

**COUNTY OF HUMBOLDT
AUDIT REPORT
FOR THE YEAR ENDED
JUNE 30, 2014**

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COUNTY OF HUMBOLDT
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2014

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INTRODUCTORY SECTION

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COUNTY OF HUMBOLDT
BOARD OF SUPERVISORS AND FINANCE ADMINISTRATORS
JUNE 30, 2014

BOARD OF SUPERVISORS
(as of June 30, 2014)

<u>Name</u>	<u>Office</u>
Rex Bohn	Supervisor, District 1
Estelle Fennell	Supervisor, District 2
Mark Lovelace	Supervisor, District 3
Virginia Bass	Supervisor, District 4
Ryan Sundberg	Supervisor, District 5

FINANCE ADMINISTRATORS

<u>Name</u>	<u>Office</u>
Phillip Smith-Hanes	County Administrative Officer
Joseph Mellett	Auditor/Controller
John Bartholomew	Treasurer/Tax Collector

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Honorable Board of Supervisors
County of Humboldt
Eureka, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Humboldt, California (the "County"), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2014, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Honorable Board of Supervisors
County of Humboldt
Eureka, California

Other Matters

Required Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2014 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



Roseville, California
December 17, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

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COUNTY OF HUMBOLDT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2014

Within this section of Humboldt County's annual financial report, the County's management provides narrative discussion and analysis of the financial activities of the County for the fiscal year ended June 30, 2014. Readers are encouraged to consider the information presented here in conjunction with the accompanying financial statements and disclosures following this section. The discussion focuses on the County's primary government and, unless otherwise noted, does not include separately reported component units.

FINANCIAL HIGHLIGHTS

- The assets of the County exceeded liabilities at the close of the most recent fiscal year by \$450,877,467 (*net position*). Net position of \$108,086,358 are restricted for specific purposes (*restricted net position*), and \$346,444,769 represents net investment in capital assets. Unrestricted net position was a negative \$3,653,660, primarily due to the presentation of certain long-term payroll liabilities as unrestricted net position. The government's total net position, as adjusted, decreased by \$759,566 in comparison with the prior year.
- The County's net investment in capital assets, decreased by \$3,358,850.
- The County's governmental funds reported combined fund balances of \$111,861,893, an increase of \$1,893,775 in comparison with the prior year, as adjusted. The unassigned portion of those fund balances was \$8,328,809.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, recreation and interest expense. The business-type activities of the County consist solely of the Eureka-Arcata Airport. Fiduciary activities are not included in the government-wide statements since these assets are not available to fund County programs.

The County's financial reporting includes the funds of the County (primary government) and organizations for which the County is accountable (component units). Most of these legally separated organizations operate like County departments, serve as financing vehicles for County services (revenue bond issuers), or are governed by a board that is substantively identical to the County's board. An example of this is the Humboldt County Public Property Leasing Corporation, which while legally separate is in substance an extension of the County operations.

COUNTY OF HUMBOLDT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

Financial data for the Humboldt County Public Property Leasing Corporation are combined with the presentation of the primary government's financial data and thus it is referred to as a "blended" component unit. A "discretely presented" component unit is one that is presented separately in the financial statements to emphasize its independence from the primary government. Humboldt County has no discretely presented component units.

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 finance-related legal compliance. All of the funds of the County can be divided into three categories: *governmental funds*, *proprietary funds* and *fiduciary funds*.

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

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

The County maintains individual governmental 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, Headwaters Mitigation Fund, Road Fund, and the other governmental funds combined into a single, aggregated column. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* in the supplementary information.

Proprietary funds are maintained two ways. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the operations of the Eureka-Arcata Airport. *Internal services funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses five internal service funds to account for its fleet maintenance, risk management, information systems, facilities management, and County utilities functions. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Individual fund data for the internal service funds is provided in the form of *combining statements* in the supplementary information.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

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

COUNTY OF HUMBOLDT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

Required Supplementary Information provides the schedule of funding progress for the County Employees Retirement Plan and Other Post-Employment Benefits. Also presented are the County's General Fund and Major Special Revenue Funds budgetary schedules. The County adopts an annual appropriated budget for each fiscal year. A budgetary comparison schedule has been provided for the General Fund and Road Fund to demonstrate compliance with this budget.

Other Supplementary Information presented is the combining statements referred to earlier in connection with the non-major governmental funds and internal service funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. In the case of the County, combined assets exceeded liabilities by \$450,877,467 at the close of the most recent fiscal year. Of these combined net position 76.8% reflects the County's investment in capital assets, net of related debt. Another 24% of the County's net position is subject to external restrictions on how they may be used. The unrestricted portion of net position is negative due to the presentation requirements of GASB 54, as discussed earlier in this document.

The County's Net Position

	Governmental Activities		Business-Type Activities		Total Activities	
	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013
Current and Other Assets	\$ 144,860,241	\$ 138,553,649	\$ 401,155	\$ 1,004,536	\$ 145,261,396	\$ 139,558,185
Capital Assets	327,729,045	334,755,120	35,791,059	33,821,492	363,520,104	368,576,612
Total Assets	<u>472,589,286</u>	<u>473,308,769</u>	<u>36,192,214</u>	<u>34,826,028</u>	<u>508,781,500</u>	<u>508,134,797</u>
Current Liabilities	12,710,866	12,055,497	84,806	248,312	12,795,672	12,303,809
Long-Term Liabilities	45,014,583	44,076,517	93,778	117,438	45,108,361	44,193,955
Total Liabilities	<u>57,725,449</u>	<u>56,132,014</u>	<u>178,584</u>	<u>365,750</u>	<u>57,904,033</u>	<u>56,497,764</u>
Net investment in capital assets	310,653,710	315,982,127	35,791,059	33,821,492	346,444,769	349,803,619
Restricted	108,086,358	108,771,945	--	--	108,086,358	108,771,945
Unrestricted	<u>(3,876,231)</u>	<u>(7,577,317)</u>	<u>222,571</u>	<u>638,786</u>	<u>(3,653,660)</u>	<u>(6,938,531)</u>
Total Net Position	<u>\$ 414,863,837</u>	<u>\$ 417,176,755</u>	<u>\$ 36,013,630</u>	<u>\$ 34,460,278</u>	<u>\$ 450,877,467</u>	<u>\$ 451,637,033</u>

A significant portion of the County's net position, \$346,444,769, reflects the amount invested in capital assets (e.g. land and easements, structures and improvements, infrastructure, and equipment), less any related debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted portion of the County's net position, \$108,086,358, represents resources that are subject to external restrictions by grantors and other governments on how they may be used.

The unrestricted portion of the County's net position due to governmental activities is a negative \$3,876,231 primarily due to the classification of long-term payroll liabilities to the unrestricted category. These reclassifications include liabilities for other post-employment benefits (OPEB) and compensated absences. These liabilities accumulate over decades as part of the County's employment agreements and the timing for their translation into current year expense is not precisely subject to projection.

COUNTY OF HUMBOLDT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

The County's net position, as adjusted, decreased by \$759,566 during the current fiscal year. The decrease in net position represents the degree to which increases in ongoing expenses exceeded ongoing revenues.

The County's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Activities	
	FY 2014	FY 2013	FY 2014	FY 2013	FY 2014	FY 2013
Revenues						
Program Revenues:						
Fees, fines and charges for services	\$ 41,752,561	\$ 45,090,726	\$ 2,766,992	\$ 3,914,523	\$ 44,519,553	\$ 49,005,249
Operating grants/contributions	170,890,299	150,191,299	18,845	--	170,909,144	150,191,299
Capital grants/contributions	1,105,043	5,713,779	2,306,394	350,444	3,411,437	6,064,223
General Revenues:						
Property taxes	42,016,530	42,514,158	--	--	42,016,530	42,514,158
Sales taxes	7,577,821	6,809,786	--	--	7,577,821	6,809,786
Transient occupancy tax	1,447,887	1,274,941	--	--	1,447,887	1,274,941
Other taxes	3,021,058	2,679,907	--	--	3,021,058	2,679,907
Interest and investment income	905,718	1,534,182	5,661	5,921	911,379	1,540,103
Other	3,566,461	3,764,263	21,699	54,744	3,588,160	3,819,007
Total Revenues	272,283,378	259,573,041	5,119,591	4,325,632	277,402,969	263,898,673
Expenses						
General government	17,143,782	12,625,366	--	--	17,143,782	12,625,366
Public protection	72,910,766	67,300,781	--	--	72,910,766	67,300,781
Public ways and facilities	26,849,579	29,728,077	--	--	26,849,579	29,728,077
Health and sanitation	60,252,305	57,330,382	--	--	60,252,305	57,330,382
Public assistance	91,041,708	85,193,376	--	--	91,041,708	85,193,376
Education	3,561,908	3,543,069	--	--	3,561,908	3,543,069
Recreation and cultural services	1,666,591	2,431,009	--	--	1,666,591	2,431,009
Interest and long-term debt	397,469	1,031,212	--	--	397,469	1,031,212
Aviation	--	--	4,338,427	4,761,118	4,338,427	4,761,118
Total Expenses	273,824,108	259,183,272	4,338,427	4,761,118	278,162,535	263,944,390
Increase(decrease) in net position before transfers	(1,540,730)	389,769	781,164	(435,486)	(759,566)	(45,717)
Transfers	(772,188)	--	772,188	--	--	--
Change in Net Position	(2,312,918)	389,769	1,553,352	(435,486)	(759,566)	(45,717)
Net Position - Beginning	417,176,755	417,176,650	34,460,278	34,895,764	451,637,033	452,072,414
Prior period adjustments	--	(389,664)	--	--	--	(389,664)
Net Position - Ending	\$ 414,863,837	\$ 417,176,755	\$ 36,013,630	\$ 34,460,278	\$ 450,877,467	\$ 451,637,033

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

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

COUNTY OF HUMBOLDT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

At June, 30, 2014, the County's governmental funds reported combined fund balances of \$111,861,893. Of these combined fund balances, \$8,328,809 constitutes unassigned fund balance of the General Fund, which is available to meet the County's current and future needs. The restricted fund balance, \$103,468,332 consists of amounts with constraints put on their use by externally imposed creditors, grantors, laws, regulations, or enabling legislation.

The General Fund is the chief operating fund of the County. At June 30, 2014, unassigned fund balance was \$8,340,646, while total fund balance was \$81,151,926. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned and total fund balance to total fund expenditures. Unassigned fund balance represents 3.5% of total General Fund expenditures, while the total fund balance represents 34% of total General Fund expenditures.

The County's management also assigns (earmarks) unassigned fund balance to a particular function, project, or activity. Fund balance may also be assigned for purposes beyond the current year. However, assigned fund balance is available for appropriation at any time. None of the General Fund balance is currently assigned.

Total governmental funds Fund Balance increased by \$1,893,775 in comparison with the prior year. The major governmental funds had changes in fund balance as follows: General Fund increased \$1,414,298, and Headwaters Mitigation Fund decreased \$271,869. The non-major governmental funds decreased by \$751,346.

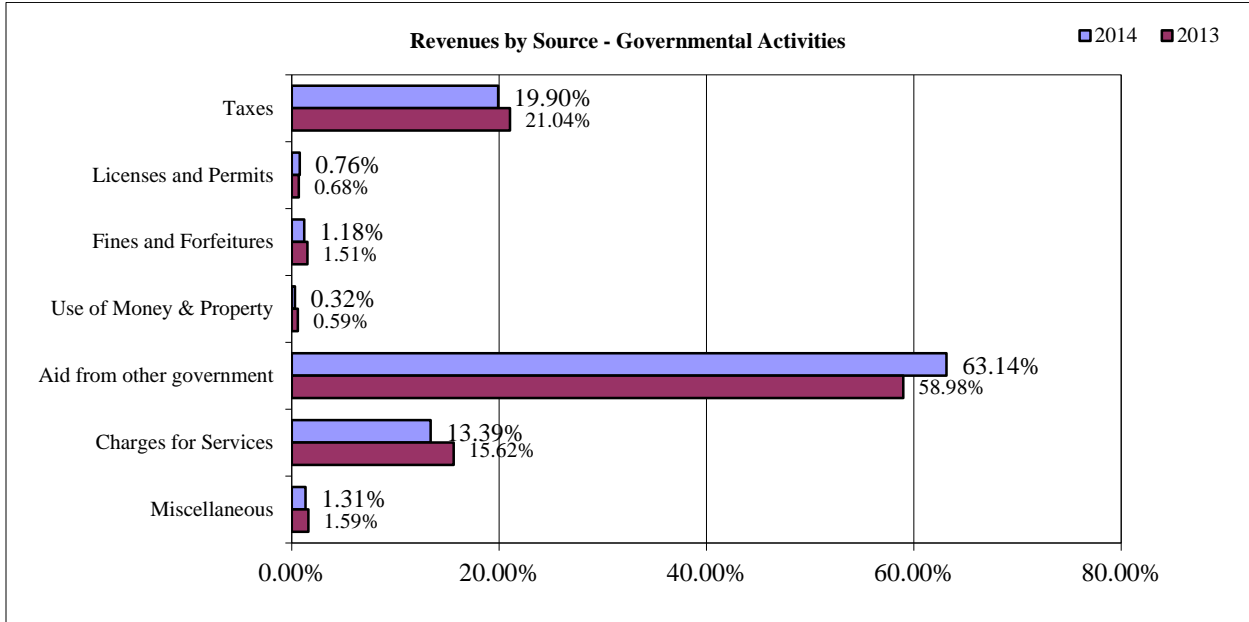
The following table presents the amount of revenues from various sources as well as increases or decreases from the prior year.

