

**COUNTY OF LAKE,
CALIFORNIA**



**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2010**

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COUNTY OF LAKE, CALIFORNIA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2010

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INTRODUCTORY SECTION

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- **List of Officials**

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COUNTY OF LAKE, CALIFORNIA
COUNTY OFFICIALS
FOR THE YEAR ENDED JUNE 30, 2010

ELECTED OFFICIALS

Supervisor, District 1	Jim Comstock
Supervisor, District 2	Jeffrey M. Smith
Supervisor, District 3	Denise Rushing
Supervisor, District 4	Anthony Farrington
Supervisor, District 5	Rob Brown
Assessor-Recorder	Doug Wacker
District Attorney	Jon E. Hopkins
County Clerk/Auditor-Controller	Pam Cochrane
Sheriff-Coroner	Rodney Mitchell
Treasurer-Tax Collector	Sandra Kacharos

DEPARTMENT DIRECTORS/ADMINISTRATORS

Administrative Officer	Kelly Cox
Agricultural Commissioner	Steve Hajik
Air Pollution Control Officer	Doug Gearhart
Animal Control Director	Denise Johnson
Child Support Services Director	Gail Woodworth
Community Development Director	Richard Coel
County Counsel	Anita Grant
Health Services Director	Jim Brown
Human Resources Director	Kathy Ferguson
Information Technology	Martin Franusich
Librarian	Susan Clayton
Mental Health Director	Kristy Kelly
Probation Officer	Meredith Helton
Public Services Director	Kim Clymire
Public Works Director	Brent Siemer
Registrar of Voters	Diane Fridley
Social Services Director	Carol Huchingson
Special Districts Administrator	Mark Dellinger
UC Coop Extension/Farm Advisor	Greg Giusti
Veterans Services Officer	Jim Brown

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FINANCIAL SECTION

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

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors and Grand Jury
County of Lake
Lakeport, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Lake, California (County), as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

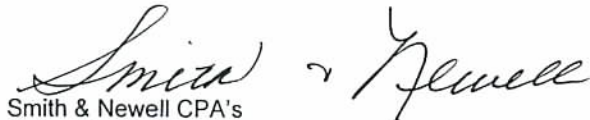
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of June 30, 2010, and the respective changes in financial position and, cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 19, 2010, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

To the Board of Supervisors and Grand Jury
County of Lake
Lakeport, California

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements taken as a whole. The introductory section and combining nonmajor fund statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Handwritten signature in cursive script, appearing to read "Smith & Newell".

Smith & Newell CPA's
Yuba City, California
November 19, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS
(Unaudited)

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Management's Discussion and Analysis

As management of the County of Lake, California, (County) we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information in our financial statements.

Financial Highlights

The assets of the County exceeded its liabilities at the close of fiscal year June 30, 2010 by \$197,483,926 (*net assets*):

- \$133,055,356 is invested in capital assets, net of related debt.
- \$38,997,037 is restricted for specific purposes (*restricted net assets*)
- \$25,431,533 in unrestricted net assets will be used to meet the government's ongoing obligations to citizens and creditors.

The County's total net assets decreased by \$ 2,208,159:

- This total net asset decrease is comprised of a \$3,687,784 decrease in unrestricted net assets, \$3,118,113 decrease in restricted net assets and a \$4,597,738 increase in capital assets net of related debt.
- Expenses exceeded revenues by \$2,208,159.

As of June 30, 2010, the County's governmental funds reported combined fund balances of \$63,657,831, a decrease of \$2,762,989. Approximately 70% of the combined fund balances, \$44,246,674, is available to meet the County's current and future needs (unreserved fund balance).

- At the end of the current fiscal year, the unreserved fund balance for the general fund was \$23,155,570, or 54% of total general fund expenditures. \$11,528,693 of the unreserved balance is designated for specific purposes per the County Board of Supervisors and is intended for those purposes only, while \$11,626,877 is undesignated (and was utilized as a source of financing in the following year's budget).

Overview of the Financial Statements

Management's Discussion and Analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

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

The *statement of activities* presents information 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 result in cash flows in a future fiscal period (e.g. long-term notes loans and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include the General Fund, Housing and CDBG Programs, Criminal Justice and Sheriff Programs, Mental Health and Health Administration, and Social Services. The business-type activities of the County are Solid Waste Management.

Component units are included in the basic financial statements and consist of legally separate entities for which the County is financially accountable and that have substantially the same governing board as the County. Component units for the County include the Lake County Redevelopment Agency, the Air Quality District, the Lake County Housing Commission, the Watershed Protection Districts, the County Service Areas, the Lighting Districts, and the Sanitation Districts. Separate financial statements are prepared for the Lake County Housing Authority and the Lake County Redevelopment Agency. The financial statements of which can be obtained by writing to the Auditor-Controller's Office, 255 North Forbes Street, Lakeport, CA 95453.

The government-wide financial statements can be found on pages 11 – 12 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate 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. *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 funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide reconciliation to the government-wide financial statement in order to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains governmental funds organized according to their type—special revenue, debt service and capital projects. The County segregates from the General Fund a number of significant functions in major funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Housing Programs, Mental Health Programs, Social Services and County Redevelopment Agency, all of which are considered to be major funds. 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* located in the *Combining and Individual Fund Statements and Schedules* section of this report.

The County adopts an annual appropriated budget for all of its operating funds. A budgetary comparison statement has been provided for the General Fund and major special revenue funds to demonstrate performance against this budget.

The governmental funds financial statements can be found on pages 13 – 16 of this report.

Proprietary funds. The County maintains two different types of proprietary funds. *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 Solid Waste Management. *Internal service* funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for Unemployment Insurance, Public Liability Insurance, Workers' Compensation Insurance, Self Funded Dental/Vision, Heavy Equipment Rental, Fleet Maintenance, and Central Garage. 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 proprietary fund financial statements provide separate information for Solid Waste Management, which is considered to be a major fund of the County. All internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the nonmajor internal service funds is provided in the form of *combining statements* elsewhere in this report.

The proprietary funds financial statements can be found on pages 17 – 19 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the County. 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 funds financial statements can be found on pages 20 – 21 of this report.

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

The notes to the basic financial statements can be found on pages 22 – 46 of this report.

Required Supplementary Information. The Required Supplementary Information follows the Notes to the basic financial statements and contains budgetary comparison schedules for the General Fund by function along with major special revenue funds. Further information relative to this information is contained in the notes to required supplementary information.

The required supplementary information can be found on pages 47 – 52 of this report.

Supplementary Section. The Supplementary section contains the combining and individual fund statements and schedules for all nonmajor funds.

The supplementary section can be found on pages 53 – 71 of this report.

Government-Wide Financial Analysis

The following comparative analysis is provided as required under Governmental Accounting Standards Board (GASB) Statement No. 34.

County of Lake									
Net Assets as of June 30									
	Governmental		Business-Type		Total		Total		
	Activities		Activities				Dollar	Percent	
	2009	2010	2009	2010	2009	2010	Change	Change	
Assets:									
Current and other assets	\$ 95,667,890	\$ 90,797,214	\$ 7,685,062	\$ 6,844,935	\$ 103,352,952	\$ 97,642,149	\$ (5,710,803)	-6%	
Capital assets	142,423,018	145,600,179	5,224,410	5,290,950	147,647,428	150,891,129	3,243,701	2%	
Total assets	238,090,908	236,397,393	12,909,472	12,135,885	251,000,380	248,533,278	(2,467,102)	-1%	
Liabilities:									
Current and other liabilities	22,635,300	21,773,654	152,438	118,753	22,787,738	21,892,407	(895,331)	-4%	
Long-term liabilities	23,778,990	24,278,546	4,741,567	4,878,399	28,520,557	29,156,945	636,388	2%	
Total liabilities	46,414,290	46,052,200	4,894,005	4,997,152	51,308,295	51,049,352	(258,943)	-1%	
Net Assets:									
Invested in capital assets, net of related debt	123,233,208	127,764,406	5,224,410	5,290,950	128,457,618	133,055,356	4,597,738	4%	
Restricted net assets	37,737,244	34,348,436	4,377,906	4,648,601	42,115,150	38,997,037	(3,118,113)	-7%	
Unrestricted net assets	30,706,166	28,232,351	(1,586,849)	(2,800,818)	29,119,317	25,431,533	(3,687,784)	-13%	
Total net assets	\$ 191,676,618	\$ 190,345,193	\$ 8,015,467	\$ 7,138,733	\$ 199,692,085	\$ 197,483,926	\$ (2,208,159)	-1%	

Analysis of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$197,483,926 the close of the most recent fiscal year.

The largest portion of the County's net assets \$133,055,356 or 67% is its investment in capital assets (e.g. land, building, improvements, equipment, park facilities and infrastructure—roads, bridges, water and sewer systems), which is shown less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens. These assets are *not* available for future spending.

Restricted net assets of \$38,997,037 or 20% represents resources that are subject to external restrictions on how they may be used. The remaining \$25,431,533 or 13%, unrestricted net assets, may be used to meet the County's ongoing obligations to citizens and creditors.

At the conclusion of the fiscal year June 30, 2010 the County is able to report positive balances in all three categories of net assets, for the government as a whole.

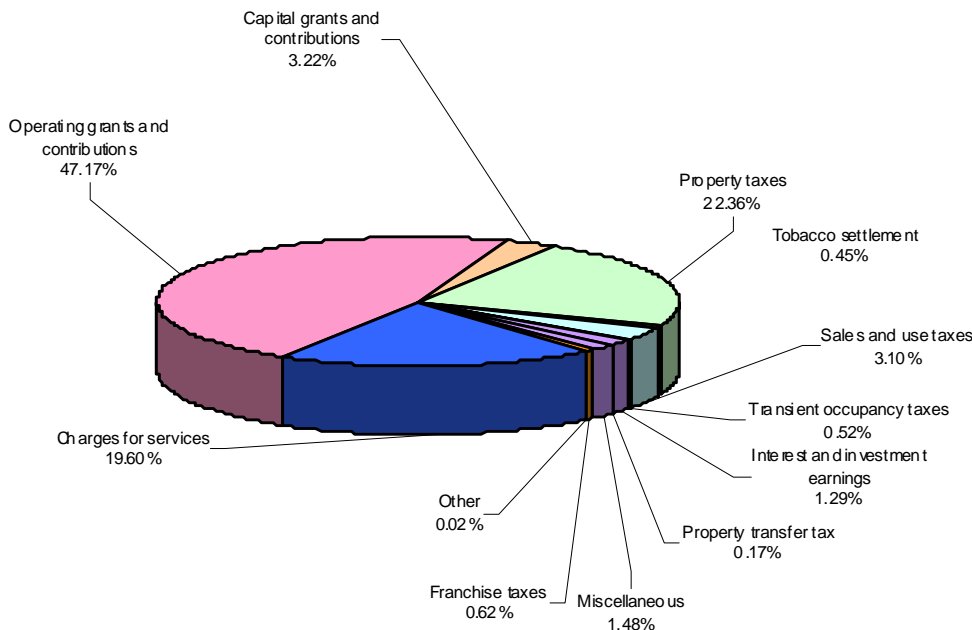
County of Lake
Changes in Net Assets as of June 30

	Governmental		Business-Type		Total		Dollar Change	Percent Change
	2009	2010	2009	2010	2009	2010		
Revenues								
Program Revenues:								
Charges for Services	\$ 24,497,587	\$ 25,665,330	\$ 1,604,137	\$ 1,560,729	\$ 26,101,724	\$ 27,226,059	\$ 1,124,335	4%
Operating grants and contributions	69,921,581	61,741,466	78,599	29,296	70,000,180	61,770,762	(8,229,418)	-12%
Capital grants and contributions	4,017,714	4,216,888	50,915	-	4,068,629	4,216,888	148,259	4%
General Revenues:								
Property taxes	29,628,849	29,263,637	-	-	29,628,849	29,263,637	(365,212)	-1%
Sales and use taxes	5,486,727	4,062,900	-	-	5,486,727	4,062,900	(1,423,827)	-26%
Transient occupancy taxes	806,190	676,696	-	-	806,190	676,696	(129,494)	-16%
Property transfer taxes	240,480	224,239	-	-	240,480	224,239	(16,241)	-7%
Franchise taxes	739,433	817,420	-	-	739,433	817,420	77,987	11%
Aircraft taxes	19,737	23,113	-	-	19,737	23,113	3,376	17%
Timber yield taxes	1,254	38	-	-	1,254	38	(1,216)	-97%
Tobacco settlement	654,848	590,621	-	-	654,848	590,621	(64,227)	10%
Interest and investment earnings	2,016,232	1,683,059	71,978	61,166	2,088,210	1,744,225	(343,985)	16%
Grants and contributions-unrestricted	-	-	-	-	-	-	-	0%
Miscellaneous	1,587,576	1,942,098	-	8,431	1,587,576	1,950,529	362,953	23%
Total revenues	139,618,208	130,907,505	1,805,629	1,659,622	141,423,837	132,567,127	(8,856,710)	-6%
Expenses								
General government	15,191,663	14,123,720	-	-	15,191,663	14,123,720	(1,067,943)	-7%
Public protection	37,770,494	36,406,853	-	-	37,770,494	36,406,853	(1,363,641)	-4%
Public assistance	38,139,448	37,990,878	-	-	38,139,448	37,990,878	(148,570)	0%
Public ways and facilities	15,298,651	15,710,332	-	-	15,298,651	15,710,332	411,681	3%
Health and sanitation	29,294,683	24,636,130	-	-	29,294,683	24,636,130	(4,658,553)	-16%
Education	1,328,710	1,259,325	-	-	1,328,710	1,259,325	(69,385)	-5%
Recreation and culture	1,425,587	1,419,818	-	-	1,425,587	1,419,818	(5,769)	0%
Solid Waste Management	-	-	2,713,001	2,536,356	2,713,001	2,536,356	(176,645)	-7%
Interest on long-term debt	836,875	691,874	-	-	836,875	691,874	(145,001)	-17%
Total expenses	139,286,111	132,238,930	2,713,001	2,536,356	141,999,112	134,775,286	(7,223,826)	-5%
Excess before special items/transfers	332,097	(1,331,425)	(907,372)	(876,734)	(575,275)	(2,208,159)	(1,632,884)	
Transfers	-	-	-	-	-	-	-	
Change in net assets	332,097	(1,331,425)	(907,372)	(876,734)	(575,275)	(2,208,159)	(1,632,884)	
Net assets - July 1	191,344,521	191,676,618	8,922,839	8,015,467	200,267,360	199,692,085	(575,275)	
Prior period adjustment	-	-	-	-	-	-	-	
Net assets - July 1 restated	191,344,521	191,676,618	8,922,839	8,015,467	200,267,360	199,692,085	(575,275)	
Net assets - June 30	\$ 191,676,618	\$ 190,345,193	\$ 8,015,467	\$ 7,138,733	\$ 199,692,085	\$ 197,483,926	\$ (2,208,159)	

As listed in Financial Highlights, the County's net assets decreased by \$2,208,159 during the June 30, 2010 fiscal year.

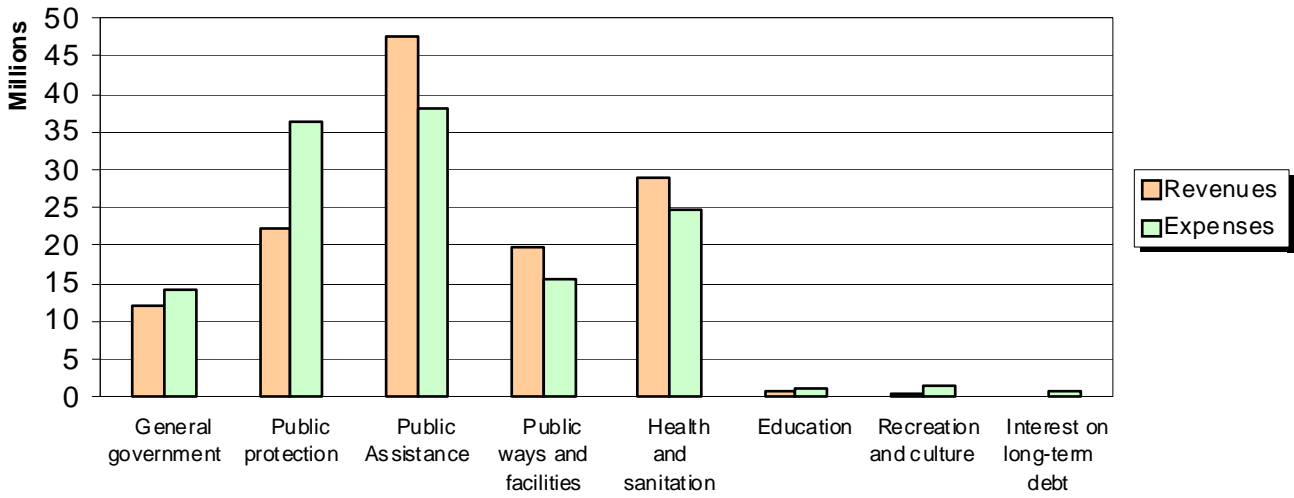
Governmental activities. Governmental activities decreased the County's net assets by \$1,331,425, or 1%. Total revenues decreased by \$8,710,703 or 6%, while total expenses also decreased by \$7,047,181, or 5%.

Revenues by Source-Governmental Activities



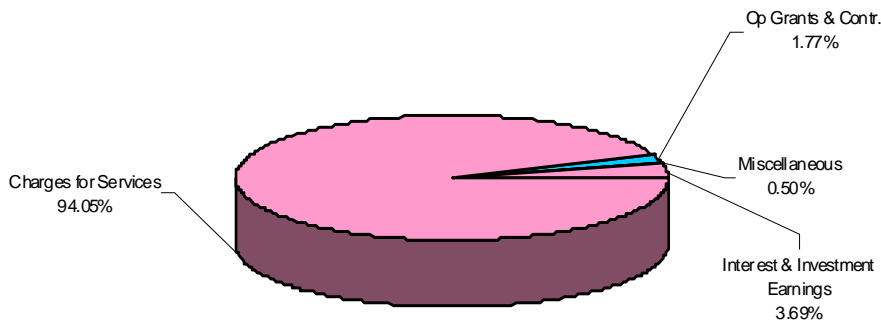
Revenues. The total revenue decrease of \$8,710,703 is seen in the majority of revenue categories. Decreasing revenue categories were operating grants and contributions, at \$8,180,115 property taxes at \$365,212, sales and use taxes at \$1,423,827, transient occupancy taxes at \$129,494, property transfer taxes at \$16,241, timber yield taxes at \$1,216, tobacco settlement at \$64,227, and interest and investment earnings at \$333,173. The remaining categories experienced increases with charges for services at \$1,167,743, capital grants and contributions at \$199,174, franchise taxes at \$77,987, aircraft taxes at \$3,376 and miscellaneous revenues at \$354,522.

Expenses and Program Revenues-Governmental Activities



Expenses. The \$7,047,181 decrease was within categories within general government, \$1,067,943, public protection, \$1,363,641, public assistance, \$148,570, health and sanitation, \$4,658,553, education, \$69,385, recreation and cultural, \$5,759, and interest on long term debt, \$145,001. The only increase in General government expenditures was for public ways, \$411,681.

Revenues by Source-Business-Type Activities



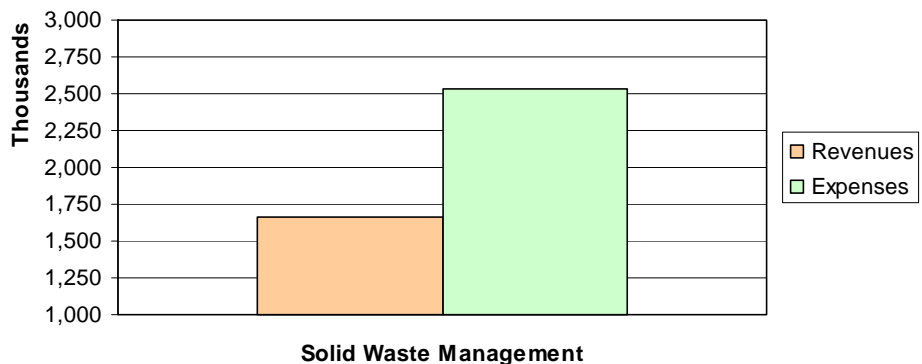
Business-type activities. Business-type activities decreased the County's net assets by \$876,734 or 11%. Total revenues decreased by \$146,007 or 8%, total expenses decreased by \$176,645, 7%.

