipment	(8,902,939)	(757,649)	285,135	--	(9,375,453)
Total accumulated depreciation	(33,974,235)	(2,423,969)	285,135	(49,500)	(36,162,569)
Total capital assets, being depreciated, net	29,835,832	(1,022,918)	(11,236)	295,121	29,096,799
Government activities capital assets, net	<u>\$ 38,299,848</u>	<u>\$ 3,015,254</u>	<u>\$ (11,236)</u>	<u>\$ (49,500)</u>	<u>\$ 41,254,366</u>
Business-Type Activities					
Capital assets, not being depreciated:					
Land	\$ 342,519	\$ --	\$ --	\$ --	\$ 342,519
Total capital assets, not being depreciated	342,519	--	--	--	342,519
Capital assets, being depreciated:					
Structures and improvements	800,614	--	--	--	800,614
Equipment	160,208	41,425	--	--	201,633
Total capital assets, being depreciated	960,822	41,425	--	--	1,002,247
Less accumulated depreciation for:					
Structures and improvements	(141,320)	(20,387)	--	--	(161,707)
Equipment	(139,603)	(21,683)	--	--	(161,286)
Total accumulated depreciation	(280,923)	(42,070)	--	--	(322,993)
Total capital assets, being depreciated, net	679,899	(645)	--	--	679,254
Business-type activities capital assets, net	<u>\$ 1,022,418</u>	<u>\$ (645)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,021,773</u>

COUNTY OF LASSEN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2008

Note 5: **Capital Assets** (continued)

Depreciation

Depreciation expense was charged to governmental functions as follows:

Governmental Activities – Depreciation Expense

General government	\$ 394,970
Public protection	434,076
Public ways	1,324,997
Health and sanitation	62,354
Public assistance	28,445
Culture and recreation	982
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	178,145
	<u>\$ 2,423,969</u>

Business-Type Activities – Depreciation Expense

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

County Service Area (Honey Lake TV)	\$ 21,683
County Business Park	20,387
	<u>\$ 42,070</u>

Note 6: **Long-Term Liabilities**

Long-term debt at June 30, 2008 consisted of the following:

	Date of Issue	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2008
<u>Governmental activities</u>						
Refunding Certificates of Participation to provide debt service payments until 1989 bonds are called	1998	2010	3.35%-4.35%	\$465,000-\$625,000	\$ 6,030,000	\$ 1,225,000

COUNTY OF LASSEN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2008

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

The following is a summary of long-term liability transactions for the year ended June 30, 2008:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008	Amounts Due Within One Year
Governmental Activities					
Note payable	\$ 14,286	\$ --	\$ 14,286	\$ --	\$ --
Refunding certificates of participation (1998)	1,795,000	--	570,000	1,225,000	600,000
Capital leases payable	57,255	--	57,255	--	--
Compensated absences	1,118,325	81,565	--	1,199,890	599,945
Claims liability	544,627	962,167	895,554	611,240	--
 Total Governmental Activities Long-term liabilities	 <u>\$ 3,529,493</u>	 <u>\$ 1,043,732</u>	 <u>\$ 1,537,095</u>	 <u>\$ 3,036,130</u>	 <u>\$ 1,199,945</u>

Claims liability has typically been liquidated from the general fund. Compensated absences are generally liquidated by the General Fund and related special revenue funds.

As of June 30, 2008, annual debt service requirements of governmental activities to maturity are as follows:

Year Ending June 30:	<u>Governmental Activities</u>	
	<u>Certificates of Participation</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 600,000	\$ 40,088
2010	625,000	13,594
	<u>\$ 1,225,000</u>	<u>\$ 53,682</u>

COUNTY OF LASSEN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2008

Note 7: **Operating Leases**

The County is committed under various noncancelable operating leases for office buildings and photocopy machines. The minimum future lease commitments on these leases are as follows:

<u>Year Ended June 30,</u>	<u>Payments</u>
2009	\$ 474,528
2010	268,896
2011	268,896
2012	268,896
2013	<u>159,600</u>
Totals	<u>\$ 1,440,816</u>

Rent expenditures were \$692,960 for the year ended June 30, 2008.

Note 8: **Interfund Transactions**

Interfund Receivables/Payables

Interfund receivables and payables represent borrowing between funds and regular services and supplies provided but not settled at year-end. The composition of interfund balances as of June 30, 2008 are as follows:

Advances to/from other funds:

(a) Between Governmental and Business-Type Activities:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Enterprise Funds	<u>\$ 85,000</u>

(b) Between Funds Within the Governmental Activities:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 265,000
Nonmajor Governmental Funds	Nonmajor Governmental Funds	250,000
	Public Safety	<u>22,476</u>
Total		<u>\$ 537,476</u>

COUNTY OF LASSEN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2008

Note 8: **Interfund Transactions** (continued)

Due to/from other funds:

Between Funds Within the Governmental Activities:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	<u>\$ 134,449</u>

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various County operations and re-allocations of special revenues. The following schedule briefly summarizes the County's transfer activity:

Between Governmental and Business-Type Activities:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
Nonmajor Enterprise Fund	Nonmajor Governmental Fund	<u>\$ 15,000</u>
Totals		<u>\$ 15,000</u>

Between Funds Within the Governmental Activities:

<u>Transfer from</u>	<u>Transfer to</u>	<u>Amount</u>
General Fund	Health and Human Services	\$ 258,976
	Public Safety	4,871,187
	Welfare	611,000
	Nonmajor Governmental Funds	<u>3,266,557</u>
		<u>9,007,720</u>
Health and Human Services	Nonmajor Governmental Funds	<u>31,675</u>
Public Safety	Nonmajor Governmental Funds	<u>21,374</u>
Nonmajor Governmental Funds	General Fund	268,724
	Health and Human Services	2,499,466
	Welfare	1,896,000
	Public Safety	172,653
	Nonmajor Governmental Funds	<u>177,830</u>
		<u>5,014,673</u>
Totals		<u>\$ 14,090,442</u>

COUNTY OF LASSEN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2008

Note 9: **Deferred Revenues**

Governmental funds report deferred revenue in connection with receivables for revenues not considered available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

As of June 30, 2008, the various components of unavailable deferred revenue and unearned revenue reported were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Governmental Activities:			
General Fund:			
Various grants, charges and loans	\$ --	\$ 549,038	\$ 549,038
Health and Human Services:			
Various grants and charges	915,262	--	915,262
Welfare:			
Various grants and charges	125,606	--	125,606
Public Safety:			
Various grants and charges	153,822	--	153,822
Other Governmental Funds:			
Various grants, charges and loans	178,841	161,362	340,203
	<u>\$ 1,373,531</u>	<u>\$ 710,400</u>	<u>\$ 2,083,931</u>

Note 10: **Net Assets/Fund Balances**

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

- *Investment in Capital Assets, Net of Related Debt* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Assets* – This category represents net assets that are subject to constraints either (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

COUNTY OF LASSEN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2008

Note 10: **Net Assets/Fund Balances** (continued)

Restricted net assets at June 30, 2008 for governmental activities are as follows:

Restricted for Public Safety:		
Inmate Welfare	\$ 339,421	
Public Safety	222,772	
USDA Title III	364,109	
Crime Lab Trust	8,959	
DNA Penalty Assessment (Co side)	79,471	
Sheriff-DOJ Fingerprints Trust	34,364	
K-9 Trust	<u>225</u>	
		\$ 1,049,321
Restricted for Health & Public Assistance		
Health & Human Services	2,187,963	
Community Dev - CDBG	1,673,005	
Welfare	1,128,454	
Mental Health Services Act	732,992	
Health/Sales Tax Realignment	3,470,387	
Bieber Lighting District	<u>28,696</u>	
		9,221,497
Restricted for Community Resources & Facilities:		
Road	6,290,481	
Aviation	<u>493,181</u>	
		6,783,662
Restricted for General Government & Support Services:		
Recorder	497,910	
Lassen/Modoc Flood Control District	<u>207,221</u>	
		705,131
Restricted for Criminal Justice and Courthouse Construction	<u>1,738,386</u>	
		1,738,386
Restricted for Debt Service	<u>1,161,294</u>	
		<u>1,161,294</u>
Total Restricted Net Assets - Governmental Activities		<u>\$ 20,659,291</u>

As of June 30, 2008, the County did not have any net assets restricted by enabling legislation.

- *Unrestricted Net Assets* – This category represents net assets of the County, not restricted for any project or other purpose.

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board and management and can be increased, reduced or eliminated by similar actions.

