

**COUNTY OF LASSEN
SUSANVILLE, CALIFORNIA**

BASIC FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2016**

**COUNTY OF LASSEN
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016**

TABLE OF CONTENTS

	<u>Page</u>
 <u>FINANCIAL SECTION</u>	
Independent Auditor’s Report	1
Management’s Discussion and Analysis	5
 Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	21
Statement of Activities and Changes in Net Position	22
Fund Financial Statements:	
Governmental Fund Financial Statements:	
Balance Sheet.....	26
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position	29
Statement of Revenues, Expenditures and Changes in Fund Balances.....	30
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Position.....	32
Proprietary Fund Financial Statements:	
Statement of Net Position.....	34
Statement of Revenues, Expenses and Changes in Net Position	35
Statement of Cash Flows.....	36
Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Position	38
Statement of Changes in Fiduciary Net Position.....	39
Notes to the Basic Financial Statements	42

TABLE OF CONTENTS
(Continued)

Page

FINANCIAL SECTION (Continued)

Required Supplementary Information (Unaudited):

Budgets and Budgetary Accounting.....	84
Budgetary Comparison Schedules:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
General Fund.....	85
Road Fund	86
Community Development Fund	87
Welfare Administration Fund.....	88
Welfare Assistance Fund	89
Health and Human Services Fund	90
Public Safety Fund.....	91
County Local Revenue Fund.....	92
Schedule of Funding Progress	93
Proportionate Share of Net Pension Liability – Cost-Sharing Plan	94
Schedule of Contributions – Cost-Sharing Plan.....	95
Schedule of Changes in Net Pension Liability and Related Ratios – Agent Multiple Employer Plan	96
Schedule of Contributions – Agent Multiple Employer Plan.....	97

Supplemental Information:

Non-Major Governmental Funds:

Combining Balance Sheet	102
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	113

Non-Major Enterprise Funds:

Combining Statement of Net Position.....	124
Combining Statement of Revenues, Expenses and Changes in Net Position	125
Combining Statement of Cash Flows	126

Internal Service Funds:

Combining Statement of Net Position.....	128
Combining Statement of Revenues, Expenses and Changes in Net Position	129
Combining Statement of Cash Flows	130



INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
of the County of Lassen
Susanville, 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 Lassen, California (the "County") as of and for the year ended June 30, 2016, 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 County'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 County'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.

677 Scott Avenue
Clovis, CA 93612
tel 559.299.9540
fax 559.299.2344

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 of Lassen, California, as of June 30, 2016, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-18, budgetary comparison information on pages 84-92, schedule of funding progress - other post-employment benefits plan on page 93, proportionate share of net pension liability - cost-sharing plan on page 94, schedule of contributions - cost-sharing plan on page 95, and schedule of changes in net pension liability and related ratios - agent multiple employer plan on page 96, and schedule of contributions - agent multiple plan on page 97, 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 nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2017, 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.

Price Pange & Company

Clovis, California
March 22, 2017

THIS PAGE IS LEFT BLANK INTENTIONALLY.

COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

FINANCIAL HIGHLIGHTS

Government-Wide Financial Analysis:

- The net position of the County at the close of the 2015-16 fiscal year was \$58,396,734. Of the net position, \$27,067,101 is restricted for specific purpose (*restricted net position*), and \$48,609,536 is the net investment in capital assets, net of related debt. This leaves an unrestricted net position of \$(17,279,903), compared to an unrestricted net position in the prior year of \$(17,294,897). The swing in unrestricted net position from positive to negative was caused by the implementation of GASB Statement No. 68, a change in accounting method, which requires recording a future Net Pension Liability. The government's total net position increased by \$6,616,826 in comparison with prior year.

- The County's total non-current liabilities changed in comparison with the prior year as follows:

▪ Compensated absences	\$ 6,890
▪ Claims & judgements payable	254,174
▪ Capital lease	(142,493)
▪ Net pension liability	<u>7,901,346</u>
Total increase of	<u>\$ 8,019,917</u>

The County's investment in capital assets increased by \$6,204,978, the majority of this increase is the purchase of 2950 Riverside and Road construction.

Financial Analysis of County's Funds:

- County governmental funds reported combined fund balance of \$41,781,631, an increase of \$268,517 in comparison with the prior year.

- Of the \$41,781,631, \$5,268,430 is considered to be **non-spendable** - legally or contractually required to be maintained intact; \$26,104,049 is considered to be **restricted** - constrained for a specific purpose by an outside party and is legally enforceable; there is no amount considered formally **committed** by the Board of Supervisors (by resolution); \$4,721,983 is considered **assigned** by the Board of Supervisors or delegated representative in an informal manner (board minutes, budget, purchase order, contract, etc.); and \$5,687,169 is considered **unassigned**.

- The County General Fund had \$0 in assigned fund balance and \$5,823,311 in unassigned fund balance, for a total of \$5,823,311, an equivalent of 67.02% of the total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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 1) assets and deferred outflows of resources, 2) liabilities and deferred inflows of resources, and 3) the difference between them (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 expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or in part a portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education and recreation. The business-type activities of the County include the County Service Area #1 (Honey Lake TV), and County Business Parks.

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

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

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

The County maintains eight individual governmental funds that are considered major funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Road Fund, Health and Human Services Fund, Community Development Fund, Welfare Assistance Fund, Welfare Administration Fund, Public Safety Fund, and the County Local Revenue Fund; data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each non-major governmental fund is provided in the Supplemental Information section of this report.

COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$58,396,734, at the close of the most recent fiscal year.

The largest portion of the County's Government Activities net position, \$48,552,098 reflects its investment in capital assets (e.g. land and easements, structures and improvements, infrastructure, and equipment), less any related debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. On June 30, 2016, the County had \$3,942,988 debt related to capital assets.

An additional portion of the County's Government Activities net position, \$27,067,101, represents resources that are subject to external restrictions on how they may be used. At the end of the current fiscal year, the County reported positive balances in two of the three categories of net position.

**COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The County's Government Activities Net Position increased by \$7,480,829 during the current fiscal year. The net increase in net position includes the reclassification of PILT funds received in June 2015 and June 2016 from unearned revenue-to-revenue, increase in capital assets, and various changes in restricted funds.

In the County's Business-type Activities, the County reported unrestricted net position of \$14,664, an increase of \$2,477. Net investment in capital assets decreased by \$866,480, which includes the transfer of assets from the Business Parks to General Government by the Board of Supervisions.

During the current fiscal year, the County had an overall increase in net position of \$6,616,826. While the investments in capital assets, net of related debt, increased by \$6,204,978, the restricted net position increased by \$2,035,859 and the unrestricted net position increased by \$14,994. It should be noted that the changes in investments in capital assets are primarily related to the purchase of 2950 Riverside Drive and road department projects.

	Governmental Activities		Business-Type Activities		Totals		Variance (%)
	2016	2015	2016	2015	2016	2015	
Current and Other Assets	\$ 45,757,695	\$ 45,069,546	\$ 14,664	\$ 12,187	\$ 45,772,359	\$ 45,081,733	1.53%
Long-Term Receivables	391,703	432,327	-	-	391,703	432,327	-9.40%
Other Post Employment Benefits	246,660	241,401	-	-	246,660	241,401	2.18%
Capital Assets	52,495,086	45,560,640	57,438	923,918	52,552,524	46,484,558	13.05%
Total Assets	<u>98,891,144</u>	<u>91,303,914</u>	<u>72,102</u>	<u>936,105</u>	<u>98,963,246</u>	<u>92,240,019</u>	<u>7.37%</u>
Deferred outflows of resources	4,073,755	2,762,440	-	-	4,073,755	2,762,440	-
Current and Other Liabilities	5,296,390	5,225,076	-	-	5,296,390	5,225,076	1.36%
Long-Term Liabilities	39,295,680	31,275,763	-	-	39,295,680	31,275,763	25.64%
Total Liabilities	<u>44,592,070</u>	<u>36,500,839</u>	<u>-</u>	<u>-</u>	<u>44,592,070</u>	<u>36,500,839</u>	<u>27.01%</u>
Deferred inflows of resources	48,197	8,360,717	-	-	48,197	8,360,717	-99.42%
Net Investment in Capital Assets	48,552,098	41,480,640	57,438	923,918	48,609,536	42,404,558	14.63%
Restricted	27,067,101	25,031,242	-	-	27,067,101	25,031,242	8.13%
Unrestricted	(17,294,567)	(17,307,084)	14,664	12,187	(17,279,903)	(17,294,897)	-0.09%
Total Net Position	<u>\$ 58,324,632</u>	<u>\$ 49,204,798</u>	<u>\$ 72,102</u>	<u>\$ 936,105</u>	<u>\$ 58,396,734</u>	<u>\$ 50,140,903</u>	<u>16.47%</u>

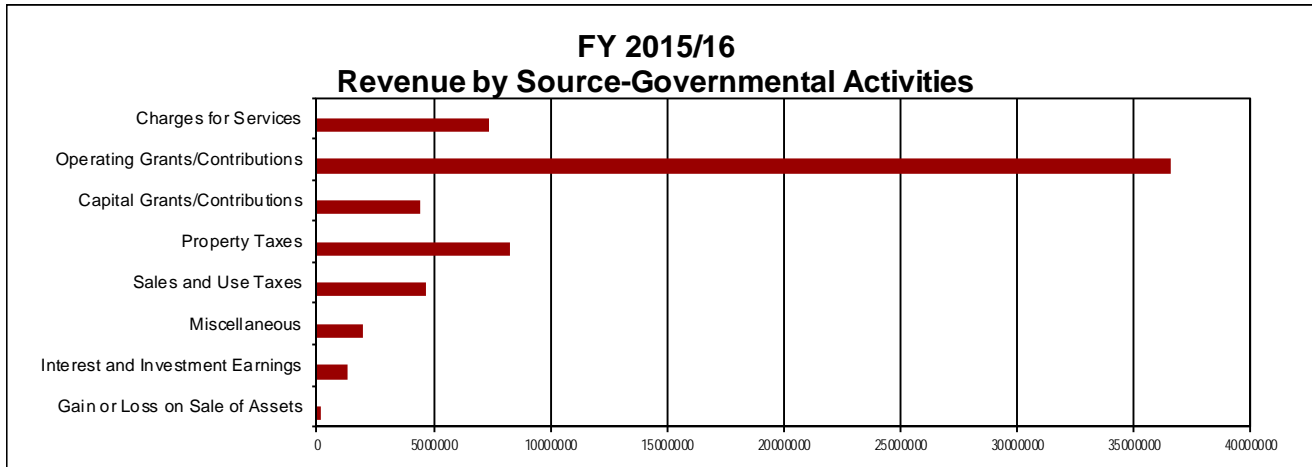
**COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

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

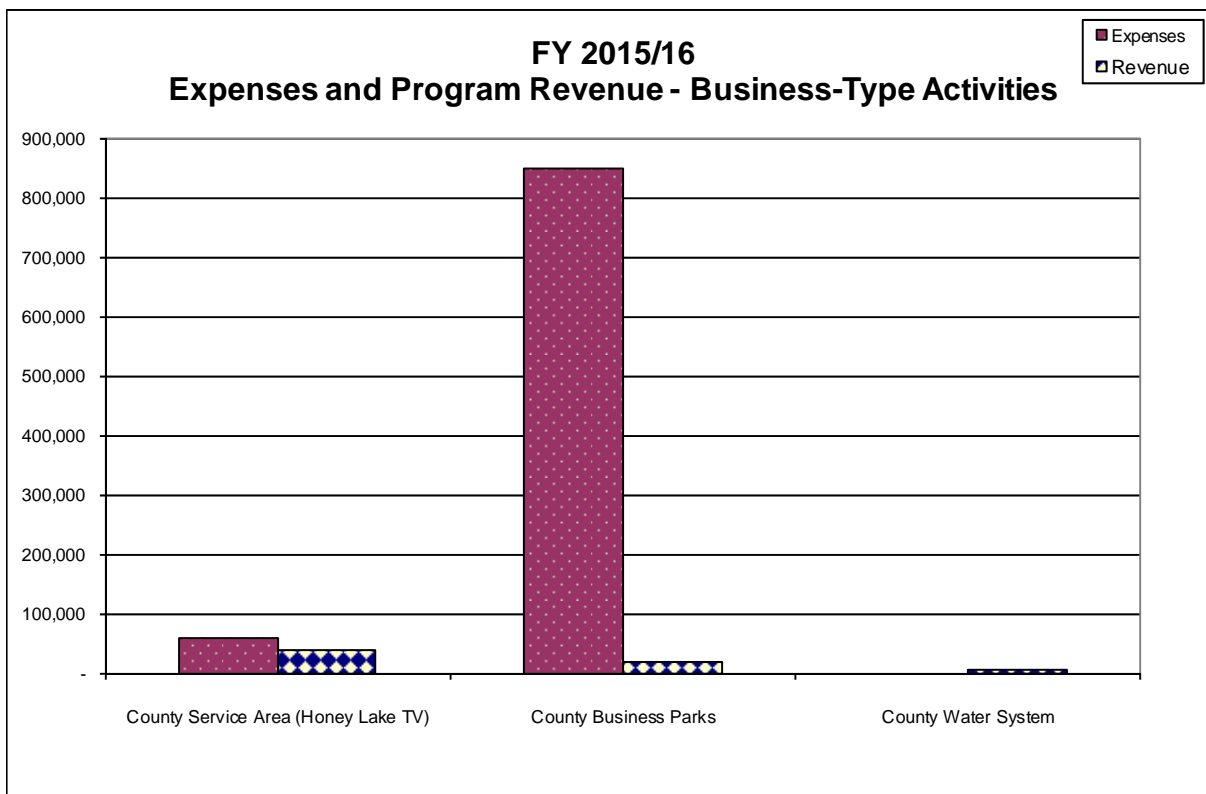
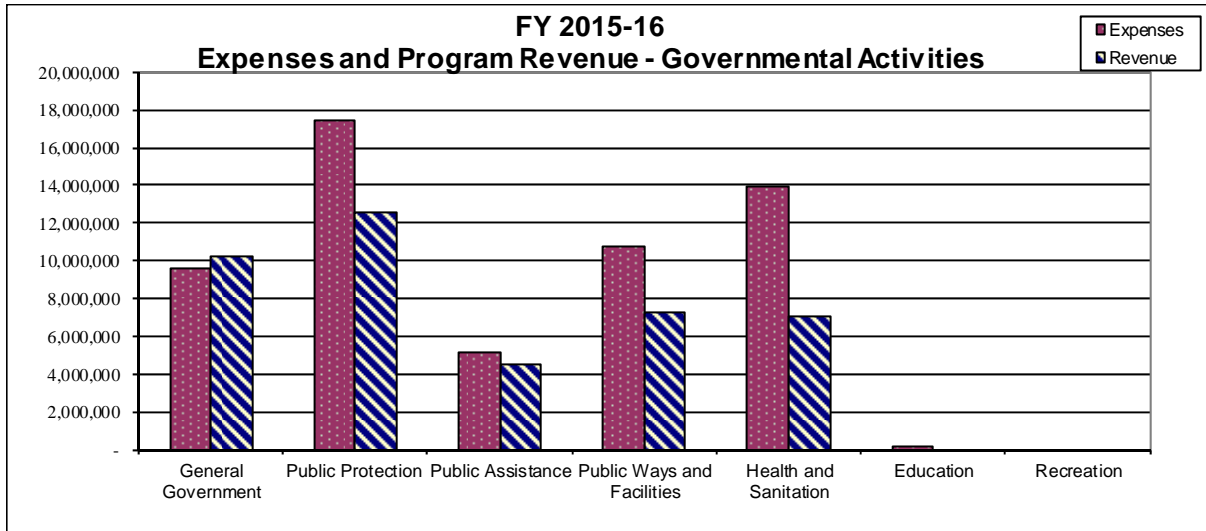
**Statement of Activities
For the Year Ended June 30, 2016**

	Governmental Activities		Business-Type Activities		Totals		Variance (%)
	2016	2015	2016	2015	2016	2015	
Revenues							
Charges for Services	\$ 7,344,203	\$ 7,741,971	\$ 41,695	\$ 64,822	\$ 7,385,898	\$ 7,806,793	-5.4%
Operating Grants/Contributions	36,539,516	33,631,265	-	-	36,539,516	33,631,265	8.6%
Capital Grants/Contributions	4,421,009	342,927	-	-	4,421,009	342,927	1189.2%
Property Taxes	8,290,909	8,083,552	-	-	8,290,909	8,083,552	2.6%
Sales and Use Taxes	4,701,673	3,297,959	-	-	4,701,673	3,297,959	42.6%
Miscellaneous	1,932,377	1,756,842	1,822	39,152	1,934,199	1,795,994	7.7%
Interest and Investment Earnings	1,287,966	773,683	-	-	1,287,966	773,683	66.5%
Gain or Loss on Sale of Assets	180,554	(1,047,491)	564	167	181,118	(1,047,324)	-117.3%
Total Revenues	64,698,207	54,580,708	44,081	104,141	64,742,288	54,684,849	18.4%
Expenses							
General Government	9,623,935	7,843,524	-	-	9,623,935	7,843,524	22.7%
Public Protection	17,427,452	18,159,182	-	-	17,427,452	18,159,182	-4.0%
Public Ways and Facilities	5,161,091	5,770,051	-	-	5,161,091	5,770,051	-10.6%
Health and Sanitation	10,711,640	9,181,413	-	-	10,711,640	9,181,413	16.7%
Public Assistance	13,923,007	14,339,190	-	-	13,923,007	14,339,190	-2.9%
Education	207,053	77,554	-	-	207,053	77,554	167.0%
Recreation	-	111,961	-	-	-	111,961	-100.0%
Interest on long-term debt	163,200	-	-	-	163,200	-	-
County Service Area (Honey Lake TV)	-	-	58,565	57,556	58,565	57,556	1.8%
County Business Parks	-	-	849,519	36,134	849,519	36,134	2251.0%
County Water System	-	-	-	28,204	-	28,204	-100.0%
Total Expenses	57,217,378	55,482,875	908,084	121,894	58,125,463	55,604,769	4.5%
Excess (Deficiency) of Revenues Over (Under) Expenses	7,480,829	(902,167)	(864,003)	(17,753)	6,616,826	(919,920)	-819.3%
Transfers	-	-	-	-	-	-	-
Change in Net Position	7,480,829	(902,167)	(864,003)	(17,753)	6,616,826	(919,920)	-819.3%
Net Position - Beginning (restated)	50,843,803	50,106,965	936,105	953,858	51,779,908	51,060,823	1.4%
Net Position - Ending	\$ 58,324,632	\$ 49,204,798	\$ 72,102	\$ 936,105	\$ 58,396,734	\$ 50,140,903	16.5%



**COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)



**COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

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

**Net Change in Fund Balance
Governmental Funds**

	FY2015/16	FY2014/15	Increase (Decrease)	
			Amount	Percent
Fund Balance - Beginning of Year, restated	\$ 43,152,119	\$ 34,862,098	\$ 8,290,021	23.78%
Revenues	63,358,829	61,508,724	1,850,105	3.01%
Expenditures	(64,918,711)	(55,007,353)	(9,911,358)	18.02%
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,559,882)	6,501,371	(8,061,253)	-123.99%
Other Financing Sources (Uses)	189,394	149,645	39,749	26.56%
Fund Balance - End of Year	<u>\$ 41,781,631</u>	<u>\$ 41,513,114</u>	<u>\$ 268,517</u>	<u>0.65%</u>

At June 30, 2016, the County's governmental funds reported total fund balances of \$41,781,631, an increase of \$268,508 in comparison with the prior year's total ending fund balance. The components of total fund balance are as follows (for more information, see Note 9 – Fund Balances):

- *Non-spendable fund balance*, \$5,268,430, represents amounts that are not in spendable form, or are legally or contractually required to be maintained intact, and are made up of 1) advances and deposits of \$4,569,458; 2) roads inventory of \$686,229, 3) prepaid expenses of \$12,743.
- *Restricted fund balance*, \$26,104,049, consists of amounts with constraints put on their use by externally imposed creditors, grantors, contributions, laws, regulations or enabling legislation. See the table in Note 9 for schedule of restricted funds.
- *Committed fund balance*, none; this would be amounts for specific purposes determined by the Board of Supervisors by resolution.
- *Assigned fund balance*, \$4,721,983, represents amounts designated by the Board of Supervisors or delegated representative in an informal manner (board minutes, budget, purchase order, contract, etc.);
- *Unassigned fund balance*, \$5,687,169, represents the residual classification for the County's General Fund of \$5,823,311 as well as governmental funds where expenditures exceeded the available (or allowable) funds in their respective special revenue funds, including the Community Development of (\$131,745), Fair (\$1,347) and Criminal Justice Facility (\$3,050).