Revenues Classified by Source
Governmental Funds

	FY 2014		FY 2013		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes	\$ 54,063,296	19.90%	\$ 53,278,792	21.04%	\$ 784,504	1.47%
Licenses and permits	2,064,176	0.76%	1,721,765	0.68%	342,411	19.89%
Fines and forfeitures	3,214,033	1.18%	3,812,971	1.51%	(598,938)	-15.71%
Use of money & property	858,202	0.32%	1,492,349	0.59%	(634,147)	-42.49%
Aid from other governments	171,564,557	63.14%	149,353,140	58.98%	22,211,417	14.87%
Charges for services	36,384,267	13.39%	39,555,990	15.62%	(3,171,723)	-8.02%
Miscellaneous	3,566,461	1.31%	4,029,157	1.59%	(462,696)	-11.48%
Total by Function	<u>\$ 271,714,992</u>	<u>100.00%</u>	<u>\$ 253,244,164</u>	<u>100.00%</u>	<u>\$ 18,470,828</u>	

COUNTY OF HUMBOLDT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

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



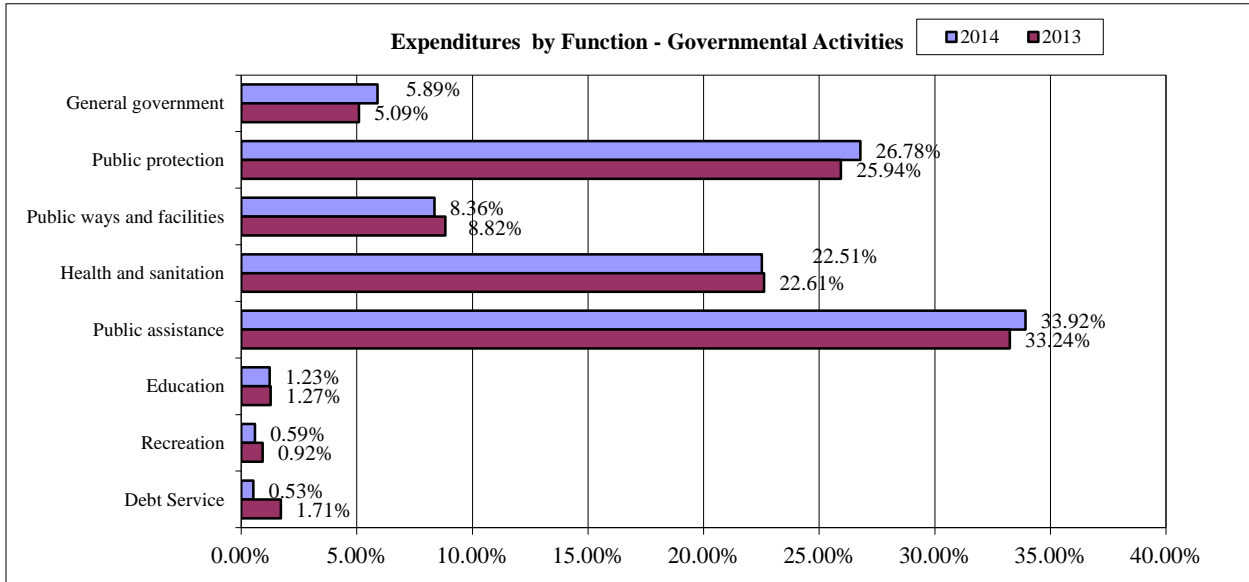
The following table presents expenditures by function compared to prior year amounts.

Expenditures Classified by Function
Governmental Funds

	FY 2014		FY 2013		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
General government	\$ 15,849,573	5.89%	\$ 13,049,788	5.09%	\$ 2,799,785	21.45%
Public protection	72,052,465	26.78%	66,518,302	25.94%	5,534,163	8.32%
Public ways and facilities	22,480,591	8.36%	22,623,498	8.82%	(142,907)	-0.63%
Health and sanitation	60,573,161	22.51%	57,973,127	22.61%	2,600,034	4.48%
Public assistance	91,256,910	33.92%	85,236,405	33.24%	6,020,505	7.06%
Education	3,304,895	1.23%	3,268,008	1.27%	36,887	1.13%
Recreation	1,595,064	0.59%	2,363,945	0.92%	(768,881)	-32.53%
Debt Service	1,425,194	0.53%	4,389,705	1.71%	(2,964,511)	-67.53%
Capital outlay	511,176	0.19%	981,384	0.38%	(470,208)	-47.91%
Total by Function	\$ 269,049,029	100.00%	\$ 256,404,162	100.00%	\$ 12,644,867	

COUNTY OF HUMBOLDT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

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



Proprietary funds reporting focuses on determining operating income, changes in net position (or cost recovery), financial position, and cash flows using the full accrual basis of accounting.

Enterprise funds report the business-type activities of the County. Enterprise funds are used to account for the operations of the airport.

Enterprise fund net position net investment in capital assets at fiscal year end was \$35,791,059. Unrestricted net position of the enterprise funds at fiscal year end was \$222,571. The net position of the enterprise funds increased \$1,553,352 from the prior fiscal year.

Internal service funds are an accounting device to accumulate and allocate costs internally among the County's various functions. Internal service funds are used to account for its information technology services, vehicle maintenance, risk management, facilities maintenance, and utilities functions.

Total net position of the internal service funds at fiscal year-end were \$15,479,527 and include \$9,123,518 invested in capital assets. The net position of the internal service funds increased \$2,795,869 over the prior fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

COUNTY OF HUMBOLDT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

Differences between the General Fund's original budget and the final amended budget resulted in a \$6,675,753 increase in appropriations. The major components of the appropriations increase are briefly summarized as follows: \$2,289,017 increase in public protection and a \$2,836,200 increase in general government. Other budgetary categories were increased by lesser amounts.

Even with these adjustments, actual expenditures were \$51,262,943 below final budget amounts. Revenues available for appropriation were \$50,805,724 below final budget amounts.

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

	Budgetary Comparison General Fund			
	Original Budget	Final Budget	Net Change	
			Amount	Percent
Total Revenues	\$ 279,949,326	\$ 286,679,228	\$ 6,729,902	2.35%
Total Expenditures	(282,827,161)	(289,502,914)	(6,675,753)	2.31%
Other Financing Sources (Uses)	(547,243)	(547,243)	-	0.00%
Net Change in Fund Balances	<u>\$ (3,425,078)</u>	<u>\$ (3,370,929)</u>	<u>\$ 54,149</u>	

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

	Budgetary Comparison General Fund			
	Final Budget	Actual Amounts	Net Change	
			Amount	Percent
Total Revenues	\$ 286,679,228	\$ 235,873,504	\$ (50,805,724)	-21.54%
Total Expenditures	(289,502,914)	(238,239,971)	51,262,943	-21.52%
Other Financing Sources (Uses)	(547,243)	(1,307,669)	(760,426)	58.15%
Net Change in Fund Balances	<u>\$ (3,370,929)</u>	<u>\$ (3,674,136)</u>	<u>\$ (303,207)</u>	

CAPITAL ASSETS

The County's investment in capital assets for its governmental and business type activities as of June 30, 2014, amounted to \$363,520,104 (net of accumulated depreciation). This investment in capital assets includes land, structures and improvements, leasehold improvements, equipment, and infrastructure (roads and bridges).

COUNTY OF HUMBOLDT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014

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

	Capital Assets					
	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	3,912,856	\$ 3,912,856	\$ 1,976,177	\$ 1,976,177	\$ 5,889,033	\$ 5,889,033
Construction in Progress	5,853,126	5,561,935	5,443,384	14,485,265	11,296,510	20,047,200
Structures & Improvements	98,921,251	98,238,450	47,716,885	35,135,221	146,638,136	133,373,671
Equipment	33,217,136	32,001,797	287,514	287,514	33,504,650	32,289,311
Infrastructure	603,685,240	595,788,523	--	--	603,685,240	595,788,523
Total	745,589,609	735,503,561	55,423,960	51,884,177	801,013,569	787,387,738
Accumulated Depreciation	(417,860,564)	(400,748,441)	(19,632,901)	(18,062,685)	(437,493,465)	(418,811,126)
Net Capital Assets	<u>\$ 327,729,045</u>	<u>\$ 334,755,120</u>	<u>\$ 35,791,059</u>	<u>\$ 33,821,492</u>	<u>\$ 363,520,104</u>	<u>\$ 368,576,612</u>

Additional information regarding capital assets is presented in note 4.

DEBT ADMINISTRATION

At the end of the current fiscal year, the County had total outstanding debt obligations of \$17,075,335. Of this amount, \$15,545,000 comprise bonds that are secured by the County's lease rental payments and other dedicated sources of revenue. The remainder of the County's debt represents loans secured solely by specified revenue sources.

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

	Long-Term Debt Obligations					
	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Certificates of participation	15,545,000	\$ 16,685,000	\$ --	\$ --	\$ 15,545,000	\$ 16,685,000
Capital lease obligations	1,530,335	2,087,993	--	--	1,530,335	2,087,993
Total Debt	17,075,335	18,772,993	--	--	17,075,335	18,772,993
Less current portion	(1,604,198)	(1,702,277)	--	--	(1,604,198)	(1,702,277)
Net Long-Term Debt	<u>\$ 15,471,137</u>	<u>\$ 17,070,716</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 15,471,137</u>	<u>\$ 17,070,716</u>

The County took advantage of prevailing low interest rates to refinance its certificates of participation and pay off a large amount of its capital lease obligations during 2012-13. Overall, outstanding debt was increased by \$1,556,121. Approximately five million dollars in debt issuance proceeds are currently in a trust fund waiting to be spent on new facilities projects.

Other obligations include compensated absences (accrued vacation and sick leave), workers' compensation and general liability insurance claims liability. More detailed information about the County's long-term liabilities is presented in note 6.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The County's fiscal year 2013-14 budget takes into consideration the overall financial health of the County and related impacts of the California State Budget.

COUNTY OF HUMBOLDT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014**

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Auditor-Controller at 825 Fifth Street, Room 126, Eureka, California, 95501-1153.

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

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COUNTY OF HUMBOLDT

Statement of Net Position
June 30, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and investments	\$ 93,148,957	\$ 802,243	\$ 93,951,200
Receivables, net	27,467,935	193,758	27,661,693
Inventory	327,991	158,151	486,142
Deposits and other assets	1,558,372	--	1,558,372
Loan receivable	21,881,995	--	21,881,995
Internal balances	752,997	(752,997)	--
Capital assets:			
Nondepreciable	9,765,982	7,419,561	17,185,543
Depreciable, net	317,963,063	28,371,498	346,334,561
Total Assets	<u>472,867,292</u>	<u>36,192,214</u>	<u>509,059,506</u>
LIABILITIES			
Accounts payable	\$ 6,822,762	\$ 83,591	\$ 6,906,353
Accrued salaries and benefits	3,008,712	1,087	3,009,799
Due to external parties	278,006	--	278,006
Interest payable	153,365	--	153,365
Unearned revenue	2,160,076	--	2,160,076
Other liabilities	565,951	128	566,079
Long-Term Liabilities:			
Portion due or payable within one year:			
Certificates of participation	1,180,000	--	1,180,000
Capital leases	424,198	--	424,198
Compensated absences	8,048,424	93,778	8,142,202
Claims liability	2,503,306	--	2,503,306
Portion due or payable after one year:			
Certificates of participation	14,365,000	--	14,365,000
Capital leases	1,106,137	--	1,106,137
Compensated absences	7,914,405	--	7,914,405
OPEB liability	9,473,113	--	9,473,113
Total Liabilities	<u>58,003,455</u>	<u>178,584</u>	<u>58,182,039</u>
NET POSITION			
Net Investment in capital assets	310,653,710	35,791,059	346,444,769
Restricted for:			
Economic development	36,061,211	--	36,061,211
Debt service and capital projects	1,433,796	--	1,433,796
Other grants and special taxes	70,591,351	--	70,591,351
Unrestricted	(3,876,231)	222,571	(3,653,660)
Total Net Position	<u>\$ 414,863,837</u>	<u>\$ 36,013,630</u>	<u>\$450,877,467</u>

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

COUNTY OF HUMBOLDT

Statement of Activities
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 17,143,782	\$ 5,151,376	\$ 3,474,650	\$ --
Public protection	72,910,766	8,846,016	38,268,990	--
Public ways and facilities	26,849,579	2,802,927	13,301,595	1,105,043
Health and sanitation	60,252,305	19,327,362	36,682,237	--
Public assistance	91,041,708	5,073,999	78,648,025	--
Education	3,561,908	66,369	460,405	--
Recreation and culture	1,666,591	484,512	54,397	--
Debt Service				
Interest	397,469	--	--	--
Total Governmental Activities	<u>273,824,108</u>	<u>41,752,561</u>	<u>170,890,299</u>	<u>1,105,043</u>
Business-Type Activities:				
Aviation	<u>4,338,427</u>	<u>2,766,992</u>	<u>18,845</u>	<u>2,306,394</u>
Total Business-type Activities	<u>4,338,427</u>	<u>2,766,992</u>	<u>18,845</u>	<u>2,306,394</u>
Total Humboldt County	<u>\$ 278,162,535</u>	<u>\$ 44,519,553</u>	<u>\$ 170,909,144</u>	<u>\$ 3,411,437</u>

General Revenues:

Taxes:

 Property taxes

 Sales and use taxes

 Transient occupancy tax

 Other

Unrestricted interest and investment earnings

Miscellaneous

Transfers

 Total General Revenues

Change in Net Position

 Net Position - Beginning of Year

 Net Position - End of Year

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

Net (Expense) Revenue and
Changes in Net Position

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (8,517,756)	\$ --	\$ (8,517,756)
(25,795,760)	--	(25,795,760)
(9,640,014)	--	(9,640,014)
(4,242,706)	--	(4,242,706)
(7,319,684)	--	(7,319,684)
(3,035,134)	--	(3,035,134)
(1,127,682)	--	(1,127,682)
(397,469)	--	(397,469)
<u>(60,076,205)</u>	<u>--</u>	<u>(60,076,205)</u>
--	753,804	753,804
--	<u>753,804</u>	<u>753,804</u>
<u>(60,076,205)</u>	<u>753,804</u>	<u>(59,322,401)</u>
42,016,530	--	42,016,530
7,577,821	--	7,577,821
1,447,887	--	1,447,887
3,021,058	--	3,021,058
905,718	5,661	911,379
3,566,461	21,699	3,588,160
(772,188)	772,188	--
<u>57,763,287</u>	<u>799,548</u>	<u>58,562,835</u>
(2,312,918)	1,553,352	(759,566)
<u>417,176,755</u>	<u>34,460,278</u>	<u>451,637,033</u>
<u>\$ 414,863,837</u>	<u>\$ 36,013,630</u>	<u>\$ 450,877,467</u>

