

**COUNTY OF HUMBOLDT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2009**

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INTRODUCTORY SECTION

COUNTY OF HUMBOLDT
BOARD OF SUPERVISORS AND FINANCE ADMINISTRATORS
June 30, 2009

BOARD OF SUPERVISORS
(as of June 30, 2009)

<u>Name</u>	<u>Office</u>
Jimmy Smith	Supervisor, District 1
Clif Clendenen	Supervisor, District 2
Mark Lovelace	Supervisor, District 3
Bonnie J. Neely	Supervisor, District 4
Jill Duffy	Supervisor, District 5

FINANCE ADMINISTRATORS

<u>Name</u>	<u>Office</u>
Loretta A. Nickolaus	County Administrative Officer
Michael J. Giacone	Auditor/Controller
Stephen A. Strawn	Treasurer/Tax Collector

FINANCIAL SECTION

Donald R. Reynolds

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

Honorable Board of Supervisors
County of Humboldt
Eureka, California

I 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 Humboldt, California, (the County), as of and for the year ended June 30, 2009, 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. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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. I believe that my audit provides a reasonable basis for our opinions.

In my opinion 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 as of June 30, 2009, 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, I have also issued under separate cover, my report dated March 31, 2010, on my consideration of the County's internal control over financial reporting and on my 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 my 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 my audit.

P.O. Box 994508, 1438 Oregon St., Redding, CA 96099 . (530) 246-2834 . FAX (530) 244-0331

Honorable Board of Supervisors
County of Humboldt

The Management's Discussion and Analysis (MD & A) and the required supplementary information other than MD & A, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. I 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, I did not audit the information and express no opinion on it.

My audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the County of Humboldt's basic financial statements. The accompanying information identified in the table of contents as combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, such information is fairly stated in all material respects in relation to the basic financial statements taken as whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I express no opinion on it.



Donald R. Reynolds
Certified Public Accountant
March 31, 2010

COUNTY OF HUMBOLDT
Management's Discussion and Analysis
Required Supplementary Information

This section of the County of Humboldt's (the County) financial statements presents our discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2009. Please read it in conjunction with the County's basic financial statements following this section.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of the 2008-2009 fiscal year by \$460,782,767 (*net assets*). Of this amount, \$76,820,101 (*unrestricted net assets*) may be used to meet the County's ongoing obligations to citizens and creditors, \$21,836,076 is restricted for specific purposes (*restricted net assets*), and \$362,126,590 is invested in capital assets, net of related debt.
- The County's total net assets increased by \$14,392,219. This included a positive prior period adjustment of \$502,186 that was primarily an adjustment to payroll liabilities. Governmental activities increased the County's net assets by \$8,203,126.
- As of June 30, 2009, the County's governmental funds reported combined ending fund balances of \$106,110,910, an increase of \$4,889,086 in comparison with the prior year. Approximately 67% of this total amount, \$71,254,040, is *available* to meet the County's current and future needs (*unreserved fund balance*).
- At the end of the fiscal year, unreserved fund balance for the General Fund was \$52,050,401 or 24% of total General Fund expenditures (\$218,670,876).
- The County's total long-term debt increased by \$212,785 in comparison with the prior year. This overall increase was caused by an increase in accrued compensated absences (\$1,580,146). Partially offsetting this increase were decreases in: capitalized lease obligations (\$292,380), certificates of participation (\$636,976), notes payable (\$4,893), and liability for unpaid claims (\$433,112).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of 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 the County's finances, in a manner similar to a private-sector business.

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

COUNTY OF HUMBOLDT
Management's Discussion and Analysis
Required Supplementary Information (Continued)

The *statement of activities* presents information showing how the County's 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 only result in cash flows in a future fiscal period (e.g., uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or in part a portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education and recreation. The business-type activities of the County consist solely of the operation of the Eureka-Arcata Airport.

Component units are included in our basic financial statements and consist of legally separate entities for which the County is financially accountable and that have substantially the same board as the County or provide services entirely to the County. An example of this is the Humboldt County Public Property Leasing Corporation, which while legally separate is in substance an extension of County operations. Financial data for the Public Property Leasing Corporation are combined with the presentation of the primary government's financial data and thus it is referred to as a "blended" component unit. A "discretely presented" component unit is one that is presented separately in the financial statements to emphasize its independence from the primary government. Humboldt County has no discretely presented component units.

The government-wide financial statements can be found on pages 15-16 of this report.

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 compliance with finance-related legal requirements. 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 fund 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 the 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 County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

COUNTY OF HUMBOLDT
Management's Discussion and Analysis
Required Supplementary Information (Continued)

The County maintains twenty-five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the General 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.

The governmental fund financial statements can be found on pages 17-20 of this report.

Proprietary funds are maintained in 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 an enterprise fund to account for the operations of the Eureka-Arcata Airport. *Internal service funds* are used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its information technology, mailroom, workers' compensation insurance, long-term disability trust, employee benefits trust, personal injury and property damage, heavy equipment and fleet maintenance 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 County's internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for non-major enterprise and internal service funds is provided in the form of *combining statements* elsewhere in this report.

The proprietary fund financial statements can be found on pages 21-22 of 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.

The fiduciary fund financial statements can be found on pages 25-26 of this report.

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

The notes can be found on pages 27-54 of this report.

Required Supplementary Information is presented concerning the County's General Fund budgetary schedule and pension schedules. The County adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget. The pension schedules have been provided to present the County's progress in funding its obligation to provide pension benefits to County employees.

Required supplementary information can be found on pages 55-58 of this report.

COUNTY OF HUMBOLDT
Management's Discussion and Analysis
Required Supplementary Information (Continued)

Combining and individual fund statements and schedules referred to earlier provide information for non-major governmental funds, non-major enterprise funds, internal service funds, and fiduciary funds and are presented immediately following the required supplementary information.

Combining and individual fund statements and schedules can be found on pages 59-88 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Analysis of changes in net assets

A schedule showing the changes in net assets is on the following page. As noted earlier, net assets may over time serve as a useful indicator of the County's financial position. County assets exceeded liabilities by \$460,782,767 at June 30, 2009, which is an increase of \$14,392,219 from the previous year. That increase includes the \$502,186 net prior period adjustment that was primarily a payroll adjustment. Revenues exceeded expenditures by \$13,890,033 during the fiscal year.

County of Humboldt
Changes in Net Assets
June 30, 2009

	Governmental		Business-type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Fees, fines & charges for services	\$36,483,738	\$30,263,329	\$2,664,775	\$2,390,314	\$39,148,513	\$32,653,643
Operating grants & contributions	152,952,993	139,688,811			152,952,993	139,688,811
Capital grants & contributions	13,404,207	13,649,933	6,317,333		19,721,540	13,649,933
General revenues:						
Property taxes	40,729,690	21,044,086			40,729,690	21,044,086
Sales taxes	7,910,183	7,400,051			7,910,183	7,400,051
Other taxes	4,069,806	18,714,457			4,069,806	18,714,457
Interest & investment income	2,664,957	3,998,682	14,831	27,966	2,679,788	4,026,648
Other	9,467,497	4,801,908	48,214	229,488	9,515,711	5,031,396
Total revenues	<u>267,683,071</u>	<u>239,561,257</u>	<u>9,045,153</u>	<u>2,647,768</u>	<u>276,728,224</u>	<u>242,209,025</u>
Expenses:						
General government	23,679,022	16,345,233	-	-	23,679,022	16,345,233
Public protection	76,410,363	65,955,488	-	-	76,410,363	65,955,488
Public assistance	73,026,315	74,669,899	-	-	73,026,315	74,669,899
Health & sanitation	48,017,131	38,717,212	-	-	48,017,131	38,717,212
Public ways & facilities	31,399,906	31,719,189	3,358,246	4,551,567	34,758,152	36,270,756
Recreation & cultural services	2,442,667	1,614,106	-	-	2,442,667	1,614,106
Education	3,582,223	3,203,903	-	-	3,582,223	3,203,903
Interest and long-term debt	922,318	917,583	-	-	922,318	917,583
Total expenses	<u>259,479,945</u>	<u>233,142,613</u>	<u>3,358,246</u>	<u>4,551,567</u>	<u>262,838,191</u>	<u>237,694,180</u>
Increase (decrease) in net						
assets before transfers	8,203,126	6,418,644	5,686,907	(1,903,799)	13,890,033	4,514,845
Transfers		(540,232)		540,232	-	-
Change in net assets	8,203,126	5,878,412	5,686,907	(1,363,567)	13,890,033	4,514,845
Net assets - beginning	\$434,018,601	420,509,851	\$12,371,947	14,455,240	446,390,548	434,965,091
Prior period adjustment	454,078	7,630,338	48,108	(719,726)	502,186	6,910,612
Net assets - ending	<u>\$442,675,805</u>	<u>\$434,018,601</u>	<u>\$18,106,962</u>	<u>\$12,371,947</u>	<u>\$460,782,767</u>	<u>\$446,390,548</u>

Governmental activities

Governmental activities increased the County's net assets by \$8,203,126, which excludes the effect of the \$454,078 prior period adjustment for payroll liabilities.

COUNTY OF HUMBOLDT
Management's Discussion and Analysis
Required Supplementary Information (Continued)

The trend of growth in both revenues and expenditures continues as in previous years however much of this growth may be due to internal transactions – the government recording transactions between its own departments. We expect to net this kind of activity out of the activities statement more completely in coming years. Revenues increased by about \$28 million while expenditures increased by about \$26 million. The area of expenditures that grew the most in 2008-09 was public protection with an increase of about \$10 million followed closely by spending on health and sanitation with \$9 million.

Fees, fines and charges for services increased by \$6,220,409, and sales tax increased by \$510,132. Property taxes increased significantly and other taxes fell correspondingly due to a reclassification of various “triple flip” revenues. Aside from that reclassification property taxes grew very modestly due to the slowing of real estate appreciation due to the prolonged recession. Miscellaneous revenues grew by \$4,665,589. Operating grants increased by about \$13 million while capital grants declined slightly. Investment income fell by \$1,333,725, consistent with the very low interest yields available in current markets.

Business-type activities. Charges for services at the Airport increased modestly during FY 08-09 by \$274,461. Airport expenditures decreased by \$1,192,321. The Airport received over six million dollars in new capital grants for improvements during 2008-09.

Analysis of net assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The County of Humboldt's assets exceeded its liabilities by \$460,782,767 at June 30, 2009. The largest portion of the County's net assets, \$362,124,143 (79 percent), reflects its investment in capital assets (e.g. land, buildings, equipment and infrastructure), less related outstanding 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.

	Net Assets June 30, 2009					
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets:						
Current and other assets	\$132,088,437	\$120,204,028	\$1,391,024	\$1,124,644	\$133,479,461	\$121,328,672
Capital assets	<u>365,036,560</u>	<u>363,027,574</u>	<u>16,895,620</u>	<u>11,466,216</u>	<u>381,932,180</u>	<u>374,493,790</u>
Total assets	<u>497,124,997</u>	<u>483,231,602</u>	<u>18,286,644</u>	<u>12,590,860</u>	<u>515,411,641</u>	<u>495,822,462</u>
Liabilities:						
Current liabilities	25,209,911	19,910,959	158,293	209,126	25,368,204	20,120,085
Long-term liabilities	<u>29,239,281</u>	<u>30,109,990</u>	<u>21,389</u>	<u>9,787</u>	<u>29,260,670</u>	<u>30,119,777</u>
Total liabilities	<u>54,449,192</u>	<u>50,020,949</u>	<u>179,682</u>	<u>218,913</u>	<u>54,628,874</u>	<u>50,239,862</u>
Net assets:						
Invested in capital assets net of related debt	345,238,311	342,299,969	16,885,832	11,453,982	362,124,143	353,753,951
Restricted	21,836,076	23,109,309			21,836,076	23,109,309
Unrestricted	<u>75,601,418</u>	<u>68,609,353</u>	<u>1,221,130</u>	<u>917,965</u>	<u>76,822,548</u>	<u>69,527,318</u>
Total net assets	<u>\$442,675,805</u>	<u>\$434,018,631</u>	<u>\$18,106,962</u>	<u>\$12,371,947</u>	<u>\$460,782,767</u>	<u>\$446,390,578</u>

COUNTY OF HUMBOLDT
Management's Discussion and Analysis
Required Supplementary Information (Continued)

The restricted portion of the County's net asset balance (\$21,836,076) is the sum of four different categories of restrictions. The first is \$17,322,730 held in the Headwaters Fund for future economic development. The second component is \$2,307,967 cash held by fiscal agent for debt service on the County's COP. The third component of net assets is \$68,459 represents non-cash items like petty cash and receivables not currently available for spending. And a fourth category of net assets is \$2,136,920 committed to capital projects.

The restrictions upon the \$17,322,730 Headwaters fund component of net assets are stronger than the restrictions applicable to the other components of restricted net assets. Legal barriers restricting the use of these funds were erected by design shortly after the money was received, so that they would never be used for general governmental expenditures. A legal charter committing these monies for future economic development projects was approved and a separate board has been set up to direct the use of these funds. The purpose, structure and activities of the Headwaters fund can only be changed by a majority vote of the citizens of Humboldt County as expressed in an open election. Other less significant features of the fund can be changed by a four-fifths majority vote of the Humboldt County Board of Supervisors.

ANALYSIS OF THE COUNTY'S FUNDS

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

Government funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of resources that are available for spending. 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. Types of governmental funds reported by the County include the general fund, special revenue funds, debt service funds and capital project funds.

As of June 30, 2009, the County's governmental funds reported combined ending fund balances of \$106,110,910. This is an increase of \$4,889,055 from the previous year. The unreserved amount of \$52,050,401 in the general fund is available for spending at the County's discretion. Another \$19,203,639 is unreserved in special revenue and debt service funds and available for the various purposes of those funds.

The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed, (1) to pay debt service (\$2,307,967); (2) to recognize legal restrictions on the Headwaters economic development fund (\$17,322,730) and amounts loaned and receivable by the Headwaters fund and CDBG loans (\$14,930,112); and (3) to recognize other reserved balances such as prepaid expenses (\$275,466) and imprest cash (\$20,595).

COUNTY OF HUMBOLDT
Management's Discussion and Analysis
Required Supplementary Information (Continued)

Revenues for governmental funds overall totaled \$259,169,025 in the fiscal year ended June 30, 2009. This represents an increase of \$13.5 million or about 6 percent over the prior year. As noted earlier we believe that some of these revenues and expenses should be netted as internal transactions so the growth we see may not be significant. Expenditures for governmental funds totaled \$260,026,928, an increase of \$25.4 million or 11 percent over the prior year. The general government category of expenses rose by over \$7 million. Health and safety as well as public assistance expenditures increased more than any other category of expenditure during the fiscal year, increasing by a combined \$19 million. However as noted before much of the increase in these three categories is likely from internal transactions, which do not affect cash or fund balances. Most of the other categories of expenditures had only minor changes.

These revenue and expense figures are somewhat different than what is reported in the analysis of the government-wide statements because the two sets of financial statements are prepared using different bases of accounting and a different scope of view over the financial operations of the County. The general relationships between the numbers on each statement are very similar though, as on both sets of financial statements the general government and health and sanitation expenditures grew more than the other categories of expenditures. In the fiscal year ended June 30, 2009, revenues for government funds exceeded expenditures by \$4,435,008.

The general fund is the chief operating fund of the County. At the end of the 2008-09 fiscal year, the unreserved fund balance of the general fund was \$52,050,401, while total fund balance was \$52,330,322. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents about 24 percent of total general fund expenditures of about \$213 million. The total general fund balance is also about 24 percent in comparison to general fund expenditures. Because of the internal transaction issue we've noted, both revenue and expenses may be correspondingly overstated without affecting fund balances, and thus the ratio between expense and fund balance may be less informative than it has been in past years.

The County's general fund balance increased by about \$6.7 million during the fiscal year due mostly to a large increase in amounts due from other governments, primarily the State of California. This receivable increased by about \$19 million. The increase in amounts due from the State may have a negative effect on local cash flows if the State continues to be tardy in processing its reimbursements to local governments. General fund cash declined by nearly \$11 million and the other categories of assets remained roughly the same as the prior year. Liabilities increased by about \$2 million, mostly for accrued payroll. So the overall increase in fund balance is indicative of improving County fiscal health if the increase in the receivables from the State doesn't prove to be a long-term problem.

Proprietary funds

The County's proprietary fund statements provide the same type of information found in the government-wide financial statements. Because these proprietary funds are operated more like commercial enterprises than governmental entities they use the full-accrual basis of accounting that is employed in the government-wide financial statements.

COUNTY OF HUMBOLDT
Management's Discussion and Analysis
Required Supplementary Information (Continued)

The total change in net assets for the enterprise and internal service funds (ISF) was an increase of \$10,069,150. These funds normally receive annual contributions from the County general fund and an equity transfer of \$6,317,333 was made from the Airport Capital Assets Fund to the Airport during the 2008-09 fiscal year. A total of \$58,375 in operating transfers was made to the ISF during the year. There were positive prior year adjustments in the aviation fund (\$48,108) and ISF (\$2,672,578). The large ISF prior period adjustment primarily involved motor pool fleet valuation. The Airport had a net loss before transfers and adjustments of \$630,426. The ISF had net income of \$1,838,891 before transfers and adjustments. Factors concerning the financial operations of these funds have been addressed previously in the discussion of the County's business-type activities.

General funds budgetary highlights

The County's final general funds budget differs from the original budget in that it contains supplemental appropriations approved during the fiscal year. The reader should bear in mind that the County's general **funds** are a different entity from what is traditionally thought of as the County's general **fund**. The general funds are an aggregate of all the funds from the traditional general fund (fund 1100) through the Health and Human Services funds (1110 through 1190). So while fund 1100 had a small decline in fund balance during 2008-09, the aggregated general funds showed the equity increase discussed below.