Approximately 87.39%, or \$36,513,201, of the total fund balance is available to meet the County's current and future needs. With the approval of the Board of Supervisors, County management can earmark a portion of the fund balance to a particular function, project or activity, and can also earmark it for purposes beyond the current year, within the constraints applied to the various categories of the fund balance. With the exception of the non-spendable portion, fund balances are available for appropriation at any time.

**COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (continued)

General Fund: The General Fund is the main operating fund of the County. At June 30, 2016, the spendable fund balance consisted of unassigned totaling \$5,823,311 and restricted totaling \$72,969. The County's General Reserve, \$3,174,766, is included in the unassigned fund balance. Including \$4,582,201 in non-spendable funds, the total fund balance reached \$10,478,481, an increase of 17.28% or \$1,537,801 from the prior year (including prior year adjustment for PILT).

As a measure of the General Fund's liquidity, it may be useful to compare both spendable and total fund balance to total fund expenditures. Spendable fund balance represents 32.77% of total General Fund expenditures (including transfers out), while the total fund balance represents 58.24% of total General Fund expenditures and transfers out.

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

Other Government Funds: The other major governmental funds' fund balances changed as follows: Road \$(2,040,134), Health and Human Services \$316,257, Public Safety \$2,632, Community Development \$455,959 Welfare Administration \$830,442, Welfare Assistance \$1,377,282, and County Local Revenue \$629,990. The non-major governmental funds changed by \$(2,841,712).

The following County's governmental funds had deficit fund balances, Fair (\$1,347) and Criminal Justice Facility (\$3,050).

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

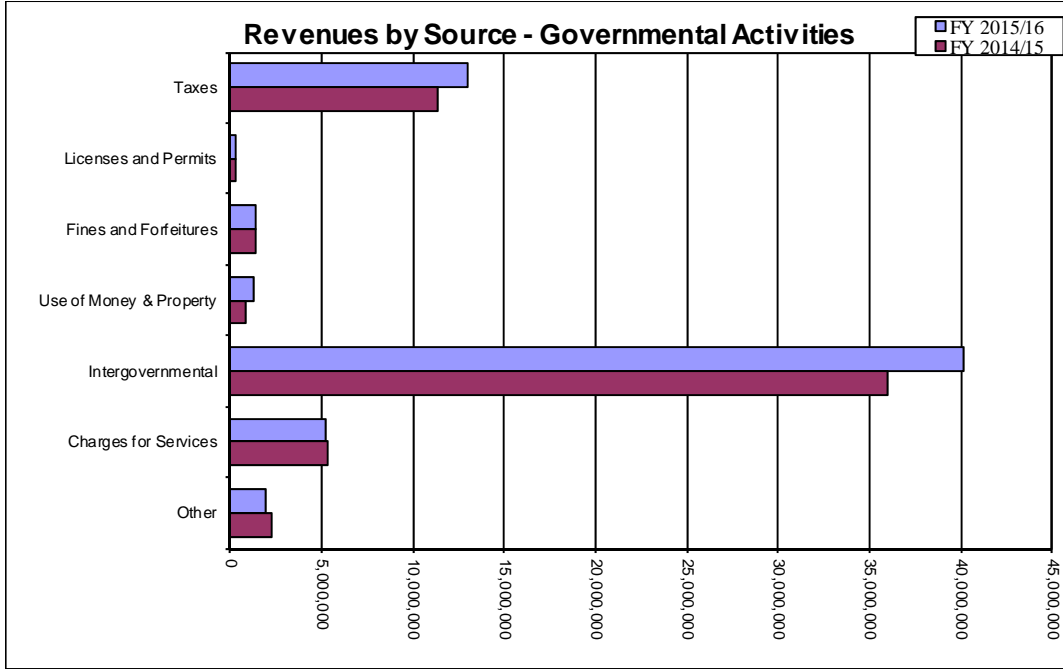
**Revenues Classified by Source
Governmental Funds**

	FY 2015/16		FY 2014/15		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Revenue by Source:						
Taxes	\$ 12,991,891	20.51%	\$ 11,381,510	19.82%	\$ 1,610,381	14.15%
Licenses and Permits	349,722	0.55%	325,453	0.57%	24,269	7.46%
Fines and Forfeitures	1,351,277	2.13%	1,443,208	2.51%	(91,931)	-6.37%
Use of Money and Property	1,312,720	2.07%	796,556	1.39%	516,164	64.80%
Intergovernmental	40,166,631	63.40%	35,942,835	62.59%	4,223,796	11.75%
Charges for Services	5,231,549	8.26%	5,283,897	9.20%	(52,348)	-0.99%
Other	1,955,039	3.09%	2,255,274	3.93%	(300,235)	-13.31%
Total	\$ 63,358,829	100.00%	\$ 57,428,733	100.00%	\$ 5,930,096	10.33%

**COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (continued)

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.

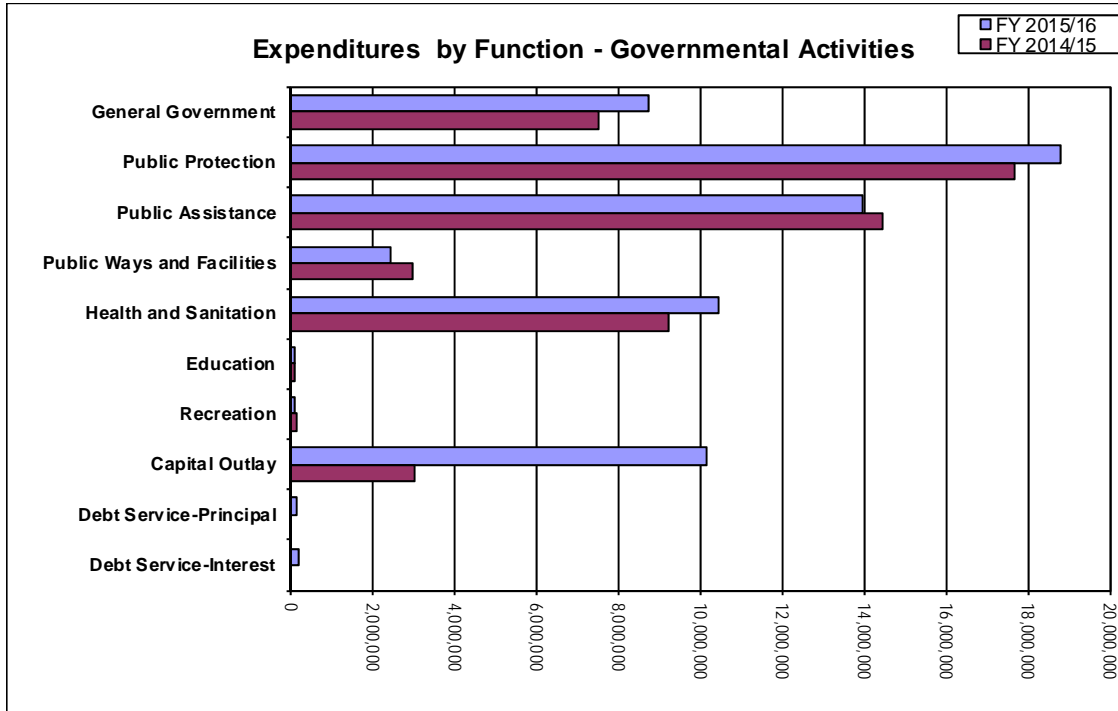
**Expenditures Classified by Function
Governmental Funds**

	FY 2015/16		FY 2014/15		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Expenditures by Function:						
General Government	\$ 8,730,718	13.45%	\$ 7,511,685	13.66%	\$ 1,219,033	16.23%
Public Protection	18,774,542	28.92%	17,683,410	32.15%	1,091,132	6.17%
Public Assistance	13,932,119	21.46%	14,443,338	26.26%	(511,219)	-3.54%
Public Ways and Facilities	2,428,921	3.74%	2,975,464	5.41%	(546,543)	-18.37%
Health and Sanitation	10,450,691	16.10%	9,194,488	16.72%	1,256,203	13.66%
Education	81,108	0.12%	81,527	0.15%	(419)	-0.51%
Recreation	58,774	0.09%	105,832	0.19%	(47,058)	-44.46%
Capital Outlay	10,161,624	15.65%	3,011,609	5.47%	7,150,015	237.42%
Debt Service-Principal	137,014	0.21%	-	0.00%	137,014	0.00%
Debt Service-Interest	163,200	0.25%	-	0.00%	163,200	0.00%
Total	\$ 64,918,711	100.00%	\$ 55,007,353	100.00%	\$ 9,911,358	18.02%

**COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (continued)

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



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

**Other Financing Sources (Uses)
Governmental Funds**

	FY2015/16	FY2014/15	Increase (Decrease)	
			Amount	Percent
Transfers In	\$ 22,474,467	\$ 22,893,798	\$ (419,331)	-1.83%
Transfers Out	(22,474,467)	(22,893,798)	419,331	-1.83%
Net Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -

**COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (continued)

**Special Items
Governmental Funds**

	FY2015/16	FY2014/15	Increase (Decrease)	
			Amount	Percent
Extraordinary Revenue	\$ -	\$ -	\$ -	0.00%
Extraordinary Expenditures	-	-	-	0.00%
Net Special Items	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>0.00%</u>

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

Enterprise funds report the business-type activities of the County. Enterprise funds are used to account for County Service Area #1 (Honey Lake TV) and County Business Parks. It is to be noted that the County Business Parks was closed and all assets transferred to the County Government Funds during FY 2015-16.

**Net Change in Fund Balances
Enterprise Funds**

	FY2015/16	FY2014/15	Increase (Decrease)	
			Amount	Percent
Total Net Position - Beginning	\$ 936,105	\$ 953,858	\$ (17,753)	-1.86%
Revenues	43,517	66,131	(22,614)	-34.20%
Expenditures	(103,507)	(96,894)	(6,613)	6.82%
Operating Income (Loss)	(59,990)	(30,763)	(29,227)	95.01%
Non-Operating Revenues (Expenses)	(804,013)	13,010	(817,023)	-6279.96%
Change Net Position	(864,003)	(17,753)	(846,250)	4766.80%
Fund Balance - Ending	<u>\$ 72,102</u>	<u>\$ 936,105</u>	<u>\$ (864,003)</u>	<u>-92.30%</u>

The net position of the enterprise funds decreased (\$864,003). Operating revenues decreased (34.2%) while operating expenses increased by 6.82%. The County Business Parks' operation was closed and assets transferred to the County General Government in FY 2015-16

**COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (continued)

Internal service funds are an accounting device to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for information technology services and vehicle maintenance.

**Net Change in Fund Balances
Internal Service Funds**

	FY2015/16	FY2014/15	Increase (Decrease)	
			Amount	Percent
Total Net Position - Beginning	\$ 1,140,619	\$ 934,515	\$ 206,104	22.05%
Revenues	1,575,458	1,593,059	(17,601)	-1.10%
Expenditures	(1,245,077)	(1,410,845)	165,768	-11.75%
Operating Income (Loss)	330,381	182,214	148,167	81.31%
Non-Operating Revenues (Expenses)	24,168	23,888	280	1.17%
Change Net Position	354,549	206,102	148,447	72.03%
Fund Balance - Ending	\$ 1,495,168	\$ 1,140,617	\$ 354,551	31.08%

Unrestricted net position of the internal service funds at June 30, 2016 was \$940,262. Net investment in capital assets was \$554,906.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

Differences between the General Fund original budget and the final amended budget resulted in a projected \$1,210 net increase in fund balance.

Even with these adjustments, actual expenditures and transfers were \$2,557,572 below final budgeted appropriation amounts. Resources available for appropriation were \$925,155 under the final budgeted resource amounts.

**COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

GENERAL FUND BUDGETARY HIGHLIGHTS (continued)

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

**Budgetary Comparison
General Fund**

	Original Budget	Final Budget	Net Change	
			Amount	Percent
Total Revenues	\$ 18,524,779	\$ 18,529,779	\$ 5,000	0.03%
Total Expenditures	(9,710,110)	(9,703,900)	6,210	-0.06%
Other Financing Sources (Uses)	(10,549,500)	(10,559,500)	(10,000)	0.09%
Net Change in Fund Balances	<u>\$ (1,734,831)</u>	<u>\$ (1,733,621)</u>	<u>\$ 1,210</u>	<u>-0.07%</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	\$ 18,529,779	\$ 17,604,624	\$ (925,155)	-4.99%
Total Expenditures	(9,703,900)	(8,688,918)	1,014,982	-10.46%
Other Financing Sources (Uses)	(10,559,500)	(9,016,910)	1,542,590	-14.61%
Net Change in Fund Balances	<u>\$ (1,733,621)</u>	<u>\$ (101,204)</u>	<u>\$ 1,632,417</u>	<u>-94.16%</u>

**COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

CAPITAL ASSETS

The County's total investment in capital assets as of June 30, 2016 amounted to \$48,552,098 net of accumulated depreciation and related debt. This investment in a broad range of capital assets includes land, infrastructure (roads and bridges), structures and improvements, and equipment. In June 2015, the County entered into a Capital Lease for the amount of the \$4,080,000, which is securitized by the juvenile hall building, the balance as of June 30, 2016 is \$3,942,988.

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

	Capital Assets					
	Governmental Activities		Business-Type Activities		Totals	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Land	\$ 2,575,419	\$ 2,256,100	\$ -	\$ 317,519	\$ 2,575,419	\$ 2,573,619
Structures and Improvements	23,191,020	21,446,552	-	802,390	23,191,020	22,248,942
Equipment	15,840,149	14,857,569	395,172	389,783	16,235,321	15,247,352
Infrastructure	66,062,682	64,532,517	-	-	66,062,682	64,532,517
Construction in Progress	8,593,213	2,040,474	-	39,440	8,593,213	2,079,914
Total	116,262,483	105,133,212	395,172	1,549,132	116,657,655	106,682,344
Accumulated Depreciation	(63,767,397)	(59,572,572)	(337,734)	(625,214)	(64,105,131)	(60,197,786)
Net Capital Assets	<u>\$ 52,495,086</u>	<u>\$ 45,560,640</u>	<u>\$ 57,438</u>	<u>\$ 923,918</u>	<u>\$ 52,552,524</u>	<u>\$ 46,484,558</u>

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

	Additions	Transfers	Retirements (Net)	Prior Year Adjustments	Current Year Depreciation	Net Change
Land	\$ 1,800	\$ 317,519	\$ -	\$ -	-	\$ 319,319
Construction in Progress	6,985,095	(432,356)	-	-	-	6,552,739
Infrastructure	1,058,362	471,796	1	-	(2,416,906)	(886,747)
Structures and Improvements	942,075	497,618	(2)	-	(656,027)	783,664
Equipment	1,240,975	-	(8,841)	-	(1,066,663)	165,471
Totals	<u>\$ 10,228,307</u>	<u>\$ 854,577</u>	<u>\$ (8,842)</u>	<u>\$ -</u>	<u>\$ (4,139,596)</u>	<u>\$ 6,934,446</u>

LONG-TERM LIABILITIES

The long-term liabilities of the County include liabilities for compensated absences, insurance claims, capital leases and net pension liability. At June 30, 2016, the County had total long-term liabilities of \$42,059,131 of which \$2,763,451 will be due within one year and \$39,295,680 will be due beyond one year.

REQUEST FOR INFORMATION

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

THIS PAGE IS LEFT BLANK INTENTIONALLY.