Revenues. Total program revenues decreased by \$146,007. Revenues for charges for services decreased \$43,408, operating grants decreased \$49,303, capital grants decreased \$50,915, interest decreased \$10,812, Miscellaneous revenues were the only increase, increasing \$8,431 for this period.

Solid Waste Management

Expenses. Total expenses were \$176,645 less than the previous fiscal year. This decrease in expenses was greater than reduced revenues. As noted, the Solid Waste Management activity continued a declining net asset trend with an additional \$876,734 decrease in net assets from the previous fiscal year.

Expenses and Program Revenues-Business-type Activities



Financial Analysis of the County's Funds

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

Governmental funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As listed in the *Financial Highlights*, at June 30, 2010 the County's governmental funds reported combined ending fund balances of \$63,657,831 a decrease of \$2,762,989 in comparison with the prior year. Approximately 70% of the combined fund balance, \$44,246,674 constitutes unreserved fund balance, which is available to meet the County's current and future needs. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has been committed to the following:

- Debt service (non general fund) - \$3,589,853
- Encumbrances - \$7,896,020
- Inventory - \$124,274
- MHSA Prudent Reserve - \$182,750
- Advance to other funds - \$7,618,260

The decrease in fund balances for the County's governmental funds reflects the County's progress in completing several one time projects for which funding has been set aside in the budget. There have been several one time projects completed or started during the year.

The General Fund is the primary operating fund of the County. At June 30, 2010, unreserved fund balance of the General Fund was \$23,155,570 while total fund balance reached \$30,408,480. \$11,528,693 of the unreserved fund balance is designated by the governing body for infrastructure and reserve projects, while the \$11,626,877 in undesignated has been committed by the Board of Supervisors to support the 2011 fiscal year as well as multi-year projects. This is a continuance of the Board's commitment for utilizing one time funding sources for one time projects. As these projects are completed, and absent any additional one time funding sources, it is expected the general fund will continue to experience a decrease in fund balance. 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 54% of total general fund expenditures, while total fund balance represents 71% of that same amount. The general fund balance increased by \$1,722,904 during the fiscal year.

Other major funds include the Housing Programs, Mental Health Programs, Social Services, and the County Redevelopment Agency. The Housing Programs, Mental Health Programs, Social Services and County Redevelopment Agency had total fund balances of \$185,457 (deficit), \$1,249,468 (deficit) and \$2,107,512 and \$2,165,701 (deficit) respectively; an increase of \$209,453 and \$1,789,654, and a decrease of \$1,069,660 and \$1,810,824, respectively.

The Housing Programs continue to have a deficit fund balance, \$185,457. This deficit is due to a interim financing from Social Services Realignment monies during the June 30, 2009 fiscal year that is partially unpaid. This temporary year end loan was to fund a reimbursement program and was the primary reason for the change in fund balance at year end for the Housing Programs. The deficit fund balance is expected to be eliminated through future reimbursements.

The Mental Health Programs fund continues to have a deficit ending fund balance, \$1,269,468. This deficit fund balance is the result of loans from the County General Fund. The General Fund loaned Mental Health Administration monies in several previous fiscal years. The balance owed the General Fund at the end of the fiscal year is \$2,001,434. A portion of this balance, \$1,156,525 includes a repayment plan of at least annual payments of \$200,000 until fiscal year 2016. The remaining additional loan of \$844,909 requires repayment at the rate of \$135,818 each quarter beginning the third quarter of fiscal year 2010. As listed in Note 2 (B), the deficit fund balance is expected to be eliminated in the future through cost containment and future reimbursements.

The County Redevelopment Agency (RDA) fund has a negative fund balance, \$2,165,701. This is typical for a Redevelopment Agency since an RDA is required to incur debt in order to receive tax increment revenues. The RDA's debt consists primarily of money borrowed from the County General Fund and property acquisition financing.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The net assets of the enterprise fund decreased from \$8,007,052 to \$7,108,441, a 11% decrease from the previous fiscal year.

General Fund Budgetary Highlights

The differences between the original budget and the final amended budget revenues were an increase of \$1,462,969. This represents approximately a 3% increase. The differences between the original budget and the final amended budget appropriations were an increase of \$821,936. This increase of approximately 1.5% net over all functions is summarized below:

- General government – net decrease of \$222,495. This is a negligible decrease compared to total category budget.
- Public Protection – net decrease \$88,178. This is also a negligible decrease compared to total category budget.
- Public Assistance – no change.
- Education – net decrease \$281.
- Recreation and Culture – net decrease of \$129,785 in the Parks and Recreation.
- Total Capital Outlay – net increase of \$1,248,175. Spread throughout nine different departments.

During the year, actual revenues were \$370,847 less than budgetary estimates. During the year, actual expenditures were less than budgetary estimates by \$12,225,740. The net effect of over-realization of revenues and under-utilization of appropriations resulted in a positive variance of \$11,854,893 prior to consideration of interfund transfers. This variance is due to management's conservative revenue estimates and fiscally responsible spending practices.

Specific categories and their associated variances can be found in the Required Supplementary Information section of this report (pages 47 – 49).

Capital assets

The County's investment in capital assets for its governmental and business type activities as of June 30, 2010 was \$150,891,129 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, equipment, park facilities and infrastructure (roads, bridges, water and sewer systems). The total increase in the County's investment in capital assets for the current fiscal year of \$3,243,701 was primarily due to land acquisitions and construction in progress.

County of Lake
Capital Assets as of June 30 (Net of Depreciation)

	Governmental		Business-Type		Total		Total	
	Activities		Activities		Total		Dollar	Percent
	2009	2010	2009	2010	2009	2010	Change	Change
Land	\$ 17,086,594	\$ 20,923,406	\$ 767,970	\$ 767,970	\$ 17,854,564	\$ 21,691,376	\$ 3,836,812	21%
Construction in progress	\$ 9,655,617	\$ 14,446,767	\$ -	\$ -	\$ 9,655,617	\$ 14,446,767	\$ 4,791,150	50%
Buildings and improvements	\$ 41,033,054	\$ 40,048,840	\$ 1,137,701	\$ 1,107,161	\$ 42,170,755	\$ 41,156,001	\$ (1,014,754)	-2%
Equipment	\$ 6,562,508	\$ 5,588,089	\$ 1,401,288	\$ 1,541,946	\$ 7,963,796	\$ 7,130,035	\$ (833,761)	-10%
Infrastructure	\$ 68,085,245	\$ 64,593,077	\$ 1,917,451	\$ 1,873,873	\$ 70,002,696	\$ 66,466,950	\$ (3,535,746)	-5%
Totals	142,423,018	145,600,179	5,224,410	5,290,950	147,647,428	150,891,129	3,243,701	2%

Detailed information on the County's capital assets can be found in the Notes to the Financial Statements, Note 3 (C) pages 35-36.

Long-Term Liabilities

As of June 30, 2010, the County had total long-term obligations outstanding of \$29,156,945. The largest obligations were Loans Payable of \$13,656,377 primarily for water and wastewater projects, Closure/Post Closure for Solid Waste of \$4,757,183, compensated absences of \$3,199,820, and Kelseyville/Finley Water Project Certificates of Participation of \$2,702,396. The remaining includes special assessment bonds, \$927,000, general obligation bonds, \$550,000, and OPEB obligation, \$3,364,169.

During the fiscal year, the County's total long-term liabilities increased by \$636,388. This change was the result of loans paid off combined with the increase of the net OPEB obligation and compensated absences.

The majority of County long-term liabilities consist of general obligation and special assessment bonds, and County Service Area loans. Accordingly, this is primarily paid for by bonds and special assessments for those within the areas of service.

Detailed information on the County's long-term debt can be found in the Notes to the Financial Statements, Note 3 (F) pages 37-40.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all interested parties. Questions concerning the information contained within this report or requests for additional information should be addressed to the County of Lake, Auditor-Controller, 255 North Forbes Street, Lakeport, CA 95453. This report, along with the County Budget, is also available via the internet at: http://www.co.lake.ca.us/Government/Directory/AuditorController/Financial_Reporting.htm

BASIC FINANCIAL STATEMENTS
Government Wide Financial Statements

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COUNTY OF LAKE, CALIFORNIA
STATEMENT OF NET ASSETS
JUNE 30, 2010

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<u>ASSETS</u>			
Cash and investments	\$ 74,091,614	\$ 6,548,286	\$ 80,639,900
Restricted cash	72,913	-	72,913
Accounts receivable (net of allowance)	7,555,854	254,675	7,810,529
Interest receivable	72,713	11,682	84,395
Taxes and assessments receivable	444,461	-	444,461
Prepaid costs	13,552	-	13,552
Deposits	25,678	-	25,678
Internal balances	(30,292)	30,292	-
Inventory	145,111	-	145,111
Loans receivable	8,405,610	-	8,405,610
Capital assets:			
Non depreciable	35,370,173	767,970	36,138,143
Depreciable, net	110,230,006	4,522,980	114,752,986
Total capital assets	<u>145,600,179</u>	<u>5,290,950</u>	<u>150,891,129</u>
Total Assets	<u>236,397,393</u>	<u>12,135,885</u>	<u>248,533,278</u>
<u>LIABILITIES</u>			
Accounts payable	3,686,114	15,523	3,701,637
Accrued interest payable	84,999	-	84,999
Accrued salaries and benefits	6,078,684	103,230	6,181,914
Unearned revenue	11,020,617	-	11,020,617
Deposits payable	108,488	-	108,488
Due to external parties	379,300	-	379,300
Mental health overpayment from State	85,356	-	85,356
Estimated claims liability	330,096	-	330,096
Long-term liabilities:			
Due within one year	2,267,365	4,950	2,272,315
Due in more than one year	<u>22,011,181</u>	<u>4,873,449</u>	<u>26,884,630</u>
Total Liabilities	<u>46,052,200</u>	<u>4,997,152</u>	<u>51,049,352</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	127,764,406	5,290,950	133,055,356
Restricted for:			
Debt service	3,589,853	-	3,589,853
Capital projects	6,111,140	-	6,111,140
Grants, taxes, and fees	24,647,443	-	24,647,443
Closure maintenance	-	4,648,601	4,648,601
Unrestricted	<u>28,232,351</u>	<u>(2,800,818)</u>	<u>25,431,533</u>
Total Net Assets	<u>\$ 190,345,193</u>	<u>\$ 7,138,733</u>	<u>\$ 197,483,926</u>

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

COUNTY OF LAKE, CALIFORNIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 14,123,720	\$ 4,112,277	\$ 3,732,965	\$ 18,124
Public protection	36,406,853	4,056,989	6,880,232	-
Public assistance	37,990,878	329,422	35,641,784	-
Public ways and facilities	15,710,332	7,775,941	3,347,849	3,986,583
Health and sanitation	24,636,130	9,332,628	12,089,576	-
Education	1,259,325	23,773	49,060	212,181
Recreation and culture	1,419,818	34,300	-	-
Interest on long-term debt	691,874	-	-	-
Total Governmental Activities	132,238,930	25,665,330	61,741,466	4,216,888
Business-type activities:				
Solid waste management	2,536,356	1,560,729	29,296	-
Total Business-type Activities	2,536,356	1,560,729	29,296	-
Total Primary Government	\$ 134,775,286	\$ 27,226,059	\$ 61,770,762	\$ 4,216,888

General revenues:

Taxes:

Property taxes
Sales and use taxes
Transient occupancy taxes
Property transfer taxes
Franchise taxes
Aircraft taxes
Timber yield taxes
Tobacco settlement
Interest and investment earnings
Miscellaneous

Total General Revenues

Change in Net Assets

Net Assets - Beginning

Net Assets - Ending

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

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

Governmental Activities	Business- Type Activities	Total
\$ (6,260,354)	\$ -	\$ (6,260,354)
(25,469,632)	-	(25,469,632)
(2,019,672)	-	(2,019,672)
(599,959)	-	(599,959)
(3,213,926)	-	(3,213,926)
(974,311)	-	(974,311)
(1,385,518)	-	(1,385,518)
(691,874)	-	(691,874)
<u>(40,615,246)</u>	<u>-</u>	<u>(40,615,246)</u>
-	(946,331)	(946,331)
-	(946,331)	(946,331)
<u>(40,615,246)</u>	<u>(946,331)</u>	<u>(41,561,577)</u>
29,263,637	-	29,263,637
4,062,900	-	4,062,900
676,696	-	676,696
224,239	-	224,239
817,420	-	817,420
23,113	-	23,113
38	-	38
590,621	-	590,621
1,683,059	61,166	1,744,225
1,942,098	8,431	1,950,529
<u>39,283,821</u>	<u>69,597</u>	<u>39,353,418</u>
(1,331,425)	(876,734)	(2,208,159)
<u>191,676,618</u>	<u>8,015,467</u>	<u>199,692,085</u>
<u>\$ 190,345,193</u>	<u>\$ 7,138,733</u>	<u>\$ 197,483,926</u>

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BASIC FINANCIAL STATEMENTS
Fund Financial Statements

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COUNTY OF LAKE, CALIFORNIA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	<u>General Fund</u>	<u>Housing Programs</u>	<u>Mental Health Programs</u>	<u>Social Services</u>	<u>County Redevelopment Agency</u>
ASSETS					
Cash and investments	\$ 25,791,399	\$ 257,925	\$ 1,805,732	\$ 2,539,028	\$ 1,575,324
Restricted cash and investments	-	-	-	-	-
Accounts receivable (net of allowance)	827,529	-	1,215,004	985,891	94,217
Interest receivable	59,183	-	-	-	-
Taxes and assessments receivable	289,961	-	-	-	-
Deposits	-	-	-	-	-
Prepaid costs	-	-	-	-	-
Due from other funds	127,869	-	-	-	-
Advance to other funds	7,074,293	-	-	-	471,000
Inventory	-	-	-	-	-
Loans receivable	-	6,670,152	-	-	596,668
Total Assets	\$ 34,170,234	\$ 6,928,077	\$ 3,020,736	\$ 3,524,919	\$ 2,737,209
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 426,055	\$ -	\$ 1,118,948	\$ 385,311	\$ 2,818
Accrued salaries and benefits	3,337,699	15,421	501,305	1,032,096	10,430
Deposits payable	-	-	-	-	-
Deferred revenue	-	129,060	-	-	-
Unearned revenue	-	6,541,092	606,050	-	596,668
Due to other funds	-	-	42,467	-	-
Advance from other funds	-	427,961	2,001,434	-	4,292,994
Total Liabilities	3,763,754	7,113,534	4,270,204	1,417,407	4,902,910
FUND BALANCES					
Reserved for:					
Debt service	-	-	-	-	-
Encumbrances	176,617	-	71,123	28,334	783,497
Inventory	-	-	-	-	-
MHSA prudent reserve	-	-	182,750	-	-
Advance to other funds	7,074,293	-	-	-	471,000
Unreserved, reported in:					
General					
Designated	11,528,693	-	-	-	-
Undesignated	11,626,877	-	-	-	-
Special revenue funds					
Designated	-	-	-	-	-
Undesignated	-	(185,457)	(1,503,341)	2,079,178	-
Capital projects funds					
Designated	-	-	-	-	-
Undesignated	-	-	-	-	(3,420,198)
Total Fund Balances	30,406,480	(185,457)	(1,249,468)	2,107,512	(2,165,701)
Total Liabilities and Fund Balances	\$ 34,170,234	\$ 6,928,077	\$ 3,020,736	\$ 3,524,919	\$ 2,737,209

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

Other Governmental Funds	Total
\$ 39,490,726	\$ 71,460,134
72,913	72,913
1,326,956	4,449,597
13,530	72,713
-	289,961
25,678	25,678
13,552	13,552
-	127,869
72,967	7,618,260
124,274	124,274
1,138,790	8,405,610
<u>\$ 42,279,386</u>	<u>\$ 92,660,561</u>

\$ 1,539,242	\$ 3,472,374
1,142,136	6,039,087
108,488	108,488
25,336	154,396
3,276,807	11,020,617
118,580	161,047
1,324,332	8,046,721
<u>7,534,921</u>	<u>29,002,730</u>

3,589,853	3,589,853
6,836,449	7,896,020
124,274	124,274
-	182,750
72,967	7,618,260
-	11,528,693
-	11,626,877
9,321,328	9,321,328
7,714,211	8,104,591
13,269	13,269
7,072,114	3,651,916
<u>34,744,465</u>	<u>63,657,831</u>
<u>\$ 42,279,386</u>	<u>\$ 92,660,561</u>

COUNTY OF LAKE, CALIFORNIA
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCES
TO THE GOVERNMENT-WIDE STATEMENT OF
NET ASSETS - GOVERNMENTAL ACTIVITIES
JUNE 30, 2010

Total Fund Balance - Total Governmental Funds	\$ 63,657,831
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	144,302,101
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.	(84,999)
Other long-term assets are not available to pay for current period expenditures and therefore, are not reported in the funds or are reported as deferred in the governmental funds.	
Accounts receivable (net of allowance)	2,902,047
Taxes and assessments receivable	154,500
Deferred revenue	154,396
Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.	
Accounts payable	(52,539)
Mental health overpayment from State	(85,356)
General obligation bonds	(550,000)
Special assessment bonds with County commitment	(927,000)
Loans payable	(13,656,377)
Certificates of participation	(2,702,396)
Net OPEB obligation	(3,285,625)
Compensated absences	(3,113,516)
Internal service funds are used by management to charge the cost of certain activities, such as insurance and equipment maintenance and operations, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	<u>3,632,126</u>
Net Assets of Governmental Activities	<u>\$ 190,345,193</u>

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

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COUNTY OF LAKE, CALIFORNIA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>General Fund</u>	<u>Housing Programs</u>	<u>Mental Health Programs</u>	<u>Social Services</u>	<u>County Redevelopment Agency</u>
<u>REVENUES</u>					
Taxes and assessments	\$ 27,365,539	\$ -	\$ -	\$ -	\$ 1,162,668
Licenses and permits	939,919.00	-	-	1,392	-
Fines and forfeitures	1,171,532.00	-	18,685	-	10,876
Use of money and property	738,254	271	15,564	-	109,191
Intergovernmental revenues	9,209,313.00	630,436	10,360,512	30,521,336	316,698
Charges for services	5,132,821.00	-	348,481	1,415,529	-
Other revenues	284,961.00	29,422	1,311	33,645	2,362
Total Revenues	44,842,339	660,129	10,744,553	31,971,902	1,601,795
<u>EXPENDITURES</u>					
Current:					
General government	11,501,001	-	-	-	639,067
Public protection	29,255,433	-	-	-	-
Public assistance	278,041	482,080	-	33,738,364	-
Public ways and facilities	-	-	-	-	-
Health and sanitation	-	-	8,959,992	-	-
Education	160,840	-	-	-	-
Recreation and culture	1,243,877	-	-	-	-
Debt service:					
Principal	16,910	-	-	-	-
Interest and other charges	2,684	-	-	-	66,262
Capital outlay	357,296	-	-	34,645	2,706,750
Total Expenditures	42,816,082	482,080	8,959,992	33,773,009	3,412,079
Excess of Revenues Over (Under) Expenditures	2,026,257	178,049	1,784,561	(1,801,107)	(1,810,284)
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	3,887,688	31,404	146,446	932,710	-
Transfers out	(4,191,041)	-	(141,353)	(201,263)	-
Issuance of debt	-	-	-	-	-
Total Other Financing Sources (Uses)	(303,353)	31,404	5,093	731,447	-
Net Change in Fund Balance	1,722,904	209,453	1,789,654	(1,069,660)	(1,810,284)
Fund Balances - Beginning	28,683,576	(394,910)	(3,039,122)	3,177,172	(355,417)
Change in inventory on purchase method	-	-	-	-	-
Fund Balances - Ending	\$ 30,406,480	\$ (185,457)	\$ (1,249,468)	\$ 2,107,512	\$ (2,165,701)

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

Other Governmental Funds	Total
\$ 3,380,738	\$ 31,908,945
1,398,219	2,339,530
402,011	1,603,104
672,905	1,536,185
20,021,785	71,060,080
15,184,050	22,080,881
1,848,630	2,200,331
<u>42,908,338</u>	<u>132,729,056</u>
541,950	12,682,018
5,812,523	35,067,956
3,063,616	37,562,101
14,010,963	14,010,963
10,669,896	19,629,888
1,041,041	1,201,881
1,610	1,245,487
1,772,376	1,789,286
639,806	708,752
8,921,466	12,020,157
<u>46,475,247</u>	<u>135,918,489</u>
<u>(3,566,909)</u>	<u>(3,189,433)</u>
7,542,601	12,540,849
(8,007,192)	(12,540,849)
435,249	435,249
<u>(29,342)</u>	<u>435,249</u>
(3,596,251)	(2,754,184)
38,349,521	66,420,820
<u>(8,805)</u>	<u>(8,805)</u>
<u>\$ 34,744,465</u>	<u>\$ 63,657,831</u>

COUNTY OF LAKE, CALIFORNIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2010

Net Change in Fund Balances - Total Governmental Funds \$ (2,754,184)

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

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

Expenditures for capital outlay	12,020,157
Depreciation expense	(8,140,771)
Various adjustments affecting capital assets (including sales, trade-ins and developer contributions)	(265,820)

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

Proceeds from debt	(435,249)
Principal retirements	1,789,286

Revenues reported in the fund financial statements are net of recoveries retained by the State to relieve the overpayment liability reported on the statement of net assets.