General funds spending appropriations increased by about 4 percent during the year. Projections for revenue to be received were also increased by 4 percent. The actual results of the year's operations showed a favorable budget variance of about \$9.6 million. Some observations on the budget are as follows:

- Actual revenues fell short of the final budget by about \$18.5 million. Actual expenditures were about \$28 million less than the final budget. The overall final budget to actual results had a favorable variance of \$9,664,669.
- Three of the seven categories of revenues fell short of the final budget when compared to actual results. The most significant of these was an \$18 million deficiency in aid from other governments. This reflects the ongoing fiscal distress being experienced by the State of California and a chronic shortfall in reimbursement for State programs.
- The original budget projected a decrease to general fund balance of \$3,466,749 over the fiscal year. The final budget projected an decrease to fund balance of \$3,441,787. The actual result of the year's operations on a budgetary basis was an increase of the general fund balance of \$6,222,882.

Capital assets and debt administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2008 amounted to \$378,356,351 (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, construction in progress, buildings and improvements, and equipment. This is a decrease of \$1,064,640 over the previous year, which is largely due to depreciation of capital assets.

COUNTY OF HUMBOLDT
Management's Discussion and Analysis
Required Supplementary Information (Continued)

County's Capital Assets
(net of depreciation)

	Governmental		Business-type		Totals	
	Activities		Activities			
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Land & Easements \$	3,979,356	\$ 3,979,356	\$ 1,976,177	\$ 1,976,177	\$ 5,955,533	\$ 5,955,533
Construction in						
Progress	3,979,322	3,369,127	4,092,682	8,638,492	8,072,004	12,007,619
Infrastructure	290,889,726	293,692,260	-	-	290,889,726	293,692,260
Structures &						
Improvements	89,995,665	52,424,925	10,171,668	6,842,969	100,167,333	59,267,894
Equipment	13,830,226	6,520,884	655,093	913,509	14,485,319	7,434,393
Total	\$ 402,674,295	\$ 359,986,552	\$ 16,895,620	\$ 18,371,147	\$ 419,569,915	\$ 378,357,699

The schedule above shows the County's capital assets as reported on the government-wide financial statements using a full-accrual basis of accounting. The governmental fund financial statements do not present capital assets on the balance sheet since they are not current financial assets, and only the current-year capital asset activity is presented as expenditures on the statement of revenues, expenditures and changes in fund balances.

The County's infrastructure assets are recorded at historical cost in the government-wide financial statements as required by GASB Statement No. 34. The County has elected to depreciate infrastructure as it would any other long-lived fixed asset for the purposes of financial reporting.

Additional information on the County's capital assets can be found in Note 7 on page 42-43 of this report.

Long-term debt. At June 30, 2009, the County had total long-term debt outstanding of \$38,929,027 compared to \$38,714,191 at the end of the previous fiscal year. This amount was comprised of \$13,940,000 of certificates of participation, \$40,331 of bond premium that will be amortized over the life of the COP, \$9,788 of notes payable, 5,817,918 of capital lease obligations, \$17,615,633 of accrued compensated absences and an accrued liability of \$1,473,938 for unpaid claims. Long-term debt increased by a total of \$214,836 during the fiscal year ended June 30, 2009 as detailed at the beginning of this report. No new debt was issued during the year and existing debt was reduced through regular debt service, with the exception of accrued compensated absences which grew by about \$1.6 million.

COUNTY OF HUMBOLDT
Management's Discussion and Analysis
Required Supplementary Information (Continued)

Long-term debt at June 30, 2009 is summarized as follows:

	Balance			Balance June 30, 2009	Amounts
	June 30, 2008	Additions	Deletions		Due Within One Year
Governmental Activities:					
Certificates of Participation	\$14,575,000		(\$635,000)	\$13,940,000	\$640,000
Unamortized COP premium	42,703		(2,372)	40,331	2,372
Accrued compensated absences	15,996,036	7,287,075	(5,667,478)	17,615,633	6,849,542
Capitalized lease obligations	6,110,298		(292,380)	5,817,918	702,430
Liability for unpaid claims	1,907,050	3,044,051	(3,477,163)	1,473,938	1,907,050
Total Governmental Activities					
Long-term liabilities	<u>\$38,631,087</u>	<u>10,331,126</u>	<u>(10,074,393)</u>	<u>\$38,887,820</u>	<u>10,101,394</u>
Business-type Activities					
Notes payable	\$12,234		(\$2,446)	\$9,788	3,637
Accrued compensated absences	70,870	52,606	(92,057)	31,419	30,924
Long-term liabilities					
	<u>\$83,104</u>	<u>52,606</u>	<u>(94,503)</u>	<u>\$41,207</u>	<u>34,561</u>

Additional information on the County's long-term debt can be found in Note 9 on pages 45-46 of this report.

Economic Factors and Next Year's Budget and Rates

- The State of California is facing massive structural budget deficits in 2009-10 and future years. It is very likely that a number of State programs managed by the County will face funding cuts or elimination. It is unclear at this point exactly which programs will be cut or by how much. The County will have to respond quickly to cuts in State reimbursement by curtailing spending on local programs once the targets of those cuts become clear.
- Local real estate prices have declined from their peak in 2006 but seem to have stabilized at a lower level. The latest valuation multiplier supplied by the California Board of Equalization is slightly negative, based on the statewide decline in real estate values. This very slight reduction in Prop 13 values, coupled with new sales resetting base values should keep property tax revenue flat for the coming year.
- Employment in the timber industry was severely impacted by the downturn in home construction nationwide during 2008 and 2009. The drop in construction nationwide adversely affected Humboldt County's timber yield tax revenues. 2009-10 will be severely impacted by curtailed harvests and low prices. There are signs that the timber market may recover somewhat after 2009-10 so timber yield taxes may improve somewhat in subsequent years.

COUNTY OF HUMBOLDT
Management's Discussion and Analysis
Required Supplementary Information (Continued)

- The United States is slowly recovering from its most severe economic recession in decades. This recession is adversely affecting employment security, household incomes and consumer spending. It is uncertain how quickly the nation will recover from this current recession.

All of these factors were considered in preparing the County's budget for FY 2009-10.

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 County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Auditor-Controller, 825 Fifth Street, Room 126, Eureka, CA 95501.

BASIC FINANCIAL STATEMENTS

COUNTY OF HUMBOLDT
STATEMENT OF NET ASSETS
JUNE 30, 2009

Statement 1

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Current assets:			
Cash and investments	\$ 71,284,282	\$ 998,476	\$ 72,282,758
Restricted assets:			
Cash with fiscal agent	2,307,966	-	2,307,966
Department cash funds	20,595	400	20,995
Receivables, net:			
Taxes	2,371,305	-	2,371,305
Other governmental agencies	32,167,948	195,373	32,363,321
Interest	957,691	17,391	975,082
Due from external parties	3,715,204	-	3,715,204
Inventory	327,991	179,384	507,375
Deposits and other assets	1,529,026	-	1,529,026
Total current assets	<u>114,682,008</u>	<u>1,391,024</u>	<u>116,073,032</u>
Noncurrent Assets:			
Deferred costs	2,476,317	-	2,476,317
Loans receivable	14,930,112	-	14,930,112
Capital assets (Note 2):			
Nondepreciable	7,958,678	6,068,859	14,027,537
Depreciable, net	<u>357,077,882</u>	<u>10,826,761</u>	<u>367,904,643</u>
Net capital assets	<u>365,036,560</u>	<u>16,895,620</u>	<u>381,932,180</u>
Total noncurrent assets	<u>382,442,989</u>	<u>16,895,620</u>	<u>399,338,609</u>
Total assets	<u>\$ 497,124,997</u>	<u>\$ 18,286,644</u>	<u>\$ 515,411,641</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 7,596,162	\$ 92,310	\$ 7,688,472
Accrued salaries and benefits	6,448,806	46,165	6,494,971
Accrued interest payable	106,744	-	106,744
Due to external parties	-	-	-
Other liabilities	174,936	-	174,936
Deferred revenue	1,234,724	-	1,234,724
Current portion of long term debt			
Certificates of participation	640,000	-	640,000
Notes payable	-	2,447	2,447
Capital leases	702,430	-	702,430
Compensated absences	6,832,171	17,371	6,849,542
Liability for unpaid claims	<u>1,473,938</u>	<u>-</u>	<u>1,473,938</u>
Total current liabilities	<u>25,209,911</u>	<u>158,293</u>	<u>25,368,204</u>
Noncurrent liabilities:			
Certificates of participation	13,340,331	-	13,340,331
Notes payable	-	7,341	7,341
Capital leases	5,115,488	-	5,115,488
Compensated absences	<u>10,783,462</u>	<u>14,048</u>	<u>10,797,510</u>
Total noncurrent liabilities	<u>29,239,281</u>	<u>21,389</u>	<u>29,260,670</u>
Total liabilities	<u>54,449,192</u>	<u>179,682</u>	<u>54,628,874</u>
Net Assets			
Investment in Capital Assets, net of related debt	345,238,311	16,885,832	362,124,143
Restricted for:			
Economic development	17,322,730	-	17,322,730
Capital project	2,136,920	-	2,136,920
Debt service	2,307,967	-	2,307,967
Other purposes	68,459	-	68,459
Unrestricted	<u>75,601,418</u>	<u>1,221,130</u>	<u>76,822,548</u>
Total Net Assets	<u>442,675,805</u>	<u>18,106,962</u>	<u>460,782,767</u>
Total Liabilities and Net Assets	<u>\$ 497,124,997</u>	<u>\$ 18,286,644</u>	<u>\$ 515,411,641</u>

See accompanying notes to
the basic financial statements.

COUNTY OF HUMBOLDT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2009

Statement 2

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense)/ Revenue
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General government	\$ 23,679,022	\$ 7,637,777	\$ 11,309,792	\$ 112,721	\$ (4,618,732)
Public protection	76,410,363	6,237,495	22,419,530	-	(47,753,338)
Public ways and facilities	31,399,906	1,365,010	23,005,142	13,291,486	6,261,732
Health and sanitation	48,017,131	18,146,570	40,146,217	-	10,275,656
Public assistance	73,026,315	2,653,483	54,882,718	-	(15,490,114)
Education	3,582,223	75,667	675,109	-	(2,831,447)
Recreation and Culture	2,442,667	367,736	514,485	-	(1,560,446)
Debt Service					
Interest	922,318	-	-	-	(922,318)
Total Governmental Activities	259,479,945	36,483,738	152,952,993	13,404,207	(56,639,007)
Business-Type Activities:					
Airport	3,358,246	2,664,775	-	6,317,333	5,623,862
Total Humboldt County	\$ 262,838,191	\$ 39,148,513	\$ 152,952,993	\$ 19,721,540	\$ (51,015,145)

CHANGES IN NET ASSETS:

	Governmental Activities	Business-Type Activities	Total
Net (Expense)/Revenue	\$ (56,639,007)	\$ 5,623,862	\$ (51,015,145)
General Revenues:			
Taxes			
Property Taxes	40,729,690	-	40,729,690
Sales and Use Taxes	7,910,183	-	7,910,183
Other Taxes	4,069,806	-	4,069,806
Unrestricted interest and investment earnings	2,664,957	14,831	2,679,788
Transfers - Internal Activity	-	-	-
Miscellaneous	9,467,497	48,214	9,515,711
Total General Revenues and Transfers	64,842,133	63,045	64,905,178
Change in Net Assets	8,203,126	5,686,907	13,890,033
Net Assets - Beginning	434,018,601	12,371,947	446,390,548
Prior Period Adjustment	454,078	48,108	502,186
Residual Equity Transfers In	-	-	-
Residual Equity Transfers Out	-	-	-
Net Assets - Ending	\$ 442,675,805	\$ 18,106,962	\$ 460,782,767

See accompanying notes to
the basic financial statements.

COUNTY OF HUMBOLDT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

Statement 3
(Continued)

	General Funds	Headwaters Mitigation Funds	CDBG and Economic Development Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 31,821,703	\$ 15,006,004	\$ -	\$ 16,444,010	\$ 63,271,717
Restricted assets:					
Cash with fiscal agent	-	-	-	2,307,966	2,307,966
Department cash funds	19,530	-	-	1,065	20,595
Receivables, net:					
Taxes	2,371,305	-	-	-	2,371,305
Other governmental agencies	27,417,255	572,546	1,769,370	2,365,148	32,124,319
Interest	250,767	-	476,735	116,443	843,945
Due From Other Funds	629,769	5,298,595	-	-	5,928,364
Inventory	-	-	-	-	-
Loans receivable	-	3,783,459	11,146,653	-	14,930,112
Prepays and other assets	260,391	-	22,283	15,075	297,749
Total Assets	\$ 62,770,720	\$ 24,660,604	\$ 13,415,041	\$ 21,249,707	\$ 122,096,072
LIABILITIES					
Accounts Payable	\$ 4,592,360	\$ 505,306	\$ 382,213	\$ 1,556,965	\$ 7,036,844
Accrued salaries and benefits	5,695,291	-	34,115	598,373	6,327,779
Due to other funds	-	-	-	16,291	16,291
Other Liabilities	-	-	-	-	-
Advances from other funds	152,747	-	1,901,501	550,000	2,604,248
Deferred Revenue	-	-	-	-	-
Total Liabilities	10,440,398	505,306	2,317,829	2,721,629	15,985,162
FUND BALANCES					
Reserved for:					
Encumbrances	-	-	-	-	-
Departmental cash	19,530	-	-	1,065	20,595
Inventories	-	-	-	-	-
Prepays and other assets	260,391	-	-	15,075	275,466
Loans receivable	-	3,783,459	11,146,653	-	14,930,112
Capital projects	-	-	-	-	-
Debt service	-	-	-	2,307,967	2,307,967
Economic development	-	17,372,171	(49,441)	-	17,322,730
Unreserved, reported in					
General Funds	52,050,401	-	-	-	52,050,401
Special Revenues Fund	-	2,999,668	-	15,656,276	18,655,944
Debt service funds	-	-	-	547,695	547,695
Total Fund Balances	52,330,322	24,155,298	11,097,212	18,528,078	106,110,910
Total Liabilities and Fund Balances	\$ 62,770,720	\$ 24,660,604	\$ 13,415,041	\$ 21,249,707	\$ 122,096,072

COUNTY OF HUMBOLDT

Statement 3

**Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets - Governmental Activities
JUNE 30, 2009**

Fund Balance - total governmental funds	\$ 106,110,910
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Deferred charges in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	-
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the governmental funds.	2,476,317
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	360,395,874
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:	10,607,661
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.	(106,744)
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported in the governmental funds.	
Certificates of participation	(13,940,000)
Unamortized premium	(40,331)
Notes Payable	-
Capital leases	(5,786,499)
Compensated absences	<u>(17,041,383)</u>
Net Assets of Governmental Activities	\$ <u>442,675,805</u>

COUNTY OF HUMBOLDT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2009

Statement 4
(Continued)

	General Funds	Headwaters Mitigation Funds	CDBG and Economic Development Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes	\$ 42,538,670	\$ -	\$ -	\$ 5,887,728	\$ 48,426,398
Licenses and permits	1,436,982	-	-	83,336	1,520,318
Fines, forfeits and penalties	2,533,708	-	-	794,018	3,327,726
Revenue from use of money and property	1,484,654	790,679	120,424	269,200	2,664,957
Aid from other governments	130,701,853	27,696	4,736,110	26,660,777	162,126,436
Charges for services	32,510,489	-	-	964,095	33,474,584
Miscellaneous	5,549,833	-	5,251	2,073,522	7,628,606
Total Revenues	<u>216,756,189</u>	<u>818,375</u>	<u>4,861,785</u>	<u>36,732,676</u>	<u>259,169,025</u>
EXPENDITURES:					
Current:					
General government	21,230,194	-	-	5,994	21,236,188
Public protection	61,218,761	-	4,965,869	8,154,931	74,339,561
Public ways and facilities	5,403,534	-	-	13,460,044	18,863,578
Health and sanitation	47,851,717	-	-	-	47,851,717
Public assistance	72,904,521	-	-	-	72,904,521
Education	215,572	-	-	3,360,799	3,576,371
Recreation and Culture	630,240	1,782,108	-	-	2,412,348
Debt Service:					
Principal	240,593	-	-	911,524	1,152,117
Interest and Other Charges	160,133	-	-	762,185	922,318
Capital Outlay	4,142,153	-	-	12,626,056	16,768,209
Total Expenditures	<u>213,997,418</u>	<u>1,782,108</u>	<u>4,965,869</u>	<u>39,281,533</u>	<u>260,026,928</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,758,771</u>	<u>(963,733)</u>	<u>(104,084)</u>	<u>(2,548,857)</u>	<u>(857,903)</u>
OTHER FINANCING SOURCES (USES)					
Capital leases	-	-	-	-	-
Transfers In	3,949,976	-	-	1,846,358	5,796,334
Transfers Out	(503,423)	-	-	-	(503,423)
Total Other Financing Sources and Uses	<u>3,446,553</u>	<u>-</u>	<u>-</u>	<u>1,846,358</u>	<u>5,292,911</u>
Net Change in Fund Balances	6,205,324	(963,733)	(104,084)	(702,499)	4,435,008
Fund Balances-Beginning	45,609,594	25,072,741	11,206,786	19,332,703	101,221,824
Prior Period Adjustment	515,404	46,290	(5,490)	(102,126)	454,078
Residual Equity Transfers In	-	-	-	-	-
Residual Equity Transfers Out	-	-	-	-	-
Fund Balances-Ending	<u>\$ 52,330,322</u>	<u>\$ 24,155,298</u>	<u>\$ 11,097,212</u>	<u>\$ 18,528,078</u>	<u>\$ 106,110,910</u>

See accompanying notes to
the basic financial statements.

COUNTY OF HUMBOLDT
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2009

Statement 4

Reconciliation of the change in fund balances - Total Governmental Funds
to the change in net assets of governmental activities:

Net change in fund balances - Total Governmental Funds \$ 4,435,008

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	18,219,006	
Less: current year depreciation	<u>(15,722,327)</u>	2,496,679

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.