**COUNTY OF LASSEN
STATEMENT OF NET POSITION
JUNE 30, 2016**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 34,046,119	\$ 14,664	\$ 34,060,783
Imprest cash	7,530	-	7,530
Deposits with others	4,569,458	-	4,569,458
Interest receivable	220,252	-	220,252
Accounts receivable	158,269	-	158,269
Due from other governmental entities	6,057,095	-	6,057,095
Prepaid expense	12,743	-	12,743
Inventory	686,229	-	686,229
Long-term receivables, net of allowances	391,703	-	391,703
Other post-employment benefit surplus	246,660	-	246,660
Capital assets:			
Nondepreciable	11,168,632	-	11,168,632
Depreciable, net	41,326,454	57,438	41,383,892
Total assets	<u>98,891,144</u>	<u>72,102</u>	<u>98,963,246</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pensions	4,073,755	-	4,073,755
Total deferred outflows of resources	<u>4,073,755</u>	<u>-</u>	<u>4,073,755</u>
LIABILITIES			
Accounts payable	1,081,290	-	1,081,290
Salaries and benefits payable	840,299	-	840,299
Due to other governmental entities	516,394	-	516,394
Unearned revenue	94,956	-	94,956
Capital lease - due within one year	142,494	-	142,494
Compensated absences - due within one year	830,762	-	830,762
Claims and judgment payable - due within one year	1,790,195	-	1,790,195
Noncurrent liabilities:			
Compensated absences - due in more than one year	276,920	-	276,920
Claims and judgment payable - due in more than one year	1,790,195	-	1,790,195
Capital lease - due in more than one year	3,800,494	-	3,800,494
Net pension liability	33,428,071	-	33,428,071
Total liabilities	<u>44,592,070</u>	<u>-</u>	<u>44,592,070</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pensions	48,197	-	48,197
Total deferred inflows from pensions	<u>48,197</u>	<u>-</u>	<u>48,197</u>
NET POSITION			
Net investment in capital assets	48,552,098	57,438	48,609,536
Restricted	27,067,101	-	27,067,101
Unrestricted	(17,294,567)	14,664	(17,279,903)
Total net position	<u>\$ 58,324,632</u>	<u>\$ 72,102</u>	<u>\$ 58,396,734</u>

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

COUNTY OF LASSEN
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Total
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government	\$ 9,623,935	\$ 4,698,743	\$ 3,822,599	\$ 854,577	\$ 9,375,919
Public protection	17,427,452	1,065,518	13,666,691	36,809	14,769,018
Public ways and facilities	5,161,091	67,831	3,702,555	3,529,623	7,300,009
Health and sanitation	10,711,640	1,167,084	6,731,720	-	7,898,804
Public assistance	13,923,007	345,027	8,595,951	-	8,940,978
Education	207,053	-	-	-	-
Recreation and culture	-	-	20,000	-	20,000
Interest on long-term debt	163,200	-	-	-	-
Total governmental activities	57,217,378	7,344,203	36,539,516	4,421,009	48,304,728
Business-type activities:					
County service area (Honey Lake TV)	58,565	39,074	-	-	39,074
County business park	849,519	2,621	-	-	2,621
Total business-type activities	908,084	41,695	-	-	41,695
Total primary government	\$ 58,125,463	\$ 7,385,898	\$ 36,539,516	\$ 4,421,009	\$ 48,346,423

General revenues:

Taxes:

Property taxes

Sales and use taxes

Miscellaneous

Unrestricted interest and investment earning

Gain on sale of assets

Total general revenues and transfers

Change in net position

Net position - beginning of year (restated)

Net position - end of year

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

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (248,016)	\$ -	\$ (248,016)
(2,658,434)	-	(2,658,434)
2,138,918	-	2,138,918
(2,812,836)	-	(2,812,836)
(4,982,029)	-	(4,982,029)
(207,053)	-	(207,053)
20,000	-	20,000
<u>(163,200)</u>	<u>-</u>	<u>(163,200)</u>
<u>(8,912,650)</u>	<u>-</u>	<u>(8,912,650)</u>
-	(19,491)	(19,491)
<u>-</u>	<u>(846,898)</u>	<u>(846,898)</u>
-	(866,389)	(866,389)
<u>(8,912,650)</u>	<u>(866,389)</u>	<u>(9,779,040)</u>
8,290,909	-	8,290,909
4,701,673	-	4,701,673
1,932,377	1,822	1,934,199
1,287,966	564	1,288,530
<u>180,554</u>	<u>-</u>	<u>180,554</u>
<u>16,393,479</u>	<u>2,386</u>	<u>16,395,865</u>
7,480,829	(864,003)	6,616,826
<u>50,843,803</u>	<u>936,105</u>	<u>51,779,908</u>
<u>\$ 58,324,632</u>	<u>\$ 72,102</u>	<u>\$ 58,396,734</u>

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

THIS PAGE IS LEFT BLANK INTENTIONALLY.

FUND FINANCIAL STATEMENTS

**COUNTY OF LASSEN
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016**

	Major Funds			
	General	Road Fund	Community Development	Welfare Admin.
ASSETS				
Cash and investments	\$ 5,542,488	\$ 1,963,803	\$ 1,476,305	\$ 1,890,228
Imprest cash	-	100	-	-
Deposits with others	4,569,458	-	-	-
Due from other governmental entities	71,862	1,332,149	-	705,560
Due from other funds	290,125	-	-	-
Interest receivable	220,252	-	-	-
Accounts receivable	28,021	-	16,864	-
Prepaid expenses	12,743	-	-	-
Inventory	-	686,229	-	-
Long-term receivables, net of allowances	-	-	391,703	-
Total assets	<u>\$ 10,734,949</u>	<u>\$ 3,982,281</u>	<u>\$ 1,884,872</u>	<u>\$ 2,595,788</u>
LIABILITIES				
Accounts payable	\$ 25,735	\$ 636,986	\$ -	\$ 2,075
Accrued salaries	180,949	71,850	3,885	104,927
Due to other governmental entities	49,784	-	-	16,975
Due to other funds	-	-	-	-
Total liabilities	<u>256,468</u>	<u>708,836</u>	<u>3,885</u>	<u>123,977</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	408,568	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>408,568</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Nonspendable:				
Advances and deposits	4,569,458	-	-	-
Prepaid expenses	12,743	-	-	-
Inventory	-	686,229	-	-
Restricted	72,969	2,587,216	1,604,164	2,471,811
Assigned	-	-	-	-
Unassigned	5,823,311	-	(131,745)	-
Total fund balances	<u>10,478,481</u>	<u>3,273,445</u>	<u>1,472,419</u>	<u>2,471,811</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 10,734,949</u>	<u>\$ 3,982,281</u>	<u>\$ 1,884,872</u>	<u>\$ 2,595,788</u>

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

Major Funds					
Welfare Assistance	Health and Human Services	Public Safety	County Local Revenue Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ 2,466,623	\$ 5,832,210	\$ 854,062	\$ 1,334,695	\$ 11,152,914	\$ 32,513,328
-	3,469	3,961	-	-	7,530
-	-	-	-	-	4,569,458
178,053	1,295,536	208,216	720,812	1,544,907	6,057,095
-	-	-	-	34,260	324,385
-	-	-	-	-	220,252
-	-	42,965	-	70,419	158,269
-	-	-	-	-	12,743
-	-	-	-	-	686,229
-	-	-	-	-	391,703
<u>\$ 2,644,676</u>	<u>\$ 7,131,215</u>	<u>\$ 1,109,204</u>	<u>\$ 2,055,507</u>	<u>\$ 12,802,500</u>	<u>\$ 44,940,992</u>
\$ -	\$ 9,547	\$ 30,394	\$ -	\$ 373,202	\$ 1,077,939
-	151,981	191,090	17,533	109,860	832,075
-	165,955	8,080	256,329	19,271	516,394
-	-	-	13,560	310,825	324,385
-	327,483	229,564	287,422	813,158	2,750,793
-	-	-	-	-	408,568
-	-	-	-	-	408,568
-	-	-	-	-	4,569,458
-	-	-	-	-	12,743
-	-	-	-	-	686,229
2,644,676	6,803,732	-	1,768,085	8,151,396	26,104,049
-	-	879,640	-	3,842,343	4,721,983
-	-	-	-	(4,397)	5,687,169
<u>2,644,676</u>	<u>6,803,732</u>	<u>879,640</u>	<u>1,768,085</u>	<u>11,989,342</u>	<u>41,781,631</u>
<u>\$ 2,644,676</u>	<u>\$ 7,131,215</u>	<u>\$ 1,109,204</u>	<u>\$ 2,055,507</u>	<u>\$ 12,802,500</u>	<u>\$ 44,940,992</u>

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

THIS PAGE IS LEFT BLANK INTENTIONALLY.

**COUNTY OF LASSEN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016**

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

Total fund balances - government funds	\$ 41,781,631
Loans receivable and other long-term receivables are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	408,568
Capital assets used in governmental activities were not current financial resources; therefore, they were not reported in the governmental funds balance sheet.	51,940,180
Pension related deferrals are reported as deferred outflows and inflows of resources on the statement of net position.	4,018,001
Internal service funds were used by the County to charge the cost of fleet services and telephone services to individual funds. The assets and liabilities of the internal service funds were included in governmental activities in the government-wide statement of net position.	1,495,168
Long-term liabilities were not due and payable in the current period; therefore, they were not reported in the governmental funds balance sheet.	
Other post-employment benefit surplus	246,660
Compensated absences	(1,107,682)
Claims liability	(3,580,390)
Long-term capital-related debt	(3,942,988)
Net pension liability	(32,934,516)
Total net position - governmental activities	\$ 58,324,632

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

COUNTY OF LASSEN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Major Funds			
	General	Road Fund	Community Development	Welfare Admin.
REVENUES				
Taxes	\$ 8,925,433	\$ -	\$ -	\$ -
Licenses and permits	331,584	11,792	-	-
Intergovernmental	4,335,121	7,232,135	-	4,670,110
Charges for services	2,716,563	56,039	1,788	255
Fines and forfeitures	665,837	-	-	-
Use of money and property	184,768	61,733	172,269	35,206
Other revenues	<u>445,318</u>	<u>44,967</u>	<u>824</u>	<u>104,361</u>
Total revenues	<u>17,604,624</u>	<u>7,406,666</u>	<u>174,881</u>	<u>4,809,932</u>
EXPENDITURES				
Current:				
General government	6,004,598	-	-	-
Public protection	2,367,907	-	-	-
Public ways and facilities	-	2,398,092	-	-
Health and sanitation	-	-	-	-
Public assistance	167,965	-	200,393	6,625,058
Education	81,108	-	-	-
Recreation and culture	35,648	-	-	-
Capital outlay	31,692	7,238,102	-	54,956
Debt service:				
Principal	-	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>8,688,918</u>	<u>9,636,194</u>	<u>200,393</u>	<u>6,680,014</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,915,706</u>	<u>(2,229,528)</u>	<u>(25,512)</u>	<u>(1,870,082)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	189,394	-	-
Transfers in	284,981	-	481,471	2,700,524
Transfers out	<u>(9,301,891)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(9,016,910)</u>	<u>189,394</u>	<u>481,471</u>	<u>2,700,524</u>
Net change in fund balances	(101,204)	(2,040,134)	455,959	830,442
Fund balances - beginning of year (restated)	<u>10,579,685</u>	<u>5,313,579</u>	<u>1,016,460</u>	<u>1,641,369</u>
Fund balances - end of year	<u>\$ 10,478,481</u>	<u>\$ 3,273,445</u>	<u>\$ 1,472,419</u>	<u>\$ 2,471,811</u>

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

Major Funds					
Welfare Assistance	Health and Human Services	Public Safety	County Local Revenue Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 89,215	\$ -	\$ 3,977,243	\$ 12,991,891
-	4,255	1,110	-	981	349,722
3,735,474	3,857,456	1,641,873	7,568,155	7,126,307	40,166,631
-	1,515,866	426,607	-	514,431	5,231,549
-	11,483	26,616	-	647,341	1,351,277
17,188	120,022	14,638	9,300	697,596	1,312,720
96,575	50,464	547,411	821	664,298	1,955,039
<u>3,849,237</u>	<u>5,559,546</u>	<u>2,747,470</u>	<u>7,578,276</u>	<u>13,628,197</u>	<u>63,358,829</u>
-	-	555,360	-	2,170,760	8,730,718
-	222,386	10,117,601	703,192	5,363,456	18,774,542
-	-	-	-	30,829	2,428,921
-	7,562,123	-	-	2,888,568	10,450,691
6,013,179	669,859	-	-	255,665	13,932,119
-	-	-	-	-	81,108
-	-	-	-	23,126	58,774
-	-	110,340	-	2,726,534	10,161,624
-	-	-	-	137,014	137,014
-	-	-	-	163,200	163,200
<u>6,013,179</u>	<u>8,454,368</u>	<u>10,783,301</u>	<u>703,192</u>	<u>13,759,152</u>	<u>64,918,711</u>
<u>(2,163,942)</u>	<u>(2,894,822)</u>	<u>(8,035,831)</u>	<u>6,875,084</u>	<u>(130,955)</u>	<u>(1,559,882)</u>
-	-	-	-	-	189,394
3,620,491	3,705,406	8,038,463	-	3,643,131	22,474,467
(79,267)	(494,327)	-	(6,245,094)	(6,353,888)	(22,474,467)
<u>3,541,224</u>	<u>3,211,079</u>	<u>8,038,463</u>	<u>(6,245,094)</u>	<u>(2,710,757)</u>	<u>189,394</u>
1,377,282	316,257	2,632	629,990	(2,841,712)	(1,370,488)
<u>1,267,394</u>	<u>6,487,475</u>	<u>877,008</u>	<u>1,138,095</u>	<u>14,831,054</u>	<u>43,152,119</u>
<u>\$ 2,644,676</u>	<u>\$ 6,803,732</u>	<u>\$ 879,640</u>	<u>\$ 1,768,085</u>	<u>\$ 11,989,342</u>	<u>\$ 41,781,631</u>

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

COUNTY OF LASSEN
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Amounts reported for governmental activities in the statement of activities and changes in net position are different because:

Net change in fund balances - governmental funds \$ (1,370,488)

Governmental funds reported capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the costs of those assets were allocated over their estimated useful lives as depreciation expense.

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 asset adjustments.	10,161,624	
Less current year disposal	(8,840)	
Less current year depreciation recorded in the government-wide financial statements.	<u>(3,845,606)</u>	
		6,307,178

Capital contribution on dissolution of enterprise fund 854,770

Changes to net pension liability and pension related deferred outflows and inflows of resources do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. 1,781,677

Revenues that have not met the revenue recognition criteria in the fund financial statements are recognized as revenue in the government-wide financial statements. This amount represents the change in deferred revenue from the prior year. (53,221)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Capital leases 137,014

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

Change in compensated absences	(27,561)
Change in other postemployment benefits	5,259
Change in claim liabilities	(508,348)

Internal service funds were used by management to charge the costs of certain activities to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities. 354,549

Change in net position of governmental activities \$ 7,480,829

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

PROPRIETARY FUND FINANCIAL STATEMENTS

**COUNTY OF LASSEN
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016**

	<u>Business-Type Activities Enterprise Funds Non-Major Funds</u>	<u>Governmental Activities Internal Service Funds</u>
ASSETS		
Current assets:		
Cash and investments	\$ 14,664	\$ 1,532,791
Total current assets	<u>14,664</u>	<u>1,532,791</u>
Noncurrent assets:		
Capital assets:		
Depreciable, net	57,438	554,906
Total noncurrent assets	<u>57,438</u>	<u>554,906</u>
Total assets	<u>72,102</u>	<u>2,087,697</u>
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows from pensions	<u>-</u>	<u>55,754</u>
Total deferred outflows of resources	<u>-</u>	<u>55,754</u>
 LIABILITIES		
Current liabilities:		
Accounts payable	-	3,351
Unearned revenue	-	94,956
Salaries and benefits payable	<u>-</u>	<u>8,224</u>
Total current liabilities	<u>-</u>	<u>106,531</u>
Noncurrent liabilities:		
Net pension liability	<u>-</u>	<u>493,555</u>
Total noncurrent liabilities	<u>-</u>	<u>493,555</u>
Total liabilities	<u>-</u>	<u>600,086</u>
 DEFERRED INFLOWS OF RESOURCES		
Deferred inflows from pensions	<u>-</u>	<u>48,197</u>
Total deferred inflows of resources	<u>-</u>	<u>48,197</u>
 NET POSITION		
Net investment in capital assets	57,438	554,906
Unrestricted	<u>14,664</u>	<u>940,262</u>
Total net position	<u>\$ 72,102</u>	<u>\$ 1,495,168</u>

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

COUNTY OF LASSEN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Business-Type Activities Enterprise Funds Nonmajor Funds	Governmental Activities Internal Service Funds
Operating revenues:		
Charges for services	\$ 41,695	\$ 1,573,753
Other revenue	1,822	1,705
Total operating revenues	43,517	1,575,458
Operating expenses:		
Salaries and benefits	-	335,817
Services and supplies	86,215	615,274
Depreciation	17,292	293,986
Total operating expenses	103,507	1,245,077
Operating income (loss)	(59,990)	330,381
Nonoperating revenues (expenses):		
Interest income	564	19,046
Gain (loss) on disposal of assets	(804,577)	5,122
Total nonoperating revenues (expenses)	(804,013)	24,168
Change in net position	(864,003)	354,549
Net position, beginning of year	936,105	1,140,619
Net position, end of year	\$ 72,102	\$ 1,495,168

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

**COUNTY OF LASSEN
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	Business-Type Activities Enterprise Funds	Governmental Activities
	Nonmajor Funds	Internal Service Funds
Cash flows from operating activities:		
Cash received from customers	\$ 43,517	\$ -
Cash received from interfund services provided	-	1,670,414
Cash payments to suppliers for goods and services	(86,215)	(615,271)
Cash paid to employees for services	-	(276,144)
Net cash provided by (used) for operating activities	(42,698)	778,999
Cash flows from noncapital financing activities:		
Advances to/from other funds	(20,000)	-
Net cash provided by (used) for noncapital financing activities	(20,000)	-
Cash flows from capital and related financing activities:		
Proceeds from sale of assets	50,000	5,122
Payments related to the acquisition of capital assets	(5,388)	(66,683)
Net cash provided by (used) for capital and related financing activities	44,612	(61,561)
Cash flows from investing activities:		
Interest received	564	19,046
Net cash provided by (used) for investing activities	564	19,046
Net increase (decrease) in cash and cash equivalents	(17,522)	736,484
Cash and cash equivalents, beginning of year	32,186	796,307
Cash and cash equivalents, end of year	\$ 14,664	\$ 1,532,791
Reconciliation of operating income (loss) to net cash provided by (used) for operating activities:		
Operating income (loss)	\$ (59,990)	\$ 330,381
Adjustments to reconcile operating income (loss) to net cash provided by (used) for operating activities:		
Depreciation	17,292	293,986
Changes in assets and liabilities:		
(Increase)/decrease in deferred outflows of resources for pensions	-	(15,341)
Increase/(decrease) in unearned revenue	-	54,956
Increase/(decrease) in accrued salaries	-	488
Increase/(decrease) in net pension liability	-	176,881
Increase/(decrease) in deferred inflows of resources for operational revenue	-	40,000
Increase/(decrease) in deferred inflows of resources for pensions	-	(102,352)
Net cash provided by (used) for operating activities	\$ (42,698)	\$ 778,999

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

FIDUCIARY FUND FINANCIAL STATEMENTS

**COUNTY OF LASSEN
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2016**

	<u>Investment Trust</u>	<u>Agency Funds</u>
ASSETS		
Cash and investments	\$ 41,633,672	\$ 12,444,779
Taxes receivable	<u>-</u>	<u>3,636,729</u>
Total assets	<u>41,633,672</u>	<u>16,081,508</u>
LIABILITIES		
Agency obligations	<u>-</u>	<u>16,081,508</u>
Total liabilities	<u>-</u>	<u>\$ 16,081,508</u>
NET POSITION		
Held in trust for investment pool participants	<u>\$ 41,633,672</u>	

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

**COUNTY OF LASSEN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	Investment Trust
ADDITIONS	
Contributions	\$ 87,553,218
Revenue from use of money and property	558,305
Total additions	88,111,523
DEDUCTIONS	
Distributions from pooled investment	79,650,855
Total deductions	79,650,855
Change in net position	8,460,668
Net position, beginning of year	33,173,004
Net position, end of year	\$ 41,633,672

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

THIS PAGE IS LEFT BLANK INTENTIONALLY.

NOTES TO THE BASIC FINANCIAL STATEMENTS

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Financial Reporting Entity

The accounting methods and procedures adopted by the County conform to generally accepted accounting principles as applied to governmental entities. These financial statements present the government and its component units, entities for which the government is considered to be financially accountable.

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 data from these units are combined with the data of the County. Each component has a June 30 year-end.