COUNTY OF LASSEN

Notes to the Basic Financial Statements For the Year Ended June 30, 2008

Note 10: **Net Assets/Fund Balances** (continued)

As of June 30, 2008, reservations of fund balance are described below:

The term “reserved” is used to indicate that a portion of reported fund balance is (1) legally restricted to a specific use or (2) not available for appropriation or expenditure. The County’s management will sometimes designate portions of unreserved (available) fund balance based on tentative future spending plans. Designated portions of fund balance represent financial resources legally available for uses other than those tentatively planned.

The County has “reserved” fund balances as follows:

- *Reserved for legal obligation* – to indicate that a portion of the fund balance is restricted for legal obligations.
- *Reserved for self-insurance* – to indicate that a portion of the fund balance is restricted for payment of long-term self-insurance liabilities.
- *Reserved for inventory* – to reflect the portion of assets which do not represent available spendable resources.
- *Reserved for loans/advances* – represents long-term receivables from other funds. The portion of fund balance representing the advance does not represent an available spendable resource.

The County has designated fund balance as follows:

- *Designated for capital projects* – to reflect management’s intent to expend certain funds solely for planned capital projects.
- *Designated for other purposes* – to indicate that a portion of the general fund and special revenue fund balances are designated for emergency services, retiree health benefits, health and social service programs, economic development, loss prevention/risk management, and public safety programs.

COUNTY OF LASSEN

Notes to the Basic Financial Statements For the Year Ended June 30, 2008

Note 11: Employee Retirement Systems

A. **Plan Description**

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

B. **Funding Policy**

Active plan members in the Miscellaneous Plan and the Safety Plan are required to contribute 7 percent and 9 percent, respectively, of their annual covered salary. The County of Lassen's labor contract requires the County to pay all Miscellaneous Employee Plan contributions that are required for the actuarially determined amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2007-08 was 10.352 percent for miscellaneous employees and 27.767 percent for safety employees. The contribution requirements of the plan members are established by State Statute and the employer contribution rate is established and may be amended by CalPERS.

C. **Annual Pension Cost**

For fiscal year 2007-08, the County of Lassen's annual pension cost was \$2,553,563 for both Miscellaneous and Safety members, and was equal to the County's required and actual contributions. The required contribution for fiscal year 2007-08 was determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75 percent investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.25 percent to 14.45 percent; and (c) zero percent cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.00 percent.

COUNTY OF LASSEN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2008

Note 11: **Employee Retirement Systems** (continued)

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

The actuarial value of Miscellaneous Plan assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and/or losses. Miscellaneous Plan and Safety Plan unfounded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis.

Three-Year Trend Information for the Miscellaneous and Safety Plans

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/06	2,137,108	100%	--
6/30/07	2,220,453	100%	--
6/30/08	2,553,563	100%	--

D. **Trend Information**

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Up to ten years of information will be provided in future years as this information becomes available.

Analysis of dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides one indication of the funding status on a going-concern basis. Analysis of this percentage over time indicates whether the fund is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the fund. Trends in the unfunded pension benefit obligation and annual covered payroll approximately adjusts for the effects of inflation and aids in the analysis of progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the fund.

Note 12: **Post-Employment Benefits**

The County has agreed by resolution to allow retired employees to participate in post-employment benefits for medical insurance. Coverage is obtainable so long as the employee is eligible for retirement benefits through Lassen County. The County funds the insurance plan on a pay-as-you-go basis. Ninety-five former employees participated during the current fiscal year at a cost of approximately \$261,612.

COUNTY OF LASSEN

Notes to the Basic Financial Statements For the Year Ended June 30, 2008

Note 13: Commitments and Contingencies

Government Programs

The County participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. As of the fiscal year-end, significant amounts of grant expenditures have not been audited, but the County believes that disallowed expenditures, if any, based on subsequent audits, will not have a material effect on any of the individual governmental funds or the overall financial position of the County.

Note 14: Joint Powers Agreement

A. Lassen Regional Solid Waste Management Authority

In 1999, the Lassen Regional Solid Waste Management Authority (the "Authority") was created under a joint exercise of powers agreement between the County and the City of Susanville. It was formed to fund, plan, operate, administer, and maintain solid waste facilities, sites and services, including all mandated costs for planning, waste, diversion, and both closure and post-closure of sites, as well as public education, waste transfer, material recovery, recycling, household hazardous waste programs, and other AB939 programs. A five-member Board of Directors governs the Authority. Members share equally in the Authority's assets, to be distributed upon termination of the joint venture agreement. The members have no share of the Authority's debts, liabilities, and obligations. The Authority has financial statements prepared and they can be obtained from management at the Authority. Condensed statements for the Authority as of June 30, 2007 are presented below:

	<u>Amount</u>
Statement of Net Assets	
Assets	\$ 4,002,143
Liabilities	<u>3,409,722</u>
Net assets	<u>\$ 592,421</u>
Revenues and Expenses	
Revenues	\$ 1,523,908
Expenses	<u>1,915,846</u>
Net income (loss)	<u>\$ (391,938)</u>

COUNTY OF LASSEN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2008

Note 14: **Joint Powers Agreement** (continued)

B. Lassen Transit Service Agency

The Lassen Transit Service Agency (Agency) was created as a joint powers agreement (JPA) between the County of Lassen and the City of Susanville on July 17, 2002 under the provisions of Article 1, Chapter 5, Division 7, Title 1 of the California Government Code Section 6500. Formerly, all of the transactions of the Agency were reported in the Rural Bus Fund of the County of Lassen. Effective July 1, 2002, the Agency became a separate legal entity and is no longer considered a part of the County.

The Agency receives Local Transportation Fund and State Transit Assistance allocations from the Lassen County Local Transportation Commission to operate and provide public transit services to the County of Lassen and the City of Susanville. The Agency has financial statements prepared and they can be obtained from management of the Agency.

Condensed statements for the Agency as of June 30, 2007 are presented below:

	<u>Amount</u>
Statement of Net Assets	
Assets	\$ 1,468,368
Liabilities	<u>456,228</u>
Equity	<u>\$ 1,012,140</u>
Revenues and Expenditures	
Revenue	\$ 1,086,547
Expenses	<u>1,111,781</u>
Net Income (Loss)	<u>\$ (25,234)</u>

Note 15: **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 participates in a joint powers agency (JPA) called Trindel Insurance, to provide coverage for workers' compensation and general liability exposure and to pay for the administration of the program. Primary and excess workers' compensation insurance, as well as excess property and general liability insurance are reinsured through a commercial company. There is a self-insured retention of \$100,000 for general liability and of \$25,000 for property, respectively. Above the self-insured retention, excess insurance coverage is up to a limit of \$15,000,000 for both programs. Settled claims resulting from risks have not exceeded the commercial insurance coverage in any of the

COUNTY OF LASSEN

Notes to the Basic Financial Statements
For the Year Ended June 30, 2008

Note 15: **Risk Management** (continued)

past three fiscal years. At June 30, 2008, Trindel Insurance Fund was classified as a claims-servicing or account pool, wherein the County retains the risk of loss and is considered self-insured with regard to liability coverage. The County currently reports all of its risk management activities in the General Fund. Premiums due to Trindel are reported when incurred. The liability for outstanding claims was determined based on historical trends and actual activity.

Estimates of the liabilities for incurred (both reported and unreported) but unpaid claims are actuarially determined. Liabilities are based on the estimated cost of settling the claims.

Changes in the balance of claims liability during the fiscal years ended June 30, 2008 and 2007 were as follows:

	2008	2007
Unpaid claims, July 1,	\$ 544,627	\$ 748,074
Incurring claims (including IBNRs) and changes in estimate	962,167	576,760
Current year payments	(895,554)	(780,207)
Unpaid claims, June 30,	\$ 611,240	\$ 544,627

The County is also involved in various cases in which there is a reasonable possibility of loss. All of the cases in excess of the County's retained liability limit are covered by excess insurance coverage. In accordance with Government Auditing Standards Board Statement No. 10, these cases have not been accrued in the financial statements.

Note 16: **Fund Balance/Net Assets Deficit**

The following funds had deficit fund balance at June 30, 2008:

	Deficit Amount
Sierra Army Depot	\$ 495,282
County Water Systems	16,344
Capital Improvements	42,620
Child Support	6,308

COUNTY OF LASSEN

Notes to the Basic Financial Statements For the Year Ended June 30, 2008

Note 17: **New Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) recently released several new accounting and financial reporting standards. The following new standards may have a significant impact on the County's financial reporting process.

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, is effective for the fiscal year ending June 30, 2009, however, the County has opted to implement this standard in the current year. It establishes standards for the measurement, recognition and display of OPEB expenses/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers.

GASB Statement No. 49, *Accounting and Reporting of Pollution Remediation Obligations*, is effective in financial statements for the year ending June 30, 2008. It establishes accounting and financial reporting standards for pollution remediation obligations.