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

Principal payment on certificates of participation and capital leases	<u>1,152,117</u>	1,152,117
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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 accrued interest on debt	-	
Amortization of bond issuance costs	(70,925)	
Change in compensated absences	(1,651,016)	
Change in amortization of debt premium	<u>2,372</u>	(1,719,569)

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.

	<u>1,838,891</u>	
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Change in Net Assets of Governmental Activities	\$ <u>8,203,126</u>
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COUNTY OF HUMBOLDT
STATEMENT OF NET ASSETS
PROPRIETARY FUND
JUNE 30, 2009

Statement 5

	Business-Type Activities - Enterprise Funds	Governmental Activities
	Aviation	Internal Service Funds
<u>ASSETS</u>		
<u>Current Assets:</u>		
Cash and Investments	\$ 998,476	\$ 8,012,565
Departmental cash funds	400	-
Accounts Receivable:		
Other governmental agencies	195,373	43,629
Interest	17,391	113,746
Due from other funds	7,863	2,342,209
Inventory	179,384	327,991
Deposits and other assets	-	1,231,277
Total Current Assets	<u>1,398,887</u>	<u>12,071,417</u>
<u>Noncurrent Assets:</u>		
Advances to other funds	-	(1,934,830)
Capital Assets:		
Nondepreciable:		
Land	1,976,177	-
Construction in progress	4,092,682	-
Depreciable:		
Structures and improvements	24,711,001	259,377
Equipment	1,661,194	18,356,949
Accumulated depreciation	<u>(15,545,434)</u>	<u>(13,975,640)</u>
Net Property, Plant and Equipment	<u>16,895,620</u>	<u>4,640,686</u>
Total Noncurrent Assets	<u>16,895,620</u>	<u>2,705,856</u>
Total Assets	<u>\$ 18,294,507</u>	<u>\$ 14,777,273</u>
<u>LIABILITIES</u>		
<u>Current Liabilities:</u>		
Accounts payable	\$ 92,310	\$ 559,318
Accrued salaries and benefits	46,165	121,027
Accrued interest payable	-	-
Due to other funds	7,863	-
Provision for estimated claims	-	1,473,938
Other liabilities	-	174,936
Deferred revenue	-	1,234,724
Current portion of notes payable	2,447	-
Current portion of liability for compensated absences	17,371	279,097
Total Current Liabilities	<u>166,156</u>	<u>3,843,040</u>
<u>Noncurrent Liabilities:</u>		
Notes payable	7,341	-
Liability for compensated absences	14,048	326,572
Total Noncurrent Liabilities	<u>21,389</u>	<u>326,572</u>
Total Liabilities	<u>187,545</u>	<u>4,169,612</u>
<u>Net Assets</u>		
Investment in Capital Assets, net of related debt	16,885,832	4,640,686
Unrestricted	1,221,130	5,966,975
Total Net Assets	<u>18,106,962</u>	<u>10,607,661</u>
<u>Total liabilities and net assets</u>	<u>\$ 18,294,507</u>	<u>\$ 14,777,273</u>

See accompanying notes to
the basic financial statements.

COUNTY OF HUMBOLDT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
JUNE 30, 2009

Statement 6

	3530		Governmental
	Business-Type		Activities
	Activities -		Internal Service
	Enterprise Funds		Funds
	<u>Aviation</u>		<u>Funds</u>
OPERATING REVENUES:			
Charges for Services	\$ 2,664,775	\$	33,422,950
Other revenue	48,214		321,980
Total Operating Revenues	<u>2,712,989</u>		<u>33,744,930</u>
OPERATING EXPENSES:			
Salaries and Benefits	954,842		3,116,537
Services and supplies	1,388,201		6,341,539
Claims expense	-		21,638,054
Depreciation	887,930		949,402
Other Expenses	127,273		14,742
Total operating expenses	<u>3,358,246</u>		<u>32,060,274</u>
Net Operating Income	<u>(645,257)</u>		<u>1,684,656</u>
NONOPERATING REVENUES (EXPENSES):			
Interest Income	14,832		218,330
Interest expense	-		(64,095)
Sale of capital assets	-		-
Total Nonoperating Revenue (expense)	<u>14,832</u>		<u>154,235</u>
Net Income Before Contributions and Transfers	(630,426)		1,838,891
Capital Contributions	6,317,333		-
Operating transfers in (out)	-		58,375
Net income	<u>5,686,907</u>		<u>1,897,266</u>
Net Assets-Beginning of Year - As previously stated	12,371,947		6,289,608
Prior period adjustment	48,108		2,672,578
Net Assets-Beginning of Year - As restated	<u>12,420,055</u>		<u>8,962,186</u>
Residual Equity Transfers In	-		8,276
Residual Equity Transfers Out	-		(260,067)
Net Assets-End of Year	<u>\$ 18,106,962</u>	\$	<u>10,607,661</u>

See accompanying notes to
the basic financial statements.

**COUNTY OF HUMBOLDT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
JUNE 30, 2009**

Statement 7

	Business-Type Activities - Enterprise Funds	Governmental Activities Internal Service Funds
	Aviation	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from customers	\$ 2,616,182	\$ -
Cash receipts from internal fund services provided	-	34,036,242
Cash paid to suppliers for goods and services	(1,616,899)	(28,523,550)
Cash paid to employees for services	(976,250)	(3,116,537)
Operating transfers	-	58,375
Prior period adjustment	-	-
Net Cash Provided (Used) by Operating Activities	23,033	2,454,530
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers to (from) other funds	-	(44,028)
Net temporary loans from (to) other funds	-	3,431,987
Net Cash Provided (Used) by Noncapital Financing Activities	-	3,387,959
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal repayment related to capital purposes	(2,446)	-
Sale/disposal of capital assets	48,506	29,546
Payments related to the acquisition of capital assets	-	(2,058,835)
Net Cash Provided (Used) by Capital and related financing activities	46,060	(2,029,289)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Receipts of interest	17,827	271,697
Payments of interest	-	(64,095)
Net Cash Provided by Investing Activities	17,827	207,602
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	86,920	4,020,802
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	911,956	3,991,763
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 998,876	\$ 8,012,565

See accompanying notes to the
basic financial statements.

**COUNTY OF HUMBOLDT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
JUNE 30, 2009**

Statement 7
(Continued)

	Business-Type Activities - Enterprise Funds	Governmental Activities Internal Service Funds
	Aviation	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Operating Income (Loss)	\$ (645,257)	\$ 1,684,656
Adjustments to Reconcile Net Income to Net Cash From (Used For) Operating Activities:		
Depreciation	887,930	949,402
Operating Transfers	-	58,375
Prior period adjustment	-	-
Decrease (Increase) in Accounts Receivable	(96,807)	-
Decrease (Increase) in Inventory	(86,048)	(106,035)
Decrease (Increase) in Prepaid Assets	-	(17,631)
Decrease (Increase) in Other Assets	-	-
Increase (Decrease) in Accounts Payable	(15,377)	454,927
Increase (Decrease) in Accrued Salaries and Benefits	18,043	28,908
Increase (Decrease) in Due From Other Governmental Entities	-	244,629
Increase (Decrease) in Estimated Insurance Payable	-	(433,112)
Increase (Decrease) in Deferred Revenue	-	46,683
Increase (Decrease) in Other Liabilities	-	(169,827)
Increase (Decrease) in Compensated Absences	(39,451)	(286,445)
Net Cash From (Used For) Operating Activities	\$ 23,033	\$ 2,454,530

See accompanying notes to the
basic financial statements.

COUNTY OF HUMBOLDT
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

Statement 8

	<u>Investment Trust</u>	<u>Agency Funds</u>	<u>Total</u>
<u>ASSETS</u>			
<u>Current Assets:</u>			
Cash and Investments	\$ 139,024,868	\$ 23,096,805	\$ 162,121,673
Imprest cash	-	850	850
Departmental receivables	-	229,460	229,460
Taxes receivable	-	-	-
Due from other funds	8,187	126,521	134,708
Prepaid expenses and other assets	-	-	-
Total Assets	<u>\$ 139,033,055</u>	<u>\$ 23,453,636</u>	<u>\$ 162,486,691</u>
<u>LIABILITIES</u>			
Accounts payable	\$ 318,418	\$ 780,187	\$ 1,098,605
Due to other funds	61,109	126,576	187,685
Agency funds held for others	-	22,546,873	22,546,873
Total Liabilities	<u>379,527</u>	<u>23,453,636</u>	<u>23,833,163</u>
<u>Net Assets</u>			
Net assets held in trust for investment pool participants	<u>138,653,528</u>	<u>-</u>	<u>138,653,528</u>
Total Net Assets	<u>138,653,528</u>	<u>-</u>	<u>138,653,528</u>
Total Liabilities and Net Assets	<u>\$ 139,033,055</u>	<u>\$ 23,453,636</u>	<u>\$ 162,486,691</u>

COUNTY OF HUMBOLDT
STATEMENT OF CHANGE IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

Statement 9

	<u>Investment Trust</u>
<u>Additions:</u>	
Interest Income	\$ 6,804,850
Contributions to investment pool	<u>351,733,841</u>
Total Additions	<u><u>358,538,691</u></u>
<u>Deductions:</u>	
Distributions from investment pool	<u>352,306,825</u>
Total Deductions	<u>352,306,825</u>
Changes in Net Assets	<u>6,231,866</u>
Net Assets-Beginning of the Year	<u>132,421,662</u>
Net Assets-End of the Year	\$ <u><u>138,653,528</u></u>

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes provided in the Financial Statements 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 HUMBOLDT

Notes to the Basic Financial Statements

June 30, 2009

NOTE 1: DESCRIPTION OF REPORTING ENTITY

The County of Humboldt (the "County") is a political subdivision created by the State of California. As such, it can exercise the powers specified by the Constitution and statutes of the State. The County is governed by a five member elected Board of Supervisors. The accompanying financial statements present the County's primary government and component units over which the County exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the County (as distinct from legal relationships). Blended component units, although legally separate entities, are, in substance, part of the County's operations.

The reporting entity excludes certain separate legal entities which may have "Humboldt" in their title, or which are required to keep their funds in the County Treasury or receive their tax apportionment from the County. Some examples are school districts, the community college district, cities, various redevelopment agencies established by local city governments and a variety of special purpose districts for cemeteries, recreation and parks. These entities are autonomous organizations with their own governmental powers and constituencies and over which the Board of Supervisors has no oversight responsibility. Accordingly, they are not included in the accompanying combined financial statements, except as to their assets held by the County (principally cash and investments held by the County Treasurer) as discussed under "fiduciary funds".

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. The County has no discretely presented component units. Each component unit has a June 30th year end.

Blended Component Unit

The Public Facilities Corporation (the "Corporation") is a nonprofit, public benefit corporation incorporated under the laws of the State of California and recorded by the Secretary of State on December 11, 1985. The Corporation's Board of Directors was appointed by the County's Board of Supervisors. The Corporation has no employees. The County's Auditor-Controller functions as an agent of the Corporation. He does not receive additional compensation for work performed in this capacity. The County exercises significant influence over operations of the Corporation as it is anticipated that the County will be the sole lessee of all facilities owned by the Corporation. All major financing arrangements, contracts, and other transactions of the Corporation must have the consent of the County. Any deficits incurred by the Corporation will be reflected in the lease payments of the County. Any surpluses of the Corporation revert to the County at the end of the lease period.

COUNTY OF HUMBOLDT

Notes to the Basic Financial Statements

June 30, 2009

NOTE 1: DESCRIPTION OF REPORTING ENTITY (continued)

Blended Component Unit(continued)

The County has assumed a "moral obligation", and potentially a legal obligation, for any debt incurred by the Corporation. The Corporation was formed to provide financing assistance to the County for construction and acquisition of major capital facilities. Upon completion, the County intends to occupy all Corporation facilities. The Corporation has assigned certain rights under; the lease agreement to Bank of New York, Union Bank of California, and First Interstate Bank as Trustees. The Corporation has deposited with the Trustee the proceeds from the sales of Certificates of Participation which were used to finance various projects. The bond retirement costs have been factored into the County's lease payment amounts. The Corporation's financial activity is presented in the financial statements as the Debt Service Fund. Certificates of Participation issued by the Corporation are included in the Statement of Net Assets - Governmental Activities column. Capital Assets acquired or constructed by the Corporation are included in the Statement of Net Assets - Governmental Activities column.

The County has 14 special districts referred to as Special Districts Under the Board of Supervisors. Each is established for the purpose of providing specific services in a defined geographic area. Their board members are the same as the County Board of Supervisors. These agencies are reported in the Special Districts Under the Board of Supervisors special revenue fund. These districts are as follows: Fortuna Fire Protection District, Loleta Fire Protection District, Whitethorn Fire Protection District, Garberville Lighting District, Hydesville Lighting District, Loleta Lighting District, Rohnerville Lighting District, Weott Maintenance and Lighting District, Redcrest Lighting District, Myers Flat Lighting District, Pacific Manor Street Maintenance and Lighting District, Humboldt County Flood Control District - Subzone 1-1, Janes Creek Drainage District, and Reclamation District Number 768.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. 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 blended component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County and between the County and its discretely presented component unit.

COUNTY OF HUMBOLDT

Notes to the Basic Financial Statements

June 30, 2009

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation (continued)

Government-Wide Financial Statements (continued)

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities 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, restricted resources are used only after the unrestricted 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 public protection, public ways and facilities, health and sanitation, public assistance, education and recreation services.

COUNTY OF HUMBOLDT

Notes to the Basic Financial Statements

June 30, 2009

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation (continued)

Fund Financial Statements (continued)

- The *Headwaters Mitigation* Fund is used to reimburse the County for the loss of property and timber tax revenues subsequent to the Headwaters Forest purchase by State and Federal agencies. The Fund is also used to provide seed money for local economic development projects.

The County reports the following major enterprise fund:

- The *Humboldt County Airport* Fund is used to fund general Airport operations, office and administrative expenses and the maintenance of Airport facilities, including the replacement of exterior lighting fixtures, runway, taxiway and ramp lighting, heating and air conditioning service. Major revenue sources include fuel flow fees, rents, land leases, Airport royalties and interest earnings.

The County reports the following additional fund types:

- *Internal Service Funds* account for the County's fleet maintenance and other services provided to other departments or other governments, and self-insurance programs - worker's compensation, dental, medical, unemployment and general liability on a cost-reimbursement basis.
- 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.

C. Basis of Accounting

The government-wide, proprietary, agency and investment trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

COUNTY OF HUMBOLDT

Notes to the Basic Financial Statements

June 30, 2009

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting (continued)

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. 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.

D. Non-Current Governmental Assets/Liabilities

GASB Statement No. 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide statement of net assets.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Cash and Cash Equivalents

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

F. Inventories

Inventories are stated at cost (first-in, first-out basis) for governmental funds and lower of average cost or market for proprietary funds. Inventory recorded by governmental funds includes postage and materials and supplies for roads. Governmental fund inventories are recorded as expenditures at the time the inventory is consumed. Reported inventories of governmental funds are equally offset by a fund balance reservation to indicate that portion of fund balance not available for future appropriation.

Inventory recorded in the proprietary funds mainly consists of maintenance supplies. Inventory is expensed as the supplies are consumed.

G. Capital Assets

Capital assets (including infrastructure) are recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed fixed 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, 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. Depreciation begins when the asset is placed in service and ends in the fiscal year that it is retired from service or is fully depreciated.

The estimated useful lives are as follows:

Infrastructure (except for the maintained pavement subsystem)	20 to 50 years
Structures and improvements	20 to 50 years
Equipment	3 to 15 years

Motor pool vehicles are depreciated using historical cost as required by accounting principles generally accepted in the United States of America.

COUNTY OF HUMBOLDT

Notes to the Basic Financial Statements

June 30, 2009

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Capital Assets (continued)

The County has several networks of infrastructure assets - roads, lighting, drainage, and flood control. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, lighting, drainage and flood control. These infrastructure assets are likely to be the largest asset class of the County. Their historical cost and related depreciation has been reported in the financial statements. The retroactive reporting of infrastructure was subject to an extended implementation period and is first effective for the fiscal years ending June 30, 2006. The County elected to implement the general provisions of GASB No. 34 in the year ended June 30, 2002, and implemented the retroactive infrastructure provisions in the fiscal year ending June 30, 2006.

H. Compensated Absences

County employees are granted vacation, holiday, comp time and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation, holiday and comp time at 100%. Employees are reimbursed for accumulated sick leave based on years of service and date of hire.

The County accrues accumulated unpaid compensated absences when earned (or estimated to be earned) by the employee. The liability for governmental funds is reflected in the government-wide statement of net assets. In the proprietary funds, accumulated compensated absences is recorded as an expense and liability as the benefits accrue to employees.

I. Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances". Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements

COUNTY OF HUMBOLDT
 Notes to the Basic Financial Statements
 June 30, 2009

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Interfund Transactions (continued)

are when one fund incurs a cost, charges the appropriate benefitting 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.

J. Estimates

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

NOTE 3: CASH AND INVESTMENTS

Cash and investments at June 30, 2009 consisted of the following:

Treasury cash on hand and in banks (deposits)	\$ 5,618,357
Investments (detailed below)	242,203,780
Less: pending items	<u>(-)</u>
Total Cash and Investments	<u>\$ 247,822,137</u>

Cash and investments were reported in the Basic Financial Statements as follows:

Primary Government:	
Governmental activities	\$ 69,526,237
Business-type activities	998,476
Investment trust fund	162,841,654
Agency funds	<u>14,455,770</u>
Totals	<u>\$ 247,822,137</u>

COUNTY OF HUMBOLDT

Notes to the Basic Financial Statements

June 30, 2009

NOTE 3: CASH AND INVESTMENTS (continued)

The cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of maximizing investment earnings. As permitted by the Government Code, depositing entities may direct the County Treasurer to make specific investments separate from the pool. At June 30, 2009, there were no such investments. Interest earnings are distributed to all participating funds based on their average daily balance within the pool.