Blended Component Units

The Lassen County 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 July 1, 1998. The Corporation's Board of Directors members are named by designated county elected or appointed position held, per the Corporation's bylaws. The Corporation has no other members and has no employees.

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 TPB Investments, Inc. c/o Western Alliance Bank. The Corporation's financial activity is presented in the financial statements as the Debt Service Fund. Capital Assets acquired or constructed by the Corporation are included in the Statement of Net Position-Governmental Activities column.

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

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting and Measurement Focus

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below. The accounting policies of the County conform to GAAP in the United States for local governmental units. The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purpose of which they are to be spent and means by which spending activities are controlled.

Government-Wide Financial Statements

The County's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental and business-type activities for the County accompanied by a total column. Fiduciary activities of the County are not included in these statements.

These basic financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the County's net position and liabilities, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Certain types of transactions are reported as program revenues for the County in three categories:

- Fees, fines, and charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column, if any. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following interfund activities have been eliminated:

- Due to and from other funds
- Advances to and from other funds
- Transfers in and out

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. The County has presented all major funds that met the applicable criteria.

The County reports the following major governmental funds:

General Fund accounts for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as legislative and administrative, personnel, finance, counselor, elections, and property management.

Road Fund accounts for all revenues and expenditures necessary to carry out basic governmental activities of the County that relate to public thoroughways not accounted for through other funds.

Community Development Fund, also known as Economic Development, is used to account for monies received from State and Federal governments and loaned by the County to individuals and businesses to encourage economic growth.

Welfare Administration Fund accounts for all revenue and expenditures necessary to carry out basic governmental activities of the County that relate to Social Services programs, including social services administration, general relief, protective and community services.

Welfare Assistance Fund accounts for all revenue and expenditures necessary to carry out basic governmental activities of the County related to social services programs including CalWORKS and Foster Care.

Health and Human Services Fund accounts for all revenues and expenditures necessary to carry out basic governmental activities of the County that relate to health programs, children's programs and veterans services, such as public health, mental health, veterans services, public guardian, and drug and alcohol programs.

Public Safety Fund accounts for all revenues and expenditures necessary to carry out basic governmental activities of the County that relate to Public Safety, such as police protection, detention, public defender, and district attorney.

County Local Revenue Fund accounts for funding activity associated with 2011 Public Safety Realignment and shall be used exclusively for public safety services as defined in statute.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Governmental Fund Financial Statements (Continued)

Revenues are recognized when “measurable” and “available”. Measurable means knowing or being able to reasonably estimate the amount. Available means having been earned and collectible within the current period or within 60 days after year-end for property tax revenues, and 180 days after year-end with limited exceptions extending the availability period for certain grant revenues. Expenditures (including capital outlay) are recorded when the related liability is incurred, except for debt service expenditures (principal and interest), as well as expenditures related to compensated absences, which are reported when due.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

Unavailable revenue arises when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the unavailable/unearned revenue is removed from the balance sheet and revenue is recognized.

Reconciliations of the Fund Financial Statements to the Government-Wide Financial Statements are provided to explain the differences created by the integrated approach of GASB Statement No. 34.

Proprietary Fund Financial Statements

The County reports the following proprietary funds:

Enterprise Funds are used to report an activity for which a fee is charged to external users for goods and services. The County’s enterprise funds include County Service Area #1, which provides telecommunication services and county business parks.

Internal Service Funds account for vehicle fleet maintenance and information technology operations that provide services to other departments or agencies of the County, or to other governments, on a cost reimbursement basis.

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows. The County has no major proprietary funds.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting and Measurement Focus (Continued)

Proprietary Fund Financial Statements (Continued)

The County reports the following Fiduciary Funds:

Investment Trust Funds account for the external portion of the County Treasurer's investment pool, which commingles resources of legally separate local governments within the County, in an investment portfolio for the benefit of all participants. These entities include school and community college districts, special districts that are governed by local boards, regional boards and authorities. The County separately maintains the entities' monies in individual funds; these funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.

Agency Funds are custodial in nature and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to entities at some future time. These funds account for assets held by the County in an agency capacity for other government units.

Fiduciary fund financial statements include a Statement of Fiduciary Net Position for Investment Trust Funds and all Agency Funds, and a Statement of Changes in Fiduciary Net Position for the Investment Trust Fund.

C. Cash, Cash Equivalents and Investments

The County follows the practice of pooling cash and investments of all funds except for funds required to be held by outside fiscal agents. Each fund type's portion of this pool is displayed on the combined balance sheet as cash and investments. Investments are stated at fair market value

For purposes of the statement of cash flows of the proprietary fund types, cash and cash equivalents include all investments, as the County operates an internal cash management pool which maintains the general characteristics of a demand deposit account.

D. Receivables

Receivables consist mostly of amounts due from other government agencies. Management believes its receivables are fully collectible except for its long-term receivables on the Community Development Housing loans. It is the County's policy (with the exception of Community Development) to only record receivables as revenue at year-end and to verify those receivables are collected within 60 days. Any receivables noted that are expected to be received after 60 days are recorded as unavailable revenue in the governmental fund financial statements.

E. Deposits with Others

Deposits with others consist of deposits with Trindel Insurance Fund of \$4,569,458.

F. Inventory

Inventory is valued at cost. Road inventory consists of road supplies, fuel and various consumable items. The consumption method of accounting is used. The cost is recorded as an expenditure at the time individual inventory items are used. In governmental funds, reported inventories are equally offset by their categorization as "nonspendable" fund balances.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Capital Assets

Capital assets (including infrastructure and intangibles) 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 assets consisting of roads, bridges, buildings, equipment, water/sewer systems, lighting systems, 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 financial statements and proprietary funds.

Easement and right-a-way costs are included in the cost of the structure or infrastructure with which they are associated.

The estimated useful lives are as follows:

Infrastructure	5-50 years
Structures and improvements	7-40 years
Equipment	3-10 years

H. Compensated Absences

In the governmental funds, compensated absences (unpaid vacation and other compensatory time off) are recorded as expenditures in the year paid. The County's policy is to liquidate any unpaid vacation at June 30 from future resources rather than current available expendable resources, so the entire unpaid liability for the governmental funds is recorded in the government-wide financial statements.

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

I. Revenue Recognition - Property Taxes

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

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

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Revenue Recognition - Property Taxes (Continued)

The Teeter Plan allows the County to allocate secured and utility property taxes to jurisdictions, including the County, at 100% of the billed amount rather than the actual tax collection. The County collects all future delinquent tax payments, penalties and interest. Special tax assessments are not included in the Teeter Plan.

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

J. Interfund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reports as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". In the governmental funds financial statements, the noncurrent advances between funds are offset by a corresponding nonspendable portion of fund balance to indicate that they are not available for appropriation and are not expendable available financial resources.

K. Use of 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.

L. Net Position/Fund Balances

In the Government-Wide Financial Statements, net position is classified in the following categories:

Net Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction or improvement of the assets.

Restricted - This amount is restricted by external creditors, grantors, contributors, or laws or regulations of government.

Unrestricted - This amount is unrestricted by external creditors, grantors, contributors, or laws or regulations of governments. Unrestricted net position represents all resources that do not meet the definition of net investment in capital assets or restricted net position as defined above.

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned, or unassigned based primarily on the extent to which the County is bound to honor constraints on how specific amounts can be spent.

Nonspendable fund balance - amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Position/Fund Balances (Continued)

Restricted fund balance – amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance – amounts that can only be used for specific purposes determined by formal action of the County's highest level or decision-making authority (the Board of Supervisors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

Assigned fund balance – amounts that are constrained by the County's *intent* to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose. This is also the classification for residual funds in the County's special revenue funds.

Unassigned fund balance – the residual classification for the County's General Fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The County has established a fund within the General Fund known as the General Reserve. The intended use of the fund is to have resources available for future budgetary and cash flow needs. For the period ending June 30, 2016, the General Reserve is included as part of the unassigned fund balance of the General Fund.

The Board of Supervisors establishes, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done in conjunction with 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 committed, assigned, and unassigned resources as needed.

M. Pensions

In government-wide financial statements, pensions are recognized and disclosed using the accrual basis of accounting (see Note 10 and the RSI section immediately following the notes to financial statements), regardless of the amount recognized as pension expenditures on the modified accrual basis of accounting. The County recognizes a net pension liability for each qualified pension plan in which it participates, which represents the excess of the total pension liability over the fiduciary net position of the qualified pension plan, measured as of the County's fiscal year-end or the County's proportionate share thereof in the case of a cost-sharing multiple-employer plan. Changes in the net pension liability during the period are recorded as pension expense, or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change, in the period incurred. Those changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants including retirees, in the respective qualified pension plan and recorded as a component of pension expense beginning with the period in which they arose. Projected earnings on qualified pension plan investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 - CASH AND INVESTMENTS

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

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

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

The County has established a treasury oversight committee to monitor and review the management of public funds maintained by the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The oversight committee and the Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the Board of Supervisors every month. The report covers the type of investments in the pool, maturity dates, par value, actual costs and fair value.

At June 30, 2016, total County cash and investments (excluding imprest funds of \$7,530) were as follows:

Cash:

Cash on hand	\$ 2,963
Cash in U.S. Bank	14,206,609
Outside Treasurer's Pool-EBT Account	246,400
Less outstanding warrants	<u>(2,266,730)</u>
Total deposits	<u>12,189,242</u>

Investments:

In Treasurer's Pool	<u>75,949,992</u>
Total investments	<u>75,949,992</u>
Total cash and investments	<u><u>\$ 88,139,234</u></u>

Total cash and investments at June 30, 2016 were presented on the County's financial statements as follows:

Cash and investments in the Treasurer's Pool:

Primary government	\$ 34,060,783
Investment trust fund	41,633,672
Agency funds	<u>12,444,779</u>
Total cash and investments	<u><u>\$ 88,139,234</u></u>

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 - CASH AND INVESTMENTS (Continued)

The carrying amounts of the County's cash deposits were \$12,189,242 at June 30, 2016. Bank balances as of June 30, 2016 were \$14,453,009 which were fully insured and collateralized with securities held by the pledging financial institutions in the County's name as discussed in the following.

The California Government Code (Code) requires California banks and savings and loan associations to secure the County's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the County's name.

The market value of pledged securities must equal at least 110% of the County's cash deposits. California law also allows institutions to secure County deposits by pledging first trust deed mortgage notes having a value of 150% of the County's total cash deposits. The County may waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The County, however, has not waived the collateralization requirements.

A. 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, and concentration risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Issued by Lassen County	5 years	10%	No limit
U.S. Treasury Obligations	5 years	No limit	No limit
Obligations to the State of California	1 year	10%	No limit
Other local agency bonds, notes or warrants	1 year	10%	No limit
		70% or 40%	
Federal agency obligations	5 years	callable issues	50%
Banker's acceptances	180 days	40%	10%
Commercial paper	180 days	40%	10%
Negotiable certificates of deposit	1 year	30%	10%
Medium-term corporate notes	5 years	30%	10%
Money Market Mutual Funds	N/A	20%	10%
Local Agency Investment Fund	N/A	No limit	\$50M
Other local government pools	N/A	No limit	No limit

The County may also hold securities for the purpose of collateralizing its deposits in accordance with Sections 53651 and 53652 of the Government Code.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 - CASH AND INVESTMENTS (Continued)

A. Investments (Continued)

At June 30, 2016, the County had the following investments:

<u>Investment Type</u>	<u>Interest Rates</u>	<u>Maturities</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Percent of Portfolio</u>
Certificates of Deposit	0.6%-2.1	10/17/16 - 4/12/21	\$ 4,665,000	\$ 4,746,763	6.25%
Corporate	1.0-3.25%	5/3/18 - 3/1/21	9,175,210	9,273,467	12.21%
Federal Agency Issues - Coupon	0.72%-1.715%	6/24/16 - 8/28/21	32,694,316	32,975,093	43.42%
Municipal	1.905-2.617%	5/15/19 - 11/1/20	2,501,758	2,556,003	3.37%
US Treasury	.625%-1.25%	10/15/16 - 10/31/18	4,195,313	4,237,516	5.58%
LAIF	0.46%	On demand	22,161,150	22,161,150	29.18%
			<u>\$ 75,392,747</u>	<u>\$ 75,949,992</u>	<u>100.00%</u>

B. 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.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 to 2</u>	<u>2 to 3</u>	<u>3 to 4</u>	<u>4 to 5</u>
Certificates of Deposit	\$ 4,746,763	\$ -	\$ -	\$ 472,578	\$ 496,588	\$ 3,777,597
Corporates	9,273,467	-	-	251,668	2,326,597	6,695,202
Federal Agency Issues - Coupon	32,975,093	-	-	4,012,420	16,305,512	12,657,161
Municipal	2,556,003	-	-	-	257,805	2,298,198
US Treasury	4,237,516	-	-	200,156	4,037,360	-
LAIF	22,161,150	22,161,150	-	-	-	-
Total	<u>\$ 75,949,992</u>	<u>\$ 22,161,150</u>	<u>\$ -</u>	<u>\$ 4,936,822</u>	<u>\$ 23,423,861</u>	<u>\$ 25,428,159</u>

C. Credit Risk

State law and the County's Investment Policy limit investments in commercial paper to the rating of A1 by Standard & 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.

D. Concentrations of Credit Risk

At June 30, 2016, in accordance with State law and the County's Investment Policy, the County did not have 5% or more of its net investment in commercial paper, corporate bonds or medium term notes of a single organization, nor did it have 10% or more of its net investment in any one money market mutual fund. Investments in obligations of the U.S. governments, U.S. governmental agencies, or government-sponsored enterprises are exempt from these limitations.

At June 30, 2016, the County held its net investments in obligations of certificates of deposits (6.25%), corporate bonds (12.21%), federal agency issues (43.42%), municipal obligations (3.37%), US Treasury (5.58%), and the Local Agency Investment Fund (29.18%). These investments are not violations of state law or the investment policy, but are required disclosures for financial reporting.

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 2 - CASH AND INVESTMENTS (Continued)

D. Concentrations of Credit Risk (Continued)

The following is a summary of the credit quality distribution and concentration or credit risk by investment type as a percentage of the County Investment Pool's fair value at June 30, 2016:

	Credit Quality Ratings		% of Portfolio
	Moody's	S&P	
Certificates of Deposit	Aaa	AAA	6.25%
Corporate Bonds	A1	A-	12.21%
Federal Agency Issues - Coupon	AGY	AA+	43.42%
Municipal	Aa3	AA-	3.37%
US Treasury	TSY	TSY	5.58%
Local Agency Investment Fund	Not Rated	Not Rated	29.18%
Total			100.00%

E. 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.

F. Local Agency Investment Fund

The County is a participant in the Local Agency Investment Fund (LAIF) which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Local Investment Advisory Board (LAIF Board) has oversight responsibility for LAIF. The LAIF Board consists of five members designated by State statute.

Investments in LAIF are available on demand and are reported at fair value. At June 30, 2016, the County had \$22,161,150 invested in LAIF. That total amount invested by all public agencies in LAIF on that day was \$22.7 billion.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 - CASH AND INVESTMENTS (Continued)

G. County Investment Pool Summary

The following represents a summary of net position and changes in net position for the Treasurer's Investment Pool as of June 30, 2016:

Statement of Net Position:

Net position held for pool participants	\$ 88,139,234
Equity of internal investment pool participants	\$ 34,060,783
Equity of external investment pool participants	54,078,451
Total net position	\$ 88,139,234

Statement of Changes in Net Position:

Investment earnings	\$ 1,306,616
Investment expenses	(123,549)
Net distribution to pool participants	6,620,579

Increase (decrease) in net position 7,803,646

Total net position:

Beginning of year	80,335,588
End of year	\$ 88,139,234

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2 - CASH AND INVESTMENTS (Continued)

H. Investments Valuation

The County categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The County does not have any investments that are measured using Level 1 or Level 3 inputs. Fair value measurements of the County's investments are as follows at June 30, 2016:

<u>Investments by Fair Value Level</u>	<u>Fair Value</u>	<u>Level 2 Inputs</u>
Debt Securities:		
Certificates of Deposit	\$ 4,746,763	\$ 4,746,763
Corporate bonds	9,273,467	9,273,467
Federal Agency Issues - Coupon	32,975,093	32,975,093
Municipal	2,556,003	2,556,003
US Treasury	4,237,516	4,237,516
	<u>53,788,842</u>	<u>\$ 53,788,842</u>
<u>Unclassified Investments</u>		
 LAIF	 <u>22,161,150</u>	
 Total Investments	 <u>\$ 75,949,992</u>	

NOTE 3 - RECEIVABLES

Management believes its receivables are fully collectible except for its long-term receivables on loans recorded in the Community and Economic Development, a major fund. At June 30, 2016, the gross amount of these receivables was \$975,953, including current portion of \$16,864 classified as accounts receivable, and the allowance for uncollectible accounts was \$584,250, which resulted in a net amount of \$408,567.