GASB Statement No. 50, *Pension Disclosures*, is effective in financial statements for the year ending June 30, 2008. It enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, is effective in financial statements for the year ending June 30, 2010. It establishes accounting and financial reporting requirements for intangible assets to reduce various inconsistencies that are currently applied by various governmental entities.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF LASSEN

Required Supplementary Information
For the Year Ended June 30, 2008

COUNTY EMPLOYEE'S RETIREMENT PLAN (DEFINED PENSION BENEFIT PLAN)

Schedule of Funding Progress

The tables below show a three-year analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll as of June 30:

Funded Status of the Miscellaneous Plan

<u>Valuation Date</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded/ (Overfunded) Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
6/30/05	\$ 57,735,412	\$ 53,226,150	\$ 4,509,262	92.2%	\$14,340,864	31.4%
6/30/06	63,405,274	57,702,339	5,702,935	91.0%	15,480,649	36.8%
6/30/07	68,657,992	62,874,912	5,783,080	91.6%	16,201,802	35.7%

Funded Status of the Safety Plan

This information is no longer available for the Safety Plan. Information is available on a pooled-basis only and can be obtained from CalPERS, P.O. Box 942709, Sacramento, CA 94229-2709.

COUNTY OF LASSEN

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary Basis)</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Budgetary fund balances, July 1, restated	\$ 7,622,052	\$ 7,622,052	7,622,052	\$ --
Resources (inflows):				
Taxes	\$ 9,203,231	\$ 9,203,231	\$ 9,000,245	(202,986)
Licenses and permits	596,500	596,500	420,924	(175,576)
Intergovernmental	3,682,155	3,682,155	3,580,460	(101,695)
Charges for services	2,306,345	2,306,345	2,508,512	202,167
Fines and forfeitures	79,800	79,800	178,975	99,175
Use of money and property	293,500	293,500	442,775	149,275
Other	417,250	467,250	1,578,386	1,111,136
Other financing sources	725,373	725,373	268,724	(456,649)
Amounts available for appropriation	<u>17,304,154</u>	<u>17,354,154</u>	<u>17,979,001</u>	<u>624,847</u>
Charges to appropriations (outflows):				
Current:				
General government	7,024,820	7,048,905	6,022,865	1,026,040
Public protection	2,310,111	2,304,488	2,255,142	49,346
Education	92,039	92,039	87,485	4,554
Recreation and culture	20,000	20,000	18,823	1,177
Other financing uses	9,742,590	9,971,756	9,007,720	964,036
Capital outlay	<u>134,459</u>	<u>153,459</u>	<u>25,935</u>	<u>127,524</u>
Total charges to appropriation	<u>19,324,019</u>	<u>19,590,647</u>	<u>17,417,970</u>	<u>2,172,677</u>
Budgetary fund balances, June 30	<u>\$ 5,602,187</u>	<u>\$ 5,385,559</u>	<u>\$ 8,183,083</u>	<u>\$ 2,797,524</u>
<u>Sources/inflows of resources</u>				
Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison statement				\$ 17,979,001
Differences - budget to GAAP:				
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes				<u>(268,724)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds				<u>\$ 17,710,277</u>
<u>Uses/outflows of resources</u>				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement				\$ 17,417,970
Differences - budget to GAAP:				
Transfers to other funds are outflows of budgetary resources but are not expenditures for budgetary purposes				<u>(9,007,720)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds				<u>\$ 8,410,250</u>

COUNTY OF LASSEN

Budgetary Comparison Schedule
Road Fund
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary fund balances, July 1	\$ 5,915,614	\$ 5,915,614	\$ 5,915,614	\$ --
Resources (inflows):				
Licenses and permits	35,000	35,000	24,907	(10,093)
Intergovernmental	20,593,000	20,593,000	8,703,734	(11,889,266)
Use of money and property	125,000	125,000	271,369	146,369
Charges for services	42,500	42,500	114,694	72,194
Other revenues	--	--	36,899	36,899
Amounts available for appropriation	<u>20,795,500</u>	<u>20,795,500</u>	<u>9,151,603</u>	<u>(11,643,897)</u>
Charges to appropriations (outflows):				
Current:				
Public ways and facilities	6,708,820	6,708,820	5,031,278	1,677,542
Debt Service:				
Principal	--	--	57,255	(57,255)
Capital outlay	<u>15,990,000</u>	<u>15,705,000</u>	<u>3,688,203</u>	<u>12,016,797</u>
Total charges to appropriation	<u>22,698,820</u>	<u>22,413,820</u>	<u>8,776,736</u>	<u>13,637,084</u>
Budgetary fund balances, June 30	<u>\$ 4,012,294</u>	<u>\$ 4,297,294</u>	<u>\$ 6,290,481</u>	<u>\$ 1,993,187</u>

COUNTY OF LASSEN

Budgetary Comparison Schedule
Health and Human Services Fund
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary fund balances, July 1	\$ 1,906,734	\$ 1,906,734	\$ 1,906,734	\$ --
Resources (inflows):				
Licenses and permits	3,500	3,500	3,381	(119)
Fines, forfeitures and penalties	24,335	24,335	24,769	434
Use of money and property	7,650	7,650	97,104	89,454
Intergovernmental	5,562,332	5,562,332	5,114,325	(448,007)
Charges for services	875,786	875,786	765,121	(110,665)
Other revenues	392,412	392,412	82,549	(309,863)
Other financing sources	2,838,233	2,838,233	2,758,442	(79,791)
Amounts available for appropriation	9,704,248	9,704,248	8,845,691	(858,557)
Charges to appropriations (outflows):				
Current:				
Public protection	235,454	235,454	212,850	22,604
Health and sanitation	9,444,405	9,383,397	7,489,966	1,893,431
Public assistance	851,574	845,797	718,247	127,550
Other financing uses	10,000	10,060	31,675	(21,615)
Capital outlay	45,000	111,725	111,724	1
Total charges to appropriation	10,586,433	10,586,433	8,564,462	2,021,971
Budgetary fund balances, June 30	\$ 1,024,549	\$ 1,024,549	\$ 2,187,963	\$ 1,163,414
<u>Sources/inflows of resources</u>				
Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison statement				\$ 8,845,691
Differences - budget to GAAP:				
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes				(2,758,442)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds				\$ 6,087,249
<u>Uses/outflows of resources</u>				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement				\$ 8,564,462
Differences - budget to GAAP:				
Transfers to other funds are outflows of budgetary resources but are not expenditures for budgetary purposes				(31,675)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds				\$ 8,532,787

COUNTY OF LASSEN

Budgetary Comparison Schedule
Welfare
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Budgetary fund balances, July 1	\$ 1,814,726	\$ 1,814,726	\$ 1,814,726	\$ --
Resources (inflows):				
Intergovernmental	12,067,397	12,067,397	9,556,135	(2,511,262)
Use of money and property	2,700	2,700	61,713	59,013
Charges for services	--	--	480	480
Other revenues	276,598	276,598	244,359	(32,239)
Other financing sources	3,097,366	3,097,366	2,507,000	(590,366)
Amounts available for appropriation	15,444,061	15,444,061	12,369,687	(3,074,374)
Charges to appropriations (outflows):				
Current:				
Public assistance	15,378,527	15,408,527	13,038,071	2,370,456
Capital outlay	70,000	40,000	17,888	22,112
Total charges to appropriation	15,448,527	15,448,527	13,055,959	2,392,568
Budgetary fund balances, June 30	\$ 1,810,260	\$ 1,810,260	\$ 1,128,454	\$ (681,806)
 <u>Sources/inflows of resources</u>				
Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison statement				\$ 12,369,687
 Differences - budget to GAAP:				
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes				(2,507,000)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds				\$ 9,862,687

COUNTY OF LASSEN

Budgetary Comparison Schedule
Public Safety Fund
For the Year Ended June 30, 2008

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ 1,377,185	\$ 1,377,185	\$ 1,377,185	\$ --
Resources (inflows):				
Taxes	1,648,000	1,648,000	1,440,577	(207,423)
Licenses and permits	5,250	5,250	5,788	538
Fines, forfeitures and penalties	20,500	7,479	53,351	45,872
Use of money and property	5,000	5,000	63,713	58,713
Intergovernmental	4,778,752	4,778,752	4,442,965	(335,787)
Charges for services	527,040	527,040	558,604	31,564
Other revenues	12,000	12,000	5,251	(6,749)
Other financing sources	5,790,034	6,103,055	5,043,840	(1,059,215)
Amounts available for appropriation	12,786,576	13,086,576	11,614,089	(1,472,487)
Charges to appropriations (outflows):				
Current:				
General government	311,852	311,852	351,897	(40,045)
Public protection	11,884,801	12,182,398	11,485,365	697,033
Other financing uses	830,611	830,611	21,374	809,237
Capital outlay	164,110	166,513	38,521	127,992
Total charges to appropriation	13,191,374	13,491,374	11,897,157	1,594,217
Budgetary fund balances, June 30	\$ 972,387	\$ 972,387	\$ 1,094,117	\$ 121,730
<u>Sources/inflows of resources</u>				
Actual amounts (budgetary basis) "available for appropriations" from the budgetary comparison statement				\$ 11,614,089
Differences - budget to GAAP:				
Transfers from other funds are inflows of budgetary resources but are not revenues for financing reporting purposes				(5,043,840)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds				\$ 6,570,249
<u>Uses/outflows of resources</u>				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement				\$ 11,897,157
Differences - budget to GAAP:				
Transfers to other funds are outflows of budgetary resources but are not expenditures for budgetary purposes				(21,374)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds				\$ 11,875,783

COUNTY OF LASSEN

Note to Required Supplementary Information For the Year Ended June 30, 2008

BUDGETARY BASIS OF ACCOUNTING

In accordance with the provisions of Sections 29000 and 29143, inclusive, of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares a budget for each fiscal year on or before October 2nd. 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.