The County Treasurer's pool is an external investment pool, managed and directed by the County Treasurer and is not registered with the Securities and Exchange Commission. A Treasury Oversight Committee provides oversight to the management of the pool. Pooled investments are carried at cost or amortized cost. In accordance with Government Accounting Standards Board Statement Number 31, the County calculated the fair value of all investments included in the pooled investments based upon quoted market prices. County management deemed that the difference between book value and fair value was immaterial in relation to each investment account included in the pool. Based on this determination the unrealized decrease in fair value of the investments was not recognized and is not included in the balances reported in the financial statements.

A. Deposits

Deposits were as follows:

Bank deposits	\$ 5,613,957
Cash on hand	<u>4,400</u>
Total Deposits	\$ <u>5,618,357</u>

At June 30, 2009, the carrying amount of the County's cash deposits (checking account) was \$3,458,957 and the bank balance was \$6,142,423. The difference between the carrying amount and the bank balance is due to deposits in transit, warrants outstanding and other reconciling items.

Of the deposit balance, \$500,000 was covered by federal depository insurance, the remaining \$5,642,423 was collateralized according to State statutes. The California Government Code requires California banks and savings and loan associations to secure local governmental agency's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110 percent of an agency's deposits. California's law also allows financial institutions to secure an agency's deposit by pledging first trust deed mortgage notes having a value of 150 percent of an agency's total deposits. The agency may waive collateral requirements for deposits which are fully insured up to \$250,000 by federal deposit insurance.

COUNTY OF HUMBOLDT

Notes to the Basic Financial Statements

June 30, 2009

NOTE 3: CASH AND INVESTMENTS (continued)

B. Investments

State statutes authorize the County to invest in obligations of the U.S. Treasury, obligations of the State of California and any local agency within the State, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers acceptances, repurchase and reverse repurchase agreements, and negotiable certificates of deposit issued by national and State licensed or chartered banks or federal or state savings and loan associations.

The County's pro-rata share of investment in the State Treasurer's Local Agency Investment Fund (LAIF) at June 30, 2009 was \$79,941,429. The total amount invested by all public agencies in the State's pooled money investment account was \$66 billion. Of that \$66 billion managed by the State Treasurer, 100% was invested in non-derivative financial products. However, 3.466% was invested in structured notes and assets - backed securities. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by state statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the County's portion of the pool.

Credit Risk, Carrying Amount, and Fair Value of Investments

Investments of the County are summarized below. The investments that are represented by specific identifiable investment securities are classified as to custodial credit risk by three categories as follows:

Category 1 - includes investments that are insured or registered, or for which securities are held by the County or its agent in the County's name.

Category 2 - includes uninsured and unregistered investments for which the securities are held by the counterparty trust department or agent in the County's name. The County held no Category 2 investments at June 30, 2009.

Category 3 - includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the County's name. The County held no Category 3 investments at June 30, 2009.

COUNTY OF HUMBOLDT
Notes to the Basic Financial Statements
June 30, 2009

NOTE 3: CASH AND INVESTMENTS (continued)

B. Investments (continued)

	<u>Carrying Value</u>	<u>Fair Value</u>	<u>Par Value</u>	<u>Interest Rate Range (%)</u>	<u>Maturity Range</u>
Category 1 Investments:					
Fixed Income	\$ 140,296,929	140,000,646	\$ 140,296,929	2.50-6.00%	4/28/10-4/29/13
Short term	<u>15,965,421</u>	<u>15,965,421</u>	<u>15,998,500</u>	2.50-5.20%	11/18/08-4/29/09
	156,292,350	155,966,067	156,295,429		
Noncategorized:					
California Asset Management Program JPA	6,000,000	6,000,000	6,000,000		
Local Agency Investment Fund	<u>79,941,430</u>	<u>79,941,430</u>	<u>79,941,430</u>		
	<u>\$ 242,203,780</u>	<u>\$ 241,907,497</u>	<u>\$ 242,236,859</u>		

The following are condensed statements of net assets and changes in net assets, for the County's investment pool as of June 30, 2009 and for the year then ended:

Statement of Net Assets

Net assets held for pool participants	\$ <u>247,895,981</u>
Equity of internal pool participants	\$ 80,705,373
Equity of external pool participants	<u>167,190,608</u>
 Total Equity	 \$ <u>247,895,981</u>

Statement of Changes in Net Assets

Net assets at July 1, 2007	\$ 242,785,595
Investment income	8,031,887
Investment costs	-
Net Deposit/withdrawals by pool participants	<u>2,921,501</u>
 Net assets at June 30, 2009	 \$ <u>247,895,981</u>

COUNTY OF HUMBOLDT

Notes to the Basic Financial Statements

June 30, 2009

NOTE 4: PROPERTY TAX

The County is responsible for assessing, collecting, and apportioning property taxes. Taxes are levied for each fiscal year on taxable real and personal property which is situated in the County based on the assessed values as of the preceding January 1. January 1 is also the lien date. Tax rates are set no later than the first workday in September. Property taxes on the secured roll are due in two installments: November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively. Supplemental property taxes are levied based on changes in assessed values between the date of real property sales and construction and the next normal assessment date. The additional supplemental property taxes are prorated from the first of the month following the date of such occurrence. Property taxes on the unsecured roll are due on the lien date (March 1), and become delinquent, if unpaid, on August 31.

On September 21, 1993, the County adopted the Teeter Plan. The Teeter Plan provides for a tax distribution procedure in which secured roll taxes, excluding assessments and debt repayment levies, are distributed to participating County taxing agencies on the basis of the tax levy, rather than on the basis of actual tax collections. The County then receives all future delinquent tax payments, penalties and interest, and a complex tax redemption distribution system for all taxing agencies is avoided. In connection with its adoption of the Teeter Plan, the County advanced to the participating taxing agencies an amount equal to 95 percent of the total prior years' delinquent secured property taxes, penalties and interest (not including assessments and debt replacement levies) outstanding at June 30, 1993.

Once adopted by the County, the Teeter Plan remains in effect unless the County orders its discontinuance or prior to the commencement of any subsequent fiscal year the County receives a petition for its discontinuance adopted by resolution of two-thirds of the participating revenue districts in the County. Further, the County may, by resolution adopted not later than July 15 of any subsequent fiscal year after a public hearing, discontinue the Teeter Plan as to any tax levying or assessment levying agency if the rate of secured tax delinquency in that agency in any year exceeds three percent of the total of all taxes and assessments levied on the secured rolls for that agency.

By resolution the County has covenanted that, except for the purpose of securing borrowings, the proceeds of which would be deposited to the General Fund, the County will take no action to sell, assign, or otherwise encumber the future delinquent tax payments, penalties and interest receivable by the County under the Teeter Plan.

COUNTY OF HUMBOLDT

Notes to the Basic Financial Statements

June 30, 2009

NOTE 5: 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, 2009, the various components of unavailable deferred revenue and unearned revenue reported were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Governmental Activities:		
General Fund:		
Various grants and charges	\$ -	\$ -
Property taxes	-	-
Internal Service Funds:		
Insurance premiums	<u>-</u>	<u>1,234,724</u>
Total Governmental Activities	<u>\$ -</u>	<u>\$ 1,234,724</u>

NOTE 6: INTERFUND TRANSACTIONS

Interfund Receivables/Payables

The composition of interfund balances as of June 30, 2009 are as follows:

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:

Due To/From Other Funds

<u>Receivable Funds</u>	<u>Amount</u>
Headwaters Mitigation Funds	\$ 5,298,595
Special Revenue Funds	10,351,689
Internal Service Funds	2,450,192
Agency Funds	<u>1,270,995</u>
Total Advances Receivable	<u>\$ 19,371,471</u>

COUNTY OF HUMBOLDT
 Notes to the Basic Financial Statements
 June 30, 2009

NOTE 6: INTERFUND TRANSACTIONS (continued)

Interfund Receivables/Payables (continued)

<u>Payable Funds</u>	
Internal Service Funds	\$ 1,934,830
Nonmajor Governmental Funds	497,219
General Funds	11,697,484
Trust Funds	<u>5,241,938</u>
Total Advances Payable	\$ <u>19,371,471</u>

Transfers

Transfers

<u>Transferring Fund</u>	<u>Receiving Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Funds	Nonmajor Governmental Funds	\$ 1,337,442	Transfer funds for Debt service payments.
General Fund	Nonmajor Governmental Funds	305,252	Transfer funds for Library operating subsidy.
General Fund	Nonmajor Governmental Funds	203,664	Transfer reserve funds for Recorder Record Conversion.
General Fund	Nonmajor Governmental Funds	3,058,281	Transfer funds for asset acquisitions & operations.
General Fund	Internal Service Fund	<u>85,847</u>	Transfer funds for asset acquisitions & operations
		\$ <u>4,990,486</u>	

COUNTY OF HUMBOLDT

Notes to the Basic Financial Statements

June 30, 2009

NOTE 7: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2009 was as follows:

	Balance June 30, 2008	Additions	Retirements	Transfers and Adjustments	Balance June 30, 2009
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 3,979,356	\$ -	\$ -	\$ -	\$ 3,979,356
Construction in progress	3,369,127	3,978,897	(3,368,702)	-	3,979,322
Total capital assets, not being depreciated	7,348,483	3,978,897	(3,368,702)	-	7,958,678
Capital assets, being depreciated:					
Infrastructure	562,266,772	8,724,222	-	-	570,990,994
Structures and improvements	89,995,665	1,629,177	(49,460)	923,072	92,498,454
Equipment	23,961,226	8,506,941	(1,053,822)	(16,033)	31,398,312
Total capital assets, being depreciated	676,223,663	18,860,340	(1,103,282)	907,039	694,887,760
Less accumulated depreciation for:					
Infrastructure	(268,574,512)	(11,526,756)	-	-	(280,101,268)
Structures and improvements	(37,570,740)	(2,489,015)	-	(80,769)	(40,140,524)
Equipment	(17,440,342)	(1,706,557)	904,568	674,245	(17,568,086)
Total accumulated depreciation	(323,586,942)	(15,722,328)	904,568	593,476	(337,809,878)
Total capital assets, being depreciated, net	352,636,721	3,138,012	(198,714)	1,500,515	357,077,882
Government activities capital assets, net	<u>\$ 359,985,204</u>	<u>\$ 7,116,909</u>	<u>\$ (3,567,416)</u>	<u>\$ 1,500,515</u>	<u>\$ 365,036,560</u>
Business-Type Activities					
Capital assets, not being depreciated:					
Land	\$ 1,976,177	\$ -	\$ -	\$ -	\$ 1,976,177
Construction in progress	8,638,492	640,413	(4,331,578)	(854,645)	4,092,682
Total capital assets, not being depreciated	10,614,669	640,413	(4,331,578)	(854,645)	6,068,859
Capital assets, being depreciated:					
Structures and improvements	20,364,070	4,346,931	-	-	24,711,001
Equipment	1,800,234	14,967	(188,877)	34,870	1,661,194
Total capital assets, being depreciated	22,164,304	4,361,898	(188,877)	34,870	26,372,195
Less accumulated depreciation for:					
Structures and improvements	(13,521,101)	(768,554)	-	(249,678)	(14,539,333)
Equipment	(886,725)	(119,376)	-	-	(1,006,101)
Total accumulated depreciation	(14,407,826)	(887,930)	-	(249,678)	(15,545,434)
Total capital assets, being depreciated, net	7,756,478	3,473,968	(188,877)	(214,808)	10,826,761
Business-type activities capital assets, net	<u>\$ 18,371,147</u>	<u>\$ 4,114,381</u>	<u>\$ (4,520,455)</u>	<u>\$ (1,069,453)</u>	<u>\$ 16,895,620</u>

COUNTY OF HUMBOLDT
Notes to the Basic Financial Statements
June 30, 2009

NOTE 7: CAPITAL ASSETS (continued)

Depreciation

Depreciation expense was charged to governmental functions as follows:

General government	\$ 2,648,182
Public protection	508,603
Public ways	12,111,567
Health and sanitation	99,065
Public assistance	105,882
Education	3,442
Recreation	<u>9,375</u>
Total Depreciation Expense - Governmental Functions	\$ <u>15,486,116</u>

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

Airport	\$ <u>887,930</u>
Total Depreciation Expense - Business-Type Functions	\$ <u>887,930</u>

NOTE 8: LEASE COMMITMENTS

Operating Leases

The County is committed under various noncancellable operating leases, primarily for office buildings.

At June 30, 2009, the future minimum rental payments required under operating leases for buildings and equipment were as follows:

Fiscal Year Ending June 30,	General Fund	Special Revenue Funds	Total
2010	\$ 3,061,380	\$ -	\$ 3,061,380
2011	2,728,923	-	2,728,923
2012	2,445,781	-	2,445,781
2013	1,970,290	-	1,970,290
2014-2016	<u>6,215,086</u>	-	<u>6,215,086</u>
	\$ <u>14,661,460</u>	\$ <u>-</u>	\$ <u>14,661,460</u>

Rent expenditures were \$3,246,515 for the year ended June 30, 2009.

COUNTY OF HUMBOLDT

Notes to the Basic Financial Statements

June 30, 2009

NOTE 8: LEASE COMMITMENTS (continued)

Capital Leases

The County has entered into various lease agreements as lessee to finance the acquisition of certain buildings and remodeling, data processing equipment and various other types of equipment. These leases qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The following is a summary of equipment leased under capital lease agreements by the County as of June 30, 2009:

	<u>Stated Interest Rate</u>	<u>Present Value of Remaining Payments as of June 30, 2009</u>
Governmental Activities:		
Biological laboratory	4.98%	\$ 87,150
Animal shelter	2 - 4.4%	3,319,200
Building remodel	5.10%	<u>2,411,568</u>
Total		<u>\$ 5,817,918</u>

The cost of buildings and equipment under capital leases are as follows:

Biological laboratory	\$ 393,362
Computer equipment	184,379
Animal shelter	3,752,300
Building remodel	3,619,628
Less: accumulated amortization	<u>(1,623,593)</u>
Total	<u>\$ 6,326,076</u>

As of June 30, 2009, future minimum lease payments under capital leases was as follows:

<u>Year Ending June 30,</u>	
2010	\$ 702,430
2011	625,308
2012	628,400
2013	631,728
2014	635,268
2015-Later	<u>4,378,735</u>
Total Future Minimum Lease Payments	7,601,869
Less: Interest (1)	<u>(1,783,951)</u>
Present Value of Minimum Lease Payments	<u>\$ 5,817,918</u>

(1) Interest on animal shelter lease is estimated. Interest will be computed daily at a variable rate in accordance with the contract.

COUNTY OF HUMBOLDT

Notes to the Basic Financial Statements

June 30, 2009

NOTE 9: LONG-TERM DEBT

The following is a summary of long-term liabilities transactions for the year ended June 30, 2009:

	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Reductions/ Deletions</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Amounts</u> <u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Certificates of Participation	\$ 14,575,000	\$ -	\$ (635,000)	\$ 13,940,000	\$ 640,000
Unamortized premium	42,703	-	(2,372)	40,331	2,372
Accrued compensated absences	15,996,036	7,287,075	(5,667,478)	17,615,633	6,849,542
Capital lease obligations	6,110,298	-	(292,380)	5,817,918	702,430
Liability for unpaid claims	<u>1,907,050</u>	<u>3,044,051</u>	<u>(3,477,163)</u>	<u>1,473,938</u>	<u>1,907,050</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 38,631,087</u>	<u>\$ 10,331,126</u>	<u>\$ (10,074,393)</u>	<u>\$ 38,887,820</u>	<u>\$ 10,101,394</u>
Business-Type Activities:					
Notes payable	\$ 12,234	\$ -	\$ (2,446)	\$ 9,788	\$ 3,637
Accrued compensated absences	<u>70,870</u>	<u>52,606</u>	<u>(92,057)</u>	<u>31,419</u>	<u>30,924</u>
Total Business-Type Activities					
Long-Term Liabilities	<u>\$ 83,104</u>	<u>\$ 52,606</u>	<u>\$ (94,503)</u>	<u>\$ 41,207</u>	<u>\$ 34,561</u>

As of June 30, 2009, annual debt service requirements of governmental activities to maturity are as follows:

<u>Fiscal</u> <u>Year Ending</u> <u>June 30</u>	<u>Governmental Activities</u> <u>Certificates of Participation</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 655,000	\$ 586,619
2011	675,000	565,659
2012	695,000	542,709
2013	725,000	516,994
2014	750,000	489,444
2014-2017	2,435,000	1,287,221
2018-2022	4,785,000	1,408,769
2023-2025	<u>3,220,000</u>	<u>318,713</u>
Total Liability at June 30, 2009	<u>\$ 13,940,000</u>	<u>\$ 5,716,125</u>

COUNTY OF HUMBOLDT
Notes to the Basic Financial Statements
June 30, 2009

NOTE 9: LONG-TERM DEBT (Continued)

As of June 30, 2009, annual debt service requirements of business-type activities to maturity are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Business-Type Activities Notes Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 2,447	\$ 680
2011	2,447	510
2012	2,447	340
2013	<u>2,447</u>	<u>169</u>
	\$ <u>9,788</u>	\$ <u>1,699</u>

Long-term liabilities at June 30, 2009, consisted of the following:

<u>Type of Indebtedness (Purpose)</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2009</u>
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Governmental Activities

Certificates of Participation

2003 issue to refund the outstanding principal of the County's COP 1994 Series A and the County's 1996 Series A (Justice Facility)

Certificate of Participation	2026	2.5%-4.7%	\$655,000-\$505,000	\$ <u>17,815,000</u>	\$ <u>13,940,000</u>
Total Governmental Activities				\$ <u>17,815,000</u>	\$ <u>13,940,000</u>

Business-Type Activities

Note Payable

1988 loan agreement with the State of California for airport improvements

Arcata Airport Loan	2013	6.94%	\$2,447	\$ <u>61,177</u>	\$ <u>9,788</u>
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COUNTY OF HUMBOLDT

Notes to the Basic Financial Statements

June 30, 2009

NOTE 10: NET ASSETS/FUND BALANCES NET ASSETS

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.

Invested 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 presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

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

Fund Balances

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.