<u>Loan Type</u>	<u>Balance as of June 30, 2016</u>
HUD - Home 93	\$ 15,857
CDBG - 317 Rev	34,406
HUD - Home 94	86,923
CDBG - 89 RLF	271,381
	<u>408,567</u>
 Total loans receivable	 <u>\$ 408,567</u>

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 - CAPITAL ASSETS

A. Government-Wide Financial Statements

Capital assets activity of the governmental activities for the year ended June 30, 2016 was as follows:

	Balance June 30, 2015	Additions	Retirements & Adjustments	Transfers	Balance June 30, 2016
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 2,256,100	\$ 1,800	\$ -	\$ 317,519	\$ 2,575,419
Construction in progress	2,040,474	6,985,095	-	(432,356)	8,593,213
Total capital assets, not being depreciated	4,296,574	6,986,895	-	(114,837)	11,168,632
Capital assets, being depreciated:					
Infrastructure	64,532,517	1,058,362	7	471,796	66,062,682
Structures and improvements (includes leasehold improvements)	21,446,552	942,075	3	802,390	23,191,020
Equipment	14,857,569	1,240,975	(258,395)	-	15,840,149
Total capital assets, being depreciated	100,836,638	3,241,412	(258,385)	1,274,186	105,093,851
Less accumulated depreciation for:					
Infrastructure	(35,706,994)	(2,416,906)	(6)	-	(38,123,906)
Structures and improvements (includes leasehold improvements)	(11,816,450)	(656,027)	(5)	(304,772)	(12,777,254)
Equipment	(12,049,128)	(1,066,663)	249,554	-	(12,866,237)
Total accumulated depreciation	(59,572,572)	(4,139,596)	249,543	(304,772)	(63,767,397)
Total capital assets, being depreciated, net	41,264,066	(898,184)	(8,842)	969,414	41,326,454
Governmental activities capital assets, net	\$ 45,560,640	\$ 6,088,711	\$ (8,842)	\$ 854,577	\$ 52,495,086

Depreciation expense was charged to governmental functions as follows:

General government	\$ 510,909
Public protection	505,312
Public ways and facilities	2,737,774
Health and sanitation	50,008
Public assistance	41,607
Internal service funds	293,986
Total	<u>\$ 4,139,596</u>

Depreciation on capital assets held by the County's internal service funds is charged to the various functions based on their usage of the assets.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4 - CAPITAL ASSETS (Continued)

A. Government-Wide Financial Statements (Continued)

Capital assets activity of the business-type activities for the year ended June 30, 2016 was as follows:

	Balance June 30, 2015	Additions	Retirements	Retirements	Balance June 30, 2016
Business-Type Activities					
Capital assets, not being depreciated:					
Construction in progress	\$ 39,440	\$ -	\$ -	\$ (39,440)	\$ -
Land	317,519	-	-	(317,519)	-
Total capital assets, not being depreciated	<u>356,959</u>	<u>-</u>	<u>-</u>	<u>(356,959)</u>	<u>-</u>
Capital assets, being depreciated					
Structures and improvements	802,390	-	-	(802,390)	-
Equipment	389,783	5,389	-	-	395,172
Total capital assets, being depreciated	<u>1,192,173</u>	<u>5,389</u>	<u>-</u>	<u>(802,390)</u>	<u>395,172</u>
Less accumulated depreciation for:					
Structures and improvements	(304,772)	-	-	304,772	-
Equipment	(320,442)	(17,292)	-	-	(337,734)
Total accumulated depreciation	<u>(625,214)</u>	<u>(17,292)</u>	<u>-</u>	<u>304,772</u>	<u>(337,734)</u>
Total capital assets, being depreciated, net	<u>566,959</u>	<u>(11,903)</u>	<u>-</u>	<u>(497,618)</u>	<u>57,438</u>
Business-type activities capital assets, net	<u>\$ 923,918</u>	<u>\$ (11,903)</u>	<u>\$ -</u>	<u>\$ (854,577)</u>	<u>\$ 57,438</u>

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

County Service Area (Honey Lake TV)	<u>\$ 17,292</u>
Total	<u><u>\$ 17,292</u></u>

On June 28, 2016 by Resolution 16-032, the County Board of Supervisor's move to close Enterprise Fund 588, County Business Parks, and transfer its net capital assets, of \$854,577, to general government. The tables above show the transfer as a decrease to business-type activities capital assets and increase in the governmental activities in their respective transfer columns.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 5 - LONG-TERM DEBT

The following is a summary of long-term liability transactions for the year ended June 30, 2016:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Due Within One Year	Due in More Than One Year
Governmental Activities:						
Compensated absences	\$ 1,080,121	\$ 27,561	\$ -	\$ 1,107,682	\$ 830,762	\$ 276,920
Claims liability	3,072,042	508,348	-	3,580,390	1,790,195	1,790,195
Capital lease	4,080,000	-	(137,012)	3,942,988	142,494	3,800,494
Total long-term liabilities	<u>\$ 8,232,163</u>	<u>\$ 535,909</u>	<u>\$ (137,012)</u>	<u>\$ 8,631,060</u>	<u>\$ 2,763,451</u>	<u>\$ 5,867,609</u>

Claims liability has typically been liquidated from the General Fund. Compensated absences are generally liquidated by the General Fund. The capital lease is the responsibility of the General Fund.

NOTE 6 - LEASE COMMITMENTS

A. Operating Leases

The County is committed under various non-cancelable operating leases for office buildings. The minimum future lease commitments on these leases are as follows:

Year Ending June 30,	Principal
2017	\$ 569,869
2018	402,045
2019	267,952
Total	<u>\$ 1,239,866</u>

Rent expenditures were \$590,410 for the year ended June 30, 2016.

B. Capital Leases

On June 4, 2015, the County entered into a twenty-year capital lease agreement under which the related building would become the property of the County at the end of the lease agreement.

The following is a summary of the County's capital lease agreement as of June 30, 2016:

	Stated Interest Rate	Present Value of Remaining payments as of June 30, 2016
Juvenile Hall	4% \$	3,942,988

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6 - LEASE COMMITMENTS (Continued)

B. Capital Leases (Continued)

As of June 30, 2016, future minimum lease payments under capital leases was as follows:

	<u>Year Ending June 30:</u>			
	2017	\$	300,214	
	2018		300,214	
	2019		300,214	
	2020		300,214	
	2021		300,214	
	2021-2015		1,501,070	
	2016-2030		1,501,070	
	2031-2035		1,200,849	
Total Future Minimum Lease Payments			5,704,059	
Less: Interest			(1,761,071)	
Present Value of Minimum Lease Payments		\$	3,942,988	

NOTE 7 - INTERFUND TRANSACTIONS

A. Interfund Receivables/Payables

Interfund receivables and payables represent borrowing between funds and regular services and supplies provided but not settled at year-end. The composition of interfund balances as of June 30, 2016 was as follows:

Due to/from Other Funds

Between Funds within the Governmental Activities

Current interfund balances arise in the normal course of operations and are expected to be repaid shortly after the end of the fiscal year.

<u>Due to Other Funds</u>	<u>Due from Other Funds</u>			
	<u>Non-Major Governmental Funds</u>			
	<u>General</u>	<u>Capital Projects</u>	<u>Probation Fund</u>	<u>Total</u>
Major Fund:				
County Local Revenue Fund	\$ -	\$ -	\$ 13,560	\$ 13,560
Non-Major Governmental Funds:				
Accumulated Capital Outlay	-	20,700	-	20,700
CCF Equipment Replacement Fund	40,818	-	-	40,818
Prison Trial Program	161,422	-	-	161,422
DA Contracts Fund	31,020	-	-	31,020
Fair	52,000	-	-	52,000
Criminal Justice Facility Construction	3,050	-	-	3,050
Narcotics Task Force Fund	1,815	-	-	1,815
Total	\$ 290,125	\$ 20,700	\$ 13,560	\$ 324,385

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 7 - INTERFUND TRANSACTIONS (Continued)

A. Interfund Receivables/Payables (Continued)

Transfers In/Out

Between Funds within the Governmental Activities

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

Transfers Out	Transfers In									
	Major Funds					Non-Major Governmental Funds				Total
General	Community Development	Welfare Admin.	Welfare Assistance	Health and Human Services	Public Safety	Special Revenue	Capital Projects	Debt		
Major Funds:										
General	\$ -	\$ 8,988	\$ 532,065	\$ 160,000	\$ 155,988	\$ 6,287,556	\$ 1,747,794	\$ 400,000	\$ 9,500	\$ 9,301,891
Welfare Assistance	-	-	-	-	79,267	-	-	-	-	79,267
Health and Human Services	21,844	472,483	-	-	-	-	-	-	-	494,327
County Local Revenue	-	-	1,456,646	2,390,631	1,316,430	556,199	225,188	200,000	100,000	6,245,094
Non-Major Governmental Funds:										
Special Revenue	263,137	-	711,813	1,069,860	2,153,721	1,194,708	197,949	-	192,000	5,783,188
Capital Projects	-	-	-	-	-	-	400,000	170,700	-	570,700
Total	\$ 284,981	\$ 481,471	\$ 2,700,524	\$ 3,620,491	\$ 3,705,406	\$ 8,038,463	\$ 2,570,931	\$ 770,700	\$ 301,500	\$ 22,474,467

Between Governmental and Business-Type Activities

There were no transfers between governmental and business-type activities during the fiscal year ended June 30, 2016.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 8 - DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The County has pension related items that qualify to be reported in deferred outflows of resources. The pension related deferred outflows of resources are described in detail in Note 10.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of items that qualify for reporting in this category and they are unavailable revenues and pension deferrals.

- Unavailable revenues arise only under a modified accrual basis of accounting and is reported only in the governmental funds balance sheet. Deferred inflows of resources reported in the governmental funds for unavailable revenues are as follows:

	Unavailable	Total
Community Development:		
Long-Term Receivables	\$ 408,568	\$ 408,568
Total	\$ 408,568	\$ 408,568

- The County has pension related items that qualify to be reported in deferred inflows of resources and deferred outflows of resources, which are described in detail in Note 10.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9 - FUND BALANCES

A detailed schedule of fund balances at June 30, 2016 was as follows:

	General	Roads	Community Develop.	Welfare Admin.	Welfare Assistance	Health and Human Services	Public Safety	County Local Revenue	Non-Major Governmental	Total
Nonspendable:										
Advances and Deposits	\$ 4,569,458	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,569,458
Prepaid Expenses	12,743	-	-	-	-	-	-	-	-	12,743
Inventory	-	686,229	-	-	-	-	-	-	-	686,229
Total Nonspendable Fund Balance	4,582,201	686,229	-	-	-	-	-	-	-	5,268,430
Restricted:										
Purpose of Fund	-	2,587,216	1,604,164	2,471,811	2,644,676	6,803,732	-	1,768,085	-	17,879,684
Self-Insurance	72,969	-	-	-	-	-	-	-	-	72,969
Fish and Game	-	-	-	-	-	-	-	-	347	347
Mental Health Services Act	-	-	-	-	-	-	-	-	2,394,615	2,394,615
Aviation	-	-	-	-	-	-	-	-	180,185	180,185
TCF/Bailiff	-	-	-	-	-	-	-	-	179,815	179,815
Supplemental Law Enforcement	-	-	-	-	-	-	-	-	128,574	128,574
Vital Statistics	-	-	-	-	-	-	-	-	77,357	77,357
Recorder Micrographics	-	-	-	-	-	-	-	-	161,493	161,493
Recorder Modernization	-	-	-	-	-	-	-	-	146,146	146,146
Recorder AB130	-	-	-	-	-	-	-	-	24,903	24,903
Inmate Welfare - State	-	-	-	-	-	-	-	-	55,987	55,987
Inmate Welfare - County	-	-	-	-	-	-	-	-	146,732	146,732
Narcotics Asset Forfeiture	-	-	-	-	-	-	-	-	35,268	35,268
Narcotics Task Force	-	-	-	-	-	-	-	-	111,080	111,080
Property Tax Delinquent Costs	-	-	-	-	-	-	-	-	13,804	13,804
Bieber Lighting District	-	-	-	-	-	-	-	-	29,537	29,537
Lassen-Modoc Flood Control	-	-	-	-	-	-	-	-	133,803	133,803
Geothermal	-	-	-	-	-	-	-	-	252,575	252,575
Mental Health Realignment	-	-	-	-	-	-	-	-	955,452	955,452
Social Services Realignment	-	-	-	-	-	-	-	-	1,402,811	1,402,811
Public Health Realignment	-	-	-	-	-	-	-	-	877,707	877,707
County Children's Fund	-	-	-	-	-	-	-	-	36,234	36,234
USDA Title III	-	-	-	-	-	-	-	-	237,511	237,511
Child Support	-	-	-	-	-	-	-	-	91,219	91,219
Courthouse Construction	-	-	-	-	-	-	-	-	478,241	478,241
Total Restricted Fund Balance	72,969	2,587,216	1,604,164	2,471,811	2,644,676	6,803,732	-	1,768,085	8,151,396	26,104,049
Assigned to Purpose of Fund:										
Prison Trial Program	-	-	-	-	-	-	879,640	-	37,055	916,695
DA Contract	-	-	-	-	-	-	-	-	5,795	5,795
Sheriff Contracts	-	-	-	-	-	-	-	-	124,092	124,092
HHS Contracts	-	-	-	-	-	-	-	-	29,333	29,333
General Contract - PTA	-	-	-	-	-	-	-	-	248,738	248,738
Cemetery	-	-	-	-	-	-	-	-	150,247	150,247
Emergency Services	-	-	-	-	-	-	-	-	143,661	143,661
Natural Resources	-	-	-	-	-	-	-	-	88,305	88,305
Tobacco Settlement Fund	-	-	-	-	-	-	-	-	2,048	2,048
Loss Prevention Fund	-	-	-	-	-	-	-	-	37,376	37,376
Probation Fund	-	-	-	-	-	-	-	-	420,251	420,251
Capital Improvements	-	-	-	-	-	-	-	-	8,190	8,190
Capital Improvements Lease	-	-	-	-	-	-	-	-	1,690,551	1,690,551
Accumulated Capital Outlay	-	-	-	-	-	-	-	-	770,670	770,670
Fairgrounds Improvements	-	-	-	-	-	-	-	-	80,188	80,188
CCF Equipment Replacement Fund	-	-	-	-	-	-	-	-	4,584	4,584
Debt Service	-	-	-	-	-	-	-	-	1,259	1,259
Total Assigned Fund Balance	-	-	-	-	-	-	879,640	-	3,842,343	4,721,983
Unassigned:										
Criminal Justice Facility Const	-	-	-	-	-	-	-	-	(3,050)	(3,050)
Fair	-	-	-	-	-	-	-	-	(1,347)	(1,347)
Unassigned	2,648,545	-	(131,745)	-	-	-	-	-	-	2,516,800
General Reserve	3,174,766	-	-	-	-	-	-	-	-	3,174,766
Total Unassigned Fund Balance	5,823,311	-	(131,745)	-	-	-	-	-	(4,397)	5,687,169
Total Fund Balances	\$ 10,478,481	\$ 3,273,445	\$ 1,472,419	\$ 2,471,811	\$ 2,644,676	\$ 6,803,732	\$ 879,640	\$ 1,768,085	\$ 11,989,342	\$ 41,781,631

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 10 - PENSION PLANS

AGENT MULTIPLE EMPLOYER PLANS

A. General Information

Plan Descriptions - All qualified permanent and probationary employees are eligible to participate in the County's Miscellaneous Plan, agent multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan is established by State statute and County resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for Miscellaneous Plan are applied as specified by the Public Employees' Retirement Law.

The Public Employees' Pension Reform Act of 2013 (PEPRA) requires new benefits and member contributions for new members as defined by PEPRA, that are hired after January 1, 2013. Pursuant to PEPRA, the Miscellaneous Plan is closed to new entrants as of January 1, 2013.

The Plans' provisions and benefits in effect at June 30, 2016 are summarized as follows:

	Miscellaneous		
	1st Tier	2nd Tier	PEPRA
Hire date	Prior to January 1, 2011	January 1, 2011 thru December 31, 2012	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 63	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.092% to 2.418%	1.000% to 2.500%
Required employee contribution rates	7.000%	7.000%	6.250%
Required employer contribution rates	13.631%	13.631%	13.631%

Employees Covered - At June 30, 2016, the following employees were covered by the benefit terms for the Plan:

	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	348
Inactive employees entitled to but not yet receiving benefits	547
Active employees	494
Total	<u>1,389</u>

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 10 – PENSION PLANS (Continued)

AGENT MULTIPLE EMPLOYER PLANS (Continued)

A. General Information (Continued)

Contributions – Section 20814c of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The County is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

B. Net Pension Liability

The County’s net pension liability for its Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of the Miscellaneous Plan is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate Return	7.65% (2)
Mortality	Derived using CalPERS' Membership data for all Funds (3)

(1) Depending on age, service, and type of employment

(2) Net of pension plan investment expenses, including inflation

(3) The mortality table used was developed based on CalPERS specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 10 - PENSION PLANS (Continued)

AGENT MULTIPLE EMPLOYER PLANS (Continued)

B. Net Pension Liability (Continued)

Discount Rate -The discount rate used to measure the total pension liability was 7.65 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the test revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected PERF cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10(a)</u>	<u>Real Return Years 11+(b)</u>
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	<u>100%</u>		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 10 - PENSION PLANS (Continued)

AGENT MULTIPLE EMPLOYER PLANS (Continued)

C. Changes in the Net Pension Liability

The Net Pension Liability balance includes a portion attributable to superior court employees. These employees are not employees of the County of Lassen; however, disaggregated information was not available from CalPERS. The effect of this liability was deemed immaterial to the overall Net Pension Liability by County management.

The changes in the Net Pension Liability for the Plan follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2015	\$ 105,905,273	\$ 89,559,648	\$ 16,345,625
Changes in the year:			
Service cost	2,314,595	-	2,314,595
Interest on the total pension liability	7,878,496	-	7,878,496
Changes of assumptions	(1,876,185)	-	(1,876,185)
Differences between expected and actual experience	462,586	-	462,586
Plan to plan resource movement	-	2,579	(2,579)
Contributions - employer	-	1,759,112	(1,759,112)
Contributions - employee	-	1,081,585	(1,081,585)
Net investment income	-	2,005,219	(2,005,219)
Benefit payments, including refunds of employee contributions	(5,324,219)	(5,324,219)	-
Administrative expenses	-	(100,309)	100,309
Net changes	<u>3,455,273</u>	<u>(576,033)</u>	<u>4,031,306</u>
Balance at June 30, 2016	<u>\$ 109,360,546</u>	<u>\$ 88,983,615</u>	<u>\$ 20,376,931</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net position liability of the County for the Miscellaneous Plan, calculated using the discount rate for the Miscellaneous Plan, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

Discount Rate -1%	Current Discount Rate	Discount Rate +1%
6.65%	7.65%	8.65%
\$ 34,593,560	\$ 20,376,931	\$ 8,590,145

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 10 - PENSION PLANS (Continued)

AGENT MULTIPLE EMPLOYER PLANS (Continued)

D. Pension Expenses Deferred Outflows/Inflows of Resources Related to Pensions

County recognized pension expense, deferred outflows or resources and deferred inflows of resources included a portion attributable to superior court employees. These employees are not employees of the County of Lassen; however, disaggregated information was not available from CalPERS. The effect of this liability was deemed immaterial to the overall Net Pension Liability by County management.

For the year ended June 30, 2016, the County recognized pension expense of \$1,267,832. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,024,304	\$ -
Differences between actual and expected experience	-	1,125,711
Changes in assumptions	277,551	-
Net differences between projected and actual earnings on plan investments	-	864,170
Total	\$ 2,301,855	\$ 1,989,881

\$2,024,304 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30	
2017	\$ (1,168,655)
2018	(885,934)
2019	(603,214)
2020	945,473
2021	-
Thereafter	-

E. Payable to the Pension Plan

At June 30, 2016, the County reported a payable of \$122,818 for an outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 10 - PENSION PLANS (Continued)

COST-SHARING EMPLOYER PLANS

A. General Information

Plan Description - All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost Sharing Multiple-Employer Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other.) Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The County of Lassen (County) sponsors three safety rate plans. Benefit provisions under the Plan are established by State statute and County resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the Plan are applied as specified by the Public Employees' Retirement Law.

The rate plan provisions and benefits in effect at June 30, 2016 are summarized as follows:

	Safety		
	1st Tier	2nd Tier	PEPRA
Hire date	Prior to January 1, 2011	January 1, 2011 thru December 31, 2012	On or after January 1, 2013
Benefit formula	3.0% @ 50	3.0% @ 55	2% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50 - 55	50 - 57
Monthly benefits, as a % of eligible compensation	3.000%	2.400% to 3.000%	1.426% to 2.000%
Required employee contribution rates	9.000%	9.000%	11.500%
Required employer contribution rates	18.524%	15.627%	11.153%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund, if applicable. The dollar amounts are billed on a monthly basis. The County's required contribution for the unfunded liability was \$727,390 for the fiscal year ended June 30, 2016.