925,335

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

Change in accounts receivable	(2,568,254)
Change in taxes and assessments receivable	(65,741)
Change in deferred revenue	(21,264)

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

Change in accounts payable	112,696
Change in net OPEB obligation	(1,718,825)
Change in compensated absences	(127,940)
Change in accrued interest on long-term debt	16,878
Change in inventory reserve	(8,805)

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

(88,924)

Change in Net Assets of Governmental Activities **\$ (1,331,425)**

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

COUNTY OF LAKE, CALIFORNIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

	<u>Business-type Activities</u> <u>Enterprise Funds</u>		<u>Governmental</u> <u>Activities</u>
	<u>Solid Waste</u> <u>Management</u>	<u>Totals</u>	<u>Internal</u> <u>Service</u> <u>Funds</u>
<u>ASSETS</u>			
Current Assets			
Cash and investments	\$ 6,548,286	\$ 6,548,286	\$ 2,631,480
Accounts receivable (net of allowance)	254,675	254,675	204,210
Interest receivable	11,682	11,682	-
Due from other funds	-	-	76,839
Advance to other funds	-	-	5,500
Inventory	-	-	20,837
Total Current Assets	<u>6,814,643</u>	<u>6,814,643</u>	<u>2,938,866</u>
Noncurrent Assets			
Capital assets:			
Non depreciable	767,970	767,970	48,233
Depreciable, net	4,522,980	4,522,980	1,249,845
Total Noncurrent Assets	<u>5,290,950</u>	<u>5,290,950</u>	<u>1,298,078</u>
Total Assets	<u>12,105,593</u>	<u>12,105,593</u>	<u>4,236,944</u>
<u>LIABILITIES</u>			
Current Liabilities			
Accounts payable	15,523	15,523	161,201
Accrued salaries and benefits	103,230	103,230	39,597
Compensated absences payable	4,950	4,950	4,972
Total Current Liabilities	<u>123,703</u>	<u>123,703</u>	<u>205,770</u>
Noncurrent Liabilities			
Compensated absences payable	52,695	52,695	23,687
Closure/post closure liability	4,757,183	4,757,183	-
Net OPEB obligation	63,571	63,571	14,973
Estimated claims liability	-	-	330,096
Total Noncurrent Liabilities	<u>4,873,449</u>	<u>4,873,449</u>	<u>368,756</u>
Total Liabilities	<u>4,997,152</u>	<u>4,997,152</u>	<u>574,526</u>
<u>NET ASSETS</u>			
Invested in capital assets	5,290,950	5,290,950	1,298,078
Restricted for closure maintenance	4,648,601	4,648,601	-
Unrestricted	(2,831,110)	(2,831,110)	2,364,340
Total Net Assets	<u>\$ 7,108,441</u>	<u>7,108,441</u>	<u>\$ 3,662,418</u>
Adjustments to reflect the consolidation of internal service fund activities related to enterprise funds.		<u>30,292</u>	
Net Assets of Business-Type Activities		<u>\$ 7,138,733</u>	

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

COUNTY OF LAKE, CALIFORNIA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Business-type Activities Enterprise Funds		Governmental Activities
	Solid Waste Management	Totals	Internal Service Funds
<u>OPERATING REVENUES</u>			
Charges for services	\$ 1,560,729	\$ 1,560,729	\$ 4,187,756
Rents and concessions	-	-	1,001,478
Other revenues	-	-	27,609
Total Operating Revenues	1,560,729	1,560,729	5,216,843
<u>OPERATING EXPENSES</u>			
Salaries and benefits	1,159,987	1,159,987	401,002
Services and supplies	963,247	963,247	3,162,576
Closure/post closure	105,623	105,623	-
Claims/liability adjustments	-	-	1,338,034
Depreciation	329,376	329,376	556,471
Total Operating Expenses	2,558,233	2,558,233	5,458,083
Operating Income (Loss)	(997,504)	(997,504)	(241,240)
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Intergovernmental revenues	29,296	29,296	-
Interest income	61,166	61,166	146,874
Gain (Loss) on sale of fixed assets	8,431	8,431	27,319
Total Non-Operating Revenues (Expenses)	98,893	98,893	174,193
Income (loss) before Operating Transfers	(898,611)	(898,611)	(67,047)
Transfers in	-	-	-
Transfers out	-	-	-
Change in Net Assets	(898,611)	(898,611)	(67,047)
Total Net Assets - Beginning	8,007,052		3,729,465
Total Net Assets - Ending	\$ 7,108,441		\$ 3,662,418
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.		21,877	
Change in Net Assets of the Business-Type Activities		\$ (876,734)	

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

COUNTY OF LAKE, CALIFORNIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Business-type Activities</u> <u>Enterprise Funds</u>		<u>Governmental</u> <u>Activities</u>
	<u>Solid Waste</u> <u>Management</u>	<u>Totals</u>	<u>Internal</u> <u>Service</u> <u>Funds</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Receipts from customers	\$ 1,517,975	\$ 1,517,975	\$ 5,012,633
Payments to suppliers	(972,717)	(972,717)	(3,221,498)
Payments to employees	(1,152,993)	(1,152,993)	(394,155)
Payments for claims and judgements	-	-	(1,343,204)
Net Cash Provided (Used) by Operating Activities	<u>(607,735)</u>	<u>(607,735)</u>	<u>53,776</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</u>			
Intergovernmental revenue received	29,296	29,296	-
Interfund loans made	-	-	(82,339)
Interfund loans repayments received	50,000	50,000	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>79,296</u>	<u>79,296</u>	<u>(82,339)</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>			
Purchase of capital assets	(387,485)	(387,485)	(92,747)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(387,485)</u>	<u>(387,485)</u>	<u>(92,747)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest and dividends	49,484	49,484	146,874
Net Cash Provided (Used) by Investing Activities	<u>49,484</u>	<u>49,484</u>	<u>146,874</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(866,440)	(866,440)	25,564
Balances - Beginning of the Year	7,414,726	7,414,726	2,605,916
Balances - End of the Year	<u>\$ 6,548,286</u>	<u>\$ 6,548,286</u>	<u>\$ 2,631,480</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>			
Operating income (loss)	\$ (997,504)	\$ (997,504)	\$ (241,240)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	329,376	329,376	556,471
Decrease (increase) in:			
Accounts receivable	(42,754)	(42,754)	(204,210)
Inventories	-	-	(5,274)
Increase (decrease) in:			
Accounts payables	(9,470)	(9,470)	104,102
Salaries and benefits payable	(24,215)	(24,215)	19
Compensated absences payable	2,158	2,158	378
Closure/post closure liability	105,623	105,623	-
OPEB obligation	29,051	29,051	6,450
Estimated claims liability	-	-	(162,920)
Net Cash Provided (Used) by Operating Activities	<u>\$ (607,735)</u>	<u>\$ (607,735)</u>	<u>\$ 53,776</u>

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

COUNTY OF LAKE, CALIFORNIA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	Investment Trust Funds	Agency Funds
<u>ASSETS</u>		
Cash and investments	\$ 40,509,973	\$ -
Taxes and assessments receivable	-	9,623,934
Due from other funds	1,170,230	4,722,958
Advance to other funds	-	422,961
	41,680,203	14,769,853
Total Assets		
<u>LIABILITIES</u>		
Due to other funds	-	5,936,849
Fiduciary liabilities	-	8,833,004
	-	14,769,853
Total Liabilities		
<u>NET ASSETS</u>		
Net assets held in trust for investment pool participants	\$ 41,680,203	\$ -

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

COUNTY OF LAKE, CALIFORNIA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Investment Trust Funds</u>
<u>ADDITIONS</u>	
Contributions:	
Contributions to investment pool	\$ 5,022,964
Net investment income:	
Interest income	<u>443,590</u>
Net investment income	<u>443,590</u>
Total Additions	<u>5,466,554</u>
<u>DEDUCTIONS</u>	
Distributions from investment pool	<u>10,419,783</u>
Total Deductions	<u>10,419,783</u>
Change in Net Assets	(4,953,229)
Net Assets - Beginning	<u>46,633,432</u>
Net Assets - Ending	<u><u>\$ 41,680,203</u></u>

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

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BASIC FINANCIAL STATEMENTS
Notes to Basic Financial Statements

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COUNTY OF LAKE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The County operates under an Administrator-Board of Supervisors form of government and provides various services on a county-wide basis including: public safety, highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services.

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

The governmental reporting entity consists of the County and its component units. Component units are legally separate organizations for which the Board of Supervisors is financially accountable or other organizations whose component units nature and significant relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the County's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a financial burden on the County.

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

For financial purposes, the County's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the Board of Supervisors. The financial statements of the individual component units may be obtained by writing to the County of Lake, Auditor-Controller's Office, 255 North Forbes Street, Lakeport, California, 95453.

Component units that are blended into the reporting activity types of the County's report are presented below:

Lake County Redevelopment Agency

The Lake County Redevelopment Agency is a separate legal entity formed to administer the Redevelopment activities of the County. The Redevelopment Agency's governing Board is composed of the same members as the County's Board of Supervisors. Therefore, these entities have been blended with the primary government.

Air Quality District

The Air Quality District is a separate legal entity formed to provide air quality services. The Air Quality District's Board of Directors is composed of the same members as the County's Board of Supervisors. Therefore, this entity has been blended with the primary government.

Lake County Housing Commission

The Lake County Housing Commission is a separate legal entity formed to administer the Section 8 program. The Housing Commission's purpose is to administer the housing program of the County of Lake. The Housing Commission's Board of Commissioners is composed of the same members as the County's Board of Supervisors. Therefore, this entity has been blended with the primary government.

Watershed Protection Districts

The Watershed Protection Districts are separate legal entities formed to provide flood control in these districts within the County. The Watershed Protection District's Board of Directors is composed of the same members as the County's Board of Supervisors. Therefore, these entities have been blended with the primary government.

COUNTY OF LAKE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

County Service Areas

The County Service Areas are separate legal entities created to provide services such as water and road maintenance throughout the County. The County Service Areas' Board of Directors is composed of the same members as the County's Board of Supervisors. Therefore, these entities have been blended with the primary government.

Lighting Districts

The Lighting Districts are separate legal entities formed to provide lighting services within these districts. The Lighting District's Board of Directors is composed of the same members as the County's Board of Supervisors. Therefore, these entities have been blended with the primary government.

Sanitation Districts

The Sanitation Districts are separate legal entities formed to provide sanitation maintenance services within the County. The Sanitation District's Board of Directors is composed of the same members as the County's Board of Supervisors. Therefore, these entities have been blended with the primary government.

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net assets and statement of activities display information on all of the nonfiduciary activities of the County, and its blended component units. These statements include the financial activities of the overall governments, except fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the County. Governmental activities, which are normally supported by taxes and 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 presents a comparison between direct expenses and program revenues for each different identifiable activity of the County's business-type activities and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Certain indirect costs, which cannot be identified and broken down, are included in the program expense reported for individual functions and activities. Program revenues include (1) charges paid by the recipients of goods and services offered by the program (2) operating grants and contributions and (3) capital grants and contributions. Taxes and other items not properly included among program revenue are presented instead as general revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

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

COUNTY OF LAKE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

B. Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The County reports the following major governmental funds:

- The General Fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as general government, public protection, public assistance, education, and recreation services.
- The Housing Programs Fund is a special revenue fund used to account for the County certificate housing program.
- The Mental Health Programs Fund is a special revenue fund used to account for mental health activities.
- The Social Services Fund is a special revenue fund used to account for welfare assistance activity.
- The County Redevelopment Agency Fund is a capital projects fund used to account for the activities of the Lake County Redevelopment Agency.

The County reports the following major proprietary fund:

- The Solid Waste Management Fund is an enterprise fund used to provide for the operation and expansion of the County's landfills and implementation of state mandated environmental health programs.

The County reports the following additional fund types:

- Internal Service Funds account for the County's fleet maintenance, central garage, heavy equipment rental, and self insurance programs which provide services to other departments on a cost reimbursement basis.
- The Investment Trust Funds account for the assets of legally separate entities that deposit cash with the County Treasurer. The assets of these funds are held in trust for other agencies and are part of the County's external pool. The external investment pool is made up of three separate funds: Special Districts governed by Local Boards, School Districts, and the Trial Court. These funds account for assets, primarily cash and investments in the County's investment pool, owned by legally separate entities such as school and community colleges, other special districts governed by local boards, regional boards and authorities, and pass through funds for tax collections for cities. The County is obligated to disburse monies from these funds on demand.
- Agency Funds account for the receipt and disbursement of various taxes, deposits, deductions, and property collected by the County, acting in the capacity of an agent for distribution to other governmental units or other organizations. The agency funds maintained by the County include three separate components.

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

Unapportioned Taxes Agency - Accounts for property tax receipts awaiting apportionment to other local governmental agencies.

Unapportioned Interest Agency - Accounts for investment earnings awaiting apportionment to other local governmental agencies.

COUNTY OF LAKE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting and Measurement Focus

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

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. The County considers revenues reported in the governmental funds to be available if they are collected within forty-five days after the end of the current fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to claims and judgments are recorded only when payment is due. Governmental capital assets acquisitions are reported as expenditures in the various functions of the governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

D. Cash and Cash Equivalents

For purposes of the accompanying statement of cash flows, the County considers all highly liquid investments with a maturity of three months or less when purchased, and their equity in the County Treasurer's investment pool, to be cash equivalents. All cash and investments of the proprietary fund types are pooled with the County's pooled cash and investments.

COUNTY OF LAKE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Investments

The County sponsors an investment pool that is managed by the County Treasurer. The Treasurer invests on behalf of most funds of the County and external participants in accordance with the California State Government Code and the County's investment policy. State statutes authorize the County to invest its cash surplus in obligations of the U.S. Treasury, agencies and instrumentalities, corporate bonds, medium term notes, bankers' acceptances, certificates of deposit, commercial paper, repurchase agreements, and the State of California Local Agency Investment Fund. Income from pooled investments is allocated to the individual funds or external participants based on the fund or participant's average daily cash balance at quarter end in relation to the total pool investments. Interest income earned in agency funds where there are no interest earnings requirements are assigned to the General Fund per County Policy. Income from non-pooled investments is recorded based on the specific investments held by the fund. The interest income is recorded in the fund that earned the interest.

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

Participant's equity in the investment pool is determined by the dollar amount of participant deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on an amortized cost basis. Amortized premiums and accreted discounts, accrued interest, and realized gains and losses, net of expenses, are apportioned to pool participants each quarter. This method differs from the fair value method used to value investments in these financial statements, as unrealized gains or losses are not apportioned to pool participants. During the fiscal year ended June 30, 2010, the County Treasurer has not entered into any legally binding guarantees to support the value of participant equity in the investment pool.

F. Receivables

In the government-wide and proprietary fund financial statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include taxes, grants, and interest. Business-type activities report user fees and interest earnings as their major receivables.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as taxes, grants, interest, and other similar intergovernmental revenues since they are usually both measurable and available. Licenses and permits, fines and forfeitures, and charges for services are considered to be measurable and available only when the County receives cash. Nonexchange transactions collectible but not available are deferred in the fund financial statements in accordance with modified accrual, but not deferred in the government-wide financial statements in accordance with the accrual basis.

G. Interfund Transactions

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

Loans reported as receivables and payables are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans) as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances". Advances between funds, as reported in the fund financial statements, are offset by a 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 or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. These services provide information on the net cost of each government function and therefore are not eliminated in the process of preparing the government-wide statement of activities.

COUNTY OF LAKE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Interfund Transactions (Continued)

Reimbursements occur when the funds responsible for particular expenditures or expenses repay the funds that initially paid for them. Such reimbursements are treated as an adjustment to expenditures or expenses; that is, a corresponding increase in expenditures or expenses in the reimbursing fund and a corresponding decrease in expenditures or expenses in the reimbursed fund.

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

See Note 3 for details of interfund transactions, including receivables and payables at year end.

H. Inventory and Prepaid Costs

Inventories are stated at cost (first-in, first-out basis) for governmental and 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. Inventory recorded by proprietary funds includes supplies for internal service funds. Proprietary fund inventories are recorded as expenses at the time the inventory is consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid costs.

I. Loans Receivables

For the purpose of the fund financial statements, special revenue fund expenditures relating to long-term loans receivable arising from mortgage subsidy programs are charged to operations upon funding and the loans receivable are recorded. The balance of the long-term receivable includes loans that may be forgiven if certain terms and conditions of the loans are met.

J. Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-Wide Financial Statements

In the government-wide financial statements, property, plant, equipment, and infrastructure are accounted for as capital assets in both the governmental and business-type activities column. Capital assets which include property, plant, equipment, and infrastructure assets (roads, bridges, sidewalks, water, sewer, and similar items) are defined by the County as assets with a cost of more than \$5,000 for equipment and \$25,000 for structures and improvements, and infrastructure and an estimated useful life of at least one year. Such assets are recorded at historical or estimated historical cost. Contributed capital assets are recorded at estimated fair market value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

<u>Depreciable Asset</u>	<u>Estimated Lives</u>
Equipment	5-15 years
Structures and improvements	10-50 years
Infrastructure	40-100 years

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

COUNTY OF LAKE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund at the time of acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

K. Unearned Revenue/Deferred Revenue

Unearned revenue is recorded for assets recognized in connection with a transaction before the earnings process is complete. Those assets are offset by a corresponding liability for unearned revenue. In addition, loans receivable for which repayment is deferred or for which the balance may be forgiven if certain terms and conditions of the loans are met have also been offset by unearned revenue.

Deferred revenue is recorded under the modified accrual basis of accounting when revenue which has been earned during the current period has met the measurable criteria but has not met the available criteria. In addition, loans receivable which are being repaid but are considered long term have been offset by deferred revenue.

See Note 3 for details of unearned/deferred revenues at year end.

L. Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of general obligation bonds, special assessment bonds with County commitment, loans payable, certificates of participation, capital leases, closure/post closure liability, and accrued compensated absences.

Long-term debt for governmental funds are not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. Long-term debt associated with proprietary fund operations is accounted for the same as in the government-wide statements.

M. Compensated Absences

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

N. Other Post-Employment Benefits (OPEB)

The County of Lake sponsors, under a defined benefit plan, a retiree healthcare plan to qualifying employees retiring directly from the County. The benefit level is determined by date of hire, length of service and bargaining agreements. The County has contracted for medical coverage to be provided through an agent multiple-employer CalPERS Healthcare (PEMHCA) plan.

COUNTY OF LAKE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Balances/Net Assets

Government-Wide Financial Statements

Equity is classified as net assets and displayed in three components:

- Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. These principally include restrictions for capital projects, debt service requirements, and other special revenue fund purposes.
- Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When both restricted and unrestricted net assets are available, unrestricted resources are depleted first before the restricted resources are used.

Fund Financial Statements

In the governmental fund financial statements reserves and designations segregate portions of fund balance. Reservations of fund balance are for amounts that are not available or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance are established by action of management and represent tentative plans that are subject to change.

As of June 30, 2010, reservations of fund balance included:

Debt Service - to reflect the funds held for future payment on debt principal and interest.

Encumbrances - to reflect the outstanding contractual obligations for which goods and services have not been received.

Inventory - to reflect the portion of assets which represent inventory and do not represent available spendable resources.

MHSA Prudent - to reflect the portion of funds required to be held for mental health/substance abuse Proposition 36 projects.

Advance to Other Funds - to reflect the amount due from other funds that are long-term in nature. Such amounts do not represent available spendable resources.

As of June 30, 2010, designations of fund balance included:

Designated for Contingencies – to reflect the funds the County has set aside to fund subsequent year expenditures and projects not yet approved.

In Proprietary fund financial statements net assets are accounted for the same as in the government-wide statements.

P. Property Tax

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

COUNTY OF LAKE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 1: FINANCIAL REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Property Tax (Continued)

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

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

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

The County of Lake apportions secured property tax revenue in accordance with the alternate method of distribution, the "Teeter Plan", as described by Section 4717 of the California Revenue and Taxation code. Under the Teeter Plan, penalties and interest collected on delinquent secured taxes are required to be held in trust in the Tax Loss Recovery Fund (TLRF). The primary purpose of TLRF is to cover losses that may occur as a result of special sales of tax-defaulted property.

The County is legally required to maintain a minimum balance of 1% of the annual taxes levied on properties participating in the Teeter Plan. The balance in the TLRF was \$664,169 at June 30, 2010. The County's management believes that any ownership rights to the TLRF the County may have are effective only upon a Board approved transfer or to the extent of losses related to the sale of tax defaulted property. Amounts in the TLRF are considered to be held in a custodial capacity for the participants in the County's Teeter Plan and accounted for in an agency fund.

Q. Grant Revenues

Certain grant revenues are recognized when specific related expenditures have been incurred. In other grant programs, monies are virtually unrestricted as to purpose of expenditure and are only revocable for failure to comply with prescribed compliance requirements. These revenues are recognized at the time of receipt, or earlier if susceptible to accrual criteria is met. Cash received prior to incurrence of the related expenditure is recorded as unearned revenue.

R. Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

- Government Funds – By Character
 - Current (further classified by function)
 - Debt Service
 - Capital Outlay
- Proprietary Fund – By Operating and Nonoperating

S. Estimates

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

COUNTY OF LAKE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Balance/Net Assets

The following major governmental funds had deficit fund balances:

The Housing Programs fund had a deficit fund balance of \$185,457, which is expected to be eliminated in the future through cost containment and future reimbursements.

The Mental Health Programs Fund had a net asset deficit of \$1,249,468, which is expected to be eliminated in the future through cost containment and future reimbursements.

The County Redevelopment Agency fund had a deficit fund balance of \$2,165,701, which is expected to be eliminated in the future through cost containment.

The following nonmajor governmental funds had deficit fund balances:

The Kelseyville Waterworks District fund had a deficit fund balance of \$132,498, which is expected to be eliminated in the future through cost containment and future reimbursement.

The Capital Projects - Public Safety fund had a deficit fund balance of \$52,850, which is expected to be eliminated in the future through future reimbursement.

The following internal services fund had a deficit fund balance:

The Fleet Maintenance fund had a deficit fund balance of \$12,109, which is expected to be eliminated in future years through cost containment and future reimbursement.

B. Rebatable Arbitrage

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

C. Gann Spending Limitation

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

D. Implementation of Governmental Accounting Standards Board (GASB) Statements

GASB Statement No. 51

GASB has issued Statement No. 51, Accounting and Financial Reporting for Intangible Assets. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets to reduce prior inconsistencies in accounting for these assets. This statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. The County currently reports purchased software as part of its capital assets. As permitted by GASB Statement No. 51, the financial statements have not been restated for prior year costs associated with internally generated computer software or for assets such as easements which are considered to have an indefinite useful life. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009.

GASB Statement No. 53

GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments is effective for the County for fiscal year June 30, 2010. This statement establishes accounting and financial reporting requirements for derivative instruments entered into by state and local governments. The County has evaluated the requirements of GASB 53 and has determined that it does not hold any derivative instruments as defined in this statement at June 30, 2010.

COUNTY OF LAKE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 3: DETAILED NOTES

A. Cash and Investments

The County sponsors an investment pool that is managed by the County Treasurer for the purpose of increasing interest earnings through investment activities. The investment pool is not registered with the Securities and Exchange Commission as an investment company. Investments made by the Treasurer are regulated by the California Government Code and by the County's investment policy. The objectives of the policy are in order of priority, safety, liquidity, yield and public trust. The County has established a treasury oversight committee to monitor and review the management of public funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the oversight committee and the Board of Supervisors each quarter. The report covers the type of investments in the pool, maturity dates, par value, actual cost and fair value.

The County sponsored investment pool includes both internal and external participants. The portion of the pool attributable to external pool participants, which are considered involuntary participants, are included in the primary government as an Investment Trust Fund which does not have separate financial reports. The State of California statutes require certain special districts and other governmental entities to maintain their cash surplus with the County Treasurer. The net assets value of involuntary participation in the investment pool totaled \$40,509,973 at June 30, 2010.

As of June 30, 2010, the County's cash and investments are reported in the financial statements as follows:

Primary government	\$ 80,712,813
Investment trust fund	<u>40,509,973</u>
Total Cash and Investments	<u>\$ 121,222,786</u>

As of June 30, 2010, the County's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 615,369
Deposits (less outstanding warrants)	<u>3,286,186</u>
Total Cash	<u>3,901,555</u>
Investments:	
In Treasurer's Pool	<u>117,321,231</u>
Total Investments	<u>117,321,231</u>
Total Cash and Investments	<u>\$ 121,222,786</u>

Cash

At year end, the carrying amount of the County's cash deposits (including amounts in checking accounts and money market accounts) was \$3,286,186 and the bank balance was \$8,267,452. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

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

COUNTY OF LAKE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 3: DETAILED NOTES (CONTINUED)

A. Cash and Investments (Continued)

Investments

As of June 30, 2010, the County had the following investments:

	Interest Rates	Maturities			Fair Value	Weighted Average Maturity (Years)
		0-1 year	1-5 years	Over 5 years		
Pooled Investments						
Corporate Notes	Variable	\$ 5,000,367	\$36,798,968	\$ -	\$ 41,799,335	2.18
Negotiable CD's	Variable	20,000,000	15,004,082	-	35,004,082	1.25
Local Agency Investment Fund (LAIF)	Variable	39,501,500	-	-	39,501,500	-
California Asset Management Program (CAMP)	Variable	<u>1,016,314</u>	-	-	<u>1,016,314</u>	-
Total Pooled Investments		<u>\$ 65,518,181</u>	<u>\$51,803,050</u>	<u>\$ -</u>	<u>\$117,321,231</u>	<u>1.15</u>

Interest Rate Risk - Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Through its investment policy, the County manages its exposure to fair value losses arising from increasing interest rates by limiting the maturity of its investments to 5 years or less. Of the investments in the County's investment pool, over 34 percent of the investments have a maturity of one year or less. Of the remainder, none have a maturity of more than 5 years.

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. State law and County investment policy limit investments in commercial paper to the rating of A1 or better by Standards & Poor's or P-1 or better by Moody's Investors Service; corporate bonds to the rating of A or better by both Standards & Poor's and Moody's Investors Service. No limits are placed on U.S. government securities. The County's investment policy does not further limit its investment choices.

<u>Investment at June 30, 2010</u>	<u>Standard & Poor's Rating</u>	<u>% of Portfolio</u>
Corporate notes	AAA	4.61%
Corporate notes	AA+	4.26%
Corporate notes	AA	4.26%
Corporate notes	AA-	8.44%
Corporate notes	A+	9.92%
Corporate notes	A	4.14%
Negotiable CD's	AA1	4.27%
Negotiable CD's	AA2	17.05%
Negotiable CD's	AA3	8.51%
LAIF	Unrated	33.67%
CAMP	Unrated	.87%
Total		<u>100%</u>

Custodial Credit Risk - Custodial Credit Risk is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover its deposits or collateral securities that are in the possession of an outside party. To mitigate the custodial credit risk the County requires that all of its managed investments be held in the name of the County. The County's investment policy does not further limit the exposure to custodial credit risk.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. State law restricts the County's investments in commercial paper to 40% of its investment pool and to 10% per issuer and corporate bonds and medium term notes to 30% of its investment pool and to 10% per issuer and, banker's acceptances to 15 percent of its investment pool and to 10% per issuer. Approximately 34% of the County's investments at year-end are in the State of California Local Agency Investment Fund (LAIF). There is no limitation on amounts invested in these types of issues.

COUNTY OF LAKE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 3: DETAILED NOTES (CONTINUED)

A. Cash and Investments (Continued)

Investments (Continued)

Investment in Local Agency Investment Fund - The County of Lake is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. At June 30, 2010, the County's investment position in the State of California Local Agency Investment Fund (LAIF) was \$39,501,500, which approximates fair value and is the same as the value of the pool shares. The total amount invested by all public agencies in LAIF on that day was \$69,555,776,591. Of that amount, 94.58 percent is invested in non-derivative financial products and 5.42 percent in structured notes and asset-backed securities. The value of the pool shares in LAIF is determined on an amortized cost basis, which approximates fair value. The Local Investment Advisory Board, which consists of five members designated by the State statutes, has oversight responsibility for LAIF.

County Investment Pool Condensed Financial Information

The following are condensed statements of net assets and changes in net assets for the Treasurer's pool at June 30, 2010:

	Internal Participants	External Participants	Total Pool
Statement of Net Assets			
Cash on hand	\$ 615,369	\$ -	\$ 615,369
Deposits (Less outstanding warrants)	3,286,186	-	3,286,186
Investments	76,811,258	40,509,973	117,321,231
Other Assets	-	1,170,230	1,170,230
Net Assets Held for Pool Participants	<u>\$ 80,712,813</u>	<u>\$ 41,680,203</u>	<u>\$ 122,393,016</u>
Statement of Changes in Net Assets			
Net assets at July 1, 2009	\$ 84,629,269	\$ 46,633,432	\$ 131,262,701
Net changes in investments by pool participants	(3,916,456)	(4,953,229)	(8,869,685)
Net Assets at June 30, 2010	<u>\$ 80,712,813</u>	<u>\$ 41,680,203</u>	<u>\$ 122,393,016</u>

B. Restricted Cash and Investments

The County reflects cash and investments held in escrow accounts as restricted cash of \$72,913 in the Lake County Housing Commission special revenue fund.

COUNTY OF LAKE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 3: DETAILED NOTES (CONTINUED)

C. Capital Assets

Capital assets activity for the year ended June 30, 2010, was as follows:

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments/ Transfers</u>	<u>Balance</u> <u>June 30, 2010</u>
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 17,086,594	\$ 3,725,208	\$ -	\$ 111,604	\$ 20,923,406
Construction in progress	<u>9,655,617</u>	<u>6,929,550</u>	<u>-</u>	<u>(2,138,400)</u>	<u>14,446,767</u>
Total Capital Assets, Not Being Depreciated	<u>26,742,211</u>	<u>10,654,758</u>	<u>-</u>	<u>(2,026,796)</u>	<u>35,370,173</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	60,082,596	227,613	(50,175)	2,285	60,262,319
Equipment	20,803,668	835,868	(909,188)	-	20,730,348
Intangibles					
Infrastructure	<u>160,004,420</u>	<u>423,902</u>	<u>-</u>	<u>2,024,511</u>	<u>162,452,833</u>
Total Capital Assets, Being Depreciated	<u>240,890,684</u>	<u>1,487,383</u>	<u>(959,363)</u>	<u>2,026,796</u>	<u>243,445,500</u>
Less Accumulated Depreciation For:					
Buildings and improvements	(19,049,542)	(1,211,345)	47,408	-	(20,213,479)
Equipment	(14,241,160)	(1,545,316)	625,404	18,813	(15,142,259)
Intangibles					
Infrastructure	<u>(91,919,175)</u>	<u>(5,940,581)</u>	<u>-</u>	<u>-</u>	<u>(97,859,756)</u>
Total Accumulated Depreciation	<u>(125,209,877)</u>	<u>(8,697,242)</u>	<u>672,812</u>	<u>18,813</u>	<u>(133,215,494)</u>
Total Capital Assets, Being Depreciated, Net	<u>115,680,807</u>	<u>(7,209,859)</u>	<u>(286,551)</u>	<u>2,045,609</u>	<u>110,230,006</u>
Governmental Activities Capital Assets, Net	<u>\$142,423,018</u>	<u>\$ 3,444,899</u>	<u>(\$ 286,551)</u>	<u>\$ 2,045,609</u>	<u>\$ 145,600,179</u>
	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	<u>Balance</u> <u>June 30, 2010</u>
Business-Type Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 767,970	\$ -	\$ -	\$ -	\$ 767,970
Total Capital Assets, Not Being Depreciated	<u>767,970</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>767,970</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	1,548,034	-	-	-	1,548,034
Equipment	4,014,218	454,921	(260,435)	-	4,208,704
Infrastructure	<u>2,178,919</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,178,919</u>
Total Capital Assets, Being Depreciated	<u>7,741,171</u>	<u>454,921</u>	<u>(260,435)</u>	<u>-</u>	<u>7,935,657</u>
Less Accumulated Depreciation For:					
Buildings and improvements	(410,333)	(30,540)	-	-	(440,873)
Equipment	(2,612,930)	(255,258)	201,430	-	(2,666,758)
Infrastructure	<u>(261,468)</u>	<u>(43,578)</u>	<u>-</u>	<u>-</u>	<u>(305,046)</u>
Total Accumulated Depreciation	<u>(3,284,731)</u>	<u>(329,376)</u>	<u>201,430</u>	<u>-</u>	<u>(3,412,677)</u>
Total Capital Assets, Being Depreciated, Net	<u>4,456,440</u>	<u>(125,545)</u>	<u>(59,005)</u>	<u>-</u>	<u>4,522,980</u>
Business-type Activities Capital Assets, Net	<u>\$ 5,224,410</u>	<u>(\$ 125,545)</u>	<u>(\$ 59,005)</u>	<u>\$ -</u>	<u>\$ 5,290,950</u>

COUNTY OF LAKE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 3: DETAILED NOTES (CONTINUED)

C. Capital Assets (Continued)

Depreciation

Depreciation expense was charged to governmental functions as follows:

General government	\$ 1,106,301
Public Protection	773,243
Public Assistance	34,537
Public Ways & Facilities	1,436,449
Health & Sanitation	4,599,842
Education	31,353
Recreation & Culture	<u>159,046</u>
Subtotal Governmental funds	8,140,771
Depreciation on capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	<u>556,471</u>
Total Depreciation Expense – Governmental Functions	<u>\$ 8,697,242</u>

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

Solid Waste Management	<u>\$ 329,376</u>
Total Depreciation Expense - Business-Type Functions	<u>\$ 329,376</u>

Construction in Progress

Construction in progress for governmental activities related primarily to work performed on Cole Creek bridge, Merritt Road bridge, Soda Bay Road overlay, Seigler Creek bridge, South Main widening, Soda Bay widening, Soda Bay/ Mission Ranch, Main Street Kelseyville, Perini Road bridge, South Main bike lane, Soda Bay curve realignment, and Kelseyville State Street.

D. Unearned/Deferred Revenue

At June 30, 2010, components of deferred revenues and unearned revenues reported were as follows:

	<u>Deferred</u>	<u>Unearned</u>	<u>Total</u>
Home Program Income			
Loans receivable (balance may be forgiven)	\$ -	\$ 6,541,092	\$ 6,541,092
Loans receivable (not available for modified accrual)	129,060		129,060
Mental Health Programs			
Grant draw downs prior to meeting all eligibility requirements	-	606,050	606,050
County Redevelopment Agency			
Loans receivable (balance may be forgiven)	-	596,668	596,668
Non major governmental funds			
Loans receivable (balance may be forgiven)	-	1,113,454	1,113,454
Loans receivable (not available for modified accrual)	25,336	-	25,336
Grant draw downs prior to meeting all eligibility requirements	<u>-</u>	<u>2,163,353</u>	<u>2,163,353</u>
Total Unearned/Deferred Revenue	<u>\$ 154,396</u>	<u>\$ 11,020,617</u>	<u>\$ 11,175,013</u>

E. Mental Health Overpayment from State

Overpayments received from the State of California in previous years but not repaid at June 30, 2010 totaled \$85,356 and have been reflected as a liability on the Statement of Net Assets Governmental Activities. This amount will be withheld from future allocations from the State.

COUNTY OF LAKE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 3: DETAILED NOTES (CONTINUED)

F. Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2010:

<u>Type of Indebtedness</u>	<u>Balance July 1, 2009</u>	<u>Additions/ Adjustments</u>	<u>Retirements/ Adjustments</u>	<u>Balance June 30, 2010</u>	<u>Amounts Due Within One Year</u>
Governmental Activities					
General Obligation Bonds	\$ 691,000	\$ -	\$ 141,000	\$ 550,000	\$ 146,000
Special Assessment Bonds					
With County Commitment	1,370,000	-	443,000	927,000	476,000
Loans Payable	14,373,404	435,249	1,152,276	13,656,377	1,186,008
Certificates of Participation	2,738,496	-	36,100	2,702,396	37,700
Capital Lease (Note 3G)	16,910	-	16,910	-	-
Net OPEB Obligation (Note 5)	1,575,322	2,103,813	378,537	3,300,598	-
Compensated Absences (Note 1M)	<u>3,013,858</u>	<u>4,198,530</u>	<u>4,070,213</u>	<u>3,142,175</u>	<u>421,657</u>
Total Governmental Activities	<u>\$ 23,778,990</u>	<u>\$ 6,737,592</u>	<u>\$ 6,238,036</u>	<u>\$ 24,278,546</u>	<u>\$ 2,267,365</u>
<u>Type of Indebtedness</u>	<u>Balance July 1, 2009</u>	<u>Additions/ Adjustments</u>	<u>Retirements/ Adjustments</u>	<u>Balance June 30, 2010</u>	<u>Amounts Due Within One Year</u>
Business-Type Activities					
Closure/Post Closure (Note 3H)	\$ 4,651,560	\$ 184,400	\$ 78,777	\$ 4,757,183	\$ -
Net OPEB Obligation (Note 5)	34,520	33,774	4,723	63,571	-
Compensated Absences (Note 1M)	<u>55,487</u>	<u>80,736</u>	<u>78,578</u>	<u>57,645</u>	<u>4,950</u>
Total Business-Type Activities	<u>\$ 4,741,567</u>	<u>\$ 298,910</u>	<u>\$ 162,078</u>	<u>\$ 4,878,399</u>	<u>\$ 4,950</u>

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

Special assessment bonds with County commitment are not a direct responsibility of the County. Principal and interest payments are funded from the collection of special assessments and are accounted for in the Sanitation Districts component unit special revenue fund. The County is obligated for special assessment debt only to the extent of special assessments collected.