As of June 30, 2009, 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:

Reserve for Encumbrances was created to represent encumbrances outstanding at the end of the year based on purchase orders and contracts signed by the County but not yet completed as of the close of the year. Encumbrance accounting is employed as an extension of the budgetary process. This method records purchase orders, contracts and

COUNTY OF HUMBOLDT

Notes to the Basic Financial Statements

June 30, 2009

NOTE 10: NET ASSETS/FUND BALANCES (continued)

Fund Balances (continued)

other commitments for the expenditure of funds in order to reserve that portion of the applicable appropriation. Encumbrance carryover at year end as reserved fund balances.

Reserved for Department Cash was created to represent the portion of the fund balance that is not available for expenditure because the County maintains various levels of revolving funds for daily operations.

Inventories represents the portion of assets which do not represent available spendable resources.

Reserve for Prepaids and Other Assets represents resources set aside and not available as spendable resources.

Reserve for Loans Receivable represents loans due to the County that are long-term in nature.

Reserve for Capital Projects represents resources set aside for capital projects of the County.

Reserve for Debt Service represents funds held by trustees or fiscal agents for future payment of bond principal and interest. These funds are not available for general operations.

Reserve for Economic Development represents funds dedicated to alleviating property tax losses caused by the transfer of the Headwaters Forest into public ownership, and to provide financial resources for economic development projects that will be determined in future years.

Net assets held in trust for investment pool participants represents Investment funds held for external pool participants and do not represent available spending resources.

COUNTY OF HUMBOLDT

Notes to the Basic Financial Statements

June 30, 2009

NOTE 11: EMPLOYEES RETIREMENT SYSTEM

A. Plan Description (Continued)

The County's defined benefit pension plans (the Miscellaneous Plan and the Safety Plan) provide profit retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Miscellaneous Plan and the Safety Plan 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 are established by State statutes within the Public Employees' Retirement Law. The County selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office - 400 P Street - Sacramento, CA 95814.

B. Funding Policy

Active plan members in the Miscellaneous Plan and the Safety Plan are required to contribute 8% and 9% of their annual covered salary, respectively. The County is required to contribute the actuarially determined remaining amounts necessary to fund the benefits of its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal 2007/2009 was 17.718% for July through August 2007 and 17.948% for the balance of the fiscal year, for miscellaneous employees, and 21.748% for safety plan 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 the Miscellaneous Plan for fiscal year 2007/2009, the County's annual pension cost was \$11,691,898 and the County actually contributed \$11,691,898. For the Safety Plan for fiscal year 2007/2009, the County's annual pension cost was \$2,695,885 and the County actually contributed \$2,695,885. The required Miscellaneous Plan and Safety Plan contributions for fiscal year 2006/2009 was determined as part of the June 30, 2006 actuarial valuations using the entry age normal actuarial cost method, with the contributions determined as a percent of pay. The actuarial assumptions include (a) 7.75% investment rate of return (net of administrative expense) for both plans; (b) projected salary increases that vary by duration of service ranging from 3.25% to 14.45% for the Miscellaneous Plan (3.25%

NOTE 11: EMPLOYEES RETIREMENT SYSTEM (continued)

C. Annual Pension Cost (continued)

to 13.15% for the Safety Plan); and (c) 3.0% cost-of-living adjustment for both plans. The actuarial value of the assets of the Miscellaneous Plan and the Safety Plan were determined using a technique that smooths the effect of short-term volatility in the market value of the investments over a three-year period. The unfunded actuarial accrued liability (or excess assets) of both plans is being amortized as a level percentage of projected payroll. The remaining amortization periods at June 30, 2009 for the Miscellaneous Plan and the Safety Plan were 23 years and 32 years, respectively.

Three-Year Trend Information

Miscellaneous Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2005	\$ 5,161,523	100.00%	\$ -
June 30, 2006	8,371,402	100.00%	-
June 30, 2007	11,412,238	100.00%	-

Safety Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2005	\$ 2,683,729	100.00%	\$ -
June 30, 2006	2,758,477	100.00%	-
June 30, 2007	2,568,062	100.00%	-

NOTE 12: POST RETIREMENT BENEFITS

The County pays post-retirement medical benefits for retirees who elect to continue coverage under the County's CalPERS medical insurance plan. Under CalPERS regulations, the County pays a fixed amount of the retiree's monthly premium until age 65. For the year ended June 30, 2009, this premium contribution averaged \$80.80 per month for 243 retirees at a total cost of \$231,734. In addition, those employees who were retired and entitled to additional benefits at the date the County elected participation in the CalPERS medical insurance program, January 1, 2001, receive an additional monthly premium contribution until age 65. For the year ended June 30, 2009, this contribution averaged \$77.35 per month for 12 retirees at a total cost of \$11,138.

NOTE 13: 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 health and welfare of employees. The County has established a self-insurance fund (an internal service fund) to account for and finance these possible risks of loss. Under this program, the Self-Insurance Fund provides the following coverage per occurrence:

Property	\$	5,000
Liability		150,000
Auto physical damage		10,000
Dental		1,000
Unemployment		Various

The County purchases excess insurance through risk pools and commercial carriers for claims in excess of coverage provided by the fund and all other risks of loss. The County pays an annual basic premium for coverage and is assessed an annual risk premium based on an actuarial review that estimates each of the program's participant's ultimate liabilities. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

All funds of the County participate in the program and make payments to the Self-Insurance Fund based on actuarial estimates of the amounts needed to pay prior- and current-year claims. Changes in the Fund's claims liability amounts for the past fiscal years were:

	Balance at June 30, 2008	Current Year Claims and Changes in Estimates	Claim Payments	Balance at June 30, 2009
Liability and auto	\$ 1,654,761	\$ 1,341,800	\$ 1,728,561	\$ 1,268,000
Dental	77,427	1,391,529	1,389,608	79,348
Unemployment	<u>174,862</u>	<u>310,722</u>	<u>358,994</u>	<u>126,590</u>
	\$ <u>1,907,050</u>	\$ <u>3,044,051</u>	\$ <u>3,477,163</u>	\$ <u>1,473,938</u>

COUNTY OF HUMBOLDT
Notes to the Basic Financial Statements
June 30, 2009

NOTE 13: RISK MANAGEMENT (Continued)

	Balance at	Current		Balance at
	June 30, 2007	Year Claims	Claim	June 30, 2008
		and Changes	Payments	
		in Estimates		
Liability and auto	\$ 1,589,152	\$ 1,164,981	\$ 1,099,372	\$ 1,654,761
Dental	95,000	1,148,323	1,165,896	77,427
Unemployment	<u>136,850</u>	<u>365,738</u>	<u>327,726</u>	<u>174,862</u>
	<u>\$ 1,821,002</u>	<u>\$ 2,679,042</u>	<u>\$ 2,592,994</u>	<u>\$ 1,907,050</u>

The claims liability, including incurred but not reported claims, were based on actuarial reviews. An actuarial review of the liability program was performed by Bickmore Risk Services in June 2009. Actuarial reviews of dental and unemployment programs were last performed by Demsey, Fillinger and Associates and Bay Actuarial Consultants, Inc. in June and May 2009 respectively.

All claims are processed and administered by claims administrators as follows:

Property	Assigned by CSAC Excess Insurance Authority
Liability and Auto	County Risk Manager
Dental	Preferred Benefit Insurance Administration, Inc.
Unemployment	Tax Corporation

NOTE 14: JOINT VENTURES

The County participates in several joint ventures under joint powers agreement (JPAs). The relationship between the County and the JPAs is such that none of the JPAs is a component unit of the County for financial reporting purposes.

The County participated in the following JPAs at June 30, 2009

- CSAC Excess Insurance Authority
- Humboldt Transit Authority
- North Coast Air Quality Management District
- Humboldt County Association of Government Trusts
- Redwood Coast Energy Authority
- Redwood Regional Economic Development Commission
- North Coast Emergency Medical Services
- Humboldt County Waste Management Authority

Except for CSAC Excess Insurance Authority, condensed financial information of the JPAs at June 30, 2009 is not available for presentation.

NOTE 14: JOINT VENTURES (continued)

The CSAC Excess Insurance Authority is a joint powers authority organized in accordance with Article 1, Chapter 5, Division 7, Title I of the California Government Code. The purpose of the entity is to develop and fund programs of primary and excess insurance for workers' compensation, comprehensive liability, and other insurance coverages for member counties. The Authority is under the control and direction of a board of directors consisting of representatives of the fifty-three member counties.

Financial statements for the Authority are produced annually and may be obtained by writing to the CSAC Excess Insurance Authority, 3017 Gold Canal Drive, Suite 300, Rancho Cordova, CA 95670.

Condensed financial information of CSAC Excess Insurance Authority for the year ended June 30, 2009 is as follows:

Total assets	\$ 539,919,068
Total liabilities and reserves	<u>402,208,250</u>
Total net assets	\$ <u>137,710,818</u>
Total revenues	\$ 407,690,806
Total expenses	<u>381,084,125</u>
Net increase (decrease) in net assets	26,606,681
Net assets, beginning of the year	<u>111,104,137</u>
Net assets, end of the year	\$ <u>137,710,818</u>

* June 30, 2009 information has not been made available.

NOTE 15: COMMITMENTS AND CONTINGENCIES

A. Grants

The County participates in a number of Federal and State grant programs subject to financial and compliance audits by the grantors or their representatives. Audits of certain grant programs, including the year ended June 30, 2009, have not yet been conducted. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The County believes that such disallowances, if any, would not have a material effect on the combined financial statements.

NOTE 15: COMMITMENTS AND CONTINGENCIES (continued)

B. Legal Actions

In the opinion of County Counsel, there are potential liabilities as of June 30, 2009 which could result in monetary awards against the County if unfavorable decisions are rendered. The County does not make provisions for potential awards.

NOTE 16: DEFICIT FUND BALANCE OR NET ASSETS

The following funds had a fund balance/net assets deficit as of the fiscal year end:

	Accumulated Deficit
Courthouse Construction Fund B	\$ 497,219
Dental insurance	614,377
Medical insurance	1,384,537

The Internal Service fund deficits are due to expenses in excess of user charges. These deficits will be funded by increased user charges.

NOTE 17: NOTES RECEIVABLE CDBG, Cal HOME and HOME

The County has loans to low-income home owners for residential housing improvements and to developers for the construction of low-income qualified rental property. The loans are made through the Community Development Block Grant Program, the CalHOME Program and the HOME Program. The notes have interest rates from 0% to 3%. The terms of the notes range from five to fifty-five years. The notes are due upon sale of the property or maturity date. The notes are secured by real estate.

NOTE 17: PRIOR PERIOD ADJUSTMENT

It was determined that the County's financial statements did not reflect the outstanding balances of the CDBG, CalHOME and HOME Program loans receivable. It was determined that the effect of the adjustment to report those loans is to increase the net assets of the County's governmental activities by \$11,195,459.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF HUMBOLDT
 Required Supplementary Information
 For the Year Ended June 30, 2009

Schedule of Funding Progress

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

Funded Status of Plans

Miscellaneous Plan

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded/ (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
June 30, 2004	\$ 277,377,602	\$ 221,005,852	\$ 56,371,750	79.70%	\$ 60,485,900	93.20%
June 30, 2005	\$ 296,574,647	\$ 239,078,100	\$ 57,496,547	80.60%	\$ 59,209,345	97.10%
June 30, 2006	\$ 324,836,433	\$ 262,947,029	\$ 61,889,404	80.09%	\$ 64,469,770	96.00%

Safety Plan

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded/ (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
June 30, 2004	\$ 86,870,170	\$ 75,050,417	\$ 11,819,753	86.40%	\$ 11,618,499	101.70%
June 30, 2005	\$ 91,706,711	\$ 81,102,309	\$ 10,604,402	88.40%	\$ 11,164,113	95.00%
June 30, 2006	\$ 99,055,554	\$ 87,581,538	\$ 11,474,016	88.40%	\$ 11,503,199	99.70%

* June 30, 2007 and 2009 information is not individually available from CalPERS. Additional information can be obtained on the CalPERS website at www.calpers.ca.gov.

**COUNTY OF HUMBOLDT
GENERAL FUND**

**Statement of Revenues, Expenditures,
and Changes in Fund Balances - Budget and Actual
For the Fiscal Year ended June 30, 2009**

	Budgeted Amounts		June 30, 2009	Variance With
	Original	Final	Actual Amounts	Final Budget Positive (Negative)
Budgetary fund balances, July 1 as previously stated	\$ 35,550,636	\$ 35,550,636	\$ 35,550,636	\$ -
Prior period Adjustment	-	-	-	-
Budgetary fund balances, July 1 as restated	35,550,636	35,550,636	35,550,636	-
Resources (Inflows):				
Taxes	47,319,544	42,444,815	42,538,670	93,855
Licenses and permits	1,690,805	1,630,167	1,436,982	(193,185)
Fines, forfeits and penalties	2,127,078	2,005,078	2,533,708	528,630
Revenue from use of money and property	71,000	846,000	1,605,078	759,078
Aid from other governments	146,373,176	153,504,499	135,437,963	(18,066,536)
Charges for services	28,279,693	32,212,855	32,510,489	297,634
Miscellaneous revenue	4,331,593	10,529,124	5,555,084	(4,974,040)
Other Financing Sources:				
Operating Transfers In	3,975,606	-	3,058,281	3,058,281
Amount Available for Appropriation	234,168,495	243,172,538	224,676,255	(18,496,283)
Charges to Appropriations (Outflows):				
Current:				
General government	18,068,075	26,846,092	21,630,920	5,215,172
Public protection	68,421,060	70,171,577	66,184,630	3,986,947
Public ways and facilities	5,850,452	3,848,457	5,403,534	(1,555,077)
Health and sanitation	66,175,907	61,325,921	47,851,717	13,474,204
Public assistance	76,905,645	82,381,393	72,904,521	9,476,872
Education	141,540	152,000	215,572	(63,572)
Recreation and Culture	1,521,375	1,567,657	630,240	937,417
Capital Outlay	551,190	321,228	4,142,153	(3,820,925)
Prior period adjustment	-	-	(509,914)	509,914
Operating Transfer Out	-	-	-	-
Total Charges to Appropriations	237,635,244	246,614,325	218,453,373	28,160,952
Excess (Deficiency) of Resources Over Appropriations	(3,466,749)	(3,441,787)	6,222,882	9,664,669
Budgetary fund balance, June 30	\$ 32,083,887	\$ 32,108,849	\$ 41,773,518	\$ 9,664,669

**Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues
and Expenditures**

Sources/inflows of resources

Actual amounts (budgetary basis) "available for appropriation" from budgetary comparison schedule	224,676,255
Receipts from funds reclassified from County Agency Funds, Not Budgeted	33,632,839

COUNTY OF HUMBOLDT
GENERAL FUND

**Statement of Revenues, Expenditures,
and Changes in Fund Balances - Budget and Actual
For the Fiscal Year ended June 30, 2009**

Differences -budget to GAAP:

Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes. (3,058,281)

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds 255,250,813

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison statement \$ 218,453,373

Disbursements from funds reclassified from County Agency Funds, not budgeted 15,249,395

Difference - budgeted to GAAP:

Transfers to other funds are outflows of budgetary resources but are not expenditures for budgetary purposes -

Prior period adjustment 509,909

Encumbrances for supplies and services ordered but not received is reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes -

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 234,212,677

COUNTY OF HUMBOLDT

Note to Required Supplementary Information
For the Year Ended June 30, 2009

BUDGETARY BASIS OF ACCOUNTING

In accordance with the provisions of Sections 29000 and 29143 inclusion of the government Code and other statutory provisions, commonly known as the County Budget Act, the Count prepares and legally adopts a budget on or before August 30 for each fiscal year. Budgets are adopted for the General Fund and Special Revenue Funds.

Budgets are adopted on the modified accrual basis including encumbrances to reflect estimated revenues and expenditures. Comparison of budget to actual operating results for each funds are presented on a budgetary basis, since actual expenditure amounts include encumbrances.

Expenditures are controlled on the object level within each department, or transfers of appropriations between departments are approved by the Board of Supervisors, as are supplemental appropriations necessary and normally financed by unanticipated revenues received during the year. The board has delegated authority to the County Administrator to approve transfers of appropriations between objects within a department. Budgeted amounts are reported as amended. Individual amendments were not material in relation to original appropriations. No budget was adopted for the Headwaters Mitigation fund. All appropriations lapse at year end.

Encumbrances accounting, under which purchases orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and Special Revenue Funds. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

SUPPLEMENTARY INFORMATION

COUNTY OF HUMBOLDT
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2009

Exhibit A-1

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 16,444,009	\$ 1	\$ 16,444,010
Restricted Assets:			
Cash with fiscal agent	-	2,307,966	2,307,966
Departmental cash funds	1,065	-	1,065
Accounts Receivable:			
Other governmental agencies	2,365,148	-	2,365,148
Interest	116,443	-	116,443
Due from other funds	555,706	-	555,706
Inventory	-	-	-
Prepaid and other assets	<u>15,075</u>	<u>-</u>	<u>15,075</u>
 Total Assets	 \$ <u>19,497,446</u>	 \$ <u>2,307,967</u>	 \$ <u>21,805,413</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts Payable	\$ 1,556,965	\$ -	\$ 1,556,965
Accrued payroll and benefits	598,373	-	598,373
Due to other funds	513,510	58,487	571,997
Advances from other funds	<u>550,000</u>	<u>-</u>	<u>550,000</u>
 Total Liabilities	 <u>3,218,848</u>	 <u>58,487</u>	 <u>3,277,335</u>
Fund Balances:			
Reserved for:			
Departmental cash	1,065	-	1,065
Inventories	-	-	-
Prepays and other assets	15,075	-	15,075
Capital projects	-	-	-
Debt service	-	1,701,785	1,701,785
Unreserved:			
Undesignated	<u>16,262,458</u>	<u>547,695</u>	<u>16,810,153</u>
 Total Fund Balances	 <u>16,278,598</u>	 <u>2,249,480</u>	 <u>18,528,078</u>
 Total Liabilities and Fund Balances	 \$ <u>19,497,446</u>	 \$ <u>2,307,967</u>	 \$ <u>21,805,413</u>

See accompanying notes to
the basic financial statements.