An operating budget is adopted each fiscal year for all Governmental Funds. Expenditures are controlled at the major categories 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. Supplementary appropriations normally financed by unanticipated revenues during the year must be approved by the Board of Supervisors. Budgeted amounts in the budgetary financial schedules are reported as originally adopted and amended during the fiscal year by four-fifths vote of the Board of Supervisors.

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

The budget approved by the Board of Supervisors for the general fund includes budgeted expenditures and reimbursements for amounts disbursed on behalf of other Governmental Funds. Actual reimbursements for these items have been eliminated in the accompanying budgetary financial schedules. Accordingly, the related budgets for these items have also been eliminated in order to provide a meaningful comparison of actual and budgeted results of operations.

The budgets for the governmental funds may include an object level known as "intrafund transfers" in the charges for appropriations. This object level is an accounting mechanism used by the County to show reimbursements between operations within the same fund.

SUPPLEMENTAL INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

COUNTY OF LASSEN

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2008

	Special Revenue				
	Retiree Health Benefits	Fish & Game Fund	Mental Health Services Act	Property Tax Administration	General Contract
<u>Assets</u>					
Cash and investments	\$ 2,138,745	\$ 4,101	\$ 803,807	\$ 54,310	\$ 283,010
Cash with fiscal agent	--	--	--	--	--
Accounts receivable	--	--	--	--	--
Due from other governmental entities	--	--	--	--	--
Advances to other funds	--	--	--	--	--
Prepaid expenses	--	--	--	--	--
Long term receivables	--	--	--	--	--
Total Assets	<u>\$ 2,138,745</u>	<u>\$ 4,101</u>	<u>\$ 803,807</u>	<u>\$ 54,310</u>	<u>\$ 283,010</u>
<u>Liabilities</u>					
Accounts payable	\$ --	\$ --	\$ 60,581	\$ --	\$ --
Accrued salaries	--	--	10,234	--	1,537
Due to other governmental entities	--	--	--	--	--
Due to other funds	--	--	--	--	--
Advances from other funds	--	--	--	--	--
Deferred revenue	--	--	--	--	--
Total Liabilities	<u>--</u>	<u>--</u>	<u>70,815</u>	<u>--</u>	<u>1,537</u>
<u>Fund Balances</u>					
Reserved:					
Prepaid expenses	--	--	--	--	--
Advances	--	--	--	--	--
Unreserved:					
Designated	2,138,745	4,101	732,992	54,310	281,473
Undesignated	--	--	--	--	--
Total Fund Balances	<u>2,138,745</u>	<u>4,101</u>	<u>732,992</u>	<u>54,310</u>	<u>281,473</u>
Total Liabilities and Fund Balances	<u>\$ 2,138,745</u>	<u>\$ 4,101</u>	<u>\$ 803,807</u>	<u>\$ 54,310</u>	<u>\$ 283,010</u>

continued

COUNTY OF LASSEN

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2008

	Special Revenue			
	Cemetery Fund	Aviation Fund	Air Pollution Fund	Vital Statistics
<u>Assets</u>				
Cash and investments	\$ 49,300	\$ 493,612	\$ 11,205	\$ 45,873
Cash with fiscal agent	--	--	--	--
Accounts receivable	--	--	6,000	--
Due from other governmental entities	--	--	--	--
Advances to other funds	--	--	--	--
Prepaid expenses	--	--	--	--
Long term receivables	--	--	--	--
	<u>\$ 49,300</u>	<u>\$ 493,612</u>	<u>\$ 17,205</u>	<u>\$ 45,873</u>
Total Assets	<u>\$ 49,300</u>	<u>\$ 493,612</u>	<u>\$ 17,205</u>	<u>\$ 45,873</u>
<u>Liabilities</u>				
Accounts payable	\$ --	\$ --	\$ --	\$ --
Accrued salaries	3,886	431	3,727	--
Due to other governmental entities	--	--	--	--
Due to other funds	--	--	--	--
Advances from other funds	--	--	--	--
Deferred revenue	--	--	--	--
	<u>3,886</u>	<u>431</u>	<u>3,727</u>	<u>--</u>
Total Liabilities	<u>3,886</u>	<u>431</u>	<u>3,727</u>	<u>--</u>
<u>Fund Balances</u>				
Reserved:				
Prepaid expenses	--	--	--	--
Advances	--	--	--	--
Unreserved:				
Designated	45,414	493,181	13,478	45,873
Undesignated	--	--	--	--
	<u>45,414</u>	<u>493,181</u>	<u>13,478</u>	<u>45,873</u>
Total Fund Balances	<u>45,414</u>	<u>493,181</u>	<u>13,478</u>	<u>45,873</u>
Total Liabilities and Fund Balances	<u>\$ 49,300</u>	<u>\$ 493,612</u>	<u>\$ 17,205</u>	<u>\$ 45,873</u>

continued

COUNTY OF LASSEN

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2008

	Special Revenue			
	Recorder Micrographics	Recorder Modernization	Recorder AB130	Inmate Welfare State
<u>Assets</u>				
Cash and investments	\$ 162,602	\$ 240,317	\$ 49,118	\$ 132,979
Cash with fiscal agent	--	--	--	--
Accounts receivable	--	--	--	4,981
Due from other governmental entities	--	--	--	--
Advances to other funds	--	--	--	--
Prepaid expenses	--	--	--	--
Long term receivables	--	--	--	--
Total Assets	\$ 162,602	\$ 240,317	\$ 49,118	\$ 137,960
<u>Liabilities</u>				
Accounts payable	\$ --	\$ --	\$ --	\$ --
Accrued salaries	--	--	--	2,501
Due to other governmental entities	--	--	--	--
Due to other funds	--	--	--	--
Advances from other funds	--	--	--	--
Deferred revenue	--	--	--	--
Total Liabilities	--	--	--	2,501
<u>Fund Balances</u>				
Reserved:				
Prepaid expenses	--	--	--	--
Advances	--	--	--	--
Unreserved:				
Designated	162,602	240,317	49,118	135,459
Undesignated	--	--	--	--
Total Fund Balances	162,602	240,317	49,118	135,459
Total Liabilities and Fund Balances	\$ 162,602	\$ 240,317	\$ 49,118	\$ 137,960

continued

COUNTY OF LASSEN

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2008

	Special Revenue				
	Inmate Welfare County	Bieber Lighting District	Lassen-Modoc Flood Fund	Natural Resources	Geothermal
<u>Assets</u>					
Cash and investments	\$ 205,377	\$ 28,696	\$ 207,221	\$ 66,675	\$ 89,567
Cash with fiscal agent	--	--	--	--	--
Accounts receivable	4,981	--	--	--	--
Due from other governmental entities	--	--	--	--	--
Advances to other funds	--	--	--	--	--
Prepaid expenses	--	--	--	--	--
Long term receivables	--	--	--	--	--
	<u>\$ 210,358</u>	<u>\$ 28,696</u>	<u>\$ 207,221</u>	<u>\$ 66,675</u>	<u>\$ 89,567</u>
<u>Liabilities</u>					
Accounts payable	\$ 3,553	\$ --	\$ --	\$ --	\$ --
Accrued salaries	2,843	--	--	2,705	--
Due to other governmental entities	--	--	--	--	--
Due to other funds	--	--	--	--	--
Advances from other funds	--	--	--	--	--
Deferred revenue	--	--	--	--	--
	<u>6,396</u>	<u>--</u>	<u>--</u>	<u>2,705</u>	<u>--</u>
<u>Fund Balances</u>					
Reserved:					
Prepaid expenses	--	--	--	--	--
Advances	--	--	--	--	--
Unreserved:					
Designated	203,962	28,696	207,221	63,970	89,567
Undesignated	--	--	--	--	--
	<u>203,962</u>	<u>28,696</u>	<u>207,221</u>	<u>63,970</u>	<u>89,567</u>
Total Fund Balances	<u>203,962</u>	<u>28,696</u>	<u>207,221</u>	<u>63,970</u>	<u>89,567</u>
Total Liabilities and Fund Balances	<u>\$ 210,358</u>	<u>\$ 28,696</u>	<u>\$ 207,221</u>	<u>\$ 66,675</u>	<u>\$ 89,567</u>