At June 30, 2010, General Obligation Bonds consisted of the following:

1972 Issue Improvement Bonds, issued in the amount of \$1,600,000 and payable in annual installments of \$55,000 to \$61,000, with an interest rate of 5.00% and maturity of June 30, 2013. These bonds were used to finance the cost of improvements for Lake County Sanitation District #1.	\$ 213,000
1974 Issue Improvement Bonds, issued in the amount of \$1,300,000 and payable in annual installments of \$41,000 to \$48,000, with an interest rate of 5.00% and maturity of June 30, 2015. These bonds were used to finance the cost of improvements for Lake County Sanitation District #3.	333,000
1975 Issue Water Bonds, issued in the amount of \$160,000 and payable in annual installments of \$4,000, with an interest rate of 5.00% and maturity of June 15, 2015. These bonds were used to finance the cost of improvements to the Lake County Service Area #6 Finlay.	<u>4,000</u>
Total General Obligation Bonds	<u>\$ 550,000</u>

COUNTY OF LAKE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 3: DETAILED NOTES (CONTINUED)

F. Long-Term Liabilities (Continued)

Outstanding at
June 30, 2010

At June 30, 2010, Special Assessment Bonds with County Commitment consisted of the following:

Sanitation District #4-1 1915 Act Special Assessment Bonds, issued in the amount of \$4,076,926 and payable in annual installments of \$105,000 to \$370,000, with an interest rate of 6.40 to 8.00% and maturity of February 11, 2010.	\$ 370,000
Sanitation District #2-2 1915 Act Special Assessment Bonds, issued in the amount of \$6,904,774 and payable in annual installments of \$20,000 to \$65,000 with an interest rate of 6.25 to 7.60% and maturity of September 2, 2010.	60,000
Sanitation District #1-5 1915 Act Special Assessment Bonds, issued in the amount of \$1,340,000 and payable in annual installments of \$25,000 to \$67,000 with an interest rate of 5.00% and maturity of July 2, 2020.	<u>497,000</u>
Total Special Assessment Bonds with County Commitment	<u>\$ 927,000</u>

At June 30, 2010, Loans Payable consisted of the following:

California Statewide Communities Development Authority Loan, issued in the amount of \$199,971 and payable in semi-annual installments of \$2,803 to \$6,135 with an interest rate of 7.125% and maturity of June 30, 2019. This loan was used to refinance a prior California Department of Water Resources loan and finance the cost of improvements to the Lake County Service Area #20 Soda Bay.	\$ 111,546
Safe Drinking Water Loan, issued in the amount of \$4,387,769 and payable in semi-annual installments of \$111,282 to \$224,880, with an interest rate of 3.2205% and maturity of June 30, 2023. This loan was used to finance the cost of correcting deficiencies in the domestic water supply for the Lake County Service Area #20 Soda Bay.	2,425,186
Safe Drinking Water Loan, issued in the amount of \$5,250,000 and payable in semi-annual installments of \$86,032 to \$300,480, with an interest rate of 3.2205% and maturity of June 30, 2016. This loan was used to finance the cost of correcting deficiencies in the domestic water supply for the Lake County Service Area #21 Lakeport.	1,664,871
State Water Resources Control Board Loan, issued in the amount of \$17,636,443 and payable in annual installments of \$309,186 to \$508,272, with an interest rate of 2.80% and maturity of June 30, 2018. This loan was used to finance the upgrade to the Southeast Regional Wastewater Treatment Plant and construction of the Southeast Geysers Effluent Pipeline.	3,697,047
State Sewer Revolving Loan, issued in the amount of \$9,263,406 and payable in annual installments of \$291,935 to \$475,429, with an interest rate of 2.80% and maturity of June 30, 2024. This loan was used to finance the upgrade to the Northwest Regional Wastewater Treatment plant, construction of a force main and aerated lagoons, and installment of a disinfection system on SCADA system.	5,322,478
State Water Resources Control Board Loan, issued in the amount of \$3,066,534. No payments will be due until completion of the Kelseyville Water Works District Wastewater System upgrade project. At June 30, 2010, the County had drawn down \$435,249 of the loan.	<u>435,249</u>
Total Loans	<u>\$ 13,656,377</u>

COUNTY OF LAKE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 3: DETAILED NOTES (CONTINUED)

F. Long-Term Liabilities (Continued)

Outstanding at
June 30, 2010

At June 30, 2010, Certificates of Participation consisted of the following:

Kelseyville County Waterworks District No.3-Water Project Series 2005 Certificates of Participation in the amount of \$2,394,800, payable in semi-annual installments of \$2,554 to \$125,309, with an interest rate of 4.25% and maturity on April 1, 2045. These certificates of participation were used to finance the construction of water system improvements.	\$ 2,027,196
County Service Area #6, Finley Water-Water Project Series 2005, Certificates of Participation in the amount of \$714,000, payable in semi-annual installments of \$796 to \$37,993, with and interest rate of 4.375% and maturity on April 1, 2045. These certificates of participation were used to finance the construction of water system improvements.	<u>675,200</u>
Total Certificates of Participation	<u>\$ 2,702,396</u>

At June 30, 2010, the annual debt service requirements were summarized as follows:

Governmental Activities

General Obligation Bonds

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 146,000	\$ 26,250	\$ 172,250
2012	151,000	18,975	169,975
2013	109,000	11,375	120,375
2014	69,000	5,875	74,875
2015	<u>75,000</u>	<u>2,325</u>	<u>77,325</u>
Total	<u>\$ 550,000</u>	<u>\$ 64,800</u>	<u>\$ 614,800</u>

Special Assessment Bonds

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 476,000	42,270	518,270
2012	48,000	22,700	70,700
2013	50,000	20,300	70,300
2014	52,000	17,800	69,800
2015	55,000	14,000	69,000
2016-2020	<u>246,000</u>	<u>30,350</u>	<u>276,350</u>
Total	<u>\$ 927,000</u>	<u>\$ 147,420</u>	<u>\$ 1,074,420</u>

Loans Payable

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,186,032	\$ 378,133	\$ 1,564,165
2012	1,220,546	343,619	1,564,165
2013	1,256,771	307,394	1,564,165
2014	1,293,429	270,736	1,564,165
2015	1,331,405	232,760	1,564,165
2016-2020	4,889,878	639,344	5,529,222
2021-2025	<u>2,043,067</u>	<u>109,429</u>	<u>2,152,496</u>
Total	<u>\$ 13,221,128</u>	<u>\$ 2,281,415</u>	<u>\$ 15,502,543</u>

COUNTY OF LAKE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 3: DETAILED NOTES (CONTINUED)

F. Long-Term Liabilities (Continued)

At June 30, 2010, the annual debt service requirements were summarized as follows: (Continued)

Certificates of Participation

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 37,700	\$ 125,624	\$ 163,324
2012	39,300	124,011	163,311
2013	41,000	122,330	163,330
2014	42,800	120,576	163,376
2015	44,600	106,145	150,745
2016-2020	253,200	563,432	816,632
2021-2025	312,000	504,441	816,441
2026-2030	384,800	431,761	816,561
2031-2035	474,300	342,058	816,358
2036-2040	585,000	231,514	816,514
2041-2045	487,696	90,074	577,770
Total	<u>\$ 2,702,396</u>	<u>\$ 2,761,966</u>	<u>\$ 5,464,362</u>

G. Leases

Operating Leases

The County leases office buildings and equipment under non-cancellable operating leases. Total costs for these leases was \$2,990,762 for the year ended June 30, 2010. The future minimum lease payments are as follows:

<u>Year Ended June 30</u>	<u>Lease Obligations</u>
2011	\$ 745,301
2012	523,973
2013	526,781
2014	452,485
2015	261,961
2016-2020	<u>480,261</u>
Total	<u>\$ 2,990,762</u>

H. Closure/Post Closure

The County of Lake has one landfill and one transfer station. State and Federal laws and regulations require the County to perform certain closure and post-closure maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfills stop accepting waste, the County reports a portion of these closure and post-closure care costs as an expenditure in each year based on landfill capacity used as of each balance sheet date. The \$4,757,183 reported as closure/post-closure liability at June 30, 2010, represents the cumulative amount reported to date based on the use of 71.46 percent of total estimated site capacity. The estimated remaining life of the landfill is 16 to 22 years.

The County will recognize the remaining estimated cost of closure and post-closure care of \$1,538,141 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2009. Actual costs may be higher due to inflation, change in technology, or changes in regulations.

The County is required by State and Federal laws and regulations to provide financial assurance that appropriate resources will be available to finance closure and post-closure care costs in the future. At June 30, 2010, cash and investments of \$4,604,605 were held to fund closure costs. This deposit is included in cash and investments in the enterprise fund and is reflected as restricted net assets. The County has approved a pledge of revenue to fund the post-closure costs. The County expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined (due to changes in technology or applicable laws or regulations, for example) these costs may need to be covered by charges to future landfill users or from future tax revenue.

COUNTY OF LAKE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 3: DETAILED NOTES (CONTINUED)

I. Interfund Transactions

Due to/From Other Funds

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as due from or due to other funds. In addition, when funds overdraw their share of pooled cash, the receivables and payables are also classified as due from or due to other funds. The following are due from and due to balances as of June 30, 2010:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 127,869	\$ -
Mental Health Programs	-	42,467
Nonmajor Governmental Funds	-	118,580
Internal Service Funds	76,839	-
Investment Trust funds	1,170,230	-
Agency funds	<u>4,722,958</u>	<u>5,936,849</u>
Total	<u>\$ 6,097,896</u>	<u>\$ 6,097,896</u>

Advances To/From Other Funds

Advances to/from other funds are non-current interfund loans and are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources. The following are advances to/from other funds as of June 30, 2010:

	<u>Advance to Other funds</u>	<u>Advance from Other funds</u>
General Fund	\$ 7,074,293	\$ -
Housing Programs	-	427,961
Mental Health Programs	-	2,001,434
County Redevelopment Agency	471,000	4,292,994
Nonmajor Governmental Funds	72,967	1,324,332
Internal Service Funds	5,500	-
Agency Funds	<u>422,961</u>	<u>-</u>
Total	<u>\$ 8,046,721</u>	<u>\$ 8,046,721</u>

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, reimbursement of various County operations and re-allocations of special revenues. The following are the interfund transfers for the fiscal year ended June 30, 2010:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 3,887,688	\$ 4,191,041
Housing Programs	31,404	-
Mental Health Programs	146,446	141,353
Social Services	932,710	201,263
Nonmajor Governmental Funds	<u>7,542,601</u>	<u>8,007,192</u>
Total	<u>\$ 12,540,849</u>	<u>\$ 12,540,849</u>

NOTE 4: EMPLOYEES' RETIREMENT PLAN

Plan Description

The County contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit plan. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by statute. Copies of PERS' annual financial report may be obtained from their executive office – 400 P Street, Sacramento, CA 95814.

COUNTY OF LAKE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 4: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

Funding Policy

Miscellaneous plan members are required to contribute 7 percent of their annual covered salary. Safety plan members are required to contribute 9 percent of their annual covered salary. The County is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The County has committed to contribute a portion of the required employee contribution in addition to their own required contributions. The actuarial methods and assumptions used are those adopted by the PERS Board of Administration. The required employer contribution rate for fiscal year 2009/2010 was 11.470 percent for miscellaneous employees and 14.858 percent for safety employees. The contribution requirements of the plan are established by State statute and the employer contribution rate is established and may be amended by PERS. The County is required to contribute the remaining amounts necessary to fund the benefits of its members using the actuarial basis adopted by the PERS Board of Administrators.

Annual Pension Cost

For fiscal year 2009/2010, the County's annual pension cost of \$3,533,651 for the miscellaneous plan and \$1,304,010 for the safety plan was equal to the County's required and actual contributions. The required contribution was determined as part of the June 30, 2008, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.75 percent investment rate of return (net of administrative expenses), (b) projected annual salary increases of 3.25 percent to 14.45 percent for miscellaneous plan and 3.25 percent to 13.15 percent for safety plan, depending on age, service, and type of employment, and © 3.25 percent per year cost of living adjustment. Both (a) and (b) included an inflation component of 3.00 percent. The actuarial value of PERS assets was determined using techniques that smooth the effect of short term volatility in the market value of investments over a two to five year period depending on the size of the investment gains or losses.

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into PERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20 year period. Gains and losses that occur in the operation of the plan are amortized over a rolling period, which results in an amortization of 10% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period. The table below presents three year trend information.

Miscellaneous

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
June 30, 2008	\$ 3,349,478	100%	-
June 30, 2009	3,518,177	100%	-
June 30, 2010	3,533,651	100%	-

Safety

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of</u> <u>APC Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
June 30, 2008	\$ 1,207,549	100%	-
June 30, 2009	1,245,956	100%	-
June 30, 2010	1,304,010	100%	-

Funded Status and Funding Progress

As of June 30, 2008, the most recent actuarial valuation date, the miscellaneous plan was 90.4 percent funded. The actuarial accrued liability for benefits was \$140,987,466, and the actuarial value of assets was \$127,509,915, resulting in an unfunded actuarial accrued liability (UAAL) of \$13,477,551. The covered payroll (annual payroll of active employees covered by the plan) was \$34,046,373, and the ratio of the UAAL to the covered payroll was 39.6 percent.

As of June 30, 2008, the most recent actuarial valuation date, the safety plan was 92.0 percent funded. The actuarial accrued liability for benefits was \$55,206,431, and the actuarial value of assets was \$50,780,734, resulting in an unfunded actuarial accrued liability (UAAL) of \$4,425,697. The covered payroll (annual payroll of active employees covered by the plan) was \$7,869,489, and the ratio of the UAAL to the covered payroll was 56.2 percent.

COUNTY OF LAKE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 4: EMPLOYEES' RETIREMENT PLAN (CONTINUED)

Funded Status and Funding Progress (Continued)

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

NOTE 5. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

The County sponsors medical coverage to be provided through an agent multiple-employer PERS Healthcare plan, the California Public Employees Medical and Hospital Care Act (PEMHCA). PEMHCA provides health insurance through a variety of Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) options. Participation in PEMHCA is financed in part by the County through a flexible benefits plan, with contributions made to the plan of up to \$800.00 per month, including \$101.00 per month that the County designates for PEMHCA. The \$101.00 per month is scheduled by law to increase to \$105.00 in 2010, and to be indexed with medical inflation (CPI) for years 2011 and thereafter. Dental, vision and life insurance are also available (but are self paid for retirees). Copies of PERS' annual financial report may be obtained from their executive office - 400 P Street, Sacramento, CA 95814.

The County extends PEMHCA coverage to its retirees. The County makes the required statutory PEMHCA contribution as described above. Furthermore, the County will make additional contributions towards certain eligible retirees' premiums until age 65 according to provisions of the County's bargaining agreements with its various employee groups, as described below.

Retirees who have completed at least 15 continuous years of service with the County at the time of retirement are eligible for an additional County contribution of 50% of the retiree-only medical premium for the PEMHCA option selected by the retiree. Retirees who have completed at last 20 continuous years of service at retirement are eligible for a 75% County contribution. The additional contributions continue until age 65 or the death of the retiree, if earlier. Spousal and dependent child coverage may be provided if the retiree pays the required additional premium(s). The County pays 0.44% of premium administrative fee to PEMHCA for each retiree.

Funding Policy

As required by GASB 45, an actuary will determine the County's Annual Required Contributions (ARC) at least once every two fiscal years. The ARC is calculated in accordance with certain parameters, and includes (1) the Normal Cost for one year, and (2) a component for amortization of the total unfunded actuarial accrued liability (UAAL) over a period not to exceed 30 years.

GASB 45 does not require pre-funding of OPEB benefits. Therefore, the County's funding policy is to continue to pay healthcare premiums for retirees as they fall due. The County has elected not to establish an irrevocable trust at this time. The Board of Supervisors reserves the authority to review and amend this funding policy from time to time, in order to ensure that the funding policy continues to best suit the circumstances of the County.

Annual OPEB Cost and Net OPEB Obligation/(Asset)

The following table shows the components of the County's Annual OPEB Cost for the year ended June 30, 2010, the amount actually contributed to the plan, and changes in the County's Net OPEB Obligation/(Asset):

<u>Item</u>	<u>FYE 6/30/10</u>
Annual Required Contributions	\$ 2,057,095
Interest on Net OPEB Obligation/(Asset)	80,492
Adjustment to Annual Required Contributions	<u>(104,722)</u>
Annual OPEB cost (expense)	2,032,865
Contributions made	<u>(278,538)</u>
Increase in Net OPEB Obligation/(Asset)	1,754,327
Net OPEB Obligation/(Asset) - Beginning of Year	<u>1,609,842</u>
Net OPEB Obligation/(Asset) - End of Year	<u>\$ 3,364,169</u>

COUNTY OF LAKE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 5. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation/(Asset) (Continued)

The County's Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the plan, and the Net OPEB Obligation/(Asset) for the fiscal years ended June 30, 2009 and June 30, 2010 are as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation/(Asset)</u>
June 30, 2009	\$ 1,927,655	\$ 317,813	16.49%	\$ 1,609,842
June 30, 2010	2,032,865	278,538	13.70%	3,364,169

Funded Status and Funding Progress

The funded status of the plan as of the most recent two actuarial valuations, was as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Projected Unit Credit Actuarial Accrued Liability</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
July 1, 2007	\$ -	\$11,828,481	\$11,828,481	0.00%	\$36,649,860	32.27%
July 1, 2009	-	13,606,926	13,606,926	0.00%	40,037,600	33.99%

Actuarial valuations of an ongoing plan involve estimates of the value of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the Annual Required Contributions of the County are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information (as it becomes available) that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The plan's most recent actuarial valuation was performed as of July 1, 2009. In that valuation, the Projected Unit Credit (PUC) Cost Method was used. The actuarial assumptions included a 5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 7 percent initially, reduced by decrements to an ultimate rate of 5 percent after 2 years. These assumptions reflect an implicit 3.0 percent general inflation assumption. The County's unfunded actuarial accrued liability is being amortized as a level dollar amount on an open basis over 30 years. The remaining amortization period as of June 30, 2010 was 30 years.

NOTE 6: RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has Risk Management Funds (Internal Service Funds) to finance its insured and uninsured risks of loss. The County's uninsured risk of loss for public liability claims is \$10,000 per occurrence; the County is fully insured for workers' compensation losses and the County is fully self insured for all unemployment claims. The County is a member of the County Supervisors Association of California Excess Insurance Authority, a public entity risk pool currently operating as a common risk management and insurance program for counties. The County pays annual premiums to the Authority for insurance coverage.

Settled claims resulting from risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

COUNTY OF LAKE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 6: RISK MANAGEMENT (CONTINUED)

Actual claims unpaid as of June 30, 2010, including any estimates for incurred but not reported (IBNR) amounts, constitute claims payable. The claims liability at June 30, 2010, was as follows:

Unemployment	\$ 160,096
Public Liability	<u>170,000</u>
Total	<u>\$ 330,096</u>

All funds of the County participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay prior and current year claims and to establish a reserve for catastrophic losses. The claims liability of \$330,096 reported in the funds at June 30, 2010, is based on the requirements of Governmental Accounting Standards Board Statements No. 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Estimates of the liabilities for incurred (both reported and unreported), but unpaid claims are actuarially determined. Liabilities are based on the estimated cost of settling the claims.

Changes in the County's claims liability amount for the fiscal years 2008, 2009, and 2010 were as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimates	Claims Payments	Balance at End of Fiscal Year
2008	\$ 628,463	\$ 1,564,396	\$ 1,665,928	\$ 526,931
2009	526,931	1,482,426	1,516,341	493,016
2010	493,016	1,175,114	1,338,034	330,096

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

NOTE 7: OTHER INFORMATION

A. Construction Commitments

The County has signed agreements to construct various capital improvement jobs subsequent to June 30, 2010. The balance owed on these commitments at June 30, 2010, was approximately \$6,315,546. The majority of this cost will be financed by debt.