**COUNTY OF HUMBOLDT
SPECIAL REVENUE FUNDS**

Exhibit A-2

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Year Ended June 30, 2009

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES:			
Taxes	\$ 5,887,728	\$ -	\$ 5,887,728
Licenses and permits	83,336	-	83,336
Fines, forfeitures and penalties	794,018	-	794,018
Use of money and property	269,200	-	269,200
Intergovernmental	26,660,777	-	26,660,777
Charges for services	964,095	-	964,095
Miscellaneous	<u>2,073,522</u>	<u>-</u>	<u>2,073,522</u>
Total revenues	<u>36,732,676</u>	<u>-</u>	<u>36,732,676</u>
EXPENDITURES:			
Current:			
General Government	5,994	-	5,994
Public protection	8,154,931	-	8,154,931
Public ways and facilities	13,460,044	-	13,460,044
Education	3,360,799	-	3,360,799
Capital Outlay	12,626,056	-	12,626,056
Debt Service:	-	-	-
Principal	295,523	616,001	911,524
Interest and Other Charges	126,862	635,323	762,185
Total Expenditures	<u>38,030,209</u>	<u>1,251,324</u>	<u>39,281,533</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,297,533)</u>	<u>(1,251,324)</u>	<u>(2,548,857)</u>
Other Financing Sources (Uses):			
Transfers In	508,916	1,337,442	1,846,358
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>508,916</u>	<u>1,337,442</u>	<u>1,846,358</u>
Net Change in Fund Balances	(788,617)	86,118	(702,499)
Fund Balances-Beginning	17,169,341	2,163,362	19,332,703
Prior Period Adjustments	<u>(102,126)</u>	<u>-</u>	<u>(102,126)</u>
Fund Balances-Ending	<u>\$ 16,278,598</u>	<u>\$ 2,249,480</u>	<u>\$ 18,528,078</u>

See accompanying notes to
the basic financial statements.

NONMAJOR SPECIAL REVENUE FUNDS

**COUNTY OF HUMBOLDT
SPECIAL REVENUE FUNDS
Combining Balance Sheet
June 30, 2009**

	Roads (Fund 1200)	Recorder's Record Conversion (Fund 1310)	Family Support (Fund 1380)	Courthouse Construction Fund A (Fund 1410)	Courthouse Construction Fund B (Fund 1420)	Microfilm (Fund 1430)	Subtotal (Carried forward to next page)
ASSETS							
Cash and Cash Equivalents	\$ 5,815,134	\$ 363,215	\$ 1,395,873	\$ 1,092,467	\$ -	\$ -	\$ 8,666,689
Restricted Assets:							
Cash with fiscal agent	-	-	-	-	-	-	-
Departmental cash funds	200	-	-	-	-	-	200
Accounts Receivable:							
Other governmental agencies	2,289,734	-	37,697	-	-	-	2,327,431
Interest	40,088	6,210	-	21,113	-	-	67,411
Due from other funds	-	-	-	555,706	-	-	555,706
Inventory	-	-	-	-	-	-	-
Prepaid and other assets	15,075	-	-	-	-	-	15,075
Total Assets	\$ 8,160,231	\$ 369,425	\$ 1,433,570	\$ 1,669,286	\$ -	\$ -	\$ 11,632,512

LIABILITIES AND FUND BALANCE

Liabilities:							
Accounts Payable	\$ 1,130,142	\$ 51,391	\$ 48,800	\$ -	\$ -	\$ -	\$ 1,230,333
Accrued payroll and benefits	327,338	-	171,776	-	-	-	499,114
Due to other funds	-	-	16,291	-	497,219	-	513,510
Advances from other funds	-	-	-	-	-	-	-
Total Liabilities	1,457,480	51,391	236,867	-	497,219	-	2,242,957
Fund Balances:							
Reserved	200	-	-	-	-	-	200
Unreserved	6,702,551	318,034	1,196,703	1,669,286	(497,219)	-	9,389,355
Total Fund Balances	6,702,751	318,034	1,196,703	1,669,286	(497,219)	-	9,389,555
Total Liabilities and Fund Balances	\$ 8,160,231	\$ 369,425	\$ 1,433,570	\$ 1,669,286	\$ -	\$ -	\$ 11,632,512

(Continued)

See accompanying notes to the basic financial statements.

**COUNTY OF HUMBOLDT
SPECIAL REVENUE FUNDS**

Combining Balance Sheet
June 30, 2009

Exhibit B-1
(Continued)

	Subtotal (Brought forward)	Automated Warrants (Fund 1440)	General Reserve (Fund 1480)	Aviation Capital Projects (Fund 1490)	County Library (Fund 1500)	Fish and Game Propagation (Fund 1700)	Subtotal (Carried forward to next page)
ASSETS							
Cash and Cash Equivalents	\$ 8,666,689	\$ -	\$ 3,000,000	\$ 291,530	\$ 708,598	\$ 16,391	\$ 12,683,208
Restricted Assets:							
Cash with fiscal agent	-	-	-	-	-	-	-
Departmental cash funds	200	-	-	-	865	-	1,065
Accounts Receivable:							
Other governmental agencies	2,327,431	-	-	36,698	1,019	-	2,365,148
Interest	67,411	-	-	-	10,064	261	77,736
Due from other funds	555,706	-	-	-	-	-	555,706
Inventory	-	-	-	-	-	-	-
Prepaid and other assets	15,075	-	-	-	-	-	15,075
Total Assets	\$ 11,632,512	\$ -	\$ 3,000,000	\$ 328,228	\$ 720,546	\$ 16,652	\$ 15,697,938

LIABILITIES AND FUND BALANCE

Liabilities:							
Accounts Payable	\$ 1,230,333	\$ -	\$ -	\$ 221,318	\$ 35,864	\$ 3,499	\$ 1,491,014
Accrued payroll and benefits	499,114	-	-	-	99,259	-	598,373
Due to other funds	513,510	-	-	-	-	-	513,510
Advances from other funds	-	-	-	550,000	-	-	550,000
Total Liabilities	2,242,957	-	-	771,318	135,123	3,499	3,152,897
Fund Balances:							
Reserved	200	-	-	-	865	-	1,065
Unreserved	9,389,355	-	3,000,000	(443,090)	584,558	13,153	12,543,976
Total Fund Balances	9,389,555	-	3,000,000	(443,090)	585,423	13,153	12,545,041
Total Liabilities and Fund Balances	\$ 11,632,512	\$ -	\$ 3,000,000	\$ 328,228	\$ 720,546	\$ 16,652	\$ 15,697,938

(Continued)

See accompanying notes to
the basic financial statements.

**COUNTY OF HUMBOLDT
SPECIAL REVENUE FUNDS**

Combining Balance Sheet
June 30, 2009

Exhibit B-1
(Continued)

	Subtotal (Brought forward)	Special Aviation (Fund 1800s)	Special Districts Under County Board of Supervisors (Fund Type 30)	Total
ASSETS				
Cash and Cash Equivalents	\$ 12,683,208	\$ 118,759	\$ 3,642,042	\$ 16,444,009
Restricted Assets:				
Cash with fiscal agent	-	-	-	-
Departmental cash funds	1,065	-	-	1,065
Accounts Receivable:				
Other governmental agencies	2,365,148	-	-	2,365,148
Interest	77,736	52	38,655	116,443
Due from other funds	555,706	-	-	555,706
Inventory	-	-	-	-
Prepaid and other assets	15,075	-	-	15,075
Total Assets	\$ 15,697,938	\$ 118,811	\$ 3,680,697	\$ 19,497,446
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts Payable	\$ 1,491,014	\$ 6,242	\$ 59,709	\$ 1,556,965
Accrued payroll and benefits	598,373	-	-	598,373
Due to other funds	513,510	-	-	513,510
Advances from other funds	550,000	-	-	550,000
Total Liabilities	3,152,897	6,242	59,709	3,218,848
Fund Balances:				
Reserved	1,065	-	-	1,065
Unreserved	12,543,976	112,569	3,620,988	16,277,533
Total Fund Balances	12,545,041	112,569	3,620,988	16,278,598
Total Liabilities and Fund Balances	\$ 15,697,938	\$ 118,811	\$ 3,680,697	\$ 19,497,446

**COUNTY OF HUMBOLDT
SPECIAL REVENUE FUNDS**

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Year Ended June 30, 2009

Exhibit B-2

	Roads (Fund 1200)	Recorder's Record Conversion (Fund 1310)	Family Support (Fund 1380)	Courthouse Construction Fund A (Fund 1410)	Courthouse Construction Fund B (Fund 1420)	Microfilm (Fund 1430)	Subtotal (Carried forward to next page)
REVENUES:							
Taxes	\$ 3,107,710	\$ -	\$ -	\$ -	\$ -	\$ -	3,107,710
Licenses and permits	83,336	-	-	-	-	-	83,336
Fines, forfeitures and penalties	-	-	-	513,232	273,227	-	786,459
Use of money and property	139,155	11,469	53,638	47,775	-	-	252,037
Intergovernmental	18,268,044	-	4,900,471	-	-	-	23,168,515
Charges for services	860,701	27,727	-	-	-	-	888,428
Miscellaneous	117,919	-	3,273	-	-	-	121,192
Total revenues	<u>22,576,865</u>	<u>39,196</u>	<u>4,957,382</u>	<u>561,007</u>	<u>273,227</u>	<u>-</u>	<u>28,407,677</u>
EXPENDITURES:							
Current:							
General Government	-	-	-	-	-	585	585
Public protection	-	242,860	5,000,308	-	-	-	5,243,168
Public ways and facilities	13,460,044	-	-	-	-	-	13,460,044
Education	-	-	-	-	-	-	-
Capital Outlay	9,397,002	-	11,840	-	-	-	9,408,842
Debt Service:							
Principal	-	-	-	112,665	182,858	-	295,523
Interest and Other Charges	-	-	-	-	126,862	-	126,862
Total Expenditures	<u>22,857,046</u>	<u>242,860</u>	<u>5,012,148</u>	<u>112,665</u>	<u>309,720</u>	<u>585</u>	<u>28,535,024</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(280,181)</u>	<u>(203,664)</u>	<u>(54,766)</u>	<u>448,342</u>	<u>(36,493)</u>	<u>(585)</u>	<u>(127,347)</u>
Other Financing Sources (Uses):							
Transfers In	-	203,664	-	-	-	-	203,664
Transfers Out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	<u>203,664</u>	-	-	-	-	<u>203,664</u>
Net Change in Fund Balances	<u>(280,181)</u>	-	<u>(54,766)</u>	<u>448,342</u>	<u>(36,493)</u>	<u>(585)</u>	<u>76,317</u>
Fund Balances-Beginning	7,033,930	318,034	1,286,370	1,220,944	(460,726)	585	9,399,137
Prior Period Adjustments	<u>(50,998)</u>	-	<u>(34,901)</u>	-	-	-	<u>(85,899)</u>
Fund Balances-Ending	<u>\$ 6,702,751</u>	<u>\$ 318,034</u>	<u>\$ 1,196,703</u>	<u>\$ 1,669,286</u>	<u>\$ (497,219)</u>	<u>\$ -</u>	<u>\$ 9,475,454</u>

(Continued)

**COUNTY OF HUMBOLDT
SPECIAL REVENUE FUNDS**

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Year Ended June 30, 2009

Exhibit B-2
(Continued)

	Subtotal (Brought forward)	Automated Warrants (Fund 1440)	General Reserve (Fund 1480)	Aviation Capital Projects (Fund 1490)	County Library (Fund 1500)	Fish and Game Propagation (Fund 1700)	Subtotal (Carried forward to next page)
REVENUES:							
Taxes	\$ 3,107,710	\$ -	\$ -	\$ -	\$ 2,041,204	\$ -	\$ 5,148,914
Licenses and permits	83,336	-	-	-	-	-	83,336
Fines, forfeitures and penalties	786,459	-	-	-	-	7,559	794,018
Use of money and property	252,037	-	-	-	16,139	443	268,619
Intergovernmental	23,168,515	-	-	2,840,234	591,775	-	26,600,524
Charges for services	888,428	-	-	-	75,667	-	964,095
Miscellaneous	121,192	-	-	-	58,999	-	180,191
Total revenues	<u>28,407,677</u>	-	-	<u>2,840,234</u>	<u>2,783,784</u>	<u>8,002</u>	<u>34,039,697</u>
EXPENDITURES:							
Current:							
General Government	585	5,409	-	-	-	-	5,994
Public protection	5,243,168	-	-	-	-	5,500	5,248,668
Public ways and facilities	13,460,044	-	-	-	-	-	13,460,044
Education	-	-	-	166,649	3,194,150	-	3,360,799
Capital Outlay	9,408,842	-	-	3,162,783	26,268	-	12,597,893
Debt Service:							
Principal	295,523	-	-	-	-	-	295,523
Interest and Other Charges	126,862	-	-	-	-	-	126,862
Total Expenditures	<u>28,535,024</u>	<u>5,409</u>	-	<u>3,329,432</u>	<u>3,220,418</u>	<u>5,500</u>	<u>35,095,783</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(127,347)</u>	<u>(5,409)</u>	-	<u>(489,198)</u>	<u>(436,634)</u>	<u>2,502</u>	<u>(1,056,086)</u>
Other Financing Sources (Uses):							
Transfers In	203,664	-	-	-	305,252	-	508,916
Transfers Out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>203,664</u>	-	-	-	<u>305,252</u>	-	<u>508,916</u>
Net Change in Fund Balances	76,317	(5,409)	-	(489,198)	(131,382)	2,502	(547,170)
Fund Balances-Beginning	9,399,137	5,409	3,000,000	46,108	733,032	10,651	13,194,337
Prior Period Adjustments	(85,899)	-	-	-	(16,227)	-	(102,126)
Fund Balances-Ending	\$ <u>9,475,454</u>	\$ -	\$ <u>3,000,000</u>	\$ <u>(443,090)</u>	\$ <u>585,423</u>	\$ <u>13,153</u>	\$ <u>12,647,167</u>

(Continued)

**COUNTY OF HUMBOLDT
SPECIAL REVENUE FUNDS**

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balance
Year Ended June 30, 2009

Exhibit B-2
(Continued)

	Subtotal (Brought forward)	Special Aviation (Fund 1800s)	Special Districts Under County Board of Supervisors (Fund Type 30)	Total
REVENUES:				
Taxes	\$ 5,148,914	\$ -	\$ 738,814	\$ 5,887,728
Licenses and permits	83,336	-	-	83,336
Fines, forfeitures and penalties	794,018	-	-	794,018
Use of money and property	268,619	553	28	269,200
Intergovernmental	26,600,524	50,000	10,253	26,660,777
Charges for services	964,095	-	-	964,095
Miscellaneous	180,191	-	1,893,331	2,073,522
Total revenues	<u>34,039,697</u>	<u>50,553</u>	<u>2,642,426</u>	<u>36,732,676</u>
EXPENDITURES:				
Current:				
General Government	5,994	-	-	5,994
Public protection	5,248,668	-	2,906,263	8,154,931
Public ways and facilities	13,460,044	-	-	13,460,044
Education	3,360,799	-	-	3,360,799
Capital Outlay	12,597,893	28,163	-	12,626,056
Debt Service:				
Principal	295,523	-	-	295,523
Interest and Other Charges	126,862	-	-	126,862
Total Expenditures	<u>35,095,783</u>	<u>28,163</u>	<u>2,906,263</u>	<u>38,030,209</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,056,086)</u>	<u>22,390</u>	<u>(263,837)</u>	<u>(1,297,533)</u>
Other Financing Sources (Uses):				
Transfers In	508,916	-	-	508,916
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>508,916</u>	<u>-</u>	<u>-</u>	<u>508,916</u>
Net Change in Fund Balances	<u>(547,170)</u>	<u>22,390</u>	<u>(263,837)</u>	<u>(788,617)</u>
Fund Balances-Beginning	13,194,337	\$ 90,179	3,884,825	17,169,341
Prior Period Adjustments	<u>(102,126)</u>	<u>-</u>	<u>-</u>	<u>(102,126)</u>
Fund Balances-Ending	<u>\$ 12,647,167</u>	<u>\$ 112,569</u>	<u>\$ 3,620,988</u>	<u>\$ 16,380,724</u>

NONMAJOR DEBT SERVICE FUNDS

COUNTY OF HUMBOLDT
Debt Service Funds
Combining Balance Sheet
June 30, 2009

Exhibit C-1

	Humboldt County Public Property Leasing (Fund)
	<u> </u>
ASSETS	
Cash and Cash Equivalents	\$ 1
Restricted Assets:	
Cash with fiscal agent	<u>2,307,966</u>
 Total Assets	 \$ <u>2,307,967</u>
 LIABILITIES AND FUND BALANCE	
Liabilities:	
Due to other funds	\$ <u>58,487</u>
 Total Liabilities	 <u>58,487</u>
Fund Balances:	
Reserved	-
Unreserved	<u>2,249,480</u>
 Total Fund Balances	 <u>2,249,480</u>
 Total Liabilities and Fund Balances	 \$ <u><u>2,307,967</u></u>

COUNTY OF HUMBOLDT
Debt Service Funds
Combining Balance Sheet
June 30, 2009

Exhibit C-2

	Humboldt County Public Property Leasing (Fund)
	<u> </u>
REVENUES:	
Use of money and property	\$ <u> </u> -
Total revenues	<u> </u> -
EXPENDITURES:	
Debt Service:	
Principal	616,001
Interest and Other Charges	<u>635,323</u>
Total Expenditures	<u>1,251,324</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,251,324)</u>
 Other Financing Sources (Uses):	
Transfers In	1,337,442
Transfers Out	<u> </u> -
Total Other Financing Sources (Uses)	<u>1,337,442</u>
 Net Change in Fund Balances	86,118
 Fund Balances-Beginning	2,163,362
Prior Period Adjustments	<u> </u> -
 Fund Balances-Ending	\$ <u> 2,249,480</u>

See accompanying notes to the basic financial statements.