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

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**BASIC FINANCIAL STATEMENTS –
FUND FINANCIAL STATEMENTS**

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COUNTY OF HUMBOLDT

Balance Sheet
Governmental Funds
June 30, 2014

	General Fund	Headwaters Mitigation Fund	Other Governmental	Total
<u>Assets</u>				
Cash and investments	\$ 57,345,555	\$13,404,052	\$ 12,602,296	\$ 83,351,903
Department cash funds	--	--	865	865
Receivables, net	25,394,911	18,249	2,039,939	27,453,099
Due from other funds	299,751	--	--	299,751
Advances to other funds	--	121,644	--	121,644
Loans receivable	17,306,963	4,575,032	--	21,881,995
Prepays and other assets	57,290	--	7,462	64,752
Total Assets	<u>\$100,404,470</u>	<u>\$18,118,977</u>	<u>\$ 14,650,562</u>	<u>\$133,174,009</u>
<u>Liabilities</u>				
Accounts payable	5,821,593	\$ --	559,708	\$ 6,381,301
Accrued salaries and benefits	2,669,779	--	259,040	2,928,819
Due to other funds	44,293	--	11,838	56,131
Unearned revenue	722,657	--	--	722,657
Other liabilities	42,994	--	--	42,994
Total Liabilities	<u>9,301,316</u>	<u>--</u>	<u>830,586</u>	<u>10,131,902</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenue	<u>9,951,228</u>	<u>--</u>	<u>1,228,986</u>	<u>11,180,214</u>
<u>Fund Balances</u>				
Nonspendable	57,290	--	7,462	64,752
Restricted	72,753,990	18,118,977	12,595,365	103,468,332
Unassigned	8,340,646	--	(11,837)	8,328,809
Total Fund Balances	<u>81,151,926</u>	<u>18,118,977</u>	<u>12,590,990</u>	<u>111,861,893</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$100,404,470</u>	<u>\$18,118,977</u>	<u>\$ 14,650,562</u>	<u>\$133,174,009</u>

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

COUNTY OF HUMBOLDT

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

Fund Balance - total governmental funds (page 19)	\$ 111,861,893
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	318,605,527
Unavailable revenues represent amounts that are not available to fund current expenditures and, therefore, are not reported in the governmental funds.	11,180,214
Internal service funds are used by the County to charge the cost of its motor pool and copier pool to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	15,479,527
Interest payable on long-term debt does not require the use of current financial resources and, therefor, is not accrued as a liability in the governmental funds.	(153,365)
Long-term liabilities, including capital leases, are not due and payable in the current period, and therefore are not reported in the governmental funds.	
Certificates of participation	(15,545,000)
Capital leases	(1,530,335)
Other post employment benefits liability	(9,473,113)
Compensated absences	<u>(15,561,511)</u>
Net position of governmental activities (page 15)	<u>\$ 414,863,837</u>

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

COUNTY OF HUMBOLDT

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	General Fund	Headwaters Mitigation Fund	Other Governmental	Total
Revenues:				
Taxes	\$ 47,952,821	\$ --	\$ 6,110,475	\$ 54,063,296
Licenses and permits	2,007,641	--	56,535	2,064,176
Fines, forfeitures and penalties	2,711,731	--	502,302	3,214,033
Use of money and property	500,362	288,326	69,514	858,202
Aid from other governments	150,732,090	--	20,832,467	171,564,557
Charges for services	33,877,459	--	2,506,808	36,384,267
Other revenues	3,204,653	199,206	162,602	3,566,461
Total Revenues	<u>240,986,757</u>	<u>487,532</u>	<u>30,240,703</u>	<u>271,714,992</u>
Expenditures:				
Current:				
General government	15,849,573	--	--	15,849,573
Public protection	67,272,225	--	4,780,240	72,052,465
Public ways and facilities	2,124,138	--	20,356,453	22,480,591
Health and sanitation	60,573,161	--	--	60,573,161
Public assistance	91,256,910	--	--	91,256,910
Education	144,264	--	3,160,631	3,304,895
Recreation and culture	1,044,519	550,545	--	1,595,064
Debt service:				
Principal	--	--	1,425,194	1,425,194
Interest and other charges	--	--	511,176	511,176
Total Expenditures	<u>238,264,790</u>	<u>550,545</u>	<u>30,233,694</u>	<u>269,049,029</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,721,967</u>	<u>(63,013)</u>	<u>7,009</u>	<u>2,665,963</u>
Other Financing Sources (Uses):				
Transfers in	1,206,375	--	1,876,679	3,083,054
Transfers out	(2,514,044)	(208,856)	(1,132,342)	(3,855,242)
Total Other Financing Sources (Uses)	<u>(1,307,669)</u>	<u>(208,856)</u>	<u>744,337</u>	<u>(772,188)</u>
Net Changes in Fund Balances	1,414,298	(271,869)	751,346	1,893,775
Fund Balances, Beginning of Year	<u>79,737,628</u>	<u>18,390,846</u>	<u>11,839,644</u>	<u>109,968,118</u>
Fund Balances, End of Year	<u>\$ 81,151,926</u>	<u>\$ 18,118,977</u>	<u>\$ 12,590,990</u>	<u>\$ 111,861,893</u>

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

COUNTY OF HUMBOLDT

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2014

Net change to fund balance - total governmental funds (page 21) \$ 1,893,775

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

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

Expenditures for general capital assets, infrastructure, and other related capital assets adjustments	\$ 9,338,871	
Less: current year depreciation	<u>(16,393,848)</u>	(7,054,977)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	518,370
---	---------

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

Principal payments on certificates of participation and capital leases	1,543,128
--	-----------

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

Change in accrued interest on debt	4,095	
Change in other post employment benefits	(1,413,189)	
Change in compensated absences	<u>(599,989)</u>	(2,009,083)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of certain activities of the internal service funds is reported with governmental activities.	<u>2,795,869</u>
--	------------------

Change in net position of governmental activities (pages 16 and 17)	<u><u>\$ (2,312,918)</u></u>
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The accompanying notes are an integral part of these financial statements.

COUNTY OF HUMBOLDT

Statement of Net Position
Proprietary Funds
June 30, 2014

	Business -Type Activities - Enterprise Fund	Governmental Activities Internal Service Funds
	Aviation	
ASSETS		
Current Assets:		
Cash and investments	\$ 801,843	\$ 9,796,189
Departmental cash funds	400	--
Accounts receivable	193,758	14,836
Due from other funds	--	663,083
Inventory	158,151	327,991
Prepaid expenses	--	1,493,620
Total Current Assets	<u>1,154,152</u>	<u>12,295,719</u>
Noncurrent Assets:		
Capital assets:		
Non-depreciable	7,419,561	--
Depreciable, net	<u>28,371,498</u>	<u>9,123,518</u>
Total Noncurrent Assets	<u>35,791,059</u>	<u>9,123,518</u>
Total Assets	<u>36,945,211</u>	<u>21,419,237</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	83,591	441,461
Accrued salaries and benefits	1,087	79,893
Due to other funds	631,353	553,356
Unearned revenue	--	1,437,419
Other liabilities	128	522,957
Advances from other funds	121,644	--
Provision for estimated claims	--	2,503,306
Compensated absences	<u>93,778</u>	<u>382,772</u>
Total Current Liabilities	<u>931,581</u>	<u>5,921,164</u>
Noncurrent Liabilities:		
Compensated absences	--	18,546
Total Noncurrent Liabilities	--	18,546
Total Liabilities	<u>931,581</u>	<u>5,939,710</u>
NET POSITION		
Net investment in capital assets	35,791,059	9,123,518
Unrestricted	222,571	6,356,009
Total Net Position	<u>\$ 36,013,630</u>	<u>\$ 15,479,527</u>

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

COUNTY OF HUMBOLDT

Statement of Revenues, Expenses and Changes in Net Position
 Proprietary Funds
 For the Year Ended June 30, 2014

	Business -Type Activities - Enterprise Fund	Governmental Activities
	<u>Aviation</u>	<u>Internal Service Funds</u>
Operating Revenues:		
Charges for services	\$ 2,766,992	\$ 35,436,581
Other revenue	21,699	3,402,938
Total Operating Revenues	<u>2,788,691</u>	<u>38,839,519</u>
Operating Expenses:		
Salaries and benefits	895,667	3,101,977
Services and supplies	1,819,172	4,644,235
Claims expense	--	26,863,835
Depreciation	1,570,216	1,475,297
Total Operating Expenses	<u>4,285,055</u>	<u>36,085,344</u>
Operating Income (Loss)	<u>(1,496,364)</u>	<u>2,754,175</u>
Non-Operating Revenue (Expenses):		
Intergovernmental revenues	18,845	2,500
Investment income	5,661	47,516
Interest expense	(53,372)	(8,322)
Total Non-Operating Revenue (Expenses)	<u>(28,866)</u>	<u>41,694</u>
Income (Loss) Before Contributions and Transfers	(1,525,230)	2,795,869
Capital contributions	2,306,394	--
Transfers in	846,681	--
Transfers out	(74,493)	--
Change in Net Position	<u>1,553,352</u>	<u>2,795,869</u>
Net Position - Beginning of Year	<u>34,460,278</u>	<u>12,683,658</u>
Net Position - End of Year	<u>\$ 36,013,630</u>	<u>\$ 15,479,527</u>

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

COUNTY OF HUMBOLDT

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2014

	Business-Type Activities - Enterprise Fund	Governmental Activities
	Aviation	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from customers and other funds	\$ 2,958,361	\$ --
Cash receipts from internal fund services provided	--	39,032,784
Cash paid to suppliers for goods and services	(1,958,581)	(32,360,294)
Cash paid to employees for services	(918,240)	(3,126,756)
Net Cash Provided (Used) by Operating Activities	<u>81,540</u>	<u>3,545,734</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating grants	18,845	2,500
Due from other funds	--	610,173
Due to other funds	422,367	(510,914)
Advances from other funds	(150,506)	--
Transfers out	(74,493)	--
Net Cash Provided (Used) by Noncapital Financing Activities	<u>216,213</u>	<u>101,759</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital grants	2,306,394	--
Purchase of capital assets	(3,539,783)	(1,505,676)
Principal paid on capital debt	--	(154,530)
Interest paid on capital debt	(53,372)	(3,023)
Transfers received for capital projects	846,681	
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(440,080)</u>	<u>(1,663,229)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	5,661	42,217
Net Cash Provided (Used) by Investing Activities	<u>5,661</u>	<u>42,217</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(136,666)	2,026,481
Cash and Cash Equivalents, Beginning of Year	<u>938,909</u>	<u>7,769,708</u>
Cash and Cash Equivalents, End of Year	<u>\$ 802,243</u>	<u>\$ 9,796,189</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Fund Net Position		
Cash and investments	\$ 801,843	\$ 9,796,189
Department cash funds	400	--
Total Cash and Cash Equivalents	<u>\$ 802,243</u>	<u>\$ 9,796,189</u>

continued

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

COUNTY OF HUMBOLDT

Statement of Cash Flows (continued)
 Proprietary Funds
 For the Year Ended June 30, 2014

	Business-Type Activities - <u>Enterprise Fund</u>	Governmental Activities <u>Internal Service Fund</u>
	<u>Aviation</u>	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	(1,496,364)	\$ 2,754,175
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	1,570,216	1,475,297
Changes in assets and liabilities:		
(Increase) decrease in:		
Receivables	169,670	2,136
Inventories	25,184	--
Prepays	--	(155,230)
Increase (decrease) in:		
Accounts payable	(164,593)	(1,336,897)
Accrued salaries and benefits	1,087	10,665
Compensated absences	(23,660)	(29,454)
Claims payable	--	652,000
Unearned revenue	--	187,781
Other liabilities	--	(14,739)
	<u>81,540</u>	<u>\$ 3,545,734</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 81,540</u>	<u>\$ 3,545,734</u>

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

COUNTY OF HUMBOLDT

Statement of Net Position
Fiduciary Funds
June 30, 2014

	Investment Trust Fund	Agency Funds
	<u> </u>	<u> </u>
<u>Assets</u>		
Pooled cash and investments	\$ 153,110,441	\$ 33,125,955
Taxes receivable	--	9,711,014
Due from other funds	--	1,679,264
	<u> </u>	<u> </u>
Total Assets	<u>\$ 153,110,441</u>	<u>\$ 44,516,233</u>
 <u>Liabilities</u>		
Due to other funds	\$ --	\$ 1,401,258
Agency funds held for others	--	43,114,975
	<u> </u>	<u> </u>
Total Liabilities	<u> </u>	<u>44,516,233</u>
 <u>Net position</u>		
Net position held in trust for investment pool participants	\$ 153,110,441	--
	<u> </u>	<u> </u>
Total Net Position	<u>\$ 153,110,441</u>	<u>\$ --</u>

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

COUNTY OF HUMBOLDT

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

	<u>Investment Trust Fund</u>
<u>Additions</u>	
Contributions to pooled investments	\$ 351,587,247
Investment income	<u>1,210,455</u>
Total Additions	<u>352,797,702</u>
<u>Deductions</u>	
Distributions from pooled investments	<u>349,078,143</u>
Total Deductions	<u>349,078,143</u>
Change in net position	3,719,559
Net Position - Beginning of Year	<u>149,390,882</u>
Net Position - End of Year	<u><u>\$ 153,110,441</u></u>

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

NOTES TO FINANCIAL STATEMENTS

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

COUNTY OF HUMBOLDT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Reporting Entity

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

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

Reporting for component units on the County's financial statements can be blended or discretely presented. Blended component units, although legally separate entities, are in substance, part of the government's operations. Blended component units are an extension of the County and so data from these units are combined with the data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the County. The County has no discretely presented component units. Each component unit has a June 30th year end.

Blended Component Units

The Public Facilities Corporation (the "Corporation") is a nonprofit, public benefit corporation incorporated under the laws of the State of California and recorded by the Secretary of State on December 11, 1985. The Corporation's Board of Directors are appointed by the County's Board of Supervisors. The Corporation has no employees. The County's Auditor-Controller functions as an agent of the Corporation. He does not receive additional compensation for work performed in this capacity.

The County exercises significant influence over operations of the Corporation as it is anticipated that the County will be the sole lessee of all facilities owned by the Corporation. All major financing arrangements, contracts, and other transactions of the Corporation will be reflected in the lease payments of the County. Any surpluses of the Corporation revert to the County at the end of the lease period.

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

COUNTY OF HUMBOLDT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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

A. Description of the Reporting Entity (continued)

Blended Component Units (continued)

Capital Assets acquired or constructed by the Corporation are included in the Statement of Net Position – Governmental Activities column.

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

B. Basis of Presentation

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

COUNTY OF HUMBOLDT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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

B. Basis of Presentation (continued)

Fund Financial Statements (continued)

The County reports the following major governmental funds:

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as public protection, public ways and facilities, health and sanitation, public assistance, education and recreation services.
- The *Headwaters Mitigation Fund* is used to reimburse the County for the loss of property and timber tax revenues subsequent to the Headwaters Forest purchase by State and Federal agencies. The Fund is also used to provide seed money for local economic development projects.

The County reports the following major enterprise funds:

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

The County reports the following additional fund types:

- *Internal Service Funds* account for the County's fleet maintenance and other services provide to other departments or other governments, and self-insurance programs – worker's compensation, dental, medical, unemployment and general liability on a cost-reimbursement basis.
- The *Investment Trust Fund* accounts for the assets of legally separate entities that deposit cash with the County Treasurer. These entities include school and community college districts, other special districts governed by local boards, regional boards and authorities and pass through funds for tax collections for cities. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.
- The *Agency Funds* account for assets held by the County as an agent for various local governments.