B. Contingent Liabilities

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

The County is a defendant in various lawsuits. In the aggregate, these claims seek monetary damages in significant amounts. However, in the opinion of County Counsel, final disposition should not materially adversely affect the financial position of the County, since the legal matters are covered by the County's liability program which, subject to a \$10,000 deductible per occurrence, provides complete coverage for any County liability losses. Therefore, no provision has been made in the financial statements for a loss contingency.

The County has received cease and desist orders on water and wastewater special districts. The action required to correct these situations will require future application for funding and or debt as well as capital outlay expenditures. There is no estimate at this time of the eventual cost to the County. Therefore, no provision has been made in the financial statements.

COUNTY OF LAKE, CALIFORNIA
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010

NOTE 7: OTHER INFORMATION (CONTINUED)

C. Subsequent Events

On September 21, 2010, the County of Lake Redevelopment Agency approved the purchase of real property consisting of land and buildings for \$1,350,000. In connection with the purchase the Agency approved a loan from the County to fund the property purchase.

Management has evaluated events subsequent to June 30, 2010 through November 19, 2010, the date on which the financial statements were available for issuance. Management has determined no other subsequent events requiring disclosure have occurred.

D. Joint Agencies

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

Complete audited financial statements for CSAC Excess Insurance Authority can be obtained from the Authority's office at 3017 Gold Canal Drive, Suite 300, Rancho Cordova, California 95670.

E. Proposition 1A Borrowing by the State of California

Under the provisions of Proposition 1A and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in lieu sales tax, and supplemental property tax, apportioned to cities, counties and special districts (excluding redevelopment agencies). The state is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the County was \$1,955,462.

Authorized with the 2009-10 State budget package, the Proposition 1A Securitization Program was instituted by the California Statewide Communities Development Authority ("California Communities"), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities, to enable local governments to sell their Proposition 1A receivables to California Communities. Under the Securitization Program, California Communities simultaneously purchased the Proposition 1A receivables and issued bonds ("Prop 1A Bonds") to provide local agencies with cash proceeds in two equal installments, on January 15, 2010 and May 3, 2010. The purchase price paid to the local agencies equaled 100% of the amount of the property tax reduction. All transaction costs of issuance and interest were paid to the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. The County participated in the securitization program and accordingly property taxes have been recorded in the same manner as if the State had not exercised its rights under Proposition 1A. The receivable sale proceeds were equal to the book value and, as a result, no gain or loss was recorded.

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REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

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COUNTY OF LAKE, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2010

1. SCHEDULE OF FUNDING PROGRESS - PENSION

The table below presents historical 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 for the County Miscellaneous Plan and Safety Plan:

Miscellaneous Plan:

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Ratios		Annual Covered Payroll	UAAL as a % of Payroll
				Actuarial Value	Market Value		
June 30, 2006	\$117,504,221	\$106,847,482	\$ 10,656,739	90.9%	96.3%	\$ 29,516,444	36.1%
June 30, 2007	130,606,285	117,469,209	13,137,076	89.9%	103.9%	32,481,223	40.4%
June 30, 2008	140,987,466	127,509,915	13,477,551	90.4%	91.9%	34,046,373	39.6%

Safety Plan:

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Ratios		Annual Covered Payroll	UAAL as a % of Payroll
				Actuarial Value	Market Value		
June 30, 2006	\$ 47,612,920	\$ 43,938,764	\$ 3,674,156	92.3%	97.9%	\$ 7,528,470	48.8%
June 30, 2007	51,496,351	47,440,120	4,056,231	92.1%	106.9%	8,226,906	49.3%
June 30, 2008	55,206,431	50,780,734	4,425,697	92.0%	93.9%	7,869,489	56.2%

2. SCHEDULE OF FUNDING PROGRESS - OTHER POST EMPLOYMENT BENEFITS

The table below presents historical 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 for the County:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage Of Covered Payroll
July 1, 2007	\$ -	\$ 11,828,481	\$ 11,828,481	\$ -	\$ 36,649,860	29.54%
July 1, 2009	-	13,606,926	13,606,926	-	40,037,600	33.99%

See accompanying note to the required supplementary information.

COUNTY OF LAKE, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2010

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes and assessments	\$ 24,339,576	\$ 25,255,378	\$ 27,365,539	\$ 2,110,161
Licenses and permits	844,340	844,340	939,919	95,579
Fines and forfeitures	1,310,800	1,234,800	1,171,532	(63,268)
Use of money and property	1,240,009	1,070,539	738,254	(332,285)
Intergovernmental	10,128,075	10,859,717	9,209,313	(1,650,404)
Charges for services	5,513,722	5,655,019	5,132,821	(522,198)
Other revenues	1,783,016	1,702,714	1,694,282	(8,432)
Total Revenues	45,159,538	46,622,507	46,251,660	(370,847)
EXPENDITURES				
Current:				
General government	18,231,335	18,008,840	12,257,256	5,751,584
Public protection	32,256,595	32,168,417	29,255,433	2,912,984
Public assistance	286,045	286,045	278,041	8,004
Education	189,257	188,976	160,840	28,136
Recreation and culture	1,512,349	1,382,564	1,243,877	138,687
Debt service	5,500	20,000	19,594	406
Capital outlay	2,495,060	3,743,235	357,296	3,385,939
Total Expenditures	54,976,141	55,798,077	43,572,337	12,225,740
Excess of Revenues Over (Under) Expenditures	(9,816,603)	(9,175,570)	2,679,323	11,854,893
OTHER FINANCING SOURCES (USES)				
Transfers in	3,875,000	3,875,000	3,887,688	12,688
Transfers out	(3,755,449)	(4,265,787)	(4,191,041)	74,746
Total Other Financing Sources (Uses)	119,551	(390,787)	(303,353)	87,434
Net Change in Fund Balance	(9,697,052)	(9,566,357)	2,375,970	11,942,327
Fund Balances - Beginning	28,683,576	28,683,576	28,683,576	-
Fund Balances - Ending	\$ 18,986,524	\$ 19,117,219	\$ 31,059,546	\$ 11,942,327

Reconciliation of Net Changes in Fund Balances - Budgetary to GAAP Basis:

Net Change in Fund Balances - Budgetary Basis \$ 2,375,970

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

Advances to and from other funds are offset to other revenues for budgetary purposes, but are not revenues for financial reporting purposes. (653,066)

Net Change in Fund Balances - Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 1,722,904

Reconciliation of Fund Balances - Budgetary to GAAP Basis:

Fund Balances - Ending - Budgetary Basis \$ 31,059,546

Cumulative effect of reclassification of advances to and from other funds (653,066)

Fund Balances - Ending - GAAP Basis \$ 30,406,480

See accompanying note to the required supplementary information.

COUNTY OF LAKE, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
HOUSING PROGRAMS - MAJOR SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>REVENUES</u>				
Use of money and property	\$ 1,500	\$ 1,500	\$ 271	\$ (1,229)
Intergovernmental revenues	909,039	909,039	630,436	(278,603)
Other revenues	250,274	250,274	81,149	(169,125)
Total Revenues	<u>1,160,813</u>	<u>1,160,813</u>	<u>711,856</u>	<u>(448,957)</u>
<u>EXPENDITURES</u>				
Current:				
Public assistance	1,234,000	1,244,000	641,119	602,881
Total Expenditures	<u>1,234,000</u>	<u>1,244,000</u>	<u>641,119</u>	<u>602,881</u>
Excess of Revenues Over (Under) Expenditures	<u>(73,187)</u>	<u>(83,187)</u>	<u>70,737</u>	<u>153,924</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	31,404	31,404	31,404	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>31,404</u>	<u>31,404</u>	<u>31,404</u>	<u>-</u>
Net Change in Fund Balances	<u>(41,783)</u>	<u>(51,783)</u>	<u>102,141</u>	<u>153,924</u>
Fund Balance - Beginning	<u>(394,910)</u>	<u>(394,910)</u>	<u>(394,910)</u>	<u>-</u>
Fund Balance - Ending	<u>\$ (436,693)</u>	<u>\$ (446,693)</u>	<u>\$ (292,769)</u>	<u>\$ 153,924</u>

Reconciliation of Net Changes in Fund Balances - Budgetary to GAAP Basis:

Net Change in Fund Balances - Budgetary Basis	\$ 102,141
The amount reported in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances was different because:	
Advances to and from other funds are offset to revenues for budgetary purposes, but are not revenues for financial reporting purposes.	<u>107,312</u>
Net Change in Fund Balances - Statement of Revenues, Expenditures, and Changes in Fund Balances	<u>\$ 209,453</u>

Reconciliation of Fund Balances - Budgetary to GAAP Basis:

Fund Balances - Ending - Budgetary Basis	\$ (292,769)
Cumulative effect of reclassification of advances to and from other funds	<u>107,312</u>
Fund Balances - Ending - GAAP Basis	<u>\$ (185,457)</u>

See accompanying note to the required supplementary information.

COUNTY OF LAKE, CALIFORNIA
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
MENTAL HEALTH PROGRAMS - MAJOR SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>REVENUES</u>				
Fines and forfeitures	\$ 21,900	\$ 21,900	\$ 18,685	\$ (3,215)
Use of money and property	64,100	39,100	15,564	(23,536)
Intergovernmental revenues	15,599,838	11,692,182	10,360,512	(1,331,670)
Charges for services	375,500	369,000	348,481	(20,519)
Other revenues	101,000	101,000	101,311	311
Total Revenues	<u>16,162,338</u>	<u>12,223,182</u>	<u>10,844,553</u>	<u>(1,378,629)</u>
<u>EXPENDITURES</u>				
Current:				
Health and sanitation	12,753,110	10,395,994	9,029,992	1,366,002
Total Expenditures	<u>12,753,110</u>	<u>10,395,994</u>	<u>9,029,992</u>	<u>1,366,002</u>
Excess of Revenues Over (Under) Expenditures	<u>3,409,228</u>	<u>1,827,188</u>	<u>1,814,561</u>	<u>(12,627)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	355,383	355,383	146,446	(208,937)
Transfers out	(294,271)	(294,271)	(141,353)	152,918
Total Other Financing Sources (Uses)	<u>61,112</u>	<u>61,112</u>	<u>5,093</u>	<u>(56,019)</u>
Net Change in Fund Balances	3,470,340	1,888,300	1,819,654	(68,646)
Fund Balances - Beginning	<u>(3,039,122)</u>	<u>(3,039,122)</u>	<u>(3,039,122)</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 431,218</u>	<u>\$ (1,150,822)</u>	<u>\$ (1,219,468)</u>	<u>\$ (68,646)</u>

Reconciliation of Net Changes in Fund Balances - Budgetary to GAAP Basis:

Net Change in Fund Balances - Budgetary Basis \$ 1,819,654

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

Advances to and from other funds are offset to revenues for budgetary purposes, but are not revenues for financial reporting purposes. (30,000)

Net Change in Fund Balances - Statement of Revenues, Expenditures, and Changes in Fund Balances \$ 1,789,654

Reconciliation of Fund Balances - Budgetary to GAAP Basis:

Fund Balances - Ending - Budgetary Basis \$ (1,219,468)

Cumulative effect of reclassification of advances to and from other funds (30,000)

Fund Balances - Ending - GAAP Basis \$ (1,249,468)

See accompanying note to the required supplementary information.

COUNTY OF LAKE, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
SOCIAL SERVICES - MAJOR SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>REVENUES</u>				
Licenses and permits	\$ 1,550	\$ 1,550	\$ 1,392	\$ (158)
Intergovernmental revenues	34,212,357	35,309,634	30,521,336	(4,788,298)
Charges for services	2,212,003	2,212,003	1,415,529	(796,474)
Other revenues	23,000	23,000	33,645	10,645
Total Revenues	<u>36,448,910</u>	<u>37,546,187</u>	<u>31,971,902</u>	<u>(5,574,285)</u>
<u>EXPENDITURES</u>				
Current:				
Public assistance	39,955,089	41,042,195	33,738,364	7,303,831
Capital outlay	40,000	50,171	34,645	15,526
Total Expenditures	<u>39,995,089</u>	<u>41,092,366</u>	<u>33,773,009</u>	<u>7,319,357</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,546,179)</u>	<u>(3,546,179)</u>	<u>(1,801,107)</u>	<u>1,745,072</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	932,353	932,353	932,710	357
Transfers out	(382,852)	(382,852)	(201,263)	181,589
Total Other Financing Sources (Uses)	<u>549,501</u>	<u>549,501</u>	<u>731,447</u>	<u>181,946</u>
Net Change in Fund Balances	<u>(2,996,678)</u>	<u>(2,996,678)</u>	<u>(1,069,660)</u>	<u>1,927,018</u>
Fund Balance - Beginning	<u>3,177,172</u>	<u>3,177,172</u>	<u>3,177,172</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 180,494</u>	<u>\$ 180,494</u>	<u>\$ 2,107,512</u>	<u>\$ 1,927,018</u>

See accompanying note to the required supplementary information.

COUNTY OF LAKE, CALIFORNIA
REQUIRED SUPPLEMENTARY INFORMATION
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2010

A. SCHEDULE OF FUNDING PROGRESS - PENSION

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

B. SCHEDULE OF FUNDING PROGRESS - OTHER POSTEMPLOYMENT BENEFITS

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

C. BUDGETARY BASIS OF ACCOUNTING

In accordance with the provisions of Sections 29000 and 29143, inclusive, of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares a budget for each fiscal year. Budgeted expenditures are enacted into law through the passage of an Appropriation Resolution. This resolution mandates the maximum authorized expenditures for the fiscal year and cannot be exceeded except by subsequent amendments to the budget by the County's Board of Supervisors.

The County follows these procedures annually in establishing the budgetary data reflected in the financial statements:

- (1) The County Administrative Officer submits to the Board of Supervisors a recommended budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. The recommended budget is approved by the Board prior to July 1st.
- (2) The Board of Supervisors conducts an advertised public hearing on the recommended budget to obtain comments from interested persons.
- (3) Prior to October 2, the budget is adopted through the passage of a resolution.
- (4) From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein, as proposed expenditures become appropriations to the various County departments. The Board of Supervisors may amend the budget by motion during the fiscal year. The County Administrative Officer may authorize transfers from one object or purpose to another within the same department.

Formal budgetary integration is employed as a management control device during the year. The County presents a comparison of annual budgets to actual results for the County's General and Special Revenue funds. The amounts reported on the budgetary basis are generally on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). The Supplemental Law Enforcement Services nonmajor special revenue fund did not have a legally adopted budget.

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

SUPPLEMENTARY INFORMATION

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**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

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NONMAJOR GOVERNMENTAL FUNDS

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COUNTY OF LAKE, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>	<u>Totals</u>
<u>ASSETS</u>				
Cash and investments	\$ 27,635,209	\$ 3,589,853	\$ 8,265,664	\$ 39,490,726
Restricted cash and investments	72,913	-	-	72,913
Accounts receivable	1,315,779	-	11,177	1,326,956
Interest receivable	13,530	-	-	13,530
Deposits	25,678	-	-	25,678
Prepaid costs	13,552	-	-	13,552
Advance to other funds	72,967	-	-	72,967
Inventory	124,274	-	-	124,274
Loans receivable	1,138,790	-	-	1,138,790
Total Assets	<u>\$ 30,412,692</u>	<u>\$ 3,589,853</u>	<u>\$ 8,276,841</u>	<u>\$ 42,279,386</u>
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable	\$ 1,519,859	\$ -	\$ 19,383	\$ 1,539,242
Salaries and benefits payable	1,142,136	-	-	1,142,136
Deposits payable	108,488	-	-	108,488
Deferred revenue	25,336	-	-	25,336
Unearned revenue	2,317,685	-	959,122	3,276,807
Due to other funds	-	-	118,580	118,580
Advance from other funds	1,324,332	-	-	1,324,332
Total Liabilities	<u>6,437,836</u>	<u>-</u>	<u>1,097,085</u>	<u>7,534,921</u>
FUND BALANCES				
Reserved for:				
Debt service	-	3,589,853	-	3,589,853
Encumbrances	6,742,076	-	94,373	6,836,449
Inventory	124,274	-	-	124,274
Advances to other funds	72,967	-	-	72,967
Unreserved:				
Designated	9,321,328	-	13,269	9,334,597
Undesignated	7,714,211	-	7,072,114	14,786,325
Total Fund Balances	<u>23,974,856</u>	<u>3,589,853</u>	<u>7,179,756</u>	<u>34,744,465</u>
Total Liabilities and Fund Balances	<u>\$ 30,412,692</u>	<u>\$ 3,589,853</u>	<u>\$ 8,276,841</u>	<u>\$ 42,279,386</u>

COUNTY OF LAKE, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Projects Funds</u>	<u>Totals</u>
<u>REVENUES</u>				
Taxes and assessments	\$ 2,643,890	\$ 736,848	\$ -	\$ 3,380,738
Licenses and permits	1,398,219	-	-	1,398,219
Fines and forfeitures	171,589	46,169	184,253	402,011
Use of money and property	510,735	77,558	84,612	672,905
Intergovernmental revenues	19,912,105	45	109,635	20,021,785
Charges for services	14,663,321	520,729	-	15,184,050
Other revenues	557,222	177,474	1,113,934	1,848,630
Total Revenues	<u>39,857,081</u>	<u>1,558,823</u>	<u>1,492,434</u>	<u>42,908,338</u>
<u>EXPENDITURES</u>				
Current:				
General government	523,816	-	18,134	541,950
Public protection	5,449,918	-	362,605	5,812,523
Public assistance	3,026,193	-	37,423	3,063,616
Public ways and facilities	14,010,963	-	-	14,010,963
Health and sanitation	10,669,896	-	-	10,669,896
Education	1,041,041	-	-	1,041,041
Recreation and culture	1,610	-	-	1,610
Debt services				
Principal	-	1,024,494	747,882	1,772,376
Interest and other charges	-	377,644	262,162	639,806
Capital outlay	6,163,631	-	2,757,835	8,921,466
Total Expenditures	<u>40,887,068</u>	<u>1,402,138</u>	<u>4,186,041</u>	<u>46,475,247</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,029,987)</u>	<u>156,685</u>	<u>(2,693,607)</u>	<u>(3,566,909)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	2,183,531	-	5,359,070	7,542,601
Transfers out	(6,021,657)	(1,672,849)	(312,686)	(8,007,192)
Issuance of debt	435,249	-	-	435,249
Total Other Financing Sources (Uses)	<u>(3,402,877)</u>	<u>(1,672,849)</u>	<u>5,046,384</u>	<u>(29,342)</u>
Net Change in Fund Balances	<u>(4,432,864)</u>	<u>(1,516,164)</u>	<u>2,352,777</u>	<u>(3,596,251)</u>
Fund Balances, Beginning	28,416,525	5,106,017	4,826,979	38,349,521
Change in inventory on purchase method	(8,805)	-	-	(8,805)
Fund Balances - Ending	<u>\$ 23,974,856</u>	<u>\$ 3,589,853</u>	<u>\$ 7,179,756</u>	<u>\$ 34,744,465</u>

NONMAJOR GOVERNMENTAL FUNDS
Special Revenue Funds

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COUNTY OF LAKE, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010