continued

COUNTY OF LASSEN

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2008

	Special Revenue				
	Health & Welfare Realignment	Housing Authority	Fair	USDA Title III	Community Dev CDBG
<u>Assets</u>					
Cash and investments	\$ 3,316,998	\$ --	\$ 68,378	\$ 364,109	\$ 1,654,425
Cash with fiscal agent	--	--	--	--	--
Accounts receivable	--	--	--	--	--
Due from other governmental entities	153,389	--	--	--	30,700
Advances to other funds	--	--	--	--	--
Prepaid expenses	--	--	--	--	--
Long term receivables	--	--	--	--	161,363
Total Assets	\$ 3,470,387	\$ --	\$ 68,378	\$ 364,109	\$ 1,846,488
<u>Liabilities</u>					
Accounts payable	\$ --	\$ --	\$ 12,829	\$ --	\$ --
Accrued salaries	--	--	15,323	--	12,120
Due to other governmental entities	--	--	7,096	--	--
Due to other funds	--	--	--	--	--
Advances from other funds	--	--	--	--	--
Deferred revenue	--	--	--	--	161,363
Total Liabilities	--	--	35,248	--	173,483
<u>Fund Balances</u>					
Reserved:					
Prepaid expenses	--	--	--	--	--
Advances	--	--	--	--	--
Unreserved:					
Designated	3,470,387	--	33,130	364,109	1,673,005
Undesignated	--	--	--	--	--
Total Fund Balances	3,470,387	--	33,130	364,109	1,673,005
Total Liabilities and Fund Balances	\$ 3,470,387	\$ --	\$ 68,378	\$ 364,109	\$ 1,846,488

continued

COUNTY OF LASSEN

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2008

	Special Revenue			Special Revenue Total
	Probation Fund	Probation Contracts	Child Support	
<u>Assets</u>				
Cash and investments	\$ 95,444	\$ 37,165	\$ --	\$ 10,603,034
Cash with fiscal agent	--	--	--	--
Accounts receivable	--	--	--	15,962
Due from other governmental entities	95,203	--	111,924	391,216
Advances to other funds	22,476	--	--	22,476
Prepaid expenses	--	--	109,356	109,356
Long term receivables	--	--	--	161,363
	<u>\$ 213,123</u>	<u>\$ 37,165</u>	<u>\$ 221,280</u>	<u>\$ 11,303,407</u>
<u>Liabilities</u>				
Accounts payable	\$ 5,535	\$ --	\$ 1,287	\$ 83,785
Accrued salaries	60,298	9,015	29,048	153,668
Due to other governmental entities	33,399	--	--	40,495
Due to other funds	--	--	85,329	85,329
Advances from other funds	--	--	--	--
Deferred revenue	--	--	111,924	273,287
	<u>99,232</u>	<u>9,015</u>	<u>227,588</u>	<u>636,564</u>
<u>Fund Balances</u>				
Reserved:				
Prepaid expenses	--	--	109,356	109,356
Advances	22,476	--	--	22,476
Unreserved:				
Designated	91,415	28,150	--	10,650,675
Undesignated	--	--	(115,664)	(115,664)
	<u>113,891</u>	<u>28,150</u>	<u>(6,308)</u>	<u>10,666,843</u>
Total Fund Balances	<u>113,891</u>	<u>28,150</u>	<u>(6,308)</u>	<u>10,666,843</u>
Total Liabilities and Fund Balances	<u>\$ 213,123</u>	<u>\$ 37,165</u>	<u>\$ 221,280</u>	<u>\$ 11,303,407</u>

continued

COUNTY OF LASSEN

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2008

	Capital Projects				
	Criminal Justice Facility Construction	Capital Improvements	CCC Mitigation Capital Improvements	Accumulated Capital Outlay	Couthouse Construction
<u>Assets</u>					
Cash and investments	\$ 685,237	\$ --	\$ 674,127	\$ 639,096	\$ 1,053,149
Cash with fiscal agent	--	--	--	--	--
Accounts receivable	--	--	--	--	--
Due from other governmental entities	--	73,416	--	--	--
Advances to other funds	--	--	250,000	--	--
Prepaid expenses	--	--	--	--	--
Long term receivables	--	--	--	--	--
Total Assets	<u>\$ 685,237</u>	<u>\$ 73,416</u>	<u>\$ 924,127</u>	<u>\$ 639,096</u>	<u>\$ 1,053,149</u>
<u>Liabilities</u>					
Accounts payable	\$ --	\$ --	\$ --	\$ --	\$ --
Accrued salaries	--	--	--	--	--
Due to other governmental entities	--	--	--	--	--
Due to other funds	--	49,120	--	--	--
Advances from other funds	--	--	--	--	--
Deferred revenue	--	66,916	--	--	--
Total Liabilities	<u>--</u>	<u>116,036</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>Fund Balances</u>					
Reserved:					
Prepaid expenses	--	--	--	--	--
Advances	--	--	250,000	--	--
Unreserved:					
Designated	685,237	--	674,127	639,096	1,053,149
Undesignated	--	(42,620)	--	--	--
Total Fund Balances	<u>685,237</u>	<u>(42,620)</u>	<u>924,127</u>	<u>639,096</u>	<u>1,053,149</u>
Total Liabilities and Fund Balances	<u>\$ 685,237</u>	<u>\$ 73,416</u>	<u>\$ 924,127</u>	<u>\$ 639,096</u>	<u>\$ 1,053,149</u>

continued

COUNTY OF LASSEN

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2008

	<u>Capital Projects</u>			Debt Service Fund	Total Nonmajor Governmental Funds
	Fair Improvement	Sierra Army Depot	Total Capital Projects		
<u>Assets</u>					
Cash and investments	\$ 194,266	\$ 19,718	\$ 3,265,593	\$ 519,717	\$ 14,388,344
Cash with fiscal agent	--	--	--	603,026	603,026
Accounts receivable	--	--	--	38,551	54,513
Due from other governmental entities	--	--	73,416	--	464,632
Advances to other funds	--	--	250,000	--	272,476
Prepaid expenses	--	--	--	--	109,356
Long term receivables	--	--	--	--	161,363
	<u>194,266</u>	<u>19,718</u>	<u>3,589,009</u>	<u>1,161,294</u>	<u>16,053,710</u>
Total Assets	<u>\$ 194,266</u>	<u>\$ 19,718</u>	<u>\$ 3,589,009</u>	<u>\$ 1,161,294</u>	<u>\$ 16,053,710</u>
<u>Liabilities</u>					
Accounts payable	\$ 1,164	\$ --	\$ 1,164	\$ --	\$ 84,949
Accrued salaries	--	--	--	--	153,668
Due to other governmental entities	--	--	--	--	40,495
Due to other funds	--	--	49,120	--	134,449
Advances from other funds	--	515,000	515,000	--	515,000
Deferred revenue	--	--	66,916	--	340,203
	<u>1,164</u>	<u>515,000</u>	<u>632,200</u>	<u>--</u>	<u>1,268,764</u>
Total Liabilities	<u>1,164</u>	<u>515,000</u>	<u>632,200</u>	<u>--</u>	<u>1,268,764</u>
<u>Fund Balances</u>					
Reserved:					
Prepaid expenses	--	--	--	--	109,356
Advances	--	--	250,000	--	272,476
Unreserved:					
Designated	193,102	--	3,244,711	--	13,895,386
Undesignated	--	(495,282)	(537,902)	1,161,294	507,728
	<u>193,102</u>	<u>(495,282)</u>	<u>2,956,809</u>	<u>1,161,294</u>	<u>14,784,946</u>
Total Fund Balances	<u>193,102</u>	<u>(495,282)</u>	<u>2,956,809</u>	<u>1,161,294</u>	<u>14,784,946</u>
Total Liabilities and Fund Balances	<u>\$ 194,266</u>	<u>\$ 19,718</u>	<u>\$ 3,589,009</u>	<u>\$ 1,161,294</u>	<u>\$ 16,053,710</u>