INTERNAL SERVICE FUNDS

COUNTY OF HUMBOLDT
Internal Service Funds
Combining Statement of Fund Net Assets
June 30, 2009

Exhibit D-1

	Self Insurance (Funds 3520s)	Motor Pool (Fund 3500)	Heavy Equipment (Fund 3540)
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 5,946,828	\$ 547,690	\$ 723,817
Accounts Receivable:			
Other governmental agencies	13,048	-	28,488
Interest	106,769	6,977	-
Due from other funds	497,000	2,450,192	-
Inventory	-	66,890	261,101
Deposits and other assets	1,223,339	-	-
 Total Current Assets	 7,786,984	 3,071,749	 1,013,406
Noncurrent Assets:			
Advances to other funds	-	-	-
Capital Assets, net of depreciation	6,763	3,469,108	407,124
 Total Noncurrent Assets	 6,763	 3,469,108	 407,124
 Total Assets	 \$ 7,793,747	 \$ 6,540,857	 \$ 1,420,530
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts payable	\$ 97,257	\$ 61,956	\$ 80,917
Accrued payroll and benefits	21,167	12,168	26,971
Advances payable	1,934,830	-	-
Due to other funds	604,983	-	-
Other liabilities	174,936	-	-
Deferred revenue	1,234,724	-	-
Liability for compensated absences	5,270	14,123	29,951
Provision for estimated claims	1,473,938	-	-
 Total Current Liabilities	 5,547,105	 88,247	 137,839
Long-term Liabilities			
Liability for compensated absences	131,983	18,324	176,265
 Total Liabilities	 5,679,088	 106,571	 314,104
Net Assets			
Investment in capital assets, net of related debt	6,763	3,469,108	407,124
Unrestricted	2,107,896	2,965,178	699,302
 Total Net Assets	 2,114,659	 6,434,286	 1,106,426
 Total Liabilities and Net Assets	 \$ 7,793,747	 \$ 6,540,857	 \$ 1,420,530

COUNTY OF HUMBOLDT
Internal Service Funds
Combining Statement of Fund Net Assets
June 30, 2009

Exhibit D-1
(Continued)

	Information Technology (Fund 3550)	Central Services (Fund 3555)	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 627,562	\$ 166,668	\$ 8,012,565
Accounts Receivable:			
Other governmental agencies	2,043	50	43,629
Interest	-	-	113,746
Due from other funds	-	-	2,947,192
Inventory	-	-	327,991
Deposits and other assets	7,938	-	1,231,277
 Total Current Assets	 637,543	 166,718	 12,676,400
Noncurrent Assets:			
Advances to other funds	-	-	-
Capital Assets, net of depreciation	757,691	-	4,640,686
 Total Noncurrent Assets	 757,691	 -	 4,640,686
 Total Assets	 \$ 1,395,234	 \$ 166,718	 \$ 17,317,086
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts payable	\$ 315,538	\$ 3,650	\$ 559,318
Accrued payroll and benefits	54,686	6,035	121,027
Advances payable	-	-	1,934,830
Due to other funds	-	-	604,983
Other liabilities	-	-	174,936
Deferred revenue	-	-	1,234,724
Liability for compensated absences	222,642	7,111	279,097
Provision for estimated claims	-	-	1,473,938
 Total Current Liabilities	 592,866	 16,796	 6,382,853
Long-term Liabilities			
Liability for compensated absences	-	-	326,572
 Total Liabilities	 592,866	 16,796	 6,709,425
Net Assets			
Investment in capital assets, net of related debt	757,691	-	4,640,686
Unrestricted	44,677	149,922	5,966,975
 Total Net Assets	 802,368	 149,922	 10,607,661
 Total Liabilities and Net Assets	 \$ 1,395,234	 \$ 166,718	 \$ 17,317,086

COUNTY OF HUMBOLDT

Exhibit D-2

Internal Service Funds

Combining Statement of Revenues, Expenses and
Changes in Net Assets
June 30, 2009

	Self Insurance (Funds 3520s)	Motor Pool (Fund 3500)	Heavy Equipment (Fund 3540)
Operating Revenues:			
Charges for services	\$ 24,240,607	\$ 3,459,015	\$ 2,485,776
Miscellaneous revenues	254,357	-	-
Total Revenues	24,494,964	3,459,015	2,485,776
Operating Expenses:			
Salaries and benefits	499,035	290,361	698,149
Services and supplies	243,456	3,107,156	1,550,299
Self-insurance claims and purchase premiums	21,638,054	-	-
Depreciation	2,211	692,636	153,878
Other Expenses	14,742	-	-
Total operating expenses	22,397,498	4,090,153	2,402,326
Net Operating Income	2,097,466	(631,138)	83,450
Non-Operating Revenues (Expenses):			
Interest Income	100,547	97,392	20,391
Interest expense	(64,095)	-	-
Gain (loss) on sale of capital assets	-	-	-
Total Non-Operating Revenue (expense)	36,452	97,392	20,391
Transfers:			
Operating transfers in (out)	85,847	-	(27,472)
Change in Net Assets	2,219,765	(533,746)	76,369
Net Assets-Beginning of Year - As previously stated	51,740	4,997,007	1,265,494
Prior period adjustment	(156,846)	1,971,025	-
Net Assets-Beginning of Year - As restated	(105,106)	6,968,032	1,265,494
Residual Equity Transfers In	-	-	-
Residual Equity Transfers Out	-	-	(235,437)
Net Assets-End of Year	\$ 2,114,659	\$ 6,434,286	\$ 1,106,426

See accompanying notes to
the basic financial statements.

COUNTY OF HUMBOLDT

Exhibit D-2

Internal Service Funds

(Continued)

Combining Statement of Revenues, Expenses and
Changes in Net Assets
June 30, 2009

	Information Technology (Fund 3550)	Central Services (Fund 3555)	Total
Operating Revenues:			
Charges for services	\$ 2,617,890	\$ 619,662	\$ 33,422,950
Miscellaneous revenues	60,442	7,181	321,980
Total Revenues	2,678,332	626,843	33,744,930
Operating Expenses:			
Salaries and benefits	1,420,100	208,892	3,116,537
Services and supplies	1,134,774	305,854	6,341,539
Self-insurance claims and purchase premiums	-	-	21,638,054
Depreciation	100,677	-	949,402
Other Expenses	-	-	14,742
Total operating expenses	2,655,551	514,746	32,060,274
Net Operating Income	22,781	112,097	1,684,656
Non-Operating Revenues (Expenses):			
Interest Income	-	-	218,330
Interest expense	-	-	(64,095)
Gain (loss) on sale of capital assets	-	-	-
Total Non-Operating Revenue (expense)	-	-	154,235
Transfers:			
Operating transfers in (out)	-	-	58,375
Change in Net Assets	22,781	112,097	1,897,266
Net Assets-Beginning of Year - As previously stated	(54,182)	29,549	6,289,608
Prior period adjustment	858,399	-	2,672,578
Net Assets-Beginning of Year - As restated	804,217	29,549	8,962,186
Residual Equity Transfers In	-	8,276	8,276
Residual Equity Transfers Out	(24,630)	-	(260,067)
Net Assets-End of Year	\$ 802,368	\$ 149,922	\$ 10,607,661

See accompanying notes to
the basic financial statements.

COUNTY OF HUMBOLDT

Exhibit D-3

Internal Service Funds

Combining Statement of Cash Flows

June 30, 2009

	<u>Self Insurance (Funds 3520s)</u>	<u>Motor Pool (Fund 3500)</u>	<u>Heavy Equipment (Fund 3540)</u>
Cash Flow from Operating Activities:			
Cash received for services	\$ 24,798,453	\$ 3,459,015	\$ 2,464,088
Cash paid to suppliers	(22,473,577)	(3,145,903)	(1,562,250)
Cash paid to employees	(499,035)	(290,361)	(698,149)
Operating transfers	85,847	-	(27,472)
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>
 Net Cash Provided (Used) by Operating Activities	 <u>1,911,688</u>	 <u>22,751</u>	 <u>176,217</u>
 Cash Flows from Noncapital Financing Activities:			
Net temporary loans from other funds	(47,610)	-	-
Advances to other funds	<u>1,914,372</u>	<u>1,517,615</u>	<u>-</u>
 Net Cash Provided (Used) by Capital Financing Activities	 <u>1,866,762</u>	 <u>1,517,615</u>	 <u>-</u>
 Cash Flows from Capital and Related Financing Activities:			
Sale/disposal of capital assets	-	-	5,183
Purchase of capital assets	<u>(2,991)</u>	<u>(2,055,844)</u>	<u>-</u>
 Net Cash Provided (Used) by Capital Financing Activities	 <u>(2,991)</u>	 <u>(2,055,844)</u>	 <u>5,183</u>
 Cash Flows from Investing Activities:			
Interest income	100,547	139,257	31,893
Interest expense	<u>(64,095)</u>	<u>-</u>	<u>-</u>
 Net Cash Provided (Used) by Investing Activities	 <u>36,452</u>	 <u>139,257</u>	 <u>31,893</u>
 Increase (Decrease) in Cash and Cash Equivalents	 3,811,911	 (376,221)	 213,293
 Cash and Cash Equivalents, Beginning of Year	 <u>2,134,917</u>	 <u>923,911</u>	 <u>510,524</u>
 Cash and Cash Equivalents, End of Year	 <u>\$ 5,946,828</u>	 <u>\$ 547,690</u>	 <u>\$ 723,817</u>

COUNTY OF HUMBOLDT**Internal Service Funds**

Combining Statement of Cash Flows

June 30, 2009

Exhibit D-3

(Continued)

	<u>Information Technology (Fund 3550)</u>	<u>Central Services (Fund 3555)</u>	<u>Total</u>
Cash Flow from Operating Activities:			
Cash received for services	\$ 2,687,893	\$ 626,793	\$ 34,036,242
Cash paid to suppliers	(1,033,463)	(308,357)	(28,523,550)
Cash paid to employees	(1,420,100)	(208,892)	(3,116,537)
Operating transfers	-	-	58,375
Prior period adjustment	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>234,330</u>	<u>109,544</u>	<u>2,454,530</u>
 Cash Flows from Noncapital Financing Activities:			
Net temporary loans from other funds	-	3,582	(44,028)
Advances to other funds	-	-	3,431,987
Net Cash Provided (Used) by Capital Financing Activities	<u>-</u>	<u>3,582</u>	<u>3,387,959</u>
 Cash Flows from Capital and Related Financing Activities:			
Sale/disposal of capital assets	16,087	8,276	29,546
Purchase of capital assets	-	-	(2,058,835)
Net Cash Provided (Used) by Capital Financing Activities	<u>16,087</u>	<u>8,276</u>	<u>(2,029,289)</u>
 Cash Flows from Investing Activities:			
Interest income	-	-	271,697
Interest expense	-	-	(64,095)
Net Cash Provided (Used) by Investing Activities	<u>-</u>	<u>-</u>	<u>207,602</u>
Increase (Decrease) in Cash and Cash Equivalents	250,417	121,402	4,020,802
Cash and Cash Equivalents, Beginning of Year	<u>377,145</u>	<u>45,266</u>	<u>3,991,763</u>
Cash and Cash Equivalents, End of Year	<u>\$ 627,562</u>	<u>\$ 166,668</u>	<u>\$ 8,012,565</u>

COUNTY OF HUMBOLDT**Internal Service Funds**

Combining Statement of Cash Flows

June 30, 2009

Exhibit D-3

(Continued)

	<u>Self Insurance (Fund)</u>	<u>Motor Pool (Fund)</u>	<u>Heavy Equipment (Fund)</u>
Cash Flows from Operating Activities:			
Operating Income (loss)	\$ 2,097,466	\$ (631,138)	\$ 83,450
Adjustments to Reconcile Operating Income to Net Cash provided (Used) by operating activities:			
Depreciation	2,211	692,636	153,878
Operating transfers	85,847	-	(27,472)
Prior period adjustment	-	-	-
Increase (decrease) in due from other Governmental entities	256,806	-	(21,688)
Decrease (increase) in inventory	-	(32,421)	(73,614)
Decrease (increase) in prepaid assets	(26,315)	-	-
Increase (decrease) in accounts payable	60,168	29,638	50,900
Increase (decrease) in accrued salaries and benefits	8,192	931	6,129
Increase (decrease) in other liabilities	(169,827)	-	-
Increase (decrease) in estimated insurance payable	(433,112)	-	-
Increase (decrease) in deferred revenue	46,683	-	-
Increase (decrease) in compensated absences	(16,431)	(36,895)	4,634
Net Cash Provided (Used) by Operating Activities	\$ <u>1,911,688</u>	\$ <u>22,751</u>	\$ <u>176,217</u>

COUNTY OF HUMBOLDT**Exhibit D-3****Internal Service Funds**

(Continued)

Combining Statement of Cash Flows

June 30, 2009

	<u>Information Technology (Fund)</u>	<u>Central Services (Fund 3555)</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Operating Income (loss)	\$ 22,781	\$ 112,097	\$ 1,684,656
Adjustments to Reconcile Operating Income to Net			
Cash provided (Used) by operating activities:			
Depreciation	100,677	-	949,402
Operating transfers	-	-	58,375
Prior period adjustment	-	-	-
Increase (decrease) in due from other			
Governmental entities	9,561	(50)	244,629
Decrease (increase) in inventory	-	-	(106,035)
Decrease (increase) in prepaid assets	8,673	11	(17,631)
Increase (decrease) in accounts payable	311,040	3,181	454,927
Increase (decrease) in accrued salaries and benefits	10,295	3,361	28,908
Increase (decrease) in other liabilities	-	-	(169,827)
Increase (decrease) in estimated insurance payable	-	-	(433,112)
Increase (decrease) in deferred revenue	-	-	46,683
Increase (decrease) in compensated absences	(228,697)	(9,056)	(286,445)
Net Cash Provided (Used) by Operating Activities	\$ <u>234,330</u>	\$ <u>109,544</u>	\$ <u>2,454,530</u>

SELF-INSURANCE FUNDS

COUNTY OF HUMBOLDT
Self-Insurance Funds
Combining Statement of Fund Net Assets
As of June 30, 2009

Exhibit E-1

	Dental (Fund 3526)	County Insurance (Fund 3520)	Communications (Fund 3521)	Workers' Compensation (Fund 3523)	Liability (Fund 3524)
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ (26,948)	\$ (518)	\$ 27,560	\$ 2,708,451	\$ 1,658,816
Accounts Receivable:					
Other governmental agencies	-	-	-	-	700
Interest	-	-	-	64,695	17,093
Due from other funds	-	497,000	-	-	-
Deposits and other assets	28,000	-	-	-	-
Total Current Assets	1,052	496,482	27,560	2,773,146	1,676,609
Noncurrent Assets:					
Advances to other funds	-	-	-	-	-
Capital Assets, net of depreciation	-	6,763	-	-	-
Total Noncurrent Assets	-	6,763	-	-	-
Total Assets	\$ 1,052	\$ 503,245	\$ 27,560	\$ 2,773,146	\$ 1,676,609
LIABILITIES AND NET ASSETS					
Current Liabilities:					
Accounts payable	\$ -	\$ 3,443	\$ 6,530	\$ 2,216	\$ 40,906
Accrued payroll and benefits	-	19,143	2,024	-	-
Advances payable	534,783	83,338	-	-	-
Due to other funds	50,283	-	-	157,697	129,229
Other liabilities	-	-	-	-	-
Liability for compensated absences	-	3,464	1,806	-	-
Provision for estimated claims	79,348	-	-	-	1,268,000
Total Current Liabilities	664,414	109,388	10,360	159,913	1,438,135
Long-term Liabilities					
Deferred revenue	-	-	-	-	-
Liability for compensated absences	-	130,865	1,118	-	-
Total Liabilities	664,414	240,253	11,478	159,913	1,438,135
Net Assets					
Investment in capital assets, net of related debt	-	6,763	-	-	-
Unrestricted	(663,362)	256,229	16,082	2,613,233	238,474
Total Net Assets	(663,362)	262,992	16,082	2,613,233	238,474
Total Liabilities and Net Assets	\$ 1,052	\$ 503,245	\$ 27,560	\$ 2,773,146	\$ 1,676,609

COUNTY OF HUMBOLDT
Self-Insurance Funds
Combining Statement of Fund Net Assets
As of June 30, 2009

Exhibit E-1
(Continued)

	Medical (Fund 3525)	Unemployment (Fund 3527)	Purchase Insurance Premium (Fund 3528)	Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	\$ (7,990)	\$ 197,465	\$ 1,389,992	\$ 5,946,828
Accounts Receivable:				
Other governmental agencies	-	-	12,348	13,048
Interest	-	13,913	11,068	106,769
Due from other funds	-	-	-	497,000
Deposits and other assets	1,174,885	-	20,454	1,223,339
Total Current Assets	1,166,895	211,378	1,433,862	7,786,984
Noncurrent Assets:				
Advances to other funds	-	-	-	-
Capital Assets, net of depreciation	-	-	-	6,763
Total Noncurrent Assets	-	-	-	6,763
Total Assets	\$ 1,166,895	\$ 211,378	\$ 1,433,862	\$ 7,793,747
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable	\$ -	\$ -	\$ 44,162	\$ 97,257
Accrued payroll and benefits	-	-	-	21,167
Advances payable	1,316,709	-	-	1,934,830
Due to other funds	75,426	85,467	106,881	604,983
Other liabilities	-	48,272	126,664	174,936
Liability for compensated absences	-	-	-	5,270
Provision for estimated claims	-	126,590	-	1,473,938
Total Current Liabilities	1,392,135	260,329	277,707	4,312,381
Long-term Liabilities				
Deferred revenue	1,234,724	-	-	1,234,724
Liability for compensated absences	-	-	-	131,983
Total Liabilities	2,626,859	260,329	277,707	5,679,088
Net Assets				
Investment in capital assets, net of related debt	-	-	-	6,763
Unrestricted	(1,459,964)	(48,951)	1,156,155	2,107,896
Total Net Assets	(1,459,964)	(48,951)	1,156,155	2,114,659
Total Liabilities and Net Assets	\$ 1,166,895	\$ 211,378	\$ 1,433,862	\$ 7,793,747