C. Basis of Accounting

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

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place.

COUNTY OF HUMBOLDT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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

C. Basis of Accounting (continued)

Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

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

The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

D. Cash and Cash Equivalents

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

E. Property Tax

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

On September 21, 1993, the County adopted the Teeter Plan. The Teeter Plan provides for a tax distribution procedure in which secured roll taxes, excluding assessments and debt repayment levies, are distributed to participating County taxing agencies on the basis of the tax levy, rather than on the basis of actual tax collections. The County then receives all future delinquent tax payments, penalties and interest, and a complex tax redemption distribution system for all taxing agencies is avoided.

In connection with its adoption of the Teeter Plan, the County advanced to the participating taxing agencies an amount equal to 95 percent of the total years' delinquent secured property taxes, penalties and interest (not including assessments and debt replacement levies) outstanding at June 30, 1993.

COUNTY OF HUMBOLDT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Property Tax (continued)

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

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

The County is required to create a tax loss reserve fund (an agency fund) under one or two alternative methods: (1) 1 percent of the total amount of taxes and assessments levied on the secured roll for the year or (2) 25 percent of the total delinquent secured taxes for participating entities in the County as calculated at the end of the fiscal year. For fiscal year 2013-2014, the County opted to use method (1) which required a tax loss reserve of at least 1 percent of total taxes and assessments levied on the secured roll.

F. Loans Receivable

The County has loans to low-income home owners for residential housing improvements and to developers for the construction of low-income qualified rental property. The loans are made through the Community Development Block Grant Program, the CalHOME Program and the HOME Program. The notes have interest rates from 0% to 6%. The terms of the notes range from five to fifty-five years. The notes are due upon sale of the property or maturity date. The notes are secured by real estate.

The County also makes business venture loans through the Headwaters Revolving Loan Fund. Such loans are generally secured by inventory, receivables and cash; as well as the personal assets of the business owners. The loan terms are from three to ten years with interest rates from 5.5% to 10%. The County believes that substantially all loan principal is collectible.

G. Inventories

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

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

COUNTY OF HUMBOLDT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Capital Assets

Capital assets (including infrastructure) are recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain (infrastructure) general fixed assets consisting of certain improvements including roads, bridges, water/sewer, lighting system, drainage systems, and flood control. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide statements and proprietary funds. Depreciation begins when the asset is placed in service and ends in the fiscal year that it is retired from service or is fully depreciated.

The estimated useful lives are as follows:

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

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

The County has several networks of infrastructure assets – roads, lighting, drainage, and flood control. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, lighting, drainage and flood control. These infrastructure assets are likely to be the largest asset class of the County. Their historical cost and related depreciation has been reported in the financial statements.

I. Unavailable Revenue and Unearned Revenue

Governmental funds report unavailable revenue in connection with receivables not considered available to liquidate liabilities of the current period. Governmental and enterprise funds report unearned revenue in connection with resources that have been received, but not yet earned.

J. Compensated Absences

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

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

COUNTY OF HUMBOLDT

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”. Advances between funds, as reported in the governmental fund financial statements, are offset by a nonspendable portion of fund balance to indicate that they are not available for appropriation and are not available financial resources.

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

L. Net Position/Fund Balance

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

- *Net Investment in capital assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – This category represents net position of the County, not restricted for any project or other purpose.

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2014, fund balances for governmental funds consist of the following categories:

- *Nonspendable Fund Balance* – includes amounts that are not in a spendable form or are legally or contractually required to be maintained intact (such as inventories or prepaid amounts).
- *Restricted Fund Balance* – includes amounts that can be spent only for specific purposes stipulated by external parties (such as creditors, grant providers, or contributors) or by law.
- *Committed Fund Balance* – includes amounts that can be used only for the specific purpose determined by the Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action. The formal action must occur prior to the end of the reporting period. The amount which will be subject to the constraint may be determined in the subsequent period.

COUNTY OF HUMBOLDT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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

L. Net Position/Fund Balance (continued)

- *Assigned Fund Balance* – is comprised of amounts intended to be used by the government entity for specific purposes that are neither restricted nor committed. Intent can be expressed by the Board of Supervisors or by an official or body to which the Board delegates the authority. Assigned fund balance can be used to eliminate a projected budgetary deficit in the subsequent year's budget.
- *Unassigned Fund Balance* – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purposes.

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

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, followed by the committed, assigned and unassigned resources as they are needed.

Fund Balance Policy

The County has developed a fund balance policy to assist financial statement users in understanding the existing commitments and constraints that apply to fund balances of governments. Committed, assigned and unassigned fund balances are considered unrestricted. Additional detailed information, along with the complete *Fund Balance Policy*, can be obtained from the County Auditor-Controller's office.

M. Estimates

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

N. New Accounting Pronouncements – Future Years

Government Accounting Standards Board Statement No. 68

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, is effective for periods beginning after June 15, 2014. The principal objective of this statement is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports of governments whose employees – both active employees and inactive employees – are provided with pensions. An additional objective is to improve the information provided in government financial reports about pension-related financial support provided by certain nonemployer entities that make contributions to pension plans that are used to provide benefits to the employees of other entities.

COUNTY OF HUMBOLDT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 2: CASH AND INVESTMENTS

At June 30, 2014, total County cash and investments were as follows:

Cash:	
Cash on hand and imprest cash	\$ 26,995
Deposits	3,615,330
Total Cash and Deposits	<u>3,642,325</u>
Investments:	
In Treasurer's pool	283,474,288
Total Investments	<u>283,474,288</u>
In Transit:	
Outstanding checks	(6,983,386)
Other	54,369
	<u>(6,929,017)</u>
Total	<u>\$ 280,187,596</u>

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

Primary Government:	
Governmental activities	\$ 93,148,957
Business-type activities	802,243
Investment trust fund	153,110,441
Agency funds	<u>33,125,955</u>
Total	<u>\$ 280,187,596</u>

COUNTY OF HUMBOLDT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 2: CASH AND INVESTMENTS (continued)

Investments

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury and Agency Securities	5 years	100%	N/A
Bonds and Notes issued by local agencies	5 years	100%	N/A
Registered State Warrants and Municipal Notes and Bonds	5 years	100%	N/A
Bankers' Acceptances	180 days	40%	N/A
Commercial Paper	270 days	40%	N/A
Negotiable Certificates of Deposit	5 years	30%	N/A
Repurchase Agreements	1 year	100%	N/A
Reverse Repurchase Agreements and Securities	92 days	20%	N/A
Medium Terms Corporate Notes	5 years	30%	N/A
Mutual Funds & Money Market Funds	N/A	20%	N/A
California Asset Management Program	N/A	None	N/A
Joint Powers Agreement	N/A	20%	N/A
Local Agency Investment Fund (LAIF)	N/A	As limited by LAIF	N/A
Investment Trust of California (CalTRUST)	N/A	As limited by CalTRUST	N/A
Collateralized Time Deposits	5 years	N/A	N/A

At June 30, 2014, the County had the following investments:

	Interest Rates	Maturities	Par	Fair Value	Carrying Value	WAM (Years)
Investments in Investment Pool						
Federal Agency Issues - Coupon	0.50% - 2.13%	6/27/2016 - 5/28/2019	\$ 209,280,000	\$ 207,568,659	\$ 209,266,366	3.62
Negotiable CDs	0.50% - 1.65%	7/14/2014 - 2/12/2019	44,464,000	44,464,000	44,464,000	0.50
Government National Mortgage Assoc.	8.00% - 12.00%	7/15/2014 - 4/15/2017	1,999	2,118	1,963	2.74
California Asset Management Program	Variable	On Demand	1,000,583	1,000,583	1,000,583	-
Local Investment Agency Fund	Variable	On Demand	28,741,376	28,741,376	28,741,376	-
Total Investments in Investment Pool			<u>\$ 283,487,958</u>	<u>\$ 281,776,736</u>	<u>\$ 283,474,288</u>	2.74

The fair value of the investments is obtained by the County's safekeeping agent. At June 30, 2014, the difference between the cost and fair value of cash and investments was not material (fair value was 99.40% of carrying value). The County is reporting its cash and investments at cost.

COUNTY OF HUMBOLDT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 2: **CASH AND INVESTMENTS** (continued)

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of the County Investment Pool's fair value at June 30, 2014.

	<u>Moody's</u>	<u>% of Portfolio</u>
Federal National Mortgage	AAA	23.22%
Federal Home Loan Bank	AAA	19.37%
Federal Home Loan Mortgage Corp.	AAA	20.51%
Federal Farm Credits	AAA	10.56%
Certificates of deposit		15.78%
California Asset Management Program		0.36%
California Local Agency Investment Fund	Unrated	10.20%
Total		<u>100.00%</u>

At June 30, 2014, the County had the following investments in any one issuer that represent 5 percent or more of the total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded because they are not a concentration of credit risk.

Federal National Mortgage	\$ 66,020,000	23.29%
Federal Home Loan Bank	55,000,000	19.40%
Federal Home Loan Mortgage Corp.	58,260,000	20.55%
Federal Farm Credits	30,000,000	10.58%

COUNTY OF HUMBOLDT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 2: CASH AND INVESTMENTS (continued)

Custodial Credit Risk

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

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

Local Agency Investment Fund

At June 30, 2014, the County's investment position in the State of California Local Agency Investment Fund (LAIF) was \$28,741,376, which approximates fair value and is the same as value of the pool shares which is determined on an amortized cost basis. The total amount invested by all public agencies in PMIA on that day was \$64,846,169,129, of which 100% was invested in non-derivative financial products.

County Investment pool Condensed Financial Statements

The following represents a condensed statement of net position and changes in net position for the Treasurer's investment pool as of June 30, 2014:

Statement of Net Position

Net position held for pool participants	<u>\$ 280,165,001</u>
Equity of external pool participants	\$ 127,054,560
Equity of internal pool participants	153,110,441
Total net position	<u>\$ 280,165,001</u>

Statement of Changes in Net Position

Net position at July 1, 2013	\$ 268,667,267
Net change in investments by pool participants	11,497,734
Net position at June 30, 2014	<u>\$ 280,165,001</u>

COUNTY OF HUMBOLDT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 3: INTERFUND TRANSACTIONS

The composition of interfund balances as of June 30, 2014 are as follows:

Due To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Agency Funds	\$ 287,913
	Nonmajor Governmental Funds	11,838
Internal Service Funds	Internal Service Funds	31,730
Internal Service Funds	Aviation Fund	631,353
Agency Funds	Internal Service Funds	521,626
	General Fund	44,293
	Agency Funds	<u>1,113,345</u>
		<u>\$ 2,642,098</u>

The due to/from other funds account balance primarily resulted from interfund cash transactions to eliminate cash deficits at June 30, 2014 for reporting purposes.

Advances To/From Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Headwaters Mitigation Funds	Aviation Fund	<u>\$ 121,644</u>
		<u>\$ 121,644</u>

The advances resulted from interfund loans from the Headwaters Fund to the Aviation Fund.

Transfers

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

General Fund	Nonmajor Governmental Funds	\$ 294,675	Library operating subsidy
	Nonmajor Governmental Funds	1,372,688	Debt service payments
	Aviation Fund	846,681	Capital projects
Headwaters Fund	General Fund	208,856	
Aviation Fund	Nonmajor Governmental Funds	74,493	
Nonmajor Governmental Funds	Nonmajor Governmental Funds	134,823	Debt service payments
	General Fund	997,519	Proposition 1B funds
		<u>\$ 3,929,735</u>	

COUNTY OF HUMBOLDT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 4: CAPITAL ASSETS

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

	Balance July 1, 2013	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2014
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 3,912,856	\$ --	\$ --	\$ --	\$ 3,912,856
Construction in progress	5,561,935	5,150,991	--	(4,859,800)	5,853,126
Total capital assets, not being depreciated	<u>9,474,791</u>	<u>5,150,991</u>	<u>--</u>	<u>(4,859,800)</u>	<u>9,765,982</u>
Capital assets, being depreciated:					
Infrastructure	595,788,523	3,342,543	--	4,554,174	603,685,240
Structures and improvements	98,238,450	377,175	--	305,626	98,921,251
Equipment	32,001,797	2,465,065	(1,283,340)	33,614	33,217,136
Total capital assets, being depreciated	<u>726,028,770</u>	<u>6,184,783</u>	<u>(1,283,340)</u>	<u>4,893,414</u>	<u>735,823,627</u>
Less accumulated depreciation for:					
Infrastructure	(328,872,915)	(12,911,514)	--	--	(341,784,429)
Structures and improvements	(51,072,093)	(2,785,066)	--	--	(53,857,159)
Equipment	(20,803,433)	(2,172,564)	955,769	(198,748)	(22,218,976)
Total accumulated depreciation	<u>(400,748,441)</u>	<u>(17,869,144)</u>	<u>955,769</u>	<u>(198,748)</u>	<u>(417,860,564)</u>
Total capital assets, being depreciated, net	<u>325,280,329</u>	<u>(11,684,361)</u>	<u>(327,571)</u>	<u>4,694,666</u>	<u>317,963,063</u>
Governmental activities capital assets, net	<u>\$ 334,755,120</u>	<u>\$ (6,533,370)</u>	<u>\$ (327,571)</u>	<u>\$ (165,134)</u>	<u>327,729,045</u>
	Balance July 1, 2013	Additions	Deletions	Transfers & Adjustments	Balance June 30, 2014
Business-Type Activities					
Capital assets, not being depreciated:					
Land	\$ 1,976,177	\$ --	\$ --	\$ --	\$ 1,976,177
Construction in progress	14,485,265	3,539,783	--	(12,581,664)	5,443,384
Total capital assets, not being depreciated	<u>16,461,442</u>	<u>3,539,783</u>	<u>--</u>	<u>(12,581,664)</u>	<u>7,419,561</u>
Capital assets, being depreciated:					
Structures and improvements	35,135,221	--	--	12,581,664	47,716,885
Equipment	287,514	--	--	--	287,514
Total capital assets, being depreciated	<u>35,422,735</u>	<u>--</u>	<u>--</u>	<u>12,581,664</u>	<u>48,004,399</u>
Less accumulated depreciation for:					
Structures and improvements	(17,807,072)	(1,566,069)	--	--	(19,373,141)
Equipment	(255,613)	(4,147)	--	--	(259,760)
Total accumulated depreciation	<u>(18,062,685)</u>	<u>(1,570,216)</u>	<u>--</u>	<u>--</u>	<u>(19,632,901)</u>
Total capital assets, being depreciated, net	<u>17,360,050</u>	<u>(1,570,216)</u>	<u>--</u>	<u>12,581,664</u>	<u>28,371,498</u>
Business-type activities capital assets, net	<u>\$ 33,821,492</u>	<u>\$ 1,969,567</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 35,791,059</u>

COUNTY OF HUMBOLDT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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

Depreciation

Depreciation expense was charged to governmental functions as follows:

General government	\$ 1,387,866
Public protection	1,224,085
Public ways and facilities	13,030,541
Health and sanitation	159,164
Public assistance	252,866
Education	265,902
Recreation and culture	73,423
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the asset	<u>1,475,297</u>
Total Depreciation Expense - Governmental Functions	<u><u>\$ 17,869,144</u></u>

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

Aviation	<u><u>\$ 1,570,216</u></u>
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NOTE 5: **LEASE COMMITMENTS**

Operating Leases

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

At June 30, 2014, the future minimum rental payments required under operating leases for buildings and equipment were as follows:

Fiscal Year Ending June 30,	
<u> </u>	
2015	\$ 4,506,243
2016	2,302,743
2017	1,862,304
2018	1,330,713
2019	196,288
	<u><u>\$ 10,198,291</u></u>

Rent expenditures were \$4,094,479 for the year ended June 30, 2014.