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 10 - PENSION PLANS (Continued)

COST-SHARING EMPLOYER PLANS (Continued)

A. General Information (Continued)

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The County is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The County's contributions to the plan for the year ended June 30, 2016 were \$1,210,999.

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2016, the County reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$10,038,807.

The County's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, rolled forward to June 30, 2015, using standard update procedures. The County's proportionate share of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The County's proportionate share of the net pension liability for the Plan as of June 30, 2014 and 2015 was as follows:

Proportion - June 30, 2014	0.2428%
Proportion - June 30, 2015	0.2436%
Change - Increase (Decrease)	0.0008%

For the year ended June 30, 2016, the County recognized pension expense of \$457,848. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 1,210,999	\$ -
Changes of assumptions	-	581,646
Differences between actual and expected experience	-	126,462
Net differences between projected and actual earnings on plan investments	-	294,782
Changes in employer's proportion	315,573	50,198
Differences between the employer's actual contributions and the employer's proportionate share of contributions	32,463	17,562
Total	<u>\$ 1,559,035</u>	<u>\$ 1,070,650</u>

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 10 - PENSION PLANS (Continued)

COST-SHARING EMPLOYER PLANS (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

\$1,210,999 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflow of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30	
2017	\$ (375,199)
2018	(373,228)
2019	(336,052)
2020	361,865
2021	-
Thereafter	-

C. Actuarial Assumptions

The total pension liabilities in the June 30, 2014 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	<u>Safety</u> June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.30% - 14.20% (1)
Investment Rate of Return	7.65% (2)
Mortality	Derived using CalPERS' Membership data for all Funds (3)

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

(3) The mortality table was developed based on CalPERS specific data.

The table includes 20 years of mortality improvements using Society of Actuaries Scale BB

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experiences Study can be found on the CalPERS website.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 10 - PENSION PLANS (Continued)

COST-SHARING EMPLOYER PLANS (Continued)

C. Actuarial Assumptions (Continued)

Change of Assumptions - GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expenses but without reduction for pension plan administrative expenses. The discount rate of 7.50 percent used the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expenses.

D. Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent for the Safety Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Safety Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The discount rate used to measure the total pension liability was 7.65 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the test revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from the CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected PERF cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 10 - PENSION PLANS (Continued)

COST-SHARING EMPLOYER PLANS (Continued)

D. Discount Rate (Continued)

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10(a)</u>	<u>Real Return Years 11+(b)</u>
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	<u>100%</u>		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the County's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

Discount Rate -1%	Current Discount Rate	Discount Rate +1%
6.65%	7.65%	8.65%
\$ 15,368,137	\$ 10,038,807	\$ 5,668,854

E. Pension Plan Fiduciary Net Position

Detailed information about the Safety Plan pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

F. Payable to the Pension Plan

At June 30, 2016, the County reported a payable of \$29,342 for an outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

A. Plan Description and Funding Policy

Employees that meet the following requirements are eligible for coverage under the County's CalPERS Health Program: 1) has 5 or more years of service with the County; 2) is at least 50 years of age at the date of retirement; and 3) is employed by the County at the time of retirement. The County has elected to contribute toward the cost of premiums, for the retiree and spouse, up to a maximum monthly amount, which is specified in the County's bargaining agreements with its employee groups. The minimum employer contribution specified by CalPERS for 2016 is \$122 per month and is currently less than the County's paid contribution.

During the year ended June 30, 2013, the County established an irrevocable trust with CalPERS, California Employers' Retiree Benefit Trust Fund (CERBT) to pre-fund post-employment benefits. The County chose to contribute \$4,143,234 or 100% of the actuarial accrued liability as determined in the June 30, 2011 valuation. The County has elected a one-year amortization period for the OPEB plan assets deposited into CERBT as permitted under GASB Statement No. 45, paragraph 13F, allowing a maximum of 30 years with no minimum years. Going forward the County will contribute the annual required contribution to CERBT.

Financial statements for CERBT can be obtained by contacting CalPERS, P.O. Box 942703, Sacramento, California 94229-2703.

B. Annual OPEB Costs and Net OPEB Obligation

The County's annual other post-employment benefit (OPEB) cost is calculated based on the *annual required contribution* of the employer (ARC), and amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation to the retiree health plan:

Annual required contribution	\$ 201,707
Interest on net OPEB obligation	(17,574)
Adjustment to annual required contribution	17,462
Annual OPEB expense	<u>201,595</u>
Contributions made net of reimbursement	<u>(206,854)</u>
Decrease in net OPEB obligation (assets)	(5,259)
Net OPEB obligation (assets) - beginning of year	<u>(241,401)</u>
Net OPEB obligation (assets) - end of year	<u><u>\$ (246,660)</u></u>

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

B. Annual OPEB Costs and Net OPEB Obligation (Continued)

The County's Annual OPEB Cost, the percentage of Annual OPEB Cost Contributed to the Plan, and the Net OPEB Obligation for fiscal year 2015-16 and the two preceding fiscal years were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Annual Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Assets)</u>
6/30/2014	145,817	120,258	82.5%	(244,898)
6/30/2015	152,754	149,257	97.7%	(241,401)
6/30/2016	201,595	206,854	102.6%	(246,660)

C. Funded Status and Funding Progress (Changes with Actuarial Valuation Reports - Every 2 Years)

A schedule of funding progress as of the most recent actuarial valuation is as follows:

<u>Actuarial Valuation Date*</u>	<u>(A) Actuarial Asset Value</u>	<u>(B) Entry Age Actuarial Accrued Liability</u>	<u>(C) Unfunded (Overfunded) Actuarial Accrued Liability (B-A)</u>	<u>(D) Funded Ratio (A/B)</u>	<u>(E) Covered Payroll</u>	<u>(F) Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll (C/E)</u>
6/30/2015	5,250,356	5,896,332	645,976	89%	16,633,000	4.0%

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 employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The required schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multi-year 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.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

D. 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 the 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 actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Assumptions used in the June 30, 2015 actuarial valuation include the entry age normal actuarial cost method. The assumptions included 40% of eligible retirees will elect to take medical coverage thru CalPERS, a discount rate of 7.28%, payroll increase of 3%, in aggregate and an inflation rate of 2.80% per annum. The discount rate assumes the County continues to pre-fund 100% of its retiree health benefits through the CERBT under the current investment strategy

NOTE 12 - COMMITMENTS AND CONTINGENCIES

A. Grant Programs

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

B. General Litigation

The County is at times involved as a defendant in various legal proceedings. There are no current cases, in the opinion of the County, for which the outcomes will have a material adverse effect on the financial position of the County.

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 13 - JOINT POWERS AGREEMENT

A. Lassen Regional Solid Waste Management Authority

In 1999, the Lassen Regional Solid Waste Management Authority (the "Authority") was created under a joint powers agreement between the County and the City of Susanville. It was formed to fund, plan, operate, administer, and maintain solid waste facilities, sites and services, including all mandated costs for planning, waste diversion, and both closure and post-closure of sites, as well as public education, waste transfer, material recovery, recycling, household hazardous waste programs, and other AB939 programs. The Authority has a Board of Directors, which consists of five persons, two from the County and two from the City, and one public member at-large who is appointed by the City and County members. Members share equally in the Authority's assets, to be distributed upon termination of the joint venture agreement. The members have no share of the Authority's debts, liabilities, and obligations. The County has no ongoing financial interest or responsibility as of June 30, 2014.

Pursuant to a contract between the County and the Authority, the County provides services to the Authority, including personnel and related benefits, and accounting services. During the year ended June 30, 2016, the Authority paid the County \$649,565 for personnel services and related benefits and \$36,594 for accounting and administrative services. The Authority has financial statements prepared and they can be obtained from management of the Authority.

Condensed financial information for the Authority as of June 30, 2016 (the most recent year-end financial information available) is present below:

	Amount
Statement of Net Position	
Assets	\$ 3,910,415
Liabilities	(5,624,082)
Net position (deficit)	\$ (1,713,667)
 Revenues and Expenses	
Revenues	\$ 1,665,753
Expenses	(1,281,982)
Net gain (loss)	\$ 383,771

B. Lassen Transit Service Agency

The Lassen Transit Service Agency (Agency) was created as a joint powers agreement (JPA) between the County and the City of Susanville on July 17, 2002 under the provisions of Article 1, Chapter 5, Division 7, Title 1 of the California Government Code Section 6500. The Agency is charged with the administration and operation of the Lassen Rural Bus (LRB) public transportation services within Lassen County under the jurisdiction of the Lassen County Transportation Commission (Commission), the Regional Transportation Planning Agency for the County. The Commission is comprised of three members of the Lassen County Board of Supervisors and three members of the City of Susanville City Council, and allocates and distributes the Transportation Development Act (TDA) funding for the LRB service operations. In addition to TDA funds, the Agency receives funding through several resources including the federal government and the State of California. Formerly, all of the transactions of the Agency were reported in the Rural Bus Fund of the County. Effective July 1, 2002, the Agency became a separate legal entity and is no longer considered a part of the County. The County has no ongoing financial interest or responsibility as of June 30, 2016. The Agency has financial statements prepared and they can be obtained from management of the Agency.

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 13 - JOINT POWERS AGREEMENT (Continued)

B. Lassen Transit Service Agency

Condensed financial information for the Agency as of June 30, 2016 (the most recent year-end financial information available) is presented below:

	Amount
Statement of Net Position	
Assets	\$ 1,556,412
Liabilities	(70,903)
Net position (deficit)	\$ 1,485,509
 Revenues and Expenses	
Revenues	\$ 659,807
Expenses	(1,311,103)
Net gain (loss)	\$ (651,296)

C. Honey Lake Valley Recreation Authority

The Honey Lake Recreation Authority (HLVRA) was created by a joint powers agreement between the County and the City of Susanville on November 18, 2013 under the provisions of California Government Code 6500 et. Seq. HLVA is an entity separate from its member agencies created for the purpose of owning and operating public recreation facilities, including a swimming pool. HLVRA has a five-member board of directors comprised of two representatives from each member agency and one member at large. It is anticipated that the authority will receive funding from its members and shall remain in effect for 15 years from the date of adoption and thereafter terminate. Upon termination HLVRA funds remaining, after payment of all obligations, shall be divided in proportion to the contribution of each member agency.

Condensed financial information for HLVRA as of June 30, 2016 (the most recent year-end financial information available) is present below:

	Amount
Statement of Net Position	
Assets	\$ 3,367,316
Liabilities	(163,510)
Net position (deficit)	\$ 3,203,806
 Revenues and Expenses	
Revenues	\$ 2,643,950
Expenses	(70,978)
Net gain (loss)	\$ 2,572,972

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 14 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The County participates in a JPA named Trindel Insurance Fund, to provide coverage for workers' compensation and general liability exposure and to pay for the administration of the program. Primary and excess workers' compensation insurance, as well as excess property and general liability insurance are reinsured through a commercial company. There is a self-insured retention of \$100,000 for general liability, \$25,000 for property, and \$300,000 for workers compensation. Above the self-insured retention, various limits are applied to excess insurance programs. Settled claims resulting from risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. At June 30, 2016, Trindel Insurance Fund was classified as a claims-servicing or account pool, wherein the County retains the risk of loss and is considered self-insured with regard to liability and workers compensation. The County currently reports all of its risk management activities in the General Fund. Premiums due to Trindel are reported when incurred. The liability for outstanding claims was determined based on historical trends and actual activity.

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

	<u>2016</u>	<u>2015</u>
Unpaid claims July 1	\$ 3,072,042	\$ 2,926,136
Incurred claims (including IBNRs) and changes in estimates	2,521,437	1,185,998
Current year payments	<u>(2,013,089)</u>	<u>(1,040,092)</u>
Unpaid claims June 30	<u>\$ 3,580,390</u>	<u>\$ 3,072,042</u>

NOTE 15 - FUND BALANCE/NET DEFICIT

At June 30, 2016, the County had the following deficits:

	<u>Amount</u>
Non-Major Governmental Funds:	
Fair	\$ (1,347)
Criminal Justice Facility Construction	(3,050)
Total Non-Major Governmental Funds	<u>\$ (4,397)</u>

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016**

NOTE 16 - RESTATEMENTS OF NET POSITION/FUND BALANCE

Adjustments resulting from error or a change to comply with provisions of the accounting standards are treated as adjustments to prior periods. Accordingly, the County reports these changes as restatements of beginning net position/fund balance.

Restatements as of the beginning of the fiscal year were made to correct beginning unearned revenue that should have been recognized as revenue in the prior year.

	Government-Wide Statements Governmental Activities	Fund Statements General Fund
Net position/fund balance June 30, 2015, as previously reported:	\$ 49,204,798	\$ 8,940,680
Restatements and corrections:		
Correct beginning unearned revenue	1,639,005	1,639,005
Net position/fund balance, July 1, 2015, as restated:	\$ 50,843,803	\$ 10,579,685

NOTE 17 - DISPOSAL OF GOVERNMENT OPERATIONS

On June 28, 2016, the County transferred the assets of its Business Park Enterprise operations to the County Public Works Department, for the purpose of enhancing the management of the properties. As a result of the transfer, the County recognized the transfer of assets in the amount of \$804,577 from the Business Parks Enterprise fund to the County General Fund. The overall effect on the Government-Wide net position was zero.

NOTE 18 - PRONOUNCEMENTS

(1) New Accounting Pronouncements Adopted

Governmental Accounting Standards Board Statement No. 72

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. This statement provides guidance for determining a fair value measurement for financial reporting purposes and also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this statement were implemented by the County during the current fiscal year.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 18 - PRONOUNCEMENTS (Continued)

(1) New Accounting Pronouncements Adopted (Continued)

Governmental Accounting Standards Board Statement No. 76

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this statement is to identify - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this statement were considered but had no effect on the County's current fiscal year.

Governmental Accounting Standards Board Statement No. 79

In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The requirements of this statement were considered but had no effect on the County's current fiscal year.

Governmental Accounting Standards Board Statement No. 82

In March 2016, GASB issued Statement No. 82, *Pension Issues – an Amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This statement was adopted by the County during the current fiscal year. The effects of the adoption of this statement included a change in the manner covered payroll is reported in the following required supplementary schedules: Proportionate Share of Net Pension Liability (Asset) and Schedule of Contributions. These changes were required to be applied retroactively and, accordingly, the covered payroll for fiscal year 2015 was restated.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 18 - PRONOUNCEMENTS (Continued)

(2) New Accounting Pronouncements Not Yet Adopted

Governmental Accounting Standards Board Statement No. 75

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (*other* postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The requirements of this statement are effective for the County's fiscal year ending June 30, 2018.

Governmental Accounting Standards Board Statement No. 77

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. The requirements of this statement are effective for the County's fiscal year ending June 30, 2017.

Governmental Accounting Standards Board Statement No. 80

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*. The objective of this statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The requirements of this statement are effective for the County's fiscal year ending June 30, 2017.

Governmental Accounting Standards Board Statement No. 81

In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this statement are effective for the County's fiscal year ending June 30, 2018, and should be applied retroactively.

THIS PAGE IS LEFT BLANK INTENTIONALLY.

REQUIRED SUPPLEMENTARY INFORMATION

**COUNTY OF LASSEN
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING

In accordance with the provisions of Sections 29000 and 29143, inclusive, of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares a budget for each fiscal year on or before October 2nd. Budgeted expenditures are enacted into law through the passage of an Appropriation Resolution. This resolution mandates the maximum authorized expenditures for the fiscal year and cannot be exceeded except by subsequent amendments to the budget by the County's Board of Supervisors.

An operating budget is adopted each fiscal year for all Governmental Funds. Expenditures are controlled at the major object level within budget units for the County. The object level within a budget unit is the level at which expenditures may not legally exceed appropriations. Supplementary appropriations normally financed by unanticipated revenues during the year must be approved by the Board of Supervisors. Budgets are prepared in accordance with Generally Accepted Accounting Principles. Budgeted amounts in the budgetary financial schedules are reported as originally adopted and amended during the fiscal year by four-fifths vote of the Board of Supervisors.

The County uses an encumbrance system as an extension of normal budgetary accounting for the general, special revenue and capital projects funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at the end of the year are liquidated and are appropriated in the next year's budget.

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

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

COUNTY OF LASSEN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(BUDGETARY BASIS) - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
REVENUES				
Taxes	\$ 9,012,000	\$ 9,012,000	\$ 8,925,433	\$ (86,567)
Licenses and permits	330,000	330,000	331,584	1,584
Intergovernmental	5,594,163	5,599,163	4,335,121	(1,264,042)
Charges for services	2,563,617	2,563,617	2,716,563	152,946
Fines and forfeitures	841,167	841,167	665,837	(175,330)
Use of money and property	70,000	70,000	184,768	114,768
Other revenues	<u>113,832</u>	<u>113,832</u>	<u>445,318</u>	<u>331,486</u>
Total revenues	<u>18,524,779</u>	<u>18,529,779</u>	<u>17,604,624</u>	<u>(925,155)</u>
EXPENDITURES				
Current:				
General government	6,188,987	6,182,687	6,004,598	178,089
Public protection	2,860,054	2,860,054	2,367,907	492,147
Public assistance	171,402	171,402	167,965	3,437
Education	90,795	90,795	81,108	9,687
Recreation and culture	47,200	47,200	35,648	11,552
Capital outlay	<u>351,672</u>	<u>351,762</u>	<u>31,692</u>	<u>320,070</u>
Total expenditures	<u>9,710,110</u>	<u>9,703,900</u>	<u>8,688,918</u>	<u>1,014,982</u>
Revenues over (under) expenditures	<u>8,814,669</u>	<u>8,825,879</u>	<u>8,915,706</u>	<u>89,827</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	390,293	390,293	284,981	(105,312)
Transfers out	<u>(10,939,793)</u>	<u>(10,949,793)</u>	<u>(9,301,891)</u>	<u>1,647,902</u>
Total other financing sources (uses)	<u>(10,549,500)</u>	<u>(10,559,500)</u>	<u>(9,016,910)</u>	<u>1,542,590</u>
Net change in fund balance	<u>\$ (1,734,831)</u>	<u>\$ (1,733,621)</u>	(101,204)	<u>\$ 1,632,417</u>
Fund balance, beginning of year (restated)			<u>10,579,685</u>	
Fund balance, end of year			<u>\$ 10,478,481</u>	