COUNTY OF HUMBOLDT

Exhibit E-2

Self-Insurance Funds

**Combining Statement of Revenues, Expenses and
Changes in Net Assets
June 30, 2009**

	Dental (Fund 3526)	County Insurance (Fund 3520)	Communications (Fund 3521)	Workers' Compensation (Fund 3523)	Liability (Fund 3524)
Operating Revenues:					
Charges for services	\$ 1,473,276	\$ 590,415	\$ 117,335	\$ 3,264,843	\$ 2,985,279
Miscellaneous revenues	-	6,966	-	232,749	700
Total Revenues	1,473,276	597,381	117,335	3,497,592	2,985,979
Operating Expenses:					
Salaries and benefits	-	427,823	71,212	-	-
Services and supplies	-	112,732	130,724	-	-
Self-insurance claims and purchase premiums	1,391,529	-	-	3,636,550	1,341,800
Depreciation	-	2,211	-	-	-
Other Expenses	-	6,432	-	-	6,843
Total operating expenses	1,391,529	549,198	201,936	3,636,550	1,348,643
Net Operating Income	81,747	48,183	(84,601)	(138,958)	1,637,336
Non-Operating Revenues (Expenses):					
Interest Income	-	-	-	56,011	19,717
Interest expense	(20,510)	(4,010)	-	-	(1,635)
Gain (loss) on sale of capital assets	-	-	-	-	-
Total Non-Operating Revenue (expense)	(20,510)	(4,010)	-	56,011	18,082
Transfers:					
Operating transfers in (out)	-	-	85,847	-	-
Change in Net Assets	61,237	44,173	1,246	(82,947)	1,655,418
Net Assets-Beginning of Year - As previously stated	(724,599)	218,819	16,082	2,851,780	(1,302,690)
Prior period adjustment	-	-	(1,246)	(155,600)	(114,254)
Net Assets-Beginning of Year - As restated	(724,599)	218,819	14,836	2,696,180	(1,416,944)
Residual Equity Transfers In	-	-	-	-	-
Residual Equity Transfers Out	-	-	-	-	-
Net Assets-End of Year	\$ (663,362)	\$ 262,992	\$ 16,082	\$ 2,613,233	\$ 238,474

COUNTY OF HUMBOLDT

Exhibit E-2

Self-Insurance Funds

(Continued)

**Combining Statement of Revenues, Expenses and
Changes in Net Assets**

June 30, 2009

	Medical (Fund 3525)	Unemployment (Fund 3527)	Purchase Insurance Premium (Fund 3528)	Total
Operating Revenues:				
Charges for services	14,470,317	\$ 19,903	\$ 1,319,239	\$ 24,240,607
Miscellaneous revenues	-	-	13,942	254,357
Total Revenues	14,470,317	19,903	1,333,181	24,494,964
Operating Expenses:				
Salaries and benefits	-	-	-	499,035
Services and supplies	-	-	-	243,456
Self-insurance claims and purchase premiums	14,014,331	310,722	943,122	21,638,054
Depreciation	-	-	-	2,211
Other Expenses	-	-	1,467	14,742
Total operating expenses	14,014,331	310,722	944,589	22,397,498
Net Operating Income	455,986	(290,819)	388,592	2,097,466
Non-Operating Revenues (Expenses):				
Interest Income	-	-	24,819	100,547
Interest expense	(37,940)	-	-	(64,095)
Gain (loss) on sale of capital assets	-	-	-	-
Total Non-Operating Revenue (expense)	(37,940)	-	24,819	36,452
Transfers:				
Operating transfers in (out)	-	-	-	85,847
Change in Net Assets	418,046	(290,819)	413,411	2,219,765
Net Assets-Beginning of Year - As previously stated	(1,878,010)	241,868	628,490	51,740
Prior period adjustment	-	-	114,254	(156,846)
Net Assets-Beginning of Year - As restated	(1,878,010)	241,868	742,744	(105,106)
Residual Equity Transfers In	-	-	-	-
Residual Equity Transfers Out	-	-	-	-
Net Assets-End of Year	(1,459,964) \$	(48,951) \$	1,156,155 \$	2,114,659

COUNTY OF HUMBOLDT
Self-Insurance Funds
Combining Statement of Cash Flows
June 30, 2009

Exhibit E-3

	Dental (Fund)	County Insurance (Fund)	Communications (Fund 3521)	Workers' Compensation (Fund)
Cash Flow from Operating Activities:				
Cash received for services	\$ 1,473,276	\$ 597,381	\$ 117,335	\$ 3,653,192
Cash paid to suppliers	(1,389,608)	(117,134)	(119,246)	(3,680,488)
Cash paid to employees	-	(427,823)	(71,212)	-
Operating transfers	-	-	85,847	-
Net Cash Provided (Used) by Operating Activities	83,668	52,424	12,724	(27,296)
Cash Flows from Noncapital Financing Activities:				
Net temporary loans from other funds	514,332	(51,781)	-	-
Advances to other funds	(604,438)	5,840	-	2,367,387
Net Cash Provided (Used) by Capital Financing Activities	(90,106)	(45,941)	-	2,367,387
Cash Flows from Capital and Related Financing Activities:				
Purchase of capital assets	-	(2,991)	-	-
Net Cash Provided (Used) by Capital Financing Activities	-	(2,991)	-	-
Cash Flows from Investing Activities:				
Interest income	-	-	-	56,011
Interest expense	(20,510)	(4,010)	-	-
Net Cash Provided (Used) by Investing Activities	(20,510)	(4,010)	-	56,011
Increase (Decrease) in Cash and Cash Equivalents	(26,948)	(518)	12,724	2,396,102
Cash and Cash Equivalents, Beginning of Year	-	-	14,836	312,349
Cash and Cash Equivalents, End of Year	\$ (26,948)	\$ (518)	\$ 27,560	\$ 2,708,451

COUNTY OF HUMBOLDT
Self-Insurance Funds
Combining Statement of Cash Flows
June 30, 2009

Exhibit E-3
(Continued)

	Liability (Fund)	Medical (Fund)	Unemployment (Fund)	Purchase Insurance Premium (Fund)	Total
Cash Flow from Operating Activities:					
Cash received for services	\$ 3,099,533	\$ 14,517,000	\$ 19,903	\$ 1,320,833	\$ 24,798,453
Cash paid to suppliers	(1,718,708)	(14,052,315)	(355,962)	(1,040,116)	(22,473,577)
Cash paid to employees	-	-	-	-	(499,035)
Operating transfers	-	-	-	-	85,847
Net Cash Provided (Used) by Operating Activities	1,380,825	464,685	(336,059)	280,717	1,911,688
Cash Flows from Noncapital Financing Activities:					
Net temporary loans from other funds	-	(510,161)	-	-	(47,610)
Advances to other funds	(110,735)	75,426	45,240	135,652	1,914,372
Net Cash Provided (Used) by Capital Financing Activities	(110,735)	(434,735)	45,240	135,652	1,866,762
Cash Flows from Capital and Related Financing Activities:					
Purchase of capital assets	-	-	-	-	(2,991)
Net Cash Provided (Used) by Capital Financing Activities	-	-	-	-	(2,991)
Cash Flows from Investing Activities:					
Interest income	19,717	-	-	24,819	100,547
Interest expense	(1,635)	(37,940)	-	-	(64,095)
Net Cash Provided (Used) by Investing Activities	18,082	(37,940)	-	24,819	36,452
Increase (Decrease) in Cash and Cash Equivalents	1,288,172	(7,990)	(290,819)	441,188	3,811,911
Cash and Cash Equivalents, Beginning of Year	370,644	-	488,284	948,804	2,134,917
Cash and Cash Equivalents, End of Year	\$ 1,658,816	\$ (7,990)	\$ 197,465	\$ 1,389,992	\$ 5,946,828

See accompanying notes to the basic financial statements. County of Humboldt Supplemental Section Page 82

COUNTY OF HUMBOLDT
Self-Insurance Funds
Combining Statement of Cash Flows
June 30, 2009

Exhibit E-3
(Continued)

	Dental (Fund)	County Insurance (Fund)	Communications (Fund 3521)	Workers' Compensation (Fund)
Cash Flows from Operating Activities:				
Operating Income (loss)	\$ 81,747	\$ 48,183	\$ (84,601)	\$ (138,958)
Adjustments to Reconcile Operating Income to Net Cash provided (Used) by operating activities:				
Depreciation	-	2,211	-	-
Operating transfers	-	-	85,847	-
Increase (decrease) in due from other Governmental entities	-	-	-	155,600
Decrease (increase) in inventory	-	-	-	-
Decrease (increase) in prepaid assets	-	1,990	-	-
Increase (decrease) in accounts payable	-	(373)	6,530	1,099
Increase (decrease) in accrued salaries and benefits	-	6,168	2,024	-
Increase (decrease) in other liabilities	-	-	-	(31,437)
Increase (decrease) in estimated insurance payable	1,921	-	-	-
Increase (decrease) in deferred revenue	-	-	-	-
Increase (decrease) in compensated absences	-	(5,755)	2,924	(13,600)
Net Cash Provided (Used) by Operating Activities	\$ 83,668	\$ 52,424	\$ 12,724	\$ (27,296)

COUNTY OF HUMBOLDT

Self-Insurance Funds

Combining Statement of Cash Flows

June 30, 2009

Exhibit E-3

(Continued)

	Liability (Fund)	Medical (Fund)	Unemployment (Fund)	Purchase Insurance Premium (Fund)	Total
Cash Flows from Operating Activities:					
Operating Income (loss)	\$ 1,637,336	\$ 455,986	\$ (290,819)	\$ 388,592	\$ 2,097,466
Adjustments to Reconcile Operating Income to Net Cash provided (Used) by operating activities:					
Depreciation	-	-	-	-	2,211
Operating transfers	-	-	-	-	85,847
Increase (decrease) in due from other Governmental entities	113,554	-	-	(12,348)	256,806
Decrease (increase) in inventory	-	-	-	-	-
Decrease (increase) in prepaid assets	4,480	(35,979)	-	3,194	(26,315)
Increase (decrease) in accounts payable	12,216	(2,005)	-	42,701	60,168
Increase (decrease) in accrued salaries and benefits	-	-	-	-	8,192
Increase (decrease) in other liabilities	-	-	3,032	(141,422)	(169,827)
Increase (decrease) in estimated insurance payable	(386,761)	-	(48,272)	-	(433,112)
Increase (decrease) in deferred revenue	-	46,683	-	-	46,683
Increase (decrease) in compensated absences	-	-	-	-	(16,431)
Net Cash Provided (Used) by Operating Activities	\$ 1,380,825	\$ 464,685	\$ (336,059)	\$ 280,717	\$ 1,911,688

MOTOR POOL

COUNTY OF HUMBOLDT

Exhibit F-1

Motor Pool**Combining Statement of Fund Net Assets
June 30, 2009**

	<u>Operating (Fund)</u>	<u>Capital (Fund)</u>	<u>Total</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 250,000	\$ 297,690	\$ 547,690
Accounts Receivable:			
Interest	6,977	-	6,977
Due from other funds	152,853	2,297,339	2,450,192
Inventory	66,890	-	66,890
Deposits and other assets	-	-	-
	<u>476,720</u>	<u>2,595,029</u>	<u>3,071,749</u>
Total Current Assets			
Noncurrent Assets:			
Advances to other funds	-	-	-
Capital Assets, net of depreciation	<u>21,953</u>	<u>3,447,155</u>	<u>3,469,108</u>
	<u>21,953</u>	<u>3,447,155</u>	<u>3,469,108</u>
Total Noncurrent Assets			
Total Assets	\$ <u>498,673</u>	\$ <u>6,042,184</u>	\$ <u>6,540,857</u>
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Accounts payable	\$ 61,956	\$ -	\$ 61,956
Accrued payroll and benefits	12,168	-	12,168
Due to other funds	-	-	-
Liability for compensated absences	<u>14,123</u>	<u>-</u>	<u>14,123</u>
	<u>88,247</u>	<u>-</u>	<u>88,247</u>
Total Current Liabilities			
Long-term Liabilities			
Liability for compensated absences	<u>18,324</u>	<u>-</u>	<u>18,324</u>
	<u>106,571</u>	<u>-</u>	<u>106,571</u>
Total Liabilities			
Net Assets			
Investment in capital assets, net of related debt	21,953	3,447,155	3,469,108
Unrestricted	<u>370,149</u>	<u>2,595,029</u>	<u>2,965,178</u>
	<u>392,102</u>	<u>6,042,184</u>	<u>6,434,286</u>
Total Net Assets			
Total Liabilities and Net Assets	\$ <u>498,673</u>	\$ <u>6,042,184</u>	\$ <u>6,540,857</u>

See accompanying notes to
the basic financial statements. County of Humboldt Supplemental Section Page 85

COUNTY OF HUMBOLDT

Exhibit F-2

Motor Pool

Combining Statement of Revenues, Expenses and
Changes in Net Assets
June 30, 2009

	<u>Operating (Fund)</u>	<u>Capital (Fund)</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 2,474,835	\$ 984,180	\$ 3,459,015
Miscellaneous revenues	-	-	-
Total Revenues	<u>2,474,835</u>	<u>984,180</u>	<u>3,459,015</u>
Operating Expenses:			
Salaries and benefits	290,361	-	290,361
Services and supplies	1,957,458	1,149,698	3,107,156
Self-insurance claims and purchase premiums	-	-	-
Depreciation	4,639	687,997	692,636
Other Expenses	-	-	-
Total operating expenses	<u>2,252,458</u>	<u>1,837,695</u>	<u>4,090,153</u>
Net Operating Income	<u>222,377</u>	<u>(853,515)</u>	<u>(631,138)</u>
Non-Operating Revenues (Expenses):			
Interest Income	-	97,392	97,392
Interest expense	-	-	-
Gain (loss) on sale of capital assets	-	-	-
Total Non-Operating Revenue (expense)	<u>-</u>	<u>97,392</u>	<u>97,392</u>
Transfers:			
Operating transfers in (out)	-	-	-
Interfund transfers in (out)	-	-	-
Change in Net Assets	222,377	(756,123)	(533,746)
Net Assets-Beginning of Year - As previously stated	169,725	4,827,282	4,997,007
Prior period adjustment	-	1,971,025	1,971,025
Net Assets-Beginning of Year - As restated	<u>169,725</u>	<u>6,798,307</u>	<u>6,968,032</u>
Residual Equity Transfers In	-	-	-
Residual Equity Transfers Out	-	-	-
Net Assets-End of Year	<u>\$ 392,102</u>	<u>\$ 6,042,184</u>	<u>\$ 6,434,286</u>

See accompanying notes to
the basic financial statements. County of Humboldt Supplemental Section Page 86

COUNTY OF HUMBOLDT

Exhibit F-3

Motor Pool

**Combining Statement of Cash Flows
June 30, 2009**

	<u>Operating (Fund)</u>	<u>Capital (Fund)</u>	<u>Total</u>
Cash Flow from Operating Activities:			
Cash received for services	\$ 2,474,835	\$ 984,180	\$ 3,459,015
Cash paid to suppliers	(1,996,205)	(1,149,698)	(3,145,903)
Cash paid to employees	(290,361)	-	(290,361)
Operating transfers	-	-	-
Prior period adjustment	-	-	-
	<u>188,269</u>	<u>(165,518)</u>	<u>22,751</u>
Net Cash Provided (Used) by Operating Activities			
Cash Flows from Noncapital Financing Activities:			
Net temporary loans from other funds	-	-	-
Advances to other funds	(152,853)	1,670,468	1,517,615
	<u>(152,853)</u>	<u>1,670,468</u>	<u>1,517,615</u>
Net Cash Provided (Used) by Capital Financing Activities			
Cash Flows from Capital and Related Financing Activities:			
Sale/disposal of capital assets	-	-	-
Purchase of capital assets	-	(2,055,844)	(2,055,844)
	<u>-</u>	<u>(2,055,844)</u>	<u>(2,055,844)</u>
Net Cash Provided (Used) by Capital Financing Activities			
Cash Flows from Investing Activities:			
Interest income	(6,977)	146,234	139,257
Interest expense	-	-	-
	<u>(6,977)</u>	<u>146,234</u>	<u>139,257</u>
Net Cash Provided (Used) by Investing Activities			
Increase (Decrease) in Cash and Cash Equivalents	28,439	(404,660)	(376,221)
Cash and Cash Equivalents, Beginning of Year	<u>221,561</u>	<u>702,350</u>	<u>923,911</u>
Cash and Cash Equivalents, End of Year	\$ <u>250,000</u>	\$ <u>297,690</u>	\$ <u>547,690</u>

COUNTY OF HUMBOLDT**Motor Pool****Combining Statement of Cash Flows
June 30, 2009**

Exhibit F-3

(Continued)

	<u>Operating</u> <u>(Fund)</u>	<u>Capital</u> <u>(Fund)</u>	<u>Total</u>
Cash Flows from Operating Activities:			
Operating Income (loss)	\$ 222,377	\$ (853,515)	\$ (631,138)
Adjustments to Reconcile Operating Income to Net Cash provided (Used) by operating activities:			
Prior period adjustment	-	-	-
Depreciation	4,639	687,997	692,636
Operating transfers	-	-	-
Increase (decrease) in due from other Governmental entities	-	-	-
Decrease (increase) in inventory	(32,421)	-	(32,421)
Decrease (increase) in prepaid assets	-	-	-
Increase (decrease) in accounts payable	29,638	-	29,638
Increase (decrease) in accrued salaries and benefits	931	-	931
Increase (decrease) in other liabilities	-	-	-
Increase (decrease) in estimated insurance payable	-	-	-
Increase (decrease) in deferred revenue	-	-	-
Increase (decrease) in compensated absences	(36,895)	-	(36,895)
Net Cash Provided (Used) by Operating Activities	\$ <u>188,269</u>	\$ <u>(165,518)</u>	\$ <u>22,751</u>