COUNTY OF HUMBOLDT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 5: **LEASE COMMITMENTS** (continued)

Capital Leases

The County has entered into certain capital lease agreements under which the related buildings and equipment will become the property of the County when all terms of the lease agreements are met.

The following is a summary of equipment leased under capital lease agreements by the County as of June 30, 2014:

	Stated Interest Rate	Present Value of Remaining Payments as of June 30, 2014
Road equipment	2.61%	\$ 420,053
Building remodel	5.10%	1,110,282
Total		\$ 1,530,335

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

Road equipment	\$ 610,529
Building remodel	3,619,634
Less: accumulated depreciation	(1,291,583)
Total	\$ 2,938,580

As of June 30, 2014, future minimum lease payments under capital leases was as follows:

Year Ending June 30:			
2015	\$	482,685	
2016		475,395	
2017		475,396	
2018		223,775	
Total Future Minimum Lease Payments		1,657,251	
Less: Interest		(126,916)	
Present Value of Minimum Lease Payments	\$	1,530,335	

COUNTY OF HUMBOLDT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 6: LONG-TERM LIABILITIES

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

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014	Amounts Due Within One Year
Governmental Activities					
Certificates of participation	\$ 16,685,000	\$ --	\$ (1,140,000)	\$ 15,545,000	\$ 1,180,000
Compensated absences	15,392,294	7,438,245	(6,867,710)	15,962,829	8,048,424
Capital lease obligations	2,087,993	--	(557,658)	1,530,335	424,198
Liability for unpaid claims	1,851,306	4,685,767	(4,033,767)	2,503,306	2,503,306
Total Governmental Activities Long-term liabilities	<u>\$ 36,016,593</u>	<u>\$ 12,124,012</u>	<u>\$ (12,599,135)</u>	<u>\$ 35,541,470</u>	<u>\$ 12,155,928</u>
Business-type Activities					
Compensated absences	117,438	102,403	(126,063)	93,778	93,778
Total Business-type Activities Long-term liabilities	<u>\$ 117,438</u>	<u>\$ 102,403</u>	<u>\$ (126,063)</u>	<u>\$ 93,778</u>	<u>\$ 93,778</u>

The liability for unpaid claims is liquidated by the General Fund and the internal service funds. *Compensated absences* is generally liquidated by the General Fund and related special revenue funds.

As of June 30, 2014, annual debt service requirements of governmental activities to maturity are as follows:

Year Ending June 30	Governmental Activities	
	Certificates of Participation Principal	Interest
2015	\$ 1,180,000	\$ 410,967
2016	1,215,000	379,420
2017	1,250,000	347,189
2018	1,285,000	314,043
2019	1,330,000	279,973
2020-2024	7,290,000	849,892
2025-2028	1,995,000	91,459
	<u>\$ 15,545,000</u>	<u>\$ 2,672,943</u>

COUNTY OF HUMBOLDT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 6: LONG-TERM LIABILITIES (continued)

Long-term debt at June 30, 2014, consisted of the following:

	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rates</u>	<u>Installments</u>	<u>Amount</u>	<u>Balance at June 30, 2014</u>
<u>Governmental Activities</u>						
Certificates of Participation						
2012 issue to refund the outstanding principal of the County's COP 2003 Series A						
Certificates of Participation	2012	2026	2.53% - 2.80%	\$365,000 - \$670,000	\$ 9,490,000	\$ 8,175,000
2012 issue to refund the outstanding principal of the County's COP 2004 Series A						
Certificates of Participation	2012	2024	2.53% - 2.80%	\$185,000 - \$315,000	2,905,000	2,530,000
2012 issue for Capital Projects of Earthquake and Juvenile Hall						
Certificates of Participation	2012	2027	2.53% - 2.80%	\$266,680 - \$362,500	5,465,000	4,840,000
Total Governmental Activities					<u>\$17,860,000</u>	<u>\$ 15,545,000</u>

NOTE 7: NET POSITION/FUND BALANCES

Classification

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned and unassigned. A detailed schedule of fund balances at June 30, 2014 is as follows:

	<u>General Fund</u>	<u>Headwaters Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable:				
Prepays and inventory	\$ 57,290	\$ --	\$ 7,462	\$ 64,752
Total Nonspendable	<u>57,290</u>	<u>--</u>	<u>7,462</u>	<u>64,752</u>
Restricted for:				
General government	6,078,707	--	--	6,078,707
Public protection	27,111,875	--	5,102,111	32,213,986
Public ways and facilities	2,588,221	--	5,423,194	8,011,415
Health and sanitation	4,249,126	--	--	4,249,126
Public assistance	14,334,448	--	--	14,334,448
Education	449,379	--	636,264	1,085,643
Economic development	17,942,234	18,118,977	--	36,061,211
Debt service	--	--	1,433,796	1,433,796
Total Restricted	<u>72,753,990</u>	<u>18,118,977</u>	<u>12,595,365</u>	<u>103,468,332</u>
Unassigned	<u>8,340,646</u>	<u>--</u>	<u>(11,837)</u>	<u>8,328,809</u>
Total Fund Balance	<u>\$ 81,151,926</u>	<u>\$ 18,118,977</u>	<u>\$ 12,590,990</u>	<u>\$ 111,861,893</u>

COUNTY OF HUMBOLDT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 8: EMPLOYEE'S RETIREMENT SYSTEM

A. Plan Description

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

B. Funding Policy

Active plan members in the Miscellaneous and the Safety Plan are required to contribute 7.731% and 9% of their annual covered salary, respectively. The County is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2013/2014 was 21.572% for miscellaneous employees, and 26.888% for safety plan employees. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

C. Annual Pension Cost

For the fiscal year 2013/2014, the County's annual pension cost was \$21,141,957 and the County actually contributed \$21,141,957. The required Miscellaneous Plan and Safety Plan contributions for fiscal year 2013/2014 was determined as part of the June 30, 2012 actuarial valuations using the entry age normal actuarial cost method, with the contributions determined as a percent of pay. The actuarial assumptions include (a) 7.5% investment rate of return (net of administrative expenses); (b) projected annual salary increases that vary by duration of service ranging from 3.30% to 14.20% for the Miscellaneous Plan (3.00% to 14.20% for the Safety Plan); and (c) 3.0% cost-of-living adjustment for both plans.

The actuarial value of the assets of the Miscellaneous Plan and the Safety Plan were determined using a technique that smoothes the effect of short-term volatility in the market value of the investments over a three-year-period. The unfunded actuarial accrued liability (or excess assets) of both plans is being amortized as a level percentage of projected payroll. The remaining amortization periods at June 30, 2014 for the Miscellaneous Plan and the Safety Plan were 18 years and 28 years, respectively.

Three Year Trend Information for PERS

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2012	\$ 18,535,040	100%	\$ --
June 30, 2013	19,430,666	100%	--
June 30, 2014	21,141,957	100%	--

COUNTY OF HUMBOLDT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 8: **EMPLOYEE'S RETIREMENT SYSTEM** (continued)

D. Funding Status

The funded status of the County's Safety and Miscellaneous Plans (in thousands) as of June 30, 2013, the date of the latest actuarial valuation, is as follows:

	Safety	Miscellaneous
Actuarial accrued liability (AAL)	\$ 159,865	\$ 560,158
Actuarial value of plan assets	115,908	390,996
Unfunded actuarial accrued liability (UAAL)	\$ 43,957	\$ 169,162
Funded ratio (actuarial value of plan assets/AAL)	72.5%	69.8%
Covered payroll (active Plan members)	14,881	81,299
Unfunded actuarial accrued liability as a percentage of covered payroll	295.4%	208.1%

The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

NOTE 9: **OTHER POST EMPLOYMENT BENEFITS (OPEB)**

A. Plan Description

The County sponsors healthcare coverage under the California Public Employees Medical and Hospital Care Act ("PEMHCA"), commonly referred to as PERS Health. 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 up to a dollar amount determined by collective bargaining, including \$105.00 per month that the County designates for PEMHCA. The \$105.00 per month was increased by law to \$108.00 for 2011, and will be indexed with medical inflation (CPI) for years 2011 and thereafter.

Post-Retirement Coverage

The County also offers PEMHCA to its retirees. The County makes the required statutory PEMHCA contribution as described above. Prior to 2011, the County made additional contributions to a small number of retirees with special agreements, which have now been settled. The County pays a 0.36%-of-premium administrative fee to PEMHCA for each retiree.

COUNTY OF HUMBOLDT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 9: OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

A. Plan Description (continued)

Healthcare Premiums

The following table shows January 1, 2013 monthly PERS Health (PEMHCA) premiums for retirees within the Other Northern California region:

	<u>Blue Shield NV HMO</u>	<u>PERS Select PPO</u>	<u>PERS Choice PPO</u>	<u>PERS Care PPO</u>	<u>PORAC</u>
<u>Basic Plan</u>					
Retiree	\$664.15	\$474.61	\$649.78	\$1,055.10	\$581.00
Retiree + 1	1,328.30	949.22	1,299.56	2,110.20	1,088.00
Family	1,726.79	1,233.99	1,689.43	2,743.26	1,382.00
<u>Medicare Supplement</u>					
Retiree	\$261.32	\$325.74	\$325.74	\$370.43	\$418.00
Retiree + 1	522.64	651.48	651.48	740.86	833.00
Family	783.96	977.22	977.22	1,111.29	1,331.00

B. 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 (UAL) 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.

C. Annual OPEB Cost and Net OPEB Obligation/(Asset)

The following table shows the components of the County's Annual OPEB Cost for the fiscal year ended June 30, 2014, the amount actually contributed to the plan, and changes in the County's Net OPEB Obligation/(Asset):

Annual Required Contribution	\$ 2,139,500
Interest on Net OPEB Obligation/(Asset)	322,397
Adjustment to Annual Required Contribution	<u>(466,106)</u>
Annual OPEB cost (expense)	1,995,791
Contributions made	<u>(582,602)</u>
Increase in Net OPEB Obligation/(Asset)	1,413,189
Net OPEB Obligation/(Asset) - Beginning of year	<u>8,059,924</u>
Net OPEB Obligation/(Asset) - End of year	<u><u>\$ 9,473,113</u></u>

COUNTY OF HUMBOLDT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 9: **OTHER POST EMPLOYMENT BENEFITS (OPEB)** (continued)

C. 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, 2014, 2013, and 2012 are as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Contribution</u>	<u>Annual OPEB Cost Contributed</u>	<u>Obligation/ (Asset)</u>
6/30/12	\$ 1,760,531	\$ 513,506	29.17%	\$ 6,854,489
6/30/13	1,741,772	536,337	30.79%	8,059,924
6/30/14	1,995,791	582,602	29.19%	9,473,113

D. Schedule of Funding Progress

The funded status of the plan (In thousands) as of the most recent actuarial valuation was as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Payroll</u>
July 1, 2009	\$ --	\$ 13,517	\$ 13,517	0.0%	\$ 85,602	15.79%
July 1, 2011	--	15,338	15,338	0.0%	85,602	17.92%
July 1, 2013	--	19,676	19,676	0.0%	85,602	22.99%

Actuarial valuations of an ongoing plan involve estimates of the value of 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 multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. 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, 2013. 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 8 percent initially, reduced by decrements to an ultimate rate of 5 percent after 2 years. These assumptions reflect an implicit 4 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, 2014 was 28 years. The County's plan is considered a single-employer plan under GASB 45.

COUNTY OF HUMBOLDT

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

NOTE 10: RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and health and welfare of employees. The County has established a self-insurance fund (an internal service fund) to account for and finance these possible risks of loss. Under this program, the Self-Insurance Fund provides the following coverage per occurrence:

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

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

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

	<u>Balance at June 30, 2013</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at June 30, 2014</u>
Liability and auto	\$ 1,538,000	\$ 3,142,922	\$ (2,490,922)	\$ 2,190,000
Dental	100,184	1,275,230	(1,275,230)	100,184
Unemployment	213,122	267,615	(267,615)	213,122
	<u>\$ 1,851,306</u>	<u>\$ 4,685,767</u>	<u>\$ (4,033,767)</u>	<u>\$ 2,503,306</u>

	<u>Balance at June 30, 2012</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at June 30, 2013</u>
Liability and auto	\$ 1,434,000	\$ 753,811	\$ (649,811)	\$ 1,538,000
Dental	100,184	1,334,535	(1,334,535)	100,184
Unemployment	184,131	419,605	(390,614)	213,122
	<u>\$ 1,718,315</u>	<u>\$ 2,507,951</u>	<u>\$ (2,374,960)</u>	<u>\$ 1,851,306</u>

The claims liability, including incurred but not reported claims, were based on actuarial reviews. Actuarial reviews of unemployment and liability programs were performed by Bickmore Risk Services in October and December 2013, respectively. An actuarial review of the dental program was last performed by Demsey, Filliger and Associates in May 2012.

COUNTY OF HUMBOLDT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 10: **RISK MANAGEMENT** (continued)

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

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

NOTE 11: **JOINT VENTURES**

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

The County participated in the following JPAs at June 30, 2014:

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

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

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

NOTE 12: **COMMITMENTS AND CONTINGENCIES**

A. Grants

The County participates in a number of Federal and State grant programs subject to financial and compliance audits by the grantors or their representatives. Audits of certain grant programs, including the year ended June 30, 2014, have not yet been conducted. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The County believes that such disallowances, if any, would not have a material effect on the combined financial statements.