COUNTY OF LASSEN

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

	Special Revenue				
	Retiree Health Benefits	Fish & Game Fund	Mental Health Services Act	Property Tax Administration	General Contracts
Revenues:					
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	--	--	--
Intergovernmental	--	--	621,075	--	--
Charges for services	--	--	--	11,068	180,720
Fines and forfeitures	--	1,024	--	--	--
Use of money and property	84,783	--	38,796	3,211	9,199
Other	--	250	--	--	--
Total Revenues	<u>84,783</u>	<u>1,274</u>	<u>659,871</u>	<u>14,279</u>	<u>189,919</u>
Expenditures:					
Current:					
General government	--	--	--	15,142	56,825
Public protection	--	1,166	--	--	--
Public ways and facilities	--	--	--	--	--
Health and sanitation	--	--	700,870	--	--
Public assistance	--	--	--	--	--
Recreation and culture	--	--	--	--	--
Debt Service:					
Principal	--	--	--	--	--
Interest	--	--	--	--	--
Capital outlay	--	--	39,251	--	--
Total Expenditures	<u>--</u>	<u>1,166</u>	<u>740,121</u>	<u>15,142</u>	<u>56,825</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>84,783</u>	<u>108</u>	<u>(80,250)</u>	<u>(863)</u>	<u>133,094</u>
Other Financing Sources (Uses):					
Transfers in	350,000	--	31,675	--	--
Transfers out	--	--	--	(15,000)	--
Total Other Financing Sources (Uses)	<u>350,000</u>	<u>--</u>	<u>31,675</u>	<u>(15,000)</u>	<u>--</u>
Net Changes in Fund Balances	434,783	108	(48,575)	(15,863)	133,094
Fund Balances, Beginning of Year	1,703,962	3,993	781,567	70,173	148,379
Prior period adjustment	--	--	--	--	--
Fund Balances, Beginning of Year - restated	<u>1,703,962</u>	<u>3,993</u>	<u>781,567</u>	<u>70,173</u>	<u>148,379</u>
Fund Balances, End of Year	<u>\$ 2,138,745</u>	<u>\$ 4,101</u>	<u>\$ 732,992</u>	<u>\$ 54,310</u>	<u>\$ 281,473</u>

continued

COUNTY OF LASSEN

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

	Special Revenue			
	Cemetery Fund	Aviation Fund	Air Pollution Fund	Vital Statistics
Revenues:				
Taxes	\$ 109,730	\$ --	\$ 13,328	\$ --
Licenses and permits	916	--	51,929	--
Intergovernmental	2,007	40,000	52,116	--
Charges for services	--	--	--	5,614
Fines and forfeitures	--	--	--	--
Use of money and property	1,490	22,494	6,083	1,973
Other	27,820	--	260	--
Total Revenues	<u>141,963</u>	<u>62,494</u>	<u>123,716</u>	<u>7,587</u>
Expenditures:				
Current:				
General government	--	--	--	--
Public protection	121,010	--	--	636
Public ways and facilities	--	29,175	--	--
Health and sanitation	--	--	339,833	--
Public assistance	--	--	--	--
Recreation and culture	--	--	--	--
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	--
Capital outlay	--	--	--	--
Total Expenditures	<u>121,010</u>	<u>29,175</u>	<u>339,833</u>	<u>636</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>20,953</u>	<u>33,319</u>	<u>(216,117)</u>	<u>6,951</u>
Other Financing Sources (Uses):				
Transfers in	--	--	--	--
Transfers out	--	--	--	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net Changes in Fund Balances	20,953	33,319	(216,117)	6,951
Fund Balances, Beginning of Year	24,461	459,862	229,595	38,922
Prior period adjustment	--	--	--	--
Fund Balances, Beginning of Year - restated	<u>24,461</u>	<u>459,862</u>	<u>229,595</u>	<u>38,922</u>
Fund Balances, End of Year	<u>\$ 45,414</u>	<u>\$ 493,181</u>	<u>\$ 13,478</u>	<u>\$ 45,873</u>

continued

COUNTY OF LASSEN

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

	Special Revenue			
	Recorder Micrographics	Recorder Modernization	Recorder AB130	Inmate Welfare State
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	--	--
Intergovernmental	--	--	--	--
Charges for services	10,110	30,545	14,538	63,574
Fines and forfeitures	--	--	--	--
Use of money and property	7,284	10,864	2,341	5,693
Other	--	--	--	79,654
Total Revenues	<u>17,394</u>	<u>41,409</u>	<u>16,879</u>	<u>148,921</u>
Expenditures:				
Current:				
General government	--	--	--	--
Public protection	2,917	19,276	379	128,993
Public ways and facilities	--	--	--	--
Health and sanitation	--	--	--	--
Public assistance	--	--	--	--
Recreation and culture	--	--	--	--
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	--
Capital outlay	--	--	--	--
Total Expenditures	<u>2,917</u>	<u>19,276</u>	<u>379</u>	<u>128,993</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>14,477</u>	<u>22,133</u>	<u>16,500</u>	<u>19,928</u>
Other Financing Sources (Uses):				
Transfers in	--	--	--	--
Transfers out	--	--	(20,200)	--
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>(20,200)</u>	<u>--</u>
Net Changes in Fund Balances	14,477	22,133	(3,700)	19,928
Fund Balances, Beginning of Year	148,125	218,184	52,818	116,733
Prior period adjustment	--	--	--	(1,202)
Fund Balances, Beginning of Year - restated	<u>148,125</u>	<u>218,184</u>	<u>52,818</u>	<u>115,531</u>
Fund Balances, End of Year	<u>\$ 162,602</u>	<u>\$ 240,317</u>	<u>\$ 49,118</u>	<u>\$ 135,459</u>

continued

COUNTY OF LASSEN

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

	Special Revenue				
	Inmate Welfare County	Bieber Lighting District	Lassen-Modoc Flood Fund	Natural Resources	Geothermal
Revenues:					
Taxes	\$ --	\$ 3,040	\$ 9,600	\$ --	\$ --
Licenses and permits	--	--	--	--	--
Intergovernmental	--	--	--	43,000	31,299
Charges for services	63,574	--	--	--	--
Fines and forfeitures	--	--	10,102	--	--
Use of money and property	9,085	1,320	--	3,566	3,288
Other	59,211	--	--	1,729	--
Total Revenues	<u>131,870</u>	<u>4,360</u>	<u>19,702</u>	<u>48,295</u>	<u>34,587</u>
Expenditures:					
Current:					
General government	--	--	--	--	--
Public protection	132,428	--	32,331	--	--
Public ways and facilities	--	3,041	--	--	--
Health and sanitation	--	--	--	--	--
Public assistance	--	--	--	--	--
Recreation and culture	--	--	--	84,022	--
Debt Service:					
Principal	--	--	--	--	--
Interest	--	--	--	--	--
Capital outlay	--	--	--	--	--
Total Expenditures	<u>132,428</u>	<u>3,041</u>	<u>32,331</u>	<u>84,022</u>	<u>--</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(558)</u>	<u>1,319</u>	<u>(12,629)</u>	<u>(35,727)</u>	<u>34,587</u>
Other Financing Sources (Uses):					
Transfers in	19,398	--	--	20,000	--
Transfers out	--	--	--	(29,573)	--
Total Other Financing Sources (Uses)	<u>19,398</u>	<u>--</u>	<u>--</u>	<u>(9,573)</u>	<u>--</u>
Net Changes in Fund Balances	18,840	1,319	(12,629)	(45,300)	34,587
Fund Balances, Beginning of Year	185,122	27,377	219,850	109,270	54,980
Prior period adjustment	--	--	--	--	--
Fund Balances, Beginning of Year - restated	<u>185,122</u>	<u>27,377</u>	<u>219,850</u>	<u>109,270</u>	<u>54,980</u>
Fund Balances, End of Year	<u>\$ 203,962</u>	<u>\$ 28,696</u>	<u>\$ 207,221</u>	<u>\$ 63,970</u>	<u>\$ 89,567</u>