**COUNTY OF LASSEN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(BUDGETARY BASIS) - ROAD FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Licenses and permits	\$ 5,000	\$ 5,000	\$ 11,792	\$ 6,792
Intergovernmental	12,136,204	12,136,204	7,232,135	(4,904,069)
Charges for services	26,500	26,500	56,039	29,539
Use of money and property	24,000	24,000	61,733	37,733
Other revenues	<u>76,154</u>	<u>76,154</u>	<u>44,967</u>	<u>(31,187)</u>
 Total revenues	 <u>12,267,858</u>	 <u>12,267,858</u>	 <u>7,406,666</u>	 <u>(4,861,192)</u>
EXPENDITURES				
Current:				
Public ways and facilities	4,851,936	4,851,936	2,398,092	2,453,844
Capital outlay	<u>9,020,100</u>	<u>9,115,100</u>	<u>7,238,102</u>	<u>1,876,998</u>
 Total expenditures	 <u>13,872,036</u>	 <u>13,967,036</u>	 <u>9,636,194</u>	 <u>4,330,842</u>
 Revenues over (under) expenditures	 <u>(1,604,178)</u>	 <u>(1,699,178)</u>	 <u>(2,229,528)</u>	 <u>(530,350)</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	<u>125,000</u>	<u>125,000</u>	<u>189,394</u>	<u>64,394</u>
 Total other financing sources (uses)	 <u>125,000</u>	 <u>125,000</u>	 <u>189,394</u>	 <u>64,394</u>
 Net change in fund balance	 <u>\$ (1,479,178)</u>	 <u>\$ (1,574,178)</u>	 (2,040,134)	 <u>\$ (465,956)</u>
 Fund balance, beginning of year			 <u>5,313,579</u>	
 Fund balance, end of year			 <u>\$ 3,273,445</u>	

**COUNTY OF LASSEN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(BUDGETARY BASIS) - COMMUNITY DEVELOPMENT FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Intergovernmental	\$ 1,152,052	\$ 1,152,052	\$ (7,657)	\$ (1,159,709)
Charges for services	-	-	1,788	1,788
Use of money and property	(1,826)	(1,826)	172,269	174,095
Other revenues	<u>8,459</u>	<u>8,459</u>	<u>8,481</u>	<u>22</u>
 Total revenues	 <u>1,158,685</u>	 <u>1,158,685</u>	 <u>174,881</u>	 <u>(983,804)</u>
EXPENDITURES				
Current:				
Public assistance	<u>1,638,648</u>	<u>1,638,648</u>	<u>200,393</u>	<u>1,438,255</u>
 Total expenditures	 <u>1,638,648</u>	 <u>1,638,648</u>	 <u>200,393</u>	 <u>1,438,255</u>
 Revenues over (under) expenditures	 <u>(479,963)</u>	 <u>(479,963)</u>	 <u>(25,512)</u>	 <u>454,451</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>946,110</u>	<u>946,110</u>	<u>481,471</u>	<u>(464,639)</u>
 Total other financing sources (uses)	 <u>946,110</u>	 <u>946,110</u>	 <u>481,471</u>	 <u>(464,639)</u>
 Net change in fund balance	 <u>\$ 466,147</u>	 <u>\$ 466,147</u>	 455,959	 <u>\$ (10,188)</u>
 Fund balance, beginning of year			 <u>1,016,460</u>	
 Fund balance, end of year			 <u>\$ 1,472,419</u>	

COUNTY OF LASSEN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(BUDGETARY BASIS) - WELFARE ADMINISTRATION FUND
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u> Amounts	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 5,067,557	\$ 5,067,557	\$ 4,670,110	\$ (397,447)
Charges for services	-	-	255	255
Use of money and property	-	-	35,206	35,206
Other revenues	<u>105,901</u>	<u>105,901</u>	<u>104,361</u>	<u>(1,540)</u>
 Total revenues	 <u>5,173,458</u>	 <u>5,173,458</u>	 <u>4,809,932</u>	 <u>(363,526)</u>
 EXPENDITURES				
Current:				
Public assistance	8,243,070	8,243,070	6,625,058	1,618,012
Capital outlay	<u>75,000</u>	<u>75,000</u>	<u>54,956</u>	<u>20,044</u>
 Total expenditures	 <u>8,318,070</u>	 <u>8,318,070</u>	 <u>6,680,014</u>	 <u>1,638,056</u>
 Revenues over (under) expenditures	 <u>(3,144,612)</u>	 <u>(3,144,612)</u>	 <u>(1,870,082)</u>	 <u>1,274,530</u>
 OTHER FINANCING SOURCES (USES)				
Transfers in	<u>2,787,292</u>	<u>2,907,991</u>	<u>2,700,524</u>	<u>(207,467)</u>
 Total other financing sources (uses)	 <u>2,787,292</u>	 <u>2,907,991</u>	 <u>2,700,524</u>	 <u>(207,467)</u>
 Net change in fund balance	 <u>\$ (357,320)</u>	 <u>\$ (236,621)</u>	 830,442	 <u>\$ 1,067,063</u>
 Fund balance, beginning of year			 <u>1,641,369</u>	
 Fund balance, end of year			 <u>\$ 2,471,811</u>	

COUNTY OF LASSEN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(BUDGETARY BASIS) - WELFARE ASSISTANCE FUND
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u> Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 4,579,131	\$ 4,579,131	\$ 3,735,474	\$ (843,657)
Use of money and property	-	-	17,188	17,188
Other revenues	<u>95,000</u>	<u>95,000</u>	<u>96,574</u>	<u>1,574</u>
 Total revenues	 <u>4,674,131</u>	 <u>4,674,131</u>	 <u>3,849,236</u>	 <u>(824,895)</u>
 EXPENDITURES				
Current:				
Public assistance	<u>8,259,931</u>	<u>8,259,931</u>	<u>6,013,179</u>	<u>2,246,752</u>
 Total expenditures	 <u>8,259,931</u>	 <u>8,259,931</u>	 <u>6,013,179</u>	 <u>2,246,752</u>
 Revenues over (under) expenditures	 <u>(3,585,800)</u>	 <u>(3,585,800)</u>	 <u>(2,163,943)</u>	 <u>1,421,857</u>
 OTHER FINANCING SOURCES (USES)				
Transfers in	3,735,665	3,840,960	3,620,491	(220,469)
Transfers out	<u>(149,865)</u>	<u>(149,865)</u>	<u>(79,267)</u>	<u>70,598</u>
 Total other financing sources (uses)	 <u>3,585,800</u>	 <u>3,691,095</u>	 <u>3,541,224</u>	 <u>(149,871)</u>
 Net change in fund balance	 <u>\$ -</u>	 <u>\$ 105,295</u>	 1,377,281	 <u>\$ 1,271,986</u>
 Fund balance, beginning of year			 <u>1,267,395</u>	
 Fund balance, end of year			 <u>\$ 2,644,676</u>	

COUNTY OF LASSEN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(BUDGETARY BASIS) - HEALTH AND HUMAN SERVICES FUND
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u> Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Licenses and permits	\$ 5,000	\$ 5,000	\$ 4,255	\$ (745)
Intergovernmental	4,336,404	4,492,199	3,857,456	(634,743)
Charges for services	1,589,328	1,589,328	1,515,866	(73,462)
Fines, forfeitures and penalties	16,600	16,600	11,483	(5,117)
Use of money and property	41,538	41,538	120,022	78,484
Other revenues	<u>53,492</u>	<u>53,492</u>	<u>50,464</u>	<u>(3,028)</u>
Total revenues	<u>6,042,362</u>	<u>6,198,157</u>	<u>5,559,546</u>	<u>(638,611)</u>
EXPENDITURES				
Current:				
Public protection	273,600	273,600	222,386	51,214
Health and sanitation	9,033,147	9,107,521	7,562,123	1,545,398
Public assistance	1,266,533	1,266,533	669,859	596,674
Capital outlay	<u>130,000</u>	<u>130,000</u>	<u>-</u>	<u>130,000</u>
Total expenditures	<u>10,703,280</u>	<u>10,777,654</u>	<u>8,454,368</u>	<u>2,323,286</u>
Revenues over (under) expenditures	<u>(4,660,918)</u>	<u>(4,579,497)</u>	<u>(2,894,822)</u>	<u>1,684,675</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,254,243	4,265,357	3,705,406	(559,951)
Transfers out	<u>(494,327)</u>	<u>(494,327)</u>	<u>(494,327)</u>	<u>-</u>
Total other financing sources (uses)	<u>3,759,916</u>	<u>3,771,030</u>	<u>3,211,079</u>	<u>(559,951)</u>
Net change in fund balance	<u>\$ (901,002)</u>	<u>\$ (808,467)</u>	316,257	<u>\$ 1,124,724</u>
Fund balance, beginning of year			<u>6,487,475</u>	
Fund balance, end of year			<u>\$ 6,803,732</u>	

COUNTY OF LASSEN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(BUDGETARY BASIS) - PUBLIC SAFETY FUND
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive <u>(Negative)</u>
REVENUES				
Taxes	\$ 90,000	\$ 90,000	\$ 89,215	\$ (785)
Licenses and permits	500	500	1,110	610
Intergovernmental	1,472,000	1,487,000	1,641,873	154,873
Charges for services	428,853	428,853	426,607	(2,246)
Fines, forfeitures and penalties	1,500	1,500	26,616	25,116
Use of money and property	6,000	6,000	14,638	8,638
Other revenues	<u>658,554</u>	<u>658,554</u>	<u>547,411</u>	<u>(111,143)</u>
Total revenues	<u>2,657,407</u>	<u>2,672,407</u>	<u>2,747,470</u>	<u>75,063</u>
EXPENDITURES				
Current:				
General government	343,875	343,875	555,360	(211,485)
Public protection	11,145,083	11,160,083	10,117,601	1,042,482
Capital outlay	<u>227,250</u>	<u>252,250</u>	<u>110,340</u>	<u>141,910</u>
Total expenditures	<u>11,716,208</u>	<u>11,756,208</u>	<u>10,783,301</u>	<u>972,907</u>
Revenues over (under) expenditures	<u>(9,058,801)</u>	<u>(9,083,801)</u>	<u>(8,035,831)</u>	<u>1,047,970</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	8,421,648	8,424,414	8,038,463	(385,951)
Transfers out	<u>(25,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>8,396,648</u>	<u>8,424,414</u>	<u>8,038,463</u>	<u>(385,951)</u>
Net change in fund balance	<u>\$ (662,153)</u>	<u>\$ (659,387)</u>	2,632	<u>\$ 662,019</u>
Fund balance, beginning of year			<u>877,008</u>	
Fund balance, end of year			<u>\$ 879,640</u>	

**COUNTY OF LASSEN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(BUDGETARY BASIS) - COUNTY LOCAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Intergovernmental	\$ 6,286,714	\$ 6,600,559	\$ 7,568,155	\$ 967,596
Use of money and property	-	-	9,300	9,300
Other revenues	<u>819</u>	<u>819</u>	<u>821</u>	<u>2</u>
 Total revenues	 <u>6,287,533</u>	 <u>6,601,378</u>	 <u>7,578,276</u>	 <u>976,898</u>
 EXPENDITURES				
Current:				
Public protection	<u>818,903</u>	<u>893,903</u>	<u>703,192</u>	<u>190,711</u>
 Total expenditures	 <u>818,903</u>	 <u>893,903</u>	 <u>703,192</u>	 <u>190,711</u>
 Revenues over (under) expenditures	 <u>5,468,630</u>	 <u>5,707,475</u>	 <u>6,875,084</u>	 <u>1,167,609</u>
 OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(5,791,662)</u>	<u>(5,959,853)</u>	<u>(6,245,094)</u>	<u>(285,241)</u>
 Total other financing sources (uses)	 <u>(5,791,662)</u>	 <u>(5,959,853)</u>	 <u>(6,245,094)</u>	 <u>(285,241)</u>
 Net change in fund balance	 <u>\$ (323,032)</u>	 <u>\$ (252,378)</u>	 629,990	 <u>\$ 882,368</u>
 Fund balance, beginning of year			 <u>1,138,095</u>	
 Fund balance, end of year			 <u>\$ 1,768,085</u>	

**COUNTY OF LASSEN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS - OTHER POST EMPLOYMENT BENEFITS PLAN
FOR THE YEAR ENDED JUNE 30, 2016**

The table below shows 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.

	(A)	(B)	(C)	(D)	(E)	(F)
			Unfunded (Overfunded) Actuarial Accrued Liability (B-A)	Funded Ratio (A/B)	Covered Payroll	Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll (C/E)
Actuarial Valuation Date*	Actuarial Asset Value	Entry Age Actuarial Accrued Liability				
6/30/2011	-	4,143,234	4,143,234	0.0%	18,078,000	22.9%
6/30/2013	4,748,866	4,478,409	(270,457)	106%	17,528,000	-1.5%
6/30/2015	5,250,356	5,896,332	645,976	89%	16,633,000	4.0%

**COUNTY OF LASSEN
PROPORTIONATE SHARE OF NET PENSION LIABILITY - COST-SHARING PLAN
FOR THE YEAR ENDED JUNE 30, 2016
LAST 10 YEARS***

	2015	2016
Proportion of the net pension liability	0.24280%	0.24360%
Proportionate share of the net pension liability	\$ 9,181,100	\$ 10,038,807
Covered payroll	\$ 2,892,309	\$ 2,934,651
Proportionate share of the net pension liability as percentage of covered payroll	317.43%	342.08%
Plan fiduciary net position as a percentage of the total pension liability	76.05%	73.82%

Notes to Schedule:

Changes in Benefit Terms - None

Changes of Assumptions

The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expenses.

*Schedule is intended to show information for ten years. Additional information will be displayed as it becomes available.

**COUNTY OF LASSEN
SCHEDULE OF CONTRIBUTIONS - COST-SHARING PLAN
FOR THE YEAR ENDED JUNE 30, 2016
LAST 10 YEARS***

	2015	2016
Actuarially required contribution (actuarially determined)	\$ 1,002,554	\$ 957,019
Contributions in relation to the actuarially determined contributions	1,002,554	957,019
Contribution deficiency (excess)	\$ -	\$ -
 Covered payroll	 \$ 2,892,309	 \$ 2,934,651
 Contributions as a percentage of covered payroll	 34.66%	 32.61%

*Schedule is intended to show information for ten years. Additional information will be displayed as it becomes available.

**COUNTY OF LASSEN
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
AGENT MULTIPLE EMPLOYER PLAN
FOR THE YEAR ENDED JUNE 30, 2016
LAST 10 YEARS***

	2015	2016
Total Pension Liability:		
Service cost	\$ 2,549,991	\$ 2,314,595
Interest on total pension liability	7,479,108	7,878,496
Changes of assumptions	-	(1,876,185)
Differences between expected and actual experience	-	462,586
Benefit payments, including refunds of employee contributions	(5,140,550)	(5,324,219)
Net change in total pension liability	4,888,549	3,455,273
Total pension liability - beginning	101,016,724	105,905,273
Total pension liability - ending (a)	105,905,273	109,360,546
Plan Fiduciary Net Position:		
Plan to plan resource movement	-	2,579
Contributions - employer	1,910,144	1,759,112
Contributions - employee	1,216,676	1,081,585
Net investment income	13,609,094	2,005,219
Administrative expenses	(111,112)	(100,309)
Benefit payments	(5,140,550)	(5,324,219)
Net change in plan fiduciary net position	11,484,252	(576,033)
Plan fiduciary net position beginning	78,075,396	89,559,648
Plan fiduciary net position - ending (b)	89,559,648	88,983,615
Net pension liability - ending (a)-(b)	\$ 16,345,625	\$ 20,376,931
Plan fiduciary net position as a percentage of the total pension liability	84.57%	81.37%
Covered payroll	14,663,071	14,454,495
Net pension liability as a percentage of covered payroll	111.47%	140.97%

Changes in Benefit Terms - The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2014. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in Assumptions

The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expenses.

*Schedule is intended to show information for ten years. Additional information will be displayed as it becomes available.

**COUNTY OF LASSEN
SCHEDULE OF CONTRIBUTIONS - AGENT MULTIPLE EMPLOYER PLAN
FOR THE YEAR ENDED JUNE 30, 2016
LAST 10 YEARS***

	2015	2016
Actuarially required contribution (actuarially determined)	\$ 1,712,500	\$ 1,759,112
Contributions in relation to the actuarially determined contributions	1,712,500	1,759,112
Contribution deficiency (excess)	\$ -	\$ -
 Covered payroll	 \$ 14,663,071	 \$ 14,454,495
 Contributions as a percentage of covered payroll	 11.68%	 12.17%

*Schedule is intended to show information for ten years. Additional information will be displayed as it becomes available.

THIS PAGE IS LEFT BLANK INTENTIONALLY.

SUPPLEMENTARY INFORMATION

THIS PAGE IS LEFT BLANK INTENTIONALLY.

NON-MAJOR GOVERNMENTAL FUNDS

**COUNTY OF LASSEN
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016**

	Special Revenue Funds				
	Prison Trial Program Fund	DA Contracts Fund	Sheriff Contracts Fund	HHS Contracts Fund	Fish & Game Fund
ASSETS					
Cash and investments	\$ -	\$ -	\$ 75,181	\$ 32,850	\$ 347
Accounts receivable	-	-	-	-	-
Due from other governmental entities	232,297	40,164	50,512	-	-
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 232,297</u>	<u>\$ 40,164</u>	<u>\$ 125,693</u>	<u>\$ 32,850</u>	<u>\$ 347</u>
LIABILITIES					
Accounts payable	\$ 33,820	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	3,349	1,601	3,517	-
Due to other governmental entities	-	-	-	-	-
Due to other funds	<u>161,422</u>	<u>31,020</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>195,242</u>	<u>34,369</u>	<u>1,601</u>	<u>3,517</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable:					
Restricted	-	-	-	-	347
Assigned	37,055	5,795	124,092	29,333	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>37,055</u>	<u>5,795</u>	<u>124,092</u>	<u>29,333</u>	<u>347</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 232,297</u>	<u>\$ 40,164</u>	<u>\$ 125,693</u>	<u>\$ 32,850</u>	<u>\$ 347</u>

**COUNTY OF LASSEN
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016**

	Special Revenue Funds				
	Mental Health Services Act	General Contract	Cemetery Fund	Aviation Fund	TCF/Bailiff Fund
ASSETS					
Cash and investments	\$ 2,358,918	\$ 250,100	\$ 143,194	\$ 180,569	\$ 102,803
Accounts receivable	-	-	9,200	-	-
Due from other governmental entities	332,471	-	-	-	88,652
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 2,691,389</u>	<u>\$ 250,100</u>	<u>\$ 152,394</u>	<u>\$ 180,569</u>	<u>\$ 191,455</u>
LIABILITIES					
Accounts payable	\$ 296,774	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	1,362	2,147	384	11,640
Due to other governmental entities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>296,774</u>	<u>1,362</u>	<u>2,147</u>	<u>384</u>	<u>11,640</u>
FUND BALANCES (DEFICITS)					
Nonspendable:					
Restricted	2,394,615	-	-	180,185	179,815
Assigned	-	248,738	150,247	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>2,394,615</u>	<u>248,738</u>	<u>150,247</u>	<u>180,185</u>	<u>179,815</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 2,691,389</u>	<u>\$ 250,100</u>	<u>\$ 152,394</u>	<u>\$ 180,569</u>	<u>\$ 191,455</u>