	<u>Road</u>	<u>Park Development Quimby</u>	<u>Building and Safety</u>	<u>Geothermal Resource Royalties</u>	<u>Fish and Game</u>
<u>ASSETS</u>					
Cash and investments	\$ 2,268,064	\$ 207,250	\$ 173,166	\$ 824,561	\$ 35,931
Restricted cash and investments	-	-	-	-	-
Accounts receivable	1,022,099	-	-	53,347	-
Interest receivable	5,350	-	-	-	-
Deposits	-	-	-	-	-
Prepaid Costs	-	-	-	-	-
Advance to other funds	-	-	-	37,967	-
Inventory	124,274	-	-	-	-
Loans receivable	-	-	-	-	-
Total Assets	<u>\$ 3,419,787</u>	<u>\$ 207,250</u>	<u>\$ 173,166</u>	<u>\$ 915,875</u>	<u>\$ 35,931</u>
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES					
Accounts payable	\$ 300,064	\$ -	\$ 114	\$ -	\$ -
Salaries and benefits payable	198,660	-	39,317	-	-
Deposits payable	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Advance from other funds	-	-	-	-	-
Total Liabilities	<u>498,724</u>	<u>-</u>	<u>39,431</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Reserved for:					
Encumbrances	2,650,989	-	-	14,396	-
Inventory	124,274	-	-	-	-
Advances to other funds	-	-	-	37,967	-
Unreserved:					
Designated	145,800	-	104,972	-	10,780
Undesignated	-	207,250	28,763	863,512	25,151
Total Fund Balances	<u>2,921,063</u>	<u>207,250</u>	<u>133,735</u>	<u>915,875</u>	<u>35,931</u>
Total Liabilities and Fund Balances	<u>\$ 3,419,787</u>	<u>\$ 207,250</u>	<u>\$ 173,166</u>	<u>\$ 915,875</u>	<u>\$ 35,931</u>

Special Aviation	Special Districts Administration	Sheriff Programs	District Attorney Programs	Domestic Violence Programs	Nuisance Abatement	Animal Control Spay/Neuter Programs	STC Program
\$ 10,152	\$ 824,827	\$ 5,001,444	\$ 1,319	\$ 3,051	\$ 364,879	\$ 12,928	\$ 65,476
-	-	-	-	-	-	-	-
-	36,498	140,859	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 10,152</u>	<u>\$ 861,325</u>	<u>\$ 5,142,303</u>	<u>\$ 1,319</u>	<u>\$ 3,051</u>	<u>\$ 364,879</u>	<u>\$ 12,928</u>	<u>\$ 65,476</u>
\$ -	\$ 38,168	\$ 963	\$ -	\$ -	\$ -	\$ 189	\$ -
948	291,838	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,500	-	-	-	-	-	-	-
<u>6,448</u>	<u>330,006</u>	<u>963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>189</u>	<u>-</u>
-	1,162,887	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	132,733	-	197
3,704	(631,568)	5,141,340	1,319	3,051	232,146	12,739	65,279
<u>3,704</u>	<u>531,319</u>	<u>5,141,340</u>	<u>1,319</u>	<u>3,051</u>	<u>364,879</u>	<u>12,739</u>	<u>65,476</u>
<u>\$ 10,152</u>	<u>\$ 861,325</u>	<u>\$ 5,142,303</u>	<u>\$ 1,319</u>	<u>\$ 3,051</u>	<u>\$ 364,879</u>	<u>\$ 12,928</u>	<u>\$ 65,476</u>

COUNTY OF LAKE, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010

	Supplemental Law Enforcement Services	Health Programs	IHSS Public Authority	Recorder Programs	Air Quality District
<u>ASSETS</u>					
Cash and investments	\$ -	\$ 1,697,273	\$ -	\$ 1,577,126	\$ 1,047,327
Restricted cash and investments	-	-	-	-	-
Accounts receivable	-	6,040	-	-	-
Interest receivable	-	-	-	-	-
Deposits	-	-	-	-	-
Prepaid costs	-	-	-	-	-
Advance to other funds	-	-	-	-	-
Inventory	-	-	-	-	-
Loans receivable	-	-	-	-	-
Total Assets	\$ -	\$ 1,703,313	\$ -	\$ 1,577,126	\$ 1,047,327
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES					
Accounts payable	\$ -	\$ 14,481	\$ -	\$ 456	\$ 2,146
Salaries and benefits payable	-	271,105	-	-	33,273
Deposits payable	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Unearned revenue	-	1,204,231	-	-	-
Advance from other funds	-	-	-	-	-
Total Liabilities	-	1,489,817	-	456	35,419
FUND BALANCES					
Reserved for:					
Encumbrances	-	378,001	-	-	-
Inventory	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Unreserved:					
Designated	-	-	-	1,388,123	809,670
Undesignated	-	(164,505)	-	188,547	202,238
Total Fund Balances	-	213,496	-	1,576,670	1,011,908
Total Liabilities and Fund Balances	\$ -	\$ 1,703,313	\$ -	\$ 1,577,126	\$ 1,047,327

CDBG Housing Programs	Child Support Services	Museum	Libraries	Lakebed Management	Kelseyville Waterworks District	Lake County Housing Commision	Watershed Protection Districts
\$ 591,742	\$ 504,547	\$ 30,193	\$ 687,797	\$ 79,314	\$ 699,463	\$ 80,090	\$ 1,642,908
-	-	-	-	-	-	72,913	-
-	-	-	-	-	-	1,031	20,647
-	-	-	-	-	-	-	-
-	-	-	-	-	25,678	-	-
-	-	-	-	-	-	93	13,459
-	-	-	-	-	-	-	35,000
-	-	-	-	-	-	-	-
1,138,790	-	-	-	-	-	-	-
<u>\$ 1,730,532</u>	<u>\$ 504,547</u>	<u>\$ 30,193</u>	<u>\$ 687,797</u>	<u>\$ 79,314</u>	<u>\$ 725,141</u>	<u>\$ 154,127</u>	<u>\$ 1,712,014</u>
\$ -	\$ 6,989	\$ -	\$ 13,696	\$ 315	\$ 857,639	\$ 8,121	\$ 12
-	201,443	-	61,356	-	-	-	44,196
-	-	-	-	-	-	72,913	-
25,336	-	-	-	-	-	-	-
1,113,454	-	-	-	-	-	-	-
-	-	-	-	-	-	-	35,000
<u>1,138,790</u>	<u>208,432</u>	<u>-</u>	<u>75,052</u>	<u>315</u>	<u>857,639</u>	<u>81,034</u>	<u>79,208</u>
-	-	-	-	55,080	1,782,942	-	268,081
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	35,000
-	-	-	518,661	60,464	-	-	1,234,726
591,742	296,115	30,193	94,084	(36,545)	(1,915,440)	73,093	94,999
<u>591,742</u>	<u>296,115</u>	<u>30,193</u>	<u>612,745</u>	<u>78,999</u>	<u>(132,498)</u>	<u>73,093</u>	<u>1,632,806</u>
<u>\$ 1,730,532</u>	<u>\$ 504,547</u>	<u>\$ 30,193</u>	<u>\$ 687,797</u>	<u>\$ 79,314</u>	<u>\$ 725,141</u>	<u>\$ 154,127</u>	<u>\$ 1,712,014</u>

COUNTY OF LAKE, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2010

	County Service Areas	Lighting Districts	Sanitation Districts	Totals
<u>ASSETS</u>				
Cash and investments	\$ 3,556,093	\$ 400,597	\$ 5,247,691	\$ 27,635,209
Restricted cash and investments	-	-	-	72,913
Accounts receivable	-	-	35,258	1,315,779
Interest receivable	-	-	8,180	13,530
Deposits	-	-	-	25,678
Prepaid costs	-	-	-	13,552
Advance to other funds	-	-	-	72,967
Inventory	-	-	-	124,274
Loans receivable	-	-	-	1,138,790
Total Assets	\$ 3,556,093	\$ 400,597	\$ 5,291,129	\$ 30,412,692
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable	\$ 53,870	\$ 5,116	\$ 217,520	\$ 1,519,859
Salaries and benefits payable	-	-	-	1,142,136
Deposits payable	-	-	35,575	108,488
Deferred revenue	-	-	-	25,336
Unearned revenue	-	-	-	2,317,685
Advance from other funds	1,283,832	-	-	1,324,332
Total Liabilities	1,337,702	5,116	253,095	6,437,836
FUND BALANCES				
Reserved for:				
Encumbrances	300,838	-	128,862	6,742,076
Inventory	-	-	-	124,274
Advances to other funds	-	-	-	72,967
Unreserved:				
Designated	1,456,639	384,389	3,074,174	9,321,328
Undesignated	460,914	11,092	1,834,998	7,714,211
Total Fund Balances	2,218,391	395,481	5,038,034	23,974,856
Total Liabilities and Fund Balances	\$ 3,556,093	\$ 400,597	\$ 5,291,129	\$ 30,412,692

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COUNTY OF LAKE, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Road	Park Development Quimby	Building and Safety	Geothermal Resource Royalties	Fish & Game
REVENUES					
Taxes and assessments	\$ 721,952	\$ -	\$ -	\$ -	\$ 61,470
Licenses and permits	97,345	-	258,424	-	-
Fines and forfeitures	275	-	-	-	7,967
Use of money and property	66,067	3,527	8,629	85,416	319
Intergovernmental revenues	8,381,346	-	-	1,119,495	1,133
Charges for services	84,246	20,358	106,068	-	-
Other revenues	388	-	45	10,000	-
Total Revenues	9,351,619	23,885	373,166	1,214,911	70,889
EXPENDITURES					
Current:					
General government	-	-	-	259,686	-
Public protection	-	-	708,936	-	81,108
Public assistance	-	-	-	-	-
Public ways and facilities	7,363,348	-	-	-	-
Health and sanitation	-	-	-	-	-
Education	-	-	-	-	-
Recreation and culture	-	56	-	-	-
Capital outlay	3,197,962	9,582	-	529,398	-
Total Expenditures	10,561,310	9,638	708,936	789,084	81,108
Excess of Revenues Over (Under) Expenditures	(1,209,691)	14,247	(335,770)	425,827	(10,219)
OTHER FINANCING SOURCES (USES)					
Transfers in	100,315	-	-	-	23,137
Transfers out	-	-	-	(5,964,272)	-
Issuance of debt	-	-	-	-	-
Total Other Financing Sources (Uses)	100,315	-	-	(5,964,272)	23,137
Net Change in Fund Balances	(1,109,376)	14,247	(335,770)	(5,538,445)	12,918
Fund Balances, Beginning	4,039,244	193,003	469,505	6,454,320	23,013
Change in inventory on purchase method	(8,805)	-	-	-	-
Fund Balances - Ending	\$ 2,921,063	\$ 207,250	\$ 133,735	\$ 915,875	\$ 35,931

Special Aviation	Special Districts Administration	Sheriff Programs	District Attorney Programs	Domestic Violence Programs	Nuisance Abatement	Animal Control Spay/Neuter	STC Program
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104,587	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	39,532	-	3,759	42,511	-	-
17,530	7,603	53,210	128	-	5,044	-	-
-	14,005	551,914	-	-	-	-	27,209
-	3,866,105	309,158	-	6,486	45,685	23,731	-
-	28,718	17,835	1,387	-	-	-	30
<u>17,530</u>	<u>3,916,431</u>	<u>971,649</u>	<u>1,515</u>	<u>10,245</u>	<u>197,827</u>	<u>23,731</u>	<u>27,239</u>
-	-	-	-	-	-	-	-
-	-	461,892	12,551	11,505	73,631	17,965	15,431
-	-	-	-	-	-	-	-
63,093	3,519,103	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	32,580	379,111	-	-	-	-	-
<u>63,093</u>	<u>3,551,683</u>	<u>841,003</u>	<u>12,551</u>	<u>11,505</u>	<u>73,631</u>	<u>17,965</u>	<u>15,431</u>
<u>(45,563)</u>	<u>364,748</u>	<u>130,646</u>	<u>(11,036)</u>	<u>(1,260)</u>	<u>124,196</u>	<u>5,766</u>	<u>11,808</u>
40,460	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>40,460</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(5,103)	364,748	130,646	(11,036)	(1,260)	124,196	5,766	11,808
8,807	166,571	5,010,694	12,355	4,311	240,683	6,973	53,668
-	-	-	-	-	-	-	-
<u>\$ 3,704</u>	<u>\$ 531,319</u>	<u>\$ 5,141,340</u>	<u>\$ 1,319</u>	<u>\$ 3,051</u>	<u>\$ 364,879</u>	<u>\$ 12,739</u>	<u>\$ 65,476</u>

COUNTY OF LAKE, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Supplemental Law Enforcement Services	Health Programs	IHSS Public Authority	Recorder Programs	Air Quality District
<u>REVENUES</u>					
Taxes and assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	553,169	-	-	415,260
Fines and forfeitures	-	585	-	-	21,005
Use of money and property	424	16,484	356	26,657	17,440
Intergovernmental revenues	537,098	3,545,182	998,860	-	295,388
Charges for services	-	656,515	-	132,109	4,211
Other revenues	-	48,433	-	-	4,808
Total Revenues	537,522	4,820,368	999,216	158,766	758,112
<u>EXPENDITURES</u>					
Current:					
General government	-	-	-	-	-
Public protection	541,733	-	-	117,978	-
Public assistance	-	-	1,101,601	-	-
Public ways and facilities	-	-	-	-	592,070
Health and sanitation	-	4,807,521	-	-	-
Education	-	-	-	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	-	38,924	-	-	9,549
Total Expenditures	541,733	4,846,445	1,101,601	117,978	601,619
Excess of Revenues Over (Under) Expenditures	(4,211)	(26,077)	(102,385)	40,788	156,493
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	-	118,222	169,859	-	-
Transfers out	-	-	(357)	-	-
Issuance of debt	-	-	-	-	-
Total Other Financing Sources (Uses)	-	118,222	169,502	-	-
Net Change in Fund Balances	(4,211)	92,145	67,117	40,788	156,493
Fund Balances, Beginning	4,211	121,351	(67,117)	1,535,882	855,415
Change in inventory on purchase method	-	-	-	-	-
Fund Balances - Ending	\$ -	\$ 213,496	\$ -	\$ 1,576,670	\$ 1,011,908

CDBG Housing Programs	Child Support Services	Museum	Libraries	Lakebed Management	Kelseyville Waterworks District	Lake County Housing Commision	Watershed Protection Districts
\$ -	\$ -	\$ -	\$ 747,571	\$ -	\$ 99,674	\$ -	\$ 573,732
-	-	-	-	72,250	-	-	1,771
-	-	-	37	-	46	-	601
10,408	8,079	278	18,123	1,509	15,287	181	27,484
-	2,438,983	-	261,241	2,439	9,680	1,606,363	116,844
-	-	-	23,736	-	755,901	277,044	527,662
55,786	2,950	-	18,817	162,590	132	10,478	2,145
<u>66,194</u>	<u>2,450,012</u>	<u>278</u>	<u>1,069,525</u>	<u>238,788</u>	<u>880,720</u>	<u>1,894,066</u>	<u>1,250,239</u>
-	-	-	-	264,130	-	-	-
-	2,402,809	-	-	-	-	-	1,004,379
5,651	-	-	-	-	-	1,918,941	-
-	-	-	-	-	886,580	-	-
-	-	-	-	-	-	-	-
-	-	-	1,041,041	-	-	-	-
-	-	1,554	-	-	-	-	-
-	-	-	-	-	1,263,846	-	238,441
<u>5,651</u>	<u>2,402,809</u>	<u>1,554</u>	<u>1,041,041</u>	<u>264,130</u>	<u>2,150,426</u>	<u>1,918,941</u>	<u>1,242,820</u>
<u>60,543</u>	<u>47,203</u>	<u>(1,276)</u>	<u>28,484</u>	<u>(25,342)</u>	<u>(1,269,706)</u>	<u>(24,875)</u>	<u>7,419</u>
1,663	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	435,249	-	-
<u>1,663</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>435,249</u>	<u>-</u>	<u>-</u>
62,206	47,203	(1,276)	28,484	(25,342)	(834,457)	(24,875)	7,419
529,536	248,912	31,469	584,261	104,341	701,959	97,968	1,625,387
-	-	-	-	-	-	-	-
<u>\$ 591,742</u>	<u>\$ 296,115</u>	<u>\$ 30,193</u>	<u>\$ 612,745</u>	<u>\$ 78,999</u>	<u>\$ (132,498)</u>	<u>\$ 73,093</u>	<u>\$ 1,632,806</u>

COUNTY OF LAKE, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>County Service Areas</u>	<u>Lighting Districts</u>	<u>Sanitation Districts</u>	<u>Totals</u>
<u>REVENUES</u>				
Taxes and assessments	\$ 259,362	\$ 74,117	\$ 1,425	\$ 2,643,890
Licenses and permits	-	-	-	1,398,219
Fines and forfeitures	2,535	68	52,668	171,589
Use of money and property	53,615	5,590	61,347	510,735
Intergovernmental revenues	3,538	1,387	-	19,912,105
Charges for services	1,848,871	2,659	5,972,776	14,663,321
Other revenues	6,522	-	186,158	557,222
Total Revenues	2,174,443	83,821	6,274,374	39,857,081
<u>EXPENDITURES</u>				
Current:				
General government	-	-	-	523,816
Public protection	-	-	-	5,449,918
Public assistance	-	-	-	3,026,193
Public ways and facilities	1,510,085	76,684	-	14,010,963
Health and sanitation	-	-	5,862,375	10,669,896
Education	-	-	-	1,041,041
Recreation and culture	-	-	-	1,610
Capital outlay	202,137	-	262,101	6,163,631
Total Expenditures	1,712,222	76,684	6,124,476	40,887,068
Excess of Revenues Over (Under) Expenditures	462,221	7,137	149,898	(1,029,987)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	1,729,875	2,183,531
Transfers out	-	-	(57,028)	(6,021,657)
Issuance of debt	-	-	-	435,249
Total Other Financing Sources (Uses)	-	-	1,672,847	(3,402,877)
Net Change in Fund Balances	462,221	7,137	1,822,745	(4,432,864)
Fund Balances, Beginning	1,756,170	388,344	3,215,289	28,416,525
Change in inventory on purchase method	-	-	-	(8,805)
Fund Balances - Ending	\$ 2,218,391	\$ 395,481	\$ 5,038,034	\$ 23,974,856

Continued (Page 3 of 3)

NONMAJOR GOVERNMENTAL FUNDS
Debt Service Funds

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COUNTY OF LAKE, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
JUNE 30, 2010

	<u>Sanitation Improvement Districts</u>	<u>LACOSAN Assessment Districts</u>	<u>County Service Area Improvement Districts</u>	<u>USDA RUS Loans</u>	<u>Totals</u>
<u>ASSETS</u>					
Cash and investments	\$ 173,006	\$ 1,355,304	\$ 1,199,643	\$ 861,900	\$ 3,589,853
Total Assets	<u>\$ 173,006</u>	<u>\$ 1,355,304</u>	<u>\$ 1,199,643</u>	<u>\$ 861,900</u>	<u>\$ 3,589,853</u>
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES					
Reserved for:					
Debt service	173,006	1,355,304	1,199,643	861,900	3,589,853
Total Fund Balances	<u>173,006</u>	<u>1,355,304</u>	<u>1,199,643</u>	<u>861,900</u>	<u>3,589,853</u>
Total Liabilities and Fund Balances	<u>\$ 173,006</u>	<u>\$ 1,355,304</u>	<u>\$ 1,199,643</u>	<u>\$ 861,900</u>	<u>\$ 3,589,853</u>