continued

COUNTY OF LASSEN

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

	Special Revenue				
	Health & Welfare Realignment	Housing Authority	Fair	USDA Title III	Community Dev CDBG
Revenues:					
Taxes	\$ 3,485,631	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	--	--	--
Intergovernmental	--	369,787	150,000	451,457	405,476
Charges for services	--	--	--	--	5,192
Fines and forfeitures	--	--	--	--	--
Use of money and property	171,637	6,525	437,017	12,934	106,711
Other	--	2,119	1,424	--	--
Total Revenues	<u>3,657,268</u>	<u>378,431</u>	<u>588,441</u>	<u>464,391</u>	<u>517,379</u>
Expenditures:					
Current:					
General government	--	--	666,090	--	--
Public protection	--	--	--	281,496	11,893
Public ways and facilities	--	--	--	--	--
Health and sanitation	786,151	--	--	--	--
Public assistance	--	443,965	--	--	650,284
Recreation and culture	--	--	--	--	--
Debt Service:					
Principal	--	--	--	--	--
Interest	--	--	--	--	--
Capital outlay	--	--	--	--	--
Total Expenditures	<u>786,151</u>	<u>443,965</u>	<u>666,090</u>	<u>281,496</u>	<u>662,177</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,871,117</u>	<u>(65,534)</u>	<u>(77,649)</u>	<u>182,895</u>	<u>(144,798)</u>
Other Financing Sources (Uses):					
Transfers in	2,088,467	--	--	--	45,000
Transfers out	(4,878,914)	(1)	--	--	--
Total Other Financing Sources (Uses)	<u>(2,790,447)</u>	<u>(1)</u>	<u>--</u>	<u>--</u>	<u>45,000</u>
Net Changes in Fund Balances	80,670	(65,535)	(77,649)	182,895	(99,798)
Fund Balances, Beginning of Year	3,389,717	65,535	110,779	181,214	1,772,803
Prior period adjustment	--	--	--	--	--
Fund Balances, Beginning of Year - restated	<u>3,389,717</u>	<u>65,535</u>	<u>110,779</u>	<u>181,214</u>	<u>1,772,803</u>
Fund Balances, End of Year	<u>\$ 3,470,387</u>	<u>\$ --</u>	<u>\$ 33,130</u>	<u>\$ 364,109</u>	<u>\$ 1,673,005</u>

continued

COUNTY OF LASSEN

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

	Special Revenue			Total Special Revenue
	Probation Fund	Probation Contracts	Child Support	
Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ 3,621,329
Licenses and permits	--	--	--	52,845
Intergovernmental	541,365	114,666	1,019,141	3,841,389
Charges for services	163,413	84,000	--	632,348
Fines and forfeitures	942,064	--	--	953,190
Use of money and property	3,928	3,188	--	953,410
Other	78	--	--	172,545
Total Revenues	<u>1,650,848</u>	<u>201,854</u>	<u>1,019,141</u>	<u>10,227,056</u>
Expenditures:				
Current:				
General government	--	--	--	738,057
Public protection	2,407,514	260,721	961,073	4,361,833
Public ways and facilities	--	--	--	32,216
Health and sanitation	--	--	--	1,826,854
Public assistance	--	--	--	1,094,249
Recreation and culture	--	--	--	84,022
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	--
Capital outlay	--	--	--	39,251
Total Expenditures	<u>2,407,514</u>	<u>260,721</u>	<u>961,073</u>	<u>8,176,482</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(756,666)</u>	<u>(58,867)</u>	<u>58,068</u>	<u>2,050,574</u>
Other Financing Sources (Uses):				
Transfers in	888,043	--	--	3,442,583
Transfers out	(19,313)	--	--	(4,963,001)
Total Other Financing Sources (Uses)	<u>868,730</u>	<u>--</u>	<u>--</u>	<u>(1,520,418)</u>
Net Changes in Fund Balances	112,064	(58,867)	58,068	530,156
Fund Balances, Beginning of Year	1,827	87,017	--	10,202,265
Prior period adjustment	--	--	(64,376)	(65,578)
Fund Balances, Beginning of Year - restated	<u>1,827</u>	<u>87,017</u>	<u>(64,376)</u>	<u>10,136,687</u>
Fund Balances, End of Year	<u>\$ 113,891</u>	<u>\$ 28,150</u>	<u>\$ (6,308)</u>	<u>\$ 10,666,843</u>

continued

COUNTY OF LASSEN

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

	Capital Projects				
	Criminal Justice Facility Construction	Capital Improvements	CCC Mitigation Capital Improvements	Accumulated Capital Outlay	Couthouse Construction
	Revenues:				
Taxes	\$ --	\$ --	\$ --	\$ 228,790	\$ --
Licenses and permits	--	--	--	--	--
Intergovernmental	--	135,864	--	4,184	--
Charges for services	--	--	--	--	--
Fines and forfeitures	104,840	--	--	--	248,969
Use of money and property	33,257	(2,693)	31,077	--	41,392
Other	--	--	--	--	--
Total Revenues	138,097	133,171	31,077	232,974	290,361
Expenditures:					
Current:					
General government	1,090	--	4,116	11,466	25
Public protection	--	--	--	--	--
Public ways and facilities	--	--	--	--	--
Health and sanitation	--	--	--	--	--
Public assistance	--	--	--	--	--
Recreation and culture	--	--	--	--	--
Debt Service:					
Principal	--	--	--	--	--
Interest	--	--	--	--	--
Capital outlay	133,772	135,295	--	142,004	--
Total Expenditures	134,862	135,295	4,116	153,470	25
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,235	(2,124)	26,961	79,504	290,336
Other Financing Sources (Uses):					
Transfers in	--	--	--	69,853	--
Transfers out	(21,672)	--	--	--	--
Total Other Financing Sources (Uses)	(21,672)	--	--	69,853	--
Net Changes in Fund Balances	(18,437)	(2,124)	26,961	149,357	290,336
Fund Balances, Beginning of Year	703,674	(26,210)	897,166	489,739	762,813
Prior period adjustment	--	--	--	--	--
Fund Balances, Beginning of Year - restated	703,674	(26,210)	897,166	489,739	762,813
Fund Balances, End of Year	\$ 685,237	\$ (28,334)	\$ 924,127	\$ 639,096	\$ 1,053,149

continued

COUNTY OF LASSEN

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2008

	Capital Projects			Debt Service Fund	Total Nonmajor Governmental Funds
	Fair Improvement	Sierra Army Depot	Total Capital Projects		
Revenues:					
Taxes	\$ --	\$ --	\$ 228,790	\$ --	\$ 3,850,119
Licenses and permits	--	--	--	--	52,845
Intergovernmental	51,851	--	191,899	--	4,033,288
Charges for services	--	--	--	--	632,348
Fines and forfeitures	--	--	353,809	--	1,306,999
Use of money and property	12,286	47,465	162,784	515,652	1,631,846
Other	23,885	--	23,885	60	196,490
Total Revenues	<u>88,022</u>	<u>47,465</u>	<u>961,167</u>	<u>515,712</u>	<u>11,703,935</u>
Expenditures:					
Current:					
General government	83,940	146,113	246,750	--	984,807
Public protection	--	--	--	--	4,361,833
Public ways and facilities	--	--	--	--	32,216
Health and sanitation	--	--	--	--	1,826,854
Public assistance	--	--	--	--	1,094,249
Recreation and culture	--	--	--	--	84,022
Debt Service:					
Principal	--	--	--	570,000	570,000
Interest	--	--	--	68,552	68,552
Capital outlay	107,570	--	518,641	--	557,892
Total Expenditures	<u>191,510</u>	<u>146,113</u>	<u>765,391</u>	<u>638,552</u>	<u>9,580,425</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(103,488)</u>	<u>(98,648)</u>	<u>195,776</u>	<u>(122,840)</u>	<u>2,123,510</u>
Other Financing Sources (Uses):					
Transfers in	--	--	69,853	--	3,512,436
Transfers out	--	(30,000)	(51,672)	--	(5,014,673)
Total Other Financing Sources (Uses)	<u>--</u>	<u>(30,000)</u>	<u>18,181</u>	<u>--</u>	<u>(1,502,237)</u>
Net Changes in Fund Balances	(103,488)	(128,648)	213,957	(122,840)	621,273
Fund Balances, Beginning of Year	296,590	(366,634)	2,757,138	1,284,134	14,243,537
Prior period adjustment	--	--	--	--	(65,578)
Fund Balances, Beginning of Year - restated	<u>296,590</u>	<u>(366,634)</u>	<u>2,757,138</u>	<u>1,284,134</u>	<u>14,177,959</u>
Fund Balances, End of Year	<u>\$ 193,102</u>	<u>\$ (495,282)</u>	<u>\$ 2,971,095</u>	<u>\$ 1,161,294</u>	<u>\$ 14,799,232</u>