B. Legal Actions

In the opinion of County Counsel, there are potential liabilities as of June 30, 2014 which could result in monetary rewards against the County if unfavorable decisions are rendered. The County does not make provisions for potential awards.

COUNTY OF HUMBOLDT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 12: **COMMITMENTS AND CONTINGENCIES** (continued)

C. Construction Commitments

The County had entered into contracts for the construction of certain projects. At June 30, 2014, there were outstanding commitments of \$7,889,560 for road and bridge projects and \$284,840 for airport projects.

NOTE 13: **DEFICIT FUND BALANCE OR NET POSITION**

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

	<u>Deficit</u>
Debt service	\$ 11,837
Dental insurance	198,480
Liability insurance	1,155,223
Medical insurance	411,103
Unemployment	320,921
Employee benefits	18,530

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

REQUIRED SUPPLEMENTARY INFORMATION

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COUNTY OF HUMBOLDT

Required Supplementary Information
For the Year Ended June 30, 2014

SCHEDULE OF FUNDING PROGRESS – RETIREMENT PLAN

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

Funded Status of Plan

Miscellaneous Plan

Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
June 30, 2011	\$ 509,944,822	\$ 391,896,455	\$ 118,048,367	76.9%	81,431,099	145.0%
June 30, 2012	534,847,693	414,295,763	120,551,930	77.5%	79,838,717	151.0%
June 30, 2013	560,158,186	390,996,130	169,162,056	69.8%	81,298,897	208.1%

Safety Plan

Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
June 30, 2011	\$ 146,066,019	\$ 119,347,544	\$ 26,718,475	81.7%	\$ 14,860,958	179.8%
June 30, 2012	153,983,383	124,855,367	29,128,016	81.1%	14,679,134	198.4%
June 30, 2013	159,864,696	115,908,061	43,956,635	72.5%	14,880,724	295.4%

SCHEDULE OF FUNDING PROGRESS – POSTEMPLOYMENT HEALTH PLAN

The table below shows an analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll as of June 30:

Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
July 1, 2009 ¹	\$ --	\$ 13,516,544	\$ 13,516,544	0.0%	\$ 85,602,335	15.79%
July 1, 2011	--	15,337,592	15,337,592	0.0%	85,602,335	17.92%
July 1, 2013	--	19,676,008	19,676,008	0.0%	85,602,335	22.99%

(1) Actuarial was not prepared for June 30, 2010 and June 30, 2012.

COUNTY OF HUMBOLDT

Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 45,993,599	\$ 46,264,308	\$ 47,906,462	\$ 1,642,154
Licenses and permits	1,626,805	1,708,105	2,007,641	299,536
Fines, forfeits and penalties	1,493,905	1,493,905	1,587,468	93,563
Use of money and property	205,200	205,200	246,733	41,533
Aid from other governments	175,156,079	178,602,164	147,650,407	(30,951,757)
Charges for services	44,089,126	44,796,671	33,444,465	(11,352,206)
Other revenue	11,384,612	13,608,875	3,030,328	(10,578,547)
Total Revenues	<u>279,949,326</u>	<u>286,679,228</u>	<u>235,873,504</u>	<u>(50,805,724)</u>
Expenditures:				
Current:				
General government	25,002,818	27,839,018	15,849,573	11,989,445
Public protection	79,667,429	81,956,446	67,272,225	14,684,221
Public way and facilities	1,904,709	2,099,319	2,099,319	--
Health and sanitation	67,234,251	67,652,934	60,573,161	7,079,773
Public assistance	106,278,763	106,629,039	91,256,910	15,372,129
Education	154,006	154,006	144,264	9,742
Recreation and culture	1,402,266	1,523,042	1,044,519	478,523
Debt Service:				
Interest	258,816	258,816	--	258,816
Contingencies	924,103	1,390,294	--	1,390,294
Total Expenditures	<u>282,827,161</u>	<u>289,502,914</u>	<u>238,239,971</u>	<u>51,262,943</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,877,835)</u>	<u>(2,823,686)</u>	<u>(2,366,467)</u>	<u>457,219</u>
Other Financing Sources (Uses):				
Transfers in	4,389,867	4,389,867	1,206,375	(3,183,492)
Transfers out	(4,937,110)	(4,937,110)	(2,514,044)	2,423,066
Total Other Financing Sources (Uses)	<u>(547,243)</u>	<u>(547,243)</u>	<u>(1,307,669)</u>	<u>(760,426)</u>
Net Change in Fund Balances	(3,425,078)	(3,370,929)	(3,674,136)	(303,207)
Budgetary Fund Balances - Beginning of Year	<u>16,703,391</u>	<u>16,703,391</u>	<u>16,703,391</u>	<u>--</u>
Budgetary Fund Balances - End of Year	<u>\$ 13,278,313</u>	<u>\$ 13,332,462</u>	<u>\$ 13,029,255</u>	<u>\$ (303,207)</u>

continued

COUNTY OF HUMBOLDT

Budgetary Comparison Schedule (continued)
General Fund
For the Year Ended June 30, 2014

(1) Explanation of differences between statement of revenues, expenditures and changes in fund balance:

Sources/inflows of resources

Actual amounts from the budgetary comparison schedule	\$ 235,873,504
Receipts from funds reclassified from County Agency Funds, not budgeted	<u>5,113,253</u>

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (page 21)	<u>\$ 240,986,757</u>
--	-----------------------

Uses/outflows of resources

Disbursements from funds reclassified from County Agency Funds, not budgeted	\$ 238,239,971
	<u>24,819</u>

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (page 21)	<u>\$ 238,264,790</u>
--	-----------------------

COUNTY OF HUMBOLDT

Note to Required Supplementary Information
For the Year Ended June 30, 2014

BUDGETARY BASIS OF ACCOUNTING

General Budget Policies

By State law, the County Board of Supervisors must approve a tentative budget no later than June 30 of each year, and adopt a final budget no later than August 30. A public hearing must be conducted to receive comments prior to adoption. However, due to the lateness of the adoption of the State budget, the County by resolution R03-058 has extended these periods to August 10 and October 2, respectively.

From the effective date of the budget, which is adopted and controlled at the departmental level, the amounts stated therein as proposed expenditures become appropriations to the various County departments. However, the legal level of control is the fund level. The Board of Supervisors may amend the budget by resolution during the fiscal year. Department heads may, upon approval of the Auditor-Controller, make transfers from one object or purpose to another within the same budget unit. All other budget amendments must be approved by the Board. It is this final revised budget that is presented in the basic financial statements. Appropriations lapse at year end.

Budgets are adopted for the general fund and most special revenue funds. Accounting principles applied for purposes of developing data on a budgetary basis are materially the same as those used to present financial statements in conformity with GAAP. The County does not adopt a budget for the Headwaters Mitigation Fund.

Individual fund budgetary comparisons are not presented at the detail budget unit level due to their excessive length. A separate publication presenting this information is available.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Debt Service Funds are used to account for and report financial resources restricted, committed, or assigned to pay debt principal and interest.

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COUNTY OF HUMBOLDT

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2014

	<u>Special Revenue</u>			
	<u>Road Fund</u>	<u>Family Support</u>	<u>Courthouse Construction</u>	<u>County Library</u>
<u>Assets</u>				
Cash and investments	\$ 5,311,152	\$ 1,651,779	\$ 1,433,715	\$ 677,064
Departmental cash funds	--	--	--	865
Receivables	1,999,040	--	81	40,818
Prepays	1,437	80	--	5,945
	<u>1,437</u>	<u>80</u>	<u>--</u>	<u>5,945</u>
 Total Assets	 <u>\$ 7,311,629</u>	 <u>\$ 1,651,859</u>	 <u>\$ 1,433,796</u>	 <u>\$ 724,692</u>
<u>Liabilities</u>				
Accounts payable	\$ 510,070	\$ 6,472	\$ --	\$ 39,078
Salaries and benefits payable	147,942	67,693	--	43,405
Due to other funds	--	--	--	--
	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
 Total Liabilities	 <u>658,012</u>	 <u>74,165</u>	 <u>--</u>	 <u>82,483</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenue	1,228,986	--	--	--
	<u>1,228,986</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>Fund Balance</u>				
Nonspendable	1,437	80	--	5,945
Restricted	5,423,194	1,577,614	1,433,796	636,264
Unassigned	--	--	--	--
	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
 Total Fund Balances	 <u>5,424,631</u>	 <u>1,577,694</u>	 <u>1,433,796</u>	 <u>642,209</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 7,311,629</u>	 <u>\$ 1,651,859</u>	 <u>\$ 1,433,796</u>	 <u>\$ 724,692</u>

continued

COUNTY OF HUMBOLDT

Combining Balance Sheet (continued)
 Nonmajor Governmental Funds
 June 30, 2014

	Special Revenue		Debt Service	
	Fish and Game Propagation	Special Districts Under County Board of Supervisors	Public Property Leasing	Total
<u>Assets</u>				
Cash and investments	\$ 38,488	\$ 3,490,097	\$ 1	\$ 12,602,296
Departmental cash funds	--	--	--	865
Receivables	--	--	--	2,039,939
Prepays	--	--	--	7,462
Total Assets	\$ 38,488	\$ 3,490,097	\$ 1	\$ 14,650,562
<u>Liabilities</u>				
Accounts payable	\$ --	\$ 4,088	\$ --	\$ 559,708
Salaries and benefits payable	--	--	--	259,040
Due to other funds	--	--	11,838	11,838
Total Liabilities	--	4,088	11,838	830,586
<u>Deferred Inflows of Resources</u>				
Unavailable revenue	--	--	--	1,228,986
<u>Fund Balance</u>				
Nonspendable	--	--	--	7,462
Restricted	38,488	3,486,009	--	12,595,365
Unassigned	--	--	(11,837)	(11,837)
Total Fund Balances	38,488	3,486,009	(11,837)	12,590,990
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 38,488	\$ 3,490,097	\$ 1	\$ 14,650,562

COUNTY OF HUMBOLDT

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue			
	Road Fund	Family Support	Courthouse Construction	County Library
Revenues:				
Taxes	\$ 3,066,860	\$ --	\$ --	\$ 2,221,589
Licenses and permits	56,535	--	--	--
Fines, forfeitures and penalties	--	--	489,516	--
Use of money and property	21,357	10,511	13,347	3,177
Intergovernmental	15,854,353	4,509,361	--	459,230
Charges for services	2,445,939	--	--	60,869
Miscellaneous	66,763	142	--	192,316
Total Revenues	21,511,807	4,520,014	502,863	2,937,181
Expenditures:				
Current:				
Public protection	--	4,292,406	74,208	--
Public ways and facilities	20,356,453	--	--	--
Education	--	--	--	3,160,631
Debt Service:				
Principal	--	--	285,194	--
Interest and Other Charges	--	--	67,510	--
Total Expenditures	20,356,453	4,292,406	426,912	3,160,631
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,155,354	227,608	75,951	(223,450)
Other Financing Sources (Uses):				
Transfers in	--	--	--	294,675
Transfers out	(1,002,173)	--	(75,533)	(54,636)
Total Other Financing Sources (Uses)	(1,002,173)	--	(75,533)	240,039
Net Change in Fund Balances	153,181	227,608	418	16,589
Fund Balances - Beginning of Year	5,271,450	1,350,086	1,433,378	625,620
Fund Balances - End of Year	\$ 5,424,631	\$ 1,577,694	\$ 1,433,796	\$ 642,209

continued

COUNTY OF HUMBOLDT

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Year Ended June 30, 2014

	Special Revenue		Debt Service	
	Fish and Game Propagation	Special Districts	Public Property Leasing	Total
		Under County Board of Supervisors		
Revenues:				
Taxes	\$ --	\$ 822,026	\$ --	\$ 6,110,475
Licenses and permits	--	--	--	56,535
Fines, forfeitures and penalties	12,786	--	--	502,302
Use of money and property	254	19,047	1,821	69,514
Intergovernmental	--	9,523	--	20,832,467
Charges for services	--	--	--	2,506,808
Miscellaneous	--	(96,619)	--	162,602
Total Revenues	<u>13,040</u>	<u>753,977</u>	<u>1,821</u>	<u>30,240,703</u>
Expenditures:				
Current:				
Public protection	17,740	395,886	--	4,780,240
Public protection	--	--	--	20,356,453
Education	--	--	--	3,160,631
Debt Service:				
Principal	--	--	1,140,000	1,425,194
Interest and Other Charges	--	--	443,666	511,176
Total Expenditures	<u>17,740</u>	<u>395,886</u>	<u>1,583,666</u>	<u>30,233,694</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,700)</u>	<u>358,091</u>	<u>(1,581,845)</u>	<u>7,009</u>
Other Financing Sources (Uses):				
Transfers in	--	--	1,582,004	1,876,679
Transfers out	--	--	--	(1,132,342)
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>1,582,004</u>	<u>744,337</u>
Net Change in Fund Balances	(4,700)	358,091	159	751,346
Fund Balances - Beginning of Year	<u>43,188</u>	<u>3,127,918</u>	<u>(11,996)</u>	<u>11,839,644</u>
Fund Balances - End of Year	<u>\$ 38,488</u>	<u>\$ 3,486,009</u>	<u>\$ (11,837)</u>	<u>\$ 12,590,990</u>

INTERNAL SERVICE FUNDS

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COUNTY OF HUMBOLDT

Combining Statement of Net Position
Internal Service Funds
June 30, 2014

	<u>Heavy Equipment</u>	<u>Information Technology</u>	<u>Central Services</u>
<u>Assets</u>			
Current Assets:			
Cash and cash equivalents	\$ 1,745,041	\$ 485,210	\$ 113,557
Accounts receivable	4,788	--	--
Due from other funds	--	--	--
Inventory	261,101	--	--
Prepaid expenses	183	13,536	--
Total Current Assets	<u>2,011,113</u>	<u>498,746</u>	<u>113,557</u>
Noncurrent Assets:			
Capital assets, net of depreciation	<u>3,049,549</u>	<u>80,142</u>	<u>--</u>
Total Noncurrent Assets	<u>3,049,549</u>	<u>80,142</u>	<u>--</u>
Total Assets	<u>5,060,662</u>	<u>578,888</u>	<u>113,557</u>
<u>Liabilities</u>			
Current Liabilities:			
Accounts payable	91,600	35,741	932
Accrued payroll and benefits	14,780	29,847	3,745
Due to other funds	--	--	--
Other liabilities	--	--	--
Deferred revenue	--	--	--
Compensated absences	135,714	104,716	6,683
Provision for estimated claims	--	--	--
Total Current Liabilities	<u>242,094</u>	<u>170,304</u>	<u>11,360</u>
Long-term Liabilities:			
Compensated absences	<u>18,380</u>	<u>--</u>	<u>--</u>
Total Liabilities	<u>260,474</u>	<u>170,304</u>	<u>11,360</u>
<u>Net Position</u>			
Net investment in capital assets	3,049,549	80,142	--
Unrestricted	1,750,639	328,442	102,197
Total Net Position	<u>\$ 4,800,188</u>	<u>\$ 408,584</u>	<u>\$ 102,197</u>

continued

COUNTY OF HUMBOLDT

Combining Statement of Net Position (continued)
Internal Service Funds
June 30, 2014