COUNTY OF LAKE, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Sanitation Improvement Districts	LACOSAN Assessment Districts	County Service Area Improvement Districts	USDA RUS Loans	Totals
<u>REVENUES</u>					
Taxes and assessments	\$ 141,435	\$ 481,454	\$ 3,336	\$ 110,623	\$ 736,848
Fines and forfeitures	5,946	35,110	5,113	-	46,169
Use of money and property	1,387	45,177	19,643	11,351	77,558
Intergovernmental revenue	-	-	45	-	45
Charges for services	-	-	520,729	-	520,729
Other revenue	-	-	-	177,474	177,474
Total Revenues	148,768	561,741	548,866	299,448	1,558,823
<u>EXPENDITURES</u>					
Debt service:					
Principal	138,000	443,000	407,394	36,100	1,024,494
Interest and other charges	31,075	79,252	150,077	117,240	377,644
Total Expenditures	169,075	522,252	557,471	153,340	1,402,138
Excess of Revenues Over (Under) Expenditures	(20,307)	39,489	(8,605)	146,108	156,685
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	-	-	-	-	-
Transfers out	-	(1,672,849)	-	-	(1,672,849)
Total Other Financing Sources (Uses)	-	(1,672,849)	-	-	(1,672,849)
Net Change in Fund Balances	(20,307)	(1,633,360)	(8,605)	146,108	(1,516,164)
Fund Balances - Beginning	193,313	2,988,664	1,208,248	715,792	5,106,017
Fund Balances - Ending	\$ 173,006	\$ 1,355,304	\$ 1,199,643	\$ 861,900	\$ 3,589,853

NONMAJOR GOVERNMENTAL FUNDS
Capital Projects Funds

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COUNTY OF LAKE, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2010

	<u>Capital Projects - CDBG</u>	<u>Capital Projects - Public Safety</u>	<u>Geyser's Pipeline</u>	<u>Road Projects</u>	<u>Special Projects</u>
<u>ASSETS</u>					
Cash and investments	\$ -	\$ 54,553	\$ 4,079,268	\$ 429,189	\$ 3,649,940
Accounts receivable	-	11,177	-	-	-
Total Assets	\$ -	\$ 65,730	\$ 4,079,268	\$ 429,189	\$ 3,649,940
<u>LIABILITIES AND FUND BALANCES</u>					
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 19,383
Unearned revenue	-	-	529,933	429,189	-
Due from other funds	-	118,580	-	-	-
Total Liabilities	-	118,580	529,933	429,189	19,383
FUND BALANCES					
Reserved for:					
Encumbrances	-	-	-	-	94,373
Unreserved:					
Designated	-	-	-	-	-
Undesignated	-	(52,850)	3,549,335	-	3,536,184
Total Fund Balances	-	(52,850)	3,549,335	-	3,630,557
Total Liabilities and Fund Balances	\$ -	\$ 65,730	\$ 4,079,268	\$ 429,189	\$ 3,649,940

Lampson Airport Capital Projects	Totals
\$ 52,714	\$ 8,265,664
-	11,177
\$ 52,714	\$ 8,276,841
\$ -	\$ 19,383
-	959,122
-	118,580
-	1,097,085
-	94,373
13,269	13,269
39,445	7,072,114
52,714	7,179,756
\$ 52,714	\$ 8,276,841

COUNTY OF LAKE, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	<u>Capital Projects - CDBG</u>	<u>Capital Projects - Public Safety</u>	<u>Geyser's Pipeline</u>	<u>Road Projects</u>	<u>Special Projects</u>
<u>REVENUES</u>					
Fines and forfeitures	\$ -	\$ 184,253	\$ -	\$ -	\$ -
Use of money and property	-	-	68,042	-	15,953
Intergovernmental revenues	70,808	-	-	-	-
Other revenues	-	55,933	1,058,001	-	-
Total Revenues	<u>70,808</u>	<u>240,186</u>	<u>1,126,043</u>	<u>-</u>	<u>15,953</u>
<u>EXPENDITURES</u>					
Current:					
General government	-	-	-	-	18,134
Public protection	-	362,605	-	-	-
Public assistance	37,423	-	-	-	-
Debt service:					
Principal	-	-	747,882	-	-
Interest and other charges	-	-	262,162	-	-
Capital outlay	-	39,367	-	-	2,718,468
Total Expenditures	<u>37,423</u>	<u>401,972</u>	<u>1,010,044</u>	<u>-</u>	<u>2,736,602</u>
Excess of Revenues Over (Under) Expenditures	<u>33,385</u>	<u>(161,786)</u>	<u>115,999</u>	<u>-</u>	<u>(2,720,649)</u>
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	-	-	-	-	5,359,070
Transfers out	-	(12,686)	-	-	(300,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(12,686)</u>	<u>-</u>	<u>-</u>	<u>5,059,070</u>
Net Change in Fund Balances	<u>33,385</u>	<u>(174,472)</u>	<u>115,999</u>	<u>-</u>	<u>2,338,421</u>
Fund Balances - Beginning	<u>(33,385)</u>	<u>121,622</u>	<u>3,433,336</u>	<u>-</u>	<u>1,292,136</u>
Fund Balances - Ending	<u>\$ -</u>	<u>\$ (52,850)</u>	<u>\$ 3,549,335</u>	<u>\$ -</u>	<u>\$ 3,630,557</u>

Lampson Airport Capital Projects	Totals
\$ -	\$ 184,253
617	84,612
38,827	109,635
-	1,113,934
<hr/>	<hr/>
39,444	1,492,434
<hr/>	<hr/>
-	18,134
-	362,605
-	37,423
-	747,882
-	262,162
-	2,757,835
<hr/>	<hr/>
-	4,186,041
<hr/>	<hr/>
39,444	(2,693,607)
<hr/>	<hr/>
-	5,359,070
-	(312,686)
<hr/>	<hr/>
-	5,046,384
<hr/>	<hr/>
39,444	2,352,777
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13,270	4,826,979
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\$ 52,714	\$ 7,179,756
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INTERNAL SERVICE FUNDS

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COUNTY OF LAKE, CALIFORNIA
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2010

	Risk Management			
	Unemployment Insurance	Public Liability Insurance	Workers' Compensation Insurance	Self Funded Dental/ Vision
<u>ASSETS</u>				
Current Assets				
Cash and investments	\$ 194,251	\$ 498,031	\$ 488,321	\$ 228,883
Accounts receivable (net of allowance)	-	-	194,943	-
Due from other funds	-	40,778	36,061	-
Advance to other funds	-	-	-	-
Inventory	-	-	-	-
Total Current Assets	194,251	538,809	719,325	228,883
Noncurrent Assets				
Capital assets:				
Non depreciable	-	-	-	-
Depreciable, net	-	-	-	-
Total Noncurrent Assets	-	-	-	-
Total Assets	194,251	538,809	719,325	228,883
<u>LIABILITIES</u>				
Current Liabilities				
Accounts payable	-	1	-	161,200
Salaries and benefits payable	-	-	-	-
Compensated absences payable	-	-	-	-
Total Current Liabilities	-	1	-	161,200
Noncurrent Liabilities				
Compensated absences payable	-	-	-	-
Net OPEB obligation	-	-	-	-
Estimated claims liability	160,096	170,000	-	-
Total Noncurrent Liabilities	160,096	170,000	-	-
Total Liabilities	160,096	170,001	-	161,200
<u>NET ASSETS</u>				
Invested in capital assets	-	-	-	-
Unrestricted	34,155	368,808	719,325	67,683
Total Net Assets	\$ 34,155	\$ 368,808	\$ 719,325	\$ 67,683

Heavy Equipment Rental	Fleet Maintenance	Central Garage	Totals
\$ 490,796	\$ 71,120	\$ 660,078	\$ 2,631,480
9,267	-	-	204,210
-	-	-	76,839
-	-	5,500	5,500
19,605	-	1,232	20,837
<u>519,668</u>	<u>71,120</u>	<u>666,810</u>	<u>2,938,866</u>
-	-	48,233	48,233
988,954	-	260,891	1,249,845
<u>988,954</u>	<u>-</u>	<u>309,124</u>	<u>1,298,078</u>
<u>1,508,622</u>	<u>71,120</u>	<u>975,934</u>	<u>4,236,944</u>
-	-	-	161,201
-	39,597	-	39,597
-	4,972	-	4,972
<u>-</u>	<u>44,569</u>	<u>-</u>	<u>205,770</u>
-	23,687	-	23,687
-	14,973	-	14,973
<u>-</u>	<u>-</u>	<u>-</u>	<u>330,096</u>
<u>-</u>	<u>38,660</u>	<u>-</u>	<u>368,756</u>
<u>-</u>	<u>83,229</u>	<u>-</u>	<u>574,526</u>
988,954	-	309,124	1,298,078
519,668	(12,109)	666,810	2,364,340
<u>\$ 1,508,622</u>	<u>\$ (12,109)</u>	<u>\$ 975,934</u>	<u>\$ 3,662,418</u>

COUNTY OF LAKE, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Risk Management			
	Unemployment Insurance	Public Liability Insurance	Workers' Compensation Insurance	Self Funded Dental/ Vision
<u>OPERATING REVENUES</u>				
Charges for services	\$ 264,300	\$ 1,124,647	\$ 1,946,490	\$ -
Rents and concessions	-	-	-	-
Other	-	-	-	-
Total Operating Revenues	264,300	1,124,647	1,946,490	-
<u>OPERATING EXPENSES</u>				
Salaries and benefits	-	-	-	-
Services and supplies	4,136	156,500	1,722,438	19,023
Claims/liability adjustments	375,141	700,052	-	262,841
Depreciation	-	-	-	-
Total Operating Expenses	379,277	856,552	1,722,438	281,864
Operating Income (Loss)	(114,977)	268,095	224,052	(281,864)
<u>NON-OPERATING REVENUES (EXPENSES)</u>				
Interest income	5,220	10,577	7,773	5,396
Gain (loss) on sale of fixed assets	-	-	-	-
Total Non-Operating Revenues (Expenses)	5,220	10,577	7,773	5,396
Income (loss) before Operating Transfers	(109,757)	278,672	231,825	(276,468)
Capital contributions	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Change in Net Assets	(109,757)	278,672	231,825	(276,468)
Total Net Assets - Beginning	143,912	90,136	487,500	344,151
Total Net Assets - Ending	\$ 34,155	\$ 368,808	\$ 719,325	\$ 67,683

Heavy Equipment Rental	Fleet Maintenance	Central Garage	Totals
\$ 9,364	\$ 446,959	\$ 395,996	\$ 4,187,756
1,001,478	-	-	1,001,478
15,637	1,225	10,747	27,609
<u>1,026,479</u>	<u>448,184</u>	<u>406,743</u>	<u>5,216,843</u>
-	401,002	-	401,002
776,598	71,198	412,683	3,162,576
-	-	-	1,338,034
408,897	-	147,574	556,471
<u>1,185,495</u>	<u>472,200</u>	<u>560,257</u>	<u>5,458,083</u>
<u>(159,016)</u>	<u>(24,016)</u>	<u>(153,514)</u>	<u>(241,240)</u>
(9,736)	-	127,644	146,874
26,670	-	649	27,319
<u>16,934</u>	<u>-</u>	<u>128,293</u>	<u>174,193</u>
<u>(142,082)</u>	<u>(24,016)</u>	<u>(25,221)</u>	<u>(67,047)</u>
-	-	-	-
-	-	-	-
-	-	-	-
<u>(142,082)</u>	<u>(24,016)</u>	<u>(25,221)</u>	<u>(67,047)</u>
<u>1,650,704</u>	<u>11,907</u>	<u>1,001,155</u>	<u>3,729,465</u>
<u>\$ 1,508,622</u>	<u>\$ (12,109)</u>	<u>\$ 975,934</u>	<u>\$ 3,662,418</u>

COUNTY OF LAKE, CALIFORNIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Risk Management			
	Unemployment Insurance	Public Liability Insurance	Workers' Compensation Insurance	Self Funded Dental/ Vision
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>				
Receipts from customers	\$ 264,300	\$ 1,124,647	\$ 1,751,547	\$ -
Payments to suppliers	(54,136)	(156,499)	(1,722,438)	(19,023)
Payments to employees	-	-	-	-
Payments for claims and judgements	(308,061)	(930,052)	-	(105,091)
Net Cash Provided (Used) by Operating Activities	(97,897)	38,096	29,109	(124,114)
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>				
Interfund loans made	-	(40,778)	(36,061)	-
Net Cash Provided (Used) by Non-Capital Financing Activities	-	(40,778)	(36,061)	-
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>				
Purchase of capital assets	-	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	-	-
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>				
Interest and dividends	5,220	10,577	7,773	5,396
Net Cash Provided (Used) by Investing Activities	5,220	10,577	7,773	5,396
Net Increase (Decrease) in Cash and Cash Equivalents	(92,677)	7,895	821	(118,718)
Balances - Beginning of Year	286,928	490,136	487,500	347,601
Balances - End of Year	\$ 194,251	\$ 498,031	\$ 488,321	\$ 228,883
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>				
Operating income (loss)	\$ (114,977)	\$ 268,095	\$ 224,052	\$ (281,864)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	-	-	-	-
Decrease (increase) in:				
Accounts receivable	-	-	(194,943)	-
Inventories	-	-	-	-
Increase (decrease) in:				
Accounts payables	(50,000)	1	-	157,750
Salaries and benefits payable	-	-	-	-
Compensated absences payable	-	-	-	-
OPEB obligation	-	-	-	-
Estimated claims liability	67,080	(230,000)	-	-
Net Cash Provided (Used) by Operating Activities	\$ (97,897)	\$ 38,096	\$ 29,109	\$ (124,114)

Heavy Equipment Rental	Fleet Maintenance	Central Garage	Totals
\$ 1,017,212	\$ 448,184	\$ 406,743	\$ 5,012,633
(785,245)	(71,235)	(412,922)	(3,221,498)
-	(394,155)	-	(394,155)
-	-	-	(1,343,204)
<u>231,967</u>	<u>(17,206)</u>	<u>(6,179)</u>	<u>53,776</u>
-	-	(5,500)	(82,339)
-	-	(5,500)	(82,339)
(66,364)	-	(26,383)	(92,747)
(66,364)	-	(26,383)	(92,747)
(9,736)	-	127,644	146,874
(9,736)	-	127,644	146,874
155,867	(17,206)	89,582	25,564
<u>334,929</u>	<u>88,326</u>	<u>570,496</u>	<u>2,605,916</u>
<u>\$ 490,796</u>	<u>\$ 71,120</u>	<u>\$ 660,078</u>	<u>\$ 2,631,480</u>

\$ (159,016)	\$ (24,016)	\$ (153,514)	\$ (241,240)
408,897	-	147,574	556,471
(9,267)	-	-	(204,210)
(6,025)	-	751	(5,274)
(2,622)	(37)	(990)	104,102
-	19	-	19
-	378	-	378
-	6,450	-	6,450
-	-	-	(162,920)
<u>\$ 231,967</u>	<u>\$ (17,206)</u>	<u>\$ (6,179)</u>	<u>\$ 53,776</u>

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FIDUCIARY FUNDS

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COUNTY OF LAKE, CALIFORNIA
COMBINING STATEMENT OF FIDUCIARY NET ASSETS
INVESTMENT TRUST FUNDS
JUNE 30, 2010

	Special Districts Governed by Local Boards	School Districts	Trial Court	Total Investment Trust Funds
<u>ASSETS</u>				
Cash and investments	\$ 8,590,497	\$ 31,772,406	\$ 147,070	\$ 40,509,973
Due from other funds	1,170,230	-	-	1,170,230
Total Assets	<u>9,760,727</u>	<u>31,772,406</u>	<u>147,070</u>	<u>41,680,203</u>
<u>NET ASSETS</u>				
Net assets held in trust for investment pool participants	<u>\$ 9,760,727</u>	<u>\$ 31,772,406</u>	<u>\$ 147,070</u>	<u>\$ 41,680,203</u>

COUNTY OF LAKE, CALIFORNIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
INVESTMENT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Special Districts Governed by Local Boards	School Districts	Trial Court	Total Investment Trust Funds
<u>ADDITIONS</u>				
Contributions:				
Contributions to investment pool	\$ 881,664	\$ 4,127,512	\$ 13,788	\$ 5,022,964
Net investment income:				
Interest income	73,760	369,816	14	443,590
Net investment income	73,760	369,816	14	443,590
Total Additions	955,424	4,497,328	13,802	5,466,554
<u>DEDUCTIONS</u>				
Distributions from investment pool	1,848,230	8,564,184	7,369	10,419,783
Total Deductions	1,848,230	8,564,184	7,369	10,419,783
Change in Net Assets	(892,806)	(4,066,856)	6,433	(4,953,229)
Net Assets - Beginning	10,653,533	35,839,262	140,637	46,633,432
Net Assets - Ending	\$ 9,760,727	\$ 31,772,406	\$ 147,070	\$ 41,680,203

COUNTY OF LAKE, CALIFORNIA
COMBINING STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2010

	County Departmental Agency	Unapportioned Taxes Agency	Unapportioned Interest Agency	Total Agency Funds
<u>ASSETS</u>				
Taxes and assessments receivable	\$ -	\$ 9,623,934	\$ -	\$ 9,623,934
Due from other funds	4,558,803	-	164,155	4,722,958
Advance to other funds	422,961	-	-	422,961
Total Assets	<u>\$ 4,981,764</u>	<u>\$ 9,623,934</u>	<u>\$ 164,155</u>	<u>\$ 14,769,853</u>
<u>LIABILITIES</u>				
Due to other funds	\$ 43,661	\$ 5,893,188	\$ -	\$ 5,936,849
Fiduciary liabilities	4,938,103	3,730,746	164,155	8,833,004
Total Liabilities	<u>\$ 4,981,764</u>	<u>\$ 9,623,934</u>	<u>\$ 164,155</u>	<u>\$ 14,769,853</u>

COUNTY OF LAKE, CALIFORNIA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010

	Balance June 30, 2009	Additions	Deductions	Balance June 30, 2010
<u>County Departmental Agency</u>				
<u>ASSETS</u>				
Cash and investments	\$ -	\$ 1,480,938	\$ 1,480,938	\$ -
Due from other funds	4,468,167	4,558,803	4,468,167	4,558,803
Advance to other funds	516,234	-	93,273	422,961
Total Assets	\$ 4,984,401	\$ 6,039,741	\$ 6,042,378	\$ 4,981,764
<u>LIABILITIES</u>				
Due to other funds	\$ -	\$ 43,661	\$ -	\$ 43,661
Agency fund obligations	4,984,401	5,996,080	6,042,378	4,938,103
Total Liabilities	\$ 4,984,401	\$ 6,039,741	\$ 6,042,378	\$ 4,981,764
<u>Unapportioned Taxes Agency</u>				
<u>ASSETS</u>				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Taxes and assessments receivable	8,573,954	9,623,934	8,573,954	9,623,934
Total Assets	\$ 8,573,954	\$ 9,623,934	\$ 8,573,954	\$ 9,623,934
<u>LIABILITIES</u>				
Due to other funds	\$ 5,476,876	\$ 5,893,188	\$ 5,476,876	\$ 5,893,188
Agency fund obligations	3,097,078	3,730,746	3,097,078	3,730,746
Total Liabilities	\$ 8,573,954	\$ 9,623,934	\$ 8,573,954	\$ 9,623,934
<u>Unapportioned Interest Agency</u>				
<u>ASSETS</u>				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Due from other funds	274,527	164,155	274,527	164,155
Total Assets	\$ 274,527	\$ 164,155	\$ 274,527	\$ 164,155
<u>LIABILITIES</u>				
Agency fund obligations	\$ 274,527	\$ 164,155	\$ 274,527	\$ 164,155
Total Liabilities	\$ 274,527	\$ 164,155	\$ 274,527	\$ 164,155
<u>Total Agency Funds</u>				
<u>ASSETS</u>				
Cash and investments	\$ -	\$ 1,480,938	\$ 1,480,938	\$ -
Taxes and assessments receivable	8,573,954	9,623,934	8,573,954	9,623,934
Due from other funds	4,742,694	4,722,958	4,742,694	4,722,958
Advance to other funds	516,234	-	93,273	422,961
Total Assets	\$ 13,832,882	\$ 15,827,830	\$ 14,890,859	\$ 14,769,853
<u>LIABILITIES</u>				
Due to other funds	\$ 5,476,876	\$ 5,936,849	\$ 5,476,876	\$ 5,936,849
Agency fund obligations	8,356,006	9,890,981	9,413,983	8,833,004
Total Liabilities	\$ 13,832,882	\$ 15,827,830	\$ 14,890,859	\$ 14,769,853