**COUNTY OF LASSEN
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016**

	Special Revenue Funds			
	Supplemental Law Enforcement Fund	Vital Statistics	Recorder Micrographics	Recorder Modernization
ASSETS				
Cash and investments	\$ 122,758	\$ 77,357	\$ 161,493	\$ 146,146
Accounts receivable	-	-	-	-
Due from other governmental entities	5,816	-	-	-
Due from other funds	-	-	-	-
Total assets	<u>\$ 128,574</u>	<u>\$ 77,357</u>	<u>\$ 161,493</u>	<u>\$ 146,146</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	-	-	-
Due to other governmental entities	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Nonspendable:				
Restricted	128,574	77,357	161,493	146,146
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	<u>128,574</u>	<u>77,357</u>	<u>161,493</u>	<u>146,146</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 128,574</u>	<u>\$ 77,357</u>	<u>\$ 161,493</u>	<u>\$ 146,146</u>

**COUNTY OF LASSEN
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016**

	Special Revenue Funds				
	Recorder AB130	Inmate Welfare State	Inmate Welfare County	Narcotics Asset Forfeiture Fund	Narcotics Task Force Fund
ASSETS					
Cash and investments	\$ 24,903	\$ 55,987	\$ 147,311	\$ 35,268	\$ -
Accounts receivable	-	-	-	-	-
Due from other governmental entities	-	-	-	-	137,993
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 24,903</u>	<u>\$ 55,987</u>	<u>\$ 147,311</u>	<u>\$ 35,268</u>	<u>\$ 137,993</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 4,139
Accrued salaries	-	-	579	-	1,688
Due to other governmental entities	-	-	-	-	19,271
Due to other funds	-	-	-	-	1,815
Total liabilities	<u>-</u>	<u>-</u>	<u>579</u>	<u>-</u>	<u>26,913</u>
FUND BALANCES (DEFICITS)					
Nonspendable:					
Restricted	24,903	55,987	146,732	35,268	111,080
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>24,903</u>	<u>55,987</u>	<u>146,732</u>	<u>35,268</u>	<u>111,080</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 24,903</u>	<u>\$ 55,987</u>	<u>\$ 147,311</u>	<u>\$ 35,268</u>	<u>\$ 137,993</u>

**COUNTY OF LASSEN
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016**

	Special Revenue Funds				
	Emergency Services Fund	Property Tax Delinquent Costs Fund	Bieber Lighting District	Lassen- Modoc Flood Fund	Natural Resources
ASSETS					
Cash and investments	\$ 143,661	\$ 13,804	\$ 29,537	\$ 133,803	\$ 88,305
Accounts receivable	-	-	-	-	-
Due from other governmental entities	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 143,661</u>	<u>\$ 13,804</u>	<u>\$ 29,537</u>	<u>\$ 133,803</u>	<u>\$ 88,305</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	-	-	-	-
Due to other governmental entities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable:					
Restricted	-	13,804	29,537	133,803	-
Assigned	143,661	-	-	-	88,305
Unassigned	-	-	-	-	-
Total fund balances	<u>143,661</u>	<u>13,804</u>	<u>29,537</u>	<u>133,803</u>	<u>88,305</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 143,661</u>	<u>\$ 13,804</u>	<u>\$ 29,537</u>	<u>\$ 133,803</u>	<u>\$ 88,305</u>

**COUNTY OF LASSEN
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016**

	Special Revenue Funds				
	Geothermal	Mental Health Realignment	Social Services Realignment	Public Health Realignment	County Children's Fund
ASSETS					
Cash and investments	\$ 252,575	\$ 864,268	\$ 1,169,362	\$ 820,054	\$ 36,234
Accounts receivable	-	-	-	-	-
Due from other governmental entities	-	91,184	233,449	57,653	-
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 252,575</u>	<u>\$ 955,452</u>	<u>\$ 1,402,811</u>	<u>\$ 877,707</u>	<u>\$ 36,234</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	-	-	-	-
Due to other governmental entities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable:					
Restricted	252,575	955,452	1,402,811	877,707	36,234
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	<u>252,575</u>	<u>955,452</u>	<u>1,402,811</u>	<u>877,707</u>	<u>36,234</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 252,575</u>	<u>\$ 955,452</u>	<u>\$ 1,402,811</u>	<u>\$ 877,707</u>	<u>\$ 36,234</u>

**COUNTY OF LASSEN
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016**

	Special Revenue Funds				
	Tobacco Settlement Fund	Fair	Economic Development & Housing Income	Loss Prevention Fund	USDA Title III
ASSETS					
Cash and investments	\$ 2,048	\$ -	\$ -	\$ 37,376	\$ 237,511
Accounts receivable	-	61,219	-	-	-
Due from other governmental entities	-	-	-	-	-
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 2,048</u>	<u>\$ 61,219</u>	<u>\$ -</u>	<u>\$ 37,376</u>	<u>\$ 237,511</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	10,566	-	-	-
Due to other governmental entities	-	-	-	-	-
Due to other funds	-	52,000	-	-	-
Total liabilities	<u>-</u>	<u>62,566</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable:					
Restricted	-	-	-	-	237,511
Assigned	2,048	-	-	37,376	-
Unassigned	-	(1,347)	-	-	-
Total fund balances	<u>2,048</u>	<u>(1,347)</u>	<u>-</u>	<u>37,376</u>	<u>237,511</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 2,048</u>	<u>\$ 61,219</u>	<u>\$ -</u>	<u>\$ 37,376</u>	<u>\$ 237,511</u>

**COUNTY OF LASSEN
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016**

	Special Revenue Funds			Special Revenue Total
	Probation Fund	Probation Contracts	Child Support	
ASSETS				
Cash and investments	\$ 231,009	\$ -	\$ 110,614	\$ 8,085,346
Accounts receivable	-	-	-	70,419
Due from other governmental entities	229,314	-	-	1,499,505
Due from other funds	13,560	-	-	13,560
Total assets	\$ 473,883	\$ -	\$ 110,614	\$ 9,668,830
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 334,733
Accrued salaries	53,632	-	19,395	109,860
Due to other governmental entities	-	-	-	19,271
Due to other funds	-	-	-	246,257
Total liabilities	53,632	-	19,395	710,121
FUND BALANCES (DEFICITS)				
Nonspendable:				
Restricted	-	-	91,219	7,673,155
Assigned	420,251	-	-	1,286,901
Unassigned	-	-	-	(1,347)
Total fund balances	420,251	-	91,219	8,958,709
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ 473,883	\$ -	\$ 110,614	\$ 9,668,830

**COUNTY OF LASSEN
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016**

	Capital Projects Funds			
	Criminal Justice Facility Construction	Capital Improvements	Capital Improvements Lease	Accumulated Capital Outlay
ASSETS				
Cash and investments	\$ -	\$ 25,959	\$ 1,690,551	\$ 791,370
Accounts receivable	-	-	-	-
Due from other governmental entities	-	-	-	-
Due from other funds	-	20,700	-	-
Total assets	\$ -	\$ 46,659	\$ 1,690,551	\$ 791,370
LIABILITIES				
Accounts payable	\$ -	\$ 38,469	\$ -	\$ -
Accrued salaries	-	-	-	-
Due to other governmental entities	-	-	-	-
Due to other funds	3,050	-	-	20,700
Total liabilities	3,050	38,469	-	20,700
FUND BALANCES (DEFICITS)				
Nonspendable:				
Restricted	-	-	-	-
Assigned	-	8,190	1,690,551	770,670
Unassigned	(3,050)	-	-	-
Total fund balances	(3,050)	8,190	1,690,551	770,670
Total liabilities, deferred inflows of resources and fund balances (deficits)	\$ -	\$ 46,659	\$ 1,690,551	\$ 791,370

**COUNTY OF LASSEN
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016**

	Capital Projects Funds			Total Capital Projects Funds
	Courthouse Construction	Fair Improvement	CCF Equipment Replacement Fund	
ASSETS				
Cash and investments	\$ 478,241	\$ 80,188	\$ -	\$ 3,066,309
Accounts receivable	-	-	-	-
Due from other governmental entities	-	-	45,402	45,402
Due from other funds	-	-	-	20,700
Total assets	<u>\$ 478,241</u>	<u>\$ 80,188</u>	<u>\$ 45,402</u>	<u>\$ 3,132,411</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 38,469
Accrued salaries	-	-	-	-
Due to other governmental entities	-	-	-	-
Due to other funds	-	-	40,818	64,568
Total liabilities	<u>-</u>	<u>-</u>	<u>40,818</u>	<u>103,037</u>
FUND BALANCES (DEFICITS)				
Nonspendable:				
Restricted	478,241	-	-	478,241
Assigned	-	80,188	4,584	2,554,183
Unassigned	-	-	-	(3,050)
Total fund balances	<u>478,241</u>	<u>80,188</u>	<u>4,584</u>	<u>3,029,374</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 478,241</u>	<u>\$ 80,188</u>	<u>\$ 45,402</u>	<u>\$ 3,132,411</u>

**COUNTY OF LASSEN
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016**

	Debt Service Fund	Total Debt Service	Total Non-Major Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments	\$ 1,259	\$ 1,259	\$ 11,152,914
Accounts receivable	-	-	70,419
Due from other governmental entities	-	-	1,544,907
Due from other funds	-	-	34,260
Total assets	<u>\$ 1,259</u>	<u>\$ 1,259</u>	<u>\$ 12,802,500</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 373,202
Accrued salaries	-	-	109,860
Due to other governmental entities	-	-	19,271
Due to other funds	<u>-</u>	<u>-</u>	<u>310,825</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>813,158</u>
FUND BALANCES (DEFICITS)			
Nonspendable:			
Restricted	-	-	8,151,396
Assigned	1,259	1,259	3,842,343
Unassigned	<u>-</u>	<u>-</u>	<u>(4,397)</u>
Total fund balances	<u>1,259</u>	<u>1,259</u>	<u>11,989,342</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 1,259</u>	<u>\$ 1,259</u>	<u>\$ 12,802,500</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds				
	Prison	DA Contracts	Sheriff	HHS	Fish & Game
	Trial Program		Contracts	Contracts	
	Fund	Fund	Fund	Fund	Fund
REVENUES					
Taxes	\$ -	\$ -	\$ 7,597	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	778,645	114,281	81,748	150,000	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	690	-	1,078
Use of money and property	18	-	1,223	753	2
Other revenues	<u>1,576</u>	<u>45</u>	<u>1,328</u>	<u>218</u>	<u>-</u>
Total revenues	<u>780,239</u>	<u>114,326</u>	<u>92,586</u>	<u>150,971</u>	<u>1,080</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public protection	826,990	116,709	38,833	-	1,750
Public ways and facilities	-	-	-	-	-
Health and sanitation	-	-	-	137,933	-
Public assistance	-	-	-	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	-	-	53,424	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>826,990</u>	<u>116,709</u>	<u>92,257</u>	<u>137,933</u>	<u>1,750</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(46,751)</u>	<u>(2,383)</u>	<u>329</u>	<u>13,038</u>	<u>(670)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(46,751)	(2,383)	329	13,038	(670)
Fund balances - beginning of year	<u>83,806</u>	<u>8,178</u>	<u>123,763</u>	<u>16,295</u>	<u>1,017</u>
Fund balances - end of year	<u>\$ 37,055</u>	<u>\$ 5,795</u>	<u>\$ 124,092</u>	<u>\$ 29,333</u>	<u>\$ 347</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds				
	Mental Health Services Act	General Contract	Cemetery Fund	Aviation Fund	TCF/Bailiff Fund
REVENUES					
Taxes	\$ -	\$ -	\$ 110,529	\$ -	\$ -
Licenses and permits	-	-	981	-	-
Intergovernmental	2,411,159	-	1,781	-	261,680
Charges for services	5,627	107,619	-	-	220,377
Fines and forfeitures	-	-	-	-	-
Use of money and property	38,133	3,313	2,097	3,721	716
Other revenues	<u>5,402</u>	<u>83</u>	<u>21,680</u>	<u>69</u>	<u>609</u>
Total revenues	<u>2,460,321</u>	<u>111,015</u>	<u>137,068</u>	<u>3,790</u>	<u>483,382</u>
EXPENDITURES					
Current:					
General government	-	55,940	-	-	-
Public protection	-	-	119,117	-	455,560
Public ways and facilities	-	-	-	30,829	-
Health and sanitation	2,349,283	-	-	-	-
Public assistance	-	-	-	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	-	14,908	14,250	169,977	-
Debt service:					
Principal	-	-	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>2,349,283</u>	<u>70,848</u>	<u>133,367</u>	<u>200,806</u>	<u>455,560</u>
Excess (deficiency) of revenues over (under) expenditures	<u>111,038</u>	<u>40,167</u>	<u>3,701</u>	<u>(197,016)</u>	<u>27,822</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	<u>(275,426)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(275,426)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(164,388)	40,167	3,701	(197,016)	27,822
Fund balances - beginning of year	<u>2,559,003</u>	<u>208,571</u>	<u>146,546</u>	<u>377,201</u>	<u>151,993</u>
Fund balances - end of year	<u>\$ 2,394,615</u>	<u>\$ 248,738</u>	<u>\$ 150,247</u>	<u>\$ 180,185</u>	<u>\$ 179,815</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds			
	Supplemental Law Enforcement Fund	Vital Statistics	Recorder Micrographics	Recorder Modernization
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	788,860	-	-	-
Charges for services	-	4,953	6,872	24,366
Fines and forfeitures	-	-	-	-
Use of money and property	2,848	1,064	2,239	2,038
Other revenues	-	-	-	-
Total revenues	<u>791,708</u>	<u>6,017</u>	<u>9,111</u>	<u>26,404</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Public protection	121,321	2,298	9,875	28,159
Public ways and facilities	-	-	-	-
Health and sanitation	-	-	-	-
Public assistance	-	-	-	-
Recreation and culture	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>121,321</u>	<u>2,298</u>	<u>9,875</u>	<u>28,159</u>
Excess (deficiency) of revenues over (under) expenditures	<u>670,387</u>	<u>3,719</u>	<u>(764)</u>	<u>(1,755)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	<u>(725,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(725,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(54,613)	3,719	(764)	(1,755)
Fund balances - beginning of year	<u>183,187</u>	<u>73,638</u>	<u>162,257</u>	<u>147,901</u>
Fund balances - end of year	<u>\$ 128,574</u>	<u>\$ 77,357</u>	<u>\$ 161,493</u>	<u>\$ 146,146</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds				
	Recorder AB130	Inmate Welfare State	Inmate Welfare County	Narcotics Asset Forfeiture Fund	Narcotics Task Force Fund
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	59,675
Charges for services	10,355	-	20,239	-	-
Fines and forfeitures	-	-	-	-	-
Use of money and property	346	808	2,027	489	-
Other revenues	-	-	70,427	65	134,699
Total revenues	<u>10,701</u>	<u>808</u>	<u>92,693</u>	<u>554</u>	<u>194,374</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public protection	82	10,606	89,221	1,991	141,720
Public ways and facilities	-	-	-	-	-
Health and sanitation	-	-	-	-	-
Public assistance	-	-	-	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	-	-	2,972	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>82</u>	<u>10,606</u>	<u>92,193</u>	<u>1,991</u>	<u>141,720</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,619</u>	<u>(9,798)</u>	<u>500</u>	<u>(1,437)</u>	<u>52,654</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	(15,000)	-	-	-	(59,695)
Total other financing sources (uses)	<u>(15,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(59,695)</u>
Net change in fund balances	(4,381)	(9,798)	500	(1,437)	(7,041)
Fund balances - beginning of year	<u>29,284</u>	<u>65,785</u>	<u>146,232</u>	<u>36,705</u>	<u>118,121</u>
Fund balances - end of year	<u>\$ 24,903</u>	<u>\$ 55,987</u>	<u>\$ 146,732</u>	<u>\$ 35,268</u>	<u>\$ 111,080</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds				
	Emergency Services Fund	Property Tax Delinquent Costs Fund	Bieber Lighting District	Lassen- Modoc Flood Fund	Natural Resources
REVENUES					
Taxes	\$ -	\$ -	\$ 2,688	\$ 9,885	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	43	158	20,000
Charges for services	-	37,068	-	-	-
Fines and forfeitures	-	-	-	-	-
Use of money and property	1,986	192	410	1,820	1,199
Other revenues	208	-	-	-	781
Total revenues	<u>2,194</u>	<u>37,260</u>	<u>3,141</u>	<u>11,863</u>	<u>21,980</u>
EXPENDITURES					
Current:					
General government	-	27,420	3,198	242	-
Public protection	703	-	-	-	-
Public ways and facilities	-	-	-	-	-
Health and sanitation	-	-	-	-	-
Public assistance	-	-	-	-	-
Recreation and culture	-	-	-	-	23,126
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>703</u>	<u>27,420</u>	<u>3,198</u>	<u>242</u>	<u>23,126</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,491</u>	<u>9,840</u>	<u>(57)</u>	<u>11,621</u>	<u>(1,146)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	20,000
Transfers out	-	(30,000)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(30,000)</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
Net change in fund balances	1,491	(20,160)	(57)	11,621	18,854
Fund balances - beginning of year	<u>142,170</u>	<u>33,964</u>	<u>29,594</u>	<u>122,182</u>	<u>69,451</u>
Fund balances - end of year	<u>\$ 143,661</u>	<u>\$ 13,804</u>	<u>\$ 29,537</u>	<u>\$ 133,803</u>	<u>\$ 88,305</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds				
	Geothermal	Mental Health Realignment	Social Services Realignment	Public Health Realignment	County Children's Fund
REVENUES					
Taxes	\$ -	\$ 1,186,381	\$ 2,300,925	\$ 128,783	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	22,573	156,553	250,485	156,552	562
Charges for services	-	-	-	-	2,779
Fines and forfeitures	-	-	-	-	-
Use of money and property	3,431	12,915	17,277	11,739	507
Other revenues	72	-	-	-	33
Total revenues	<u>26,076</u>	<u>1,355,849</u>	<u>2,568,687</u>	<u>297,074</u>	<u>3,881</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public protection	2,114	-	-	-	-
Public ways and facilities	-	-	-	-	-
Health and sanitation	-	214,830	-	186,522	-
Public assistance	-	-	250,485	-	5,180
Recreation and culture	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>2,114</u>	<u>214,830</u>	<u>250,485</u>	<u>186,522</u>	<u>5,180</u>
Excess (deficiency) of revenues over (under) expenditures	<u>23,962</u>	<u>1,141,019</u>	<u>2,318,202</u>	<u>110,552</u>	<u>(1,299)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	71,886	60,494	1,357,503	-
Transfers out	-	(1,131,306)	(1,966,997)	(1,332,631)	-
Total other financing sources (uses)	<u>-</u>	<u>(1,059,420)</u>	<u>(1,906,503)</u>	<u>24,872</u>	<u>-</u>
Net change in fund balances	23,962	81,599	411,699	135,424	(1,299)
Fund balances - beginning of year	<u>228,613</u>	<u>873,853</u>	<u>991,112</u>	<u>742,283</u>	<u>37,533</u>
Fund balances - end of year	<u>\$ 252,575</u>	<u>\$ 955,452</u>	<u>\$ 1,402,811</u>	<u>\$ 877,707</u>	<u>\$ 36,234</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds				
	Tobacco Settlement Fund	Fair	Economic Development & Housing Income	Loss Prevention Fund