NONMAJOR ENTERPRISE FUNDS

COUNTY OF LASSEN

Combining Statement of Fund Net Assets
Nonmajor Enterprise Funds
June 30, 2008

<u>ASSETS</u>	County Service Area (Honey Lake TV)	County Business Park	County Water Systems	Total
Current assets:				
Cash and investments	\$ 217,699	\$ 51,060	\$ 23,656	\$ 292,415
Total current assets	<u>217,699</u>	<u>51,060</u>	<u>23,656</u>	<u>292,415</u>
Noncurrent assets:				
Capital assets:				
Nondepreciable	--	317,519	25,000	342,519
Depreciable, net	40,347	638,907	--	679,254
Total capital assets	<u>40,347</u>	<u>956,426</u>	<u>25,000</u>	<u>1,021,773</u>
Total assets	<u>\$ 258,046</u>	<u>\$ 1,007,486</u>	<u>\$ 48,656</u>	<u>\$ 1,314,188</u>
 <u>LIABILITIES</u>				
Noncurrent liabilities				
Advances from other funds	\$ --	\$ 20,000	\$ 65,000	\$ 85,000
Total liabilities	<u>--</u>	<u>20,000</u>	<u>65,000</u>	<u>85,000</u>
 <u>NET ASSETS</u>				
Investment in capital assets, net of related debt	40,347	956,426	25,000	1,021,773
Unrestricted	<u>217,699</u>	<u>31,060</u>	<u>(41,344)</u>	<u>207,415</u>
Total net assets	<u>258,046</u>	<u>987,486</u>	<u>(16,344)</u>	<u>1,229,188</u>
Total liabilities and net assets	<u>\$ 258,046</u>	<u>\$ 1,007,486</u>	<u>\$ 48,656</u>	<u>\$ 1,314,188</u>

COUNTY OF LASSEN

Combining Statement of Revenues, Expenses and
Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended June 30, 2008

	County Service Area (Honey Lake TV)	County Business Park	County Water Systems	Total
Operating Revenues:				
Charges for services	\$ 50,481	\$ --	\$ 1,351	\$ 51,832
Other revenue	7	--	--	7
Total Operating Revenues	<u>50,488</u>	<u>--</u>	<u>1,351</u>	<u>51,839</u>
Operating Expenses:				
Services and supplies	59,330	17,845	5,333	82,508
Depreciation	21,683	20,387	--	42,070
Total Operating Expenses	<u>81,013</u>	<u>38,232</u>	<u>5,333</u>	<u>124,578</u>
Operating Income (Loss)	<u>(30,525)</u>	<u>(38,232)</u>	<u>(3,982)</u>	<u>(72,739)</u>
Non-Operating Revenue (Expenses):				
Interest income	11,892	22,246	1,221	35,359
Total Non-Operating Revenue	<u>11,892</u>	<u>22,246</u>	<u>1,221</u>	<u>35,359</u>
Net income (loss) before transfers	(18,633)	(15,986)	(2,761)	(37,380)
Transfers out	--	(15,000)	--	(15,000)
Change in Net Assets	(18,633)	(30,986)	(2,761)	(52,380)
Net Assets - Beginning of Year	<u>276,679</u>	<u>1,018,472</u>	<u>(13,583)</u>	<u>1,281,568</u>
Net Assets - End of Year	<u>\$ 258,046</u>	<u>\$ 987,486</u>	<u>\$ (16,344)</u>	<u>\$ 1,229,188</u>

COUNTY OF LASSEN

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2008

	County Service Area (Honey Lake TV)	County Business Park	County Water Systems	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipts from customers	\$ 50,488	\$ --	\$ 1,351	\$ 51,839
Cash paid to suppliers for goods and services	(63,179)	(17,845)	(5,333)	(86,357)
Net Cash Provided (Used) by Operating Activities	(12,691)	(17,845)	(3,982)	(34,518)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in (out)	--	(15,000)	--	(15,000)
Net Cash Provided (Used) by Noncapital Financing Activities	--	(15,000)	--	(15,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Payment for the acquisition of capital assets	(41,425)	--	--	(41,425)
Net Cash Provided (Used) by Capital and Related Financing Activities	(41,425)	--	--	(41,425)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	11,892	22,246	1,221	35,359
Net Cash Provided by Investing Activities	11,892	22,246	1,221	35,359
Net Increase (Decrease) in Cash and Cash Equivalents	(42,224)	(10,599)	(2,761)	(55,584)
Cash and Cash Equivalents, Beginning of Year	259,923	61,659	26,417	347,999
Cash and Cash Equivalents, End of Year	<u>\$ 217,699</u>	<u>\$ 51,060</u>	<u>\$ 23,656</u>	<u>\$ 292,415</u>

continued

COUNTY OF LASSEN

Combining Statement of Cash Flows (continued)
 Nonmajor Enterprise Funds
 For the Year Ended June 30, 2008

	County Service Area (Honey Lake TV)	County Business Park	County Water Systems	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (30,525)	\$ (38,232)	\$ (3,982)	\$ (72,739)
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:				
Depreciation	21,683	20,387	--	42,070
Increase (decrease) in accounts payable	(3,849)	--	--	(3,849)
Net Cash Provided (Used) by Operating Activities	<u>\$ (12,691)</u>	<u>\$ (17,845)</u>	<u>\$ (3,982)</u>	<u>\$ (34,518)</u>

INTERNAL SERVICE FUNDS

COUNTY OF LASSEN

Combining Statement of Fund Net Assets
Internal Service Funds
June 30, 2008

<u>ASSETS</u>	<u>Information Services</u>	<u>Fleet Maintenance</u>	<u>Total</u>
Current assets:			
Cash and investments	\$ 20,068	\$ 604,752	\$ 624,820
Total current assets	<u>20,068</u>	<u>604,752</u>	<u>624,820</u>
Noncurrent assets:			
Capital assets:			
Depreciable, net	13,467	293,833	307,300
Total capital assets	<u>13,467</u>	<u>293,833</u>	<u>307,300</u>
Total assets	<u>\$ 33,535</u>	<u>\$ 898,585</u>	<u>\$ 932,120</u>
 <u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ --	\$ 7,162	\$ 7,162
Salaries and benefits payable	7,198	3,060	10,258
Total liabilities	<u>7,198</u>	<u>10,222</u>	<u>17,420</u>
 <u>NET ASSETS</u>			
Investment in capital assets, net of related debt	13,467	293,833	307,300
Unrestricted	12,870	594,530	607,400
Total net assets	<u>26,337</u>	<u>888,363</u>	<u>914,700</u>
Total liabilities and net assets	<u>\$ 33,535</u>	<u>\$ 898,585</u>	<u>\$ 932,120</u>

COUNTY OF LASSEN

Combining Statement of Revenues, Expenses and
Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2008

	Information Services	Fleet Maintenance	Total
Operating Revenues:			
Charges for services	\$ 358,934	\$ 645,874	\$ 1,004,808
Other revenue	--	17,589	17,589
Total Operating Revenues	358,934	663,463	1,022,397
Operating Expenses:			
Salaries and benefits	209,982	72,577	282,559
Services and supplies	132,346	440,658	573,004
Depreciation	74,097	104,048	178,145
Total Operating Expenses	416,425	617,283	1,033,708
Operating Income (Loss)	(57,491)	46,180	(11,311)
Non-Operating Revenue (Expenses):			
Interest income	5,190	30,601	35,791
Gain/(loss) on disposal of assets	--	2,112	2,112
Total Non-Operating Revenue	5,190	32,713	37,903
Change in Net Assets	(52,301)	78,893	26,592
Net Assets - Beginning of Year	78,638	809,470	888,108
Net Assets - End of Year	\$ 26,337	\$ 888,363	\$ 914,700

COUNTY OF LASSEN

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2008

	Information Services	Fleet Maintenance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from customers	\$ 358,934	\$ 663,463	1,022,397
Cash paid to suppliers for goods and services	(138,471)	(455,047)	(593,518)
Cash paid to employees for services	(211,137)	(72,062)	(283,199)
Net Cash Provided (Used) by Operating Activities	9,326	136,354	145,680
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Payment for the acquisition of capital assets	(17,731)	(162,671)	(180,402)
Proceeds from sale of capital assets	--	5,260	5,260
Net Cash Provided (Used) by Capital and Related Financing Activities	(17,731)	(157,411)	(175,142)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	5,190	30,601	35,791
Net Cash Provided by Investing Activities	5,190	30,601	35,791
Net Increase (Decrease) in Cash and Cash Equivalents	(3,215)	9,544	6,329
Cash and Cash Equivalents, Beginning of Year	23,283	595,208	618,491
Cash and Cash Equivalents, End of Year	\$ 20,068	\$ 604,752	\$ 624,820

continued

COUNTY OF LASSEN

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2008

	Information Services	Fleet Maintenance	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (57,491)	\$ 46,180	\$ (11,311)
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:			
Depreciation	74,097	104,048	178,145
Changes in Assets and Liabilities:			
Increase (decrease) in:			
Increase (decrease) in accounts payable	(6,125)	(14,389)	(20,514)
Increase (decrease) in accrued salaries	(1,155)	515	(640)
	\$ 9,326	\$ 136,354	\$ 145,680
Net Cash Provided (Used) by Operating Activities			