	<u>Communications</u>	<u>Motor Pool</u>	<u>Insurance Funds</u>	<u>Total</u>
<u>Assets</u>				
Current Assets:				
Cash and cash equivalents	\$ 72,796	\$ 3,169,833	\$ 4,209,752	\$ 9,796,189
Accounts receivable	--	41	10,007	14,836
Due from other funds	--	631,353	31,730	663,083
Inventory	--	66,890	--	327,991
Prepaid expenses	--	2,561	1,477,340	1,493,620
Total Current Assets	<u>72,796</u>	<u>3,870,678</u>	<u>5,728,829</u>	<u>12,295,719</u>
Noncurrent Assets:				
Capital assets, net of depreciation	<u>226,358</u>	<u>5,753,937</u>	<u>13,532</u>	<u>9,123,518</u>
Total Noncurrent Assets	<u>226,358</u>	<u>5,753,937</u>	<u>13,532</u>	<u>9,123,518</u>
Total Assets	<u>299,154</u>	<u>9,624,615</u>	<u>5,742,361</u>	<u>21,419,237</u>
<u>Liabilities</u>				
Current Liabilities:				
Accounts payable	19,071	197,313	96,804	441,461
Accrued payroll and benefits	461	7,525	23,535	79,893
Due to other funds	--	--	553,356	553,356
Other liabilities	--	--	522,957	522,957
Deferred revenue	--	--	1,437,419	1,437,419
Compensated absences	1,308	29,787	104,564	382,772
Provision for estimated claims	--	--	2,503,306	2,503,306
Total Current Liabilities	<u>20,840</u>	<u>234,625</u>	<u>5,241,941</u>	<u>5,921,164</u>
Long-term Liabilities:				
Compensated absences	<u>166</u>	<u>--</u>	<u>--</u>	<u>18,546</u>
Total Liabilities	<u>21,006</u>	<u>234,625</u>	<u>5,241,941</u>	<u>5,939,710</u>
<u>Net Position</u>				
Net investment in capital assets	226,358	5,753,937	13,532	9,123,518
Unrestricted	51,790	3,636,053	486,888	6,356,009
Total Net Position	<u>\$ 278,148</u>	<u>\$ 9,389,990</u>	<u>\$ 500,420</u>	<u>\$ 15,479,527</u>

COUNTY OF HUMBOLDT

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

	<u>Heavy Equipment</u>	<u>Information Technology</u>	<u>Central Services</u>
Operating Revenues:			
Charges for services	\$ 2,303,510	\$ 2,724,653	\$ 336,124
Miscellaneous revenues	<u>594,119</u>	<u>--</u>	<u>13,325</u>
Total Operating Revenues	<u>2,897,629</u>	<u>2,724,653</u>	<u>349,449</u>
Operating Expenses:			
Salaries and benefits	759,099	1,329,219	173,363
Services and supplies	1,398,850	1,067,893	113,322
Self-insurance claims and purchase premiums	--	--	--
Depreciation	<u>495,302</u>	<u>121,403</u>	<u>--</u>
Total Operating Expenses	<u>2,653,251</u>	<u>2,518,515</u>	<u>286,685</u>
Net Operating Income (Loss)	<u>244,378</u>	<u>206,138</u>	<u>62,764</u>
Non-Operating Revenues (Expenses):			
Intergovernmental revenues	--	--	--
Interest income	9,084	--	--
Interest expense	<u>--</u>	<u>--</u>	<u>--</u>
Total Non-Operating Revenues (Expenses)	<u>9,084</u>	<u>--</u>	<u>--</u>
Change in Net Position	<u>253,462</u>	<u>206,138</u>	<u>62,764</u>
Net Position - Beginning of Year	<u>4,546,726</u>	<u>202,446</u>	<u>39,433</u>
Net Position - End of Year	<u>\$ 4,800,188</u>	<u>\$ 408,584</u>	<u>\$ 102,197</u>

continued

COUNTY OF HUMBOLDT

Combining Statement of Revenues, Expenses and
Changes in Net Position (continued)
Internal Service Funds
For the Year Ended June 30, 2014

	<u>Communications</u>	<u>Motor Pool</u>	<u>Insurance Funds</u>	<u>Total</u>
Operating Revenues:				
Charges for services	\$ 97,184	\$ 2,321,442	\$ 27,653,668	\$ 35,436,581
Miscellaneous revenues	105,758	1,296,222	1,393,514	3,402,938
	<u>202,942</u>	<u>3,617,664</u>	<u>29,047,182</u>	<u>38,839,519</u>
Total Operating Revenues				
Operating Expenses:				
Salaries and benefits	56,510	359,288	424,498	3,101,977
Services and supplies	78,500	1,859,262	126,408	4,644,235
Self-insurance claims and purchase premiums	--	--	26,863,835	26,863,835
Depreciation	26,917	826,964	4,711	1,475,297
	<u>161,927</u>	<u>3,045,514</u>	<u>27,419,452</u>	<u>36,085,344</u>
Total Operating Expenses				
Net Operating Income (Loss)	<u>41,015</u>	<u>572,150</u>	<u>1,627,730</u>	<u>2,754,175</u>
Non-Operating Revenues (Expenses):				
Intergovernmental revenues	--	--	2,500	2,500
Interest income	--	21,152	17,280	47,516
Interest expense	--	--	(8,322)	(8,322)
	<u>--</u>	<u>21,152</u>	<u>11,458</u>	<u>41,694</u>
Total Non-Operating Revenues (Expenses)				
Change in Net Position	<u>41,015</u>	<u>593,302</u>	<u>1,639,188</u>	<u>2,795,869</u>
Net Position - Beginning of Year	<u>237,133</u>	<u>8,796,688</u>	<u>(1,138,768)</u>	<u>12,683,658</u>
Net Position - End of Year	<u>\$ 278,148</u>	<u>\$ 9,389,990</u>	<u>\$ 500,420</u>	<u>\$ 15,479,527</u>

COUNTY OF HUMBOLDT

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

	<u>Heavy Equipment</u>	<u>Information Technology</u>	<u>Central Services</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from interfund services provided	\$ 2,901,046	\$ 2,729,293	\$ 349,449
Cash paid to suppliers for goods and services	(1,447,209)	(1,145,049)	(113,623)
Cash paid to employees	<u>(810,897)</u>	<u>(1,313,977)</u>	<u>(174,978)</u>
Net Cash Provided (Used) by Operating Activities	<u>642,940</u>	<u>270,267</u>	<u>60,848</u>
CASH FLOWS FROM NONCAPITAL FINANCING			
Intergovernmental	--	--	--
Due from other funds	--	--	--
Due to other funds	<u>--</u>	<u>--</u>	<u>--</u>
Net Cash Provided (Used) by Investing Activities	<u>--</u>	<u>--</u>	<u>--</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(350,218)	(17,165)	--
Principal paid on capital debt	--	(154,530)	--
Interest paid on capital debt	<u>--</u>	<u>--</u>	<u>--</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(350,218)</u>	<u>(171,695)</u>	<u>--</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received (paid)	<u>9,084</u>	<u>--</u>	<u>--</u>
Net Cash Provided (Used) by Investing Activities	<u>9,084</u>	<u>--</u>	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	301,806	98,572	60,848
Cash and Cash Equivalents, Beginning of Year	<u>1,443,235</u>	<u>386,638</u>	<u>52,709</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,745,041</u></u>	<u><u>\$ 485,210</u></u>	<u><u>\$ 113,557</u></u>

continued

COUNTY OF HUMBOLDT

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2014

	<u>Communications</u>	<u>Motor Pool</u>	<u>Insurance Funds</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipts from interfund services provided	\$ 202,942	\$3,617,623	\$29,232,431	\$39,032,784
Cash paid to suppliers for goods and services	(87,459)	(1,797,954)	(27,769,000)	(32,360,294)
Cash paid to employees	(55,800)	(354,366)	(416,738)	(3,126,756)
Net Cash Provided (Used) by Operating Activities	<u>59,683</u>	<u>1,465,303</u>	<u>1,046,693</u>	<u>3,545,734</u>
CASH FLOWS FROM NONCAPITAL FINANCING				
Intergovernmental	--	--	2,500	2,500
Due from other funds	--	(390,253)	1,000,426	610,173
Due to other funds	--	--	(510,914)	(510,914)
Net Cash Provided (Used) by Investing Activities	<u>--</u>	<u>(390,253)</u>	<u>492,012</u>	<u>101,759</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(51,850)	(1,084,966)	(1,477)	(1,505,676)
Principal paid on capital debt	--	--	--	(154,530)
Interest paid on capital debt	--	--	(3,023)	(3,023)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(51,850)</u>	<u>(1,084,966)</u>	<u>(4,500)</u>	<u>(1,663,229)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received (paid)	--	21,152	11,981	42,217
Net Cash Provided (Used) by Investing Activities	<u>--</u>	<u>21,152</u>	<u>11,981</u>	<u>42,217</u>
Net Increase (Decrease) in Cash and Cash Equivalents	7,833	11,236	1,546,186	2,026,481
Cash and Cash Equivalents, Beginning of Year	<u>64,963</u>	<u>3,158,597</u>	<u>2,663,566</u>	<u>7,769,708</u>
Cash and Cash Equivalents, End of Year	<u>\$ 72,796</u>	<u>\$3,169,833</u>	<u>\$ 4,209,752</u>	<u>\$ 9,796,189</u>

continued

COUNTY OF HUMBOLDT

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2014

	<u>Heavy Equipment</u>	<u>Information Technology</u>	<u>Central Services</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	244,378	206,138	62,764
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	495,302	121,403	--
Changes in assets and liabilities:			
(Increase) decrease in:			
Receivables	69	4,640	--
Prepaid expenses	3,348	(13,536)	--
Increase (decrease) in:			
Payables	(48,359)	(63,620)	(301)
Accrued salaries and benefits	2,474	6,262	832
Compensated absences	(54,272)	8,980	(2,447)
Claims payable	--	--	--
Unearned revenue	--	--	--
Other liabilities	--	--	--
	<hr/>	<hr/>	<hr/>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 642,940</u></u>	<u><u>\$ 270,267</u></u>	<u><u>\$ 60,848</u></u>

continued

COUNTY OF HUMBOLDT

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Year Ended June 30, 2014

	<u>Communications</u>	<u>Motor Pool</u>	<u>Insurance Funds</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	41,015	572,150	\$ 1,627,730	\$ 2,754,175
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	26,917	826,964	4,711	1,475,297
Changes in assets and liabilities:				
(Increase) decrease in:				
Receivables	--	(41)	(2,532)	2,136
Prepaid expenses	--	(2,561)	(142,481)	(155,230)
Increase (decrease) in:				
Payables	(8,959)	63,869	(1,279,527)	(1,336,897)
Accrued salaries and benefits	(493)	1,725	(135)	10,665
Compensated absences	1,203	8,328	8,754	(29,454)
Claims payable	--	--	652,000	652,000
Unearned revenue	--	--	187,781	187,781
Other liabilities	--	(5,131)	(9,608)	(14,739)
Net Cash Provided (Used) by Operating Activities	<u>\$ 59,683</u>	<u>\$ 1,465,303</u>	<u>\$ 1,046,693</u>	<u>\$ 3,545,734</u>

INSURANCE FUNDS

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COUNTY OF HUMBOLDT

Combining Statement of Net Position
Insurance Funds
June 30, 2014

	<u>Dental</u>	<u>County Insurance</u>	<u>Workers' Compensation</u>
<u>Assets</u>			
Current Assets:			
Cash and cash equivalents	\$ --	\$ 141,782	\$ 1,553,066
Accounts receivable	6,247	--	--
Due from other funds	--	--	31,730
Prepaid expenses	28,000	--	--
Total Current Assets	<u>34,247</u>	<u>141,782</u>	<u>1,584,796</u>
Noncurrent Assets:			
Capital assets, net of depreciation	--	6,148	--
Total Noncurrent Assets	<u>--</u>	<u>6,148</u>	<u>--</u>
Total Assets	<u>34,247</u>	<u>147,930</u>	<u>1,584,796</u>
<u>Liabilities</u>			
Current Liabilities:			
Accounts payable	27,736	1,036	740
Accrued payroll and benefits	--	6,824	16,711
Due to other funds	104,807	--	--
Other liabilities	--	--	--
Unearned revenue	--	--	--
Liability for compensated absences	--	104,564	--
Provision for estimated claims	100,184	--	--
Total Current Liabilities	<u>232,727</u>	<u>112,424</u>	<u>17,451</u>
Total Liabilities	<u>232,727</u>	<u>112,424</u>	<u>17,451</u>
<u>Net Position</u>			
Net investment in capital assets	--	6,148	--
Unrestricted	(198,480)	29,358	1,567,345
Total Net Position	<u>\$ (198,480)</u>	<u>\$ 35,506</u>	<u>\$ 1,567,345</u>

continued

COUNTY OF HUMBOLDT

Combining Statement of Net Position (continued)
Insurance Funds
June 30, 2014

	<u>Liability</u>	<u>Medical</u>	<u>Unemployment</u>
<u>Assets</u>			
Current Assets:			
Cash and cash equivalents	\$ 1,443,301	\$ --	\$ 1
Accounts receivable	2,360	238	--
Due from other funds	--	--	--
Prepaid expenses	--	1,415,467	--
Total Current Assets	<u>1,445,661</u>	<u>1,415,705</u>	<u>1</u>
Noncurrent Assets:			
Capital assets, net of depreciation	7,384	--	--
Total Noncurrent Assets	<u>7,384</u>	<u>--</u>	<u>--</u>
 Total Assets	 <u>1,453,045</u>	 <u>1,415,705</u>	 <u>1</u>
<u>Liabilities</u>			
Current Liabilities:			
Accounts payable	46,268	--	368
Accrued payroll and benefits	--	--	--
Due to other funds	--	389,389	59,160
Other liabilities	372,000	--	48,272
Unearned revenue	--	1,437,419	--
Liability for compensated absences	--	--	--
Provision for estimated claims	2,190,000	--	213,122
Total Current Liabilities	<u>2,608,268</u>	<u>1,826,808</u>	<u>320,922</u>
 Total Liabilities	 <u>2,608,268</u>	 <u>1,826,808</u>	 <u>320,922</u>
<u>Net Position</u>			
Net investment in capital assets	7,384	--	--
Unrestricted	(1,162,607)	(411,103)	(320,921)
Total Net Position	<u>\$ (1,155,223)</u>	<u>\$ (411,103)</u>	<u>(320,921)</u>

continued

COUNTY OF HUMBOLDT

Combining Statement of Net Position (continued)
Insurance Funds
June 30, 2014

	Purchased Insurance Premium	Employee Benefits	Total
	<hr/>	<hr/>	<hr/>
<u>Assets</u>			
Current Assets:			
Cash and cash equivalents	\$ 1,070,638	\$ 964	\$ 4,209,752
Accounts receivable	--	1,162	10,007
Due from other funds	--	--	31,730
Prepaid expenses	33,873	--	1,477,340
Total Current Assets	<hr/> 1,104,511	<hr/> 2,126	<hr/> 5,728,829
Noncurrent Assets:			
Capital assets, net of depreciation	--	--	13,532
Total Noncurrent Assets	<hr/> --	<hr/> --	<hr/> 13,532
Total Assets	<hr/> 1,104,511	<hr/> 2,126	<hr/> 5,742,361
<u>Liabilities</u>			
Current Liabilities:			
Accounts payable	--	20,656	96,804
Accrued payroll and benefits	--	--	23,535
Due to other funds	--	--	553,356
Other liabilities	102,685	--	522,957
Unearned revenue	--	--	1,437,419
Liability for compensated absences	--	--	104,564
Provision for estimated claims	--	--	2,503,306
Total Current Liabilities	<hr/> 102,685	<hr/> 20,656	<hr/> 5,241,941
Total Liabilities	<hr/> 102,685	<hr/> 20,656	<hr/> 5,241,941
<u>Net Position</u>			
Net investment in capital assets	--	--	13,532
Unrestricted	1,001,826	(18,530)	486,888
Total Net Position	<hr/> \$ 1,001,826	<hr/> \$ (18,530)	<hr/> \$ 500,420

COUNTY OF HUMBOLDT

Combining Statement of Revenues, Expenses and
Changes in Net Position
Insurance Funds
For the Year Ended June 30, 2014

	<u>Dental</u>	<u>County Insurance</u>	<u>Workers' Compensation</u>
Operating Revenues:			
Charges for services	\$ 1,909,440	\$ 685,000	\$ 4,429,499
Miscellaneous revenues	--	--	277,293
	<u>1,909,440</u>	<u>685,000</u>	<u>4,706,792</u>
Operating Expenses:			
Salaries and benefits	--	424,498	--
Services and supplies	--	126,408	--
Self-insurance claims and purchase premiums	1,433,161	--	4,122,930
Depreciation	--	1,757	--
	<u>1,433,161</u>	<u>552,663</u>	<u>4,122,930</u>
Total Operating Expenses	<u>1,433,161</u>	<u>552,663</u>	<u>4,122,930</u>
Net Operating Income (Loss)	<u>476,279</u>	<u>132,337</u>	<u>583,862</u>
Non-Operating Revenues (Expenses):			
Intergovernmental revenue	--	--	--
Interest income	--	1,335	3,794
Interest expense	(2,292)	(112)	(2,895)
	<u>(2,292)</u>	<u>1,223</u>	<u>899</u>
Total Non-Operating Revenues (Expenses)	<u>(2,292)</u>	<u>1,223</u>	<u>899</u>
Change in Net Position	473,987	133,560	584,761
Net Position - Beginning of Year	<u>(672,467)</u>	<u>(98,054)</u>	<u>982,584</u>
Net Position - End of Year	<u><u>\$ (198,480)</u></u>	<u><u>\$ 35,506</u></u>	<u><u>\$ 1,567,345</u></u>

continued

COUNTY OF HUMBOLDT

Combining Statement of Revenues, Expenses and
Changes in Net Position (continued)
Insurance Funds
For the Year Ended June 30, 2014

	<u>Liability</u>	<u>Medical</u>	<u>Unemployment</u>
Operating Revenues:			
Charges for services	\$ 2,920,378	\$ 15,892,957	\$ 693,513
Miscellaneous revenues	<u>1,066,431</u>	<u>44,417</u>	<u>--</u>
Total Operating Revenues	<u>3,986,809</u>	<u>15,937,374</u>	<u>693,513</u>
Operating Expenses:			
Salaries and benefits	--	--	--
Services and supplies	--	--	--
Self-insurance claims and purchase premiums	3,873,349	16,065,940	323,886
Depreciation	<u>2,954</u>	<u>--</u>	<u>--</u>
Total Operating Expenses	<u>3,876,303</u>	<u>16,065,940</u>	<u>323,886</u>
Net Operating Income (Loss)	<u>110,506</u>	<u>(128,566)</u>	<u>369,627</u>
Non-Operating Revenues (Expenses):			
Intergovernmental revenue	2,500	--	--
Interest income	3,708	2,973	--
Interest expense	<u>--</u>	<u>--</u>	<u>(1,924)</u>
Total Non-Operating Revenues (Expenses)	<u>6,208</u>	<u>2,973</u>	<u>(1,924)</u>
Change in Net Position	116,714	(125,593)	367,703
Net Position - Beginning of Year	<u>(1,271,937)</u>	<u>(285,510)</u>	<u>(688,624)</u>
Net Position - End of Year	<u><u>\$ (1,155,223)</u></u>	<u><u>\$ (411,103)</u></u>	<u><u>\$ (320,921)</u></u>

continued

COUNTY OF HUMBOLDT

Combining Statement of Revenues, Expenses and
Changes in Net Position (continued)
Insurance Funds
For the Year Ended June 30, 2014

	<u>Purchased Insurance Premium</u>	<u>Insurance Benefits</u>	<u>Total</u>
Operating Revenues:			
Charges for services	\$ 697,359	\$ 425,522	\$ 27,653,668
Miscellaneous revenues	<u>5,373</u>	<u>--</u>	<u>1,393,514</u>
 Total Operating Revenues	 <u>702,732</u>	 <u>425,522</u>	 <u>29,047,182</u>
Operating Expenses:			
Salaries and benefits	--	--	424,498
Services and supplies	--	--	126,408
Self-insurance claims and purchase premiums	624,836	419,733	26,863,835
Depreciation	<u>--</u>	<u>--</u>	<u>4,711</u>
 Total Operating Expenses	 <u>624,836</u>	 <u>419,733</u>	 <u>27,419,452</u>
 Net Operating Income (Loss)	 <u>77,896</u>	 <u>5,789</u>	 <u>1,627,730</u>
Non-Operating Revenues (Expenses):			
Intergovernmental revenue	--	--	2,500
Interest income	5,470	--	17,280
Interest expense	<u>--</u>	<u>(1,099)</u>	<u>(8,322)</u>
 Total Non-Operating Revenues (Expenses)	 <u>5,470</u>	 <u>(1,099)</u>	 <u>11,458</u>
 Change in Net Position	 83,366	 4,690	 1,639,188
 Net Position - Beginning of Year	 <u>918,460</u>	 <u>(23,220)</u>	 <u>(1,138,768)</u>
 Net Position - End of Year	 <u>\$ 1,001,826</u>	 <u>\$ (18,530)</u>	 <u>\$ 500,420</u>

COUNTY OF HUMBOLDT

Combining Statement of Cash Flows
Insurance Funds
For the Year Ended June 30, 2014

	<u>Dental</u>	<u>County Insurance</u>	<u>Workers' Compensation</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from interfund services provided	\$ 1,909,489	\$ 685,000	\$ 4,706,792
Cash paid to suppliers for goods and services	(1,437,742)	(127,213)	(4,122,937)
Cash paid to employees	--	(415,879)	--
	<u>471,747</u>	<u>141,908</u>	<u>583,855</u>
CASH FLOWS FROM NONCAPITAL FINANCING			
Intergovernmental	--	--	--
Due from other funds	--	--	1,000,426
Due to other funds	(469,455)	(16,570)	(32,114)
Net Cash Provided (Used) by Investing Activities	<u>(469,455)</u>	<u>(16,570)</u>	<u>968,312</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING			
Purchase of capital assets	--	(1,477)	--
Interest received (paid)	--	--	--
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>--</u>	<u>(1,477)</u>	<u>--</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received (paid)	(2,292)	1,223	899
Net Cash Provided (Used) by Investing Activities	<u>(2,292)</u>	<u>1,223</u>	<u>899</u>
Net Increase (Decrease) in Cash and Cash Equivalents	--	125,084	1,553,066
Cash and Cash Equivalents, Beginning of Year	--	16,698	--
Cash and Cash Equivalents, End of Year	<u>\$ --</u>	<u>\$ 141,782</u>	<u>\$ 1,553,066</u>

continued

COUNTY OF HUMBOLDT

Combining Statement of Cash Flows (continued)
Insurance Funds
For the Year Ended June 30, 2014

	<u>Liability</u>	<u>Medical</u>	<u>Unemployment</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from interfund services provided	\$ 3,984,449	\$ 16,124,917	\$ 693,513
Cash paid to suppliers for goods and services	(3,232,330)	(17,481,407)	(323,886)
Cash paid to employees	<u> --</u>	<u> --</u>	<u> --</u>
Net Cash Provided (Used) by Operating Activities	<u> 752,119</u>	<u> (1,356,490)</u>	<u> 369,627</u>
CASH FLOWS FROM NONCAPITAL FINANCING			
Intergovernmental	2,500	--	--
Due from other funds	--	--	--
Due to other funds	<u> --</u>	<u> 389,389</u>	<u> (367,703)</u>
Net Cash Provided (Used) by Investing Activities	<u> 2,500</u>	<u> 389,389</u>	<u> (367,703)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING			
Purchase of capital assets	--	--	--
Interest received (paid)	<u> --</u>	<u> --</u>	<u> (1,924)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u> --</u>	<u> --</u>	<u> (1,924)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received (paid)	<u> 3,708</u>	<u> 2,973</u>	<u> --</u>
Net Cash Provided (Used) by Investing Activities	<u> 3,708</u>	<u> 2,973</u>	<u> --</u>
Net Increase (Decrease) in Cash and Cash Equivalents	758,327	(964,128)	--
Cash and Cash Equivalents, Beginning of Year	<u> 684,974</u>	<u> 964,128</u>	<u> 1</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,443,301</u></u>	<u><u>\$ --</u></u>	<u><u>\$ 1</u></u>

continued

COUNTY OF HUMBOLDT

Combining Statement of Cash Flows (continued)
Insurance Funds
For the Year Ended June 30, 2014

	Purchased Insurance Premium	Employee Benefits	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from interfund services provided	\$ 702,732	\$ 425,539	\$ 29,232,431
Cash paid to suppliers for goods and services	(635,329)	(408,156)	(27,769,000)
Cash paid to employees	--	(859)	(416,738)
	<u>67,403</u>	<u>16,524</u>	<u>1,046,693</u>
CASH FLOWS FROM NONCAPITAL FINANCING			
Intergovernmental	--	--	2,500
Due from other funds	--	--	1,000,426
Due to other funds	--	(14,461)	(510,914)
Net Cash Provided (Used) by Investing Activities	<u>--</u>	<u>(14,461)</u>	<u>492,012</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING			
Purchase of capital assets	--	--	(1,477)
Interest received (paid)	--	(1,099)	(3,023)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>--</u>	<u>(1,099)</u>	<u>(4,500)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received (paid)	<u>5,470</u>	--	<u>11,981</u>
Net Cash Provided (Used) by Investing Activities	<u>5,470</u>	<u>--</u>	<u>11,981</u>
Net Increase (Decrease) in Cash and Cash Equivalents	72,873	964	1,546,186
Cash and Cash Equivalents, Beginning of Year	<u>997,765</u>	<u>--</u>	<u>2,663,566</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,070,638</u>	<u>\$ 964</u>	<u>\$ 4,209,752</u>

continued

COUNTY OF HUMBOLDT

Combining Statement of Cash Flows (continued)
Insurance Funds
For the Year Ended June 30, 2014

	<u>Dental</u>	<u>County Insurance</u>	<u>Workers' Compensation</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 476,279	\$ 132,337	\$ 583,862
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	--	1,757	--
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	49	--	--
Prepaid expenses	--	--	--
Increase (decrease) in:			
Payables	(4,581)	(805)	(7)
Accrued salaries and benefits	--	(135)	--
Liability for compensated absences	--	8,754	--
Claims payable	--	--	--
Unearned revenue	--	--	--
Other liabilities	--	--	--
	<u>\$ 471,747</u>	<u>\$ 141,908</u>	<u>\$ 583,855</u>
Net Cash Provided (Used) by Operating Activities			

continued

COUNTY OF HUMBOLDT

Combining Statement of Cash Flows (continued)
Insurance Funds
For the Year Ended June 30, 2014

	<u>Liability</u>	<u>Medical</u>	<u>Unemployment</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 110,506	\$ (128,566)	\$ 369,627
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	2,954	--	--
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(2,360)	(238)	--
Prepaid expenses	--	(142,481)	--
Increase (decrease) in:			
Payables	(10,981)	(1,272,986)	--
Accrued salaries and benefits	--	--	--
Liability for compensated absences	--	--	--
Claims payable	652,000	--	--
Unearned revenue	--	187,781	--
Other liabilities	--	--	--
	<u>\$ 752,119</u>	<u>\$ (1,356,490)</u>	<u>\$ 369,627</u>
Net Cash Provided (Used) by Operating Activities			

continued

COUNTY OF HUMBOLDT

Combining Statement of Cash Flows (continued)
Insurance Funds
For the Year Ended June 30, 2014

	Purchased Insurance Premium	Employee Benefits	Total
	<u> </u>	<u> </u>	<u> </u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 77,896	\$ 5,789	\$ 1,627,730
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	--	--	4,711
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	--	17	(2,532)
Prepaid expenses	--	--	(142,481)
Increase (decrease) in:			
Payables	(1,744)	11,577	(1,279,527)
Accrued salaries and benefits	--	--	(135)
Liability for compensated absences	--	--	8,754
Claims payable	--	--	652,000
Unearned revenue	--	--	187,781
Other liabilities	(8,749)	(859)	(9,608)
	<u>(8,749)</u>	<u>(859)</u>	<u>(9,608)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 67,403</u>	<u>\$ 16,524</u>	<u>\$ 1,046,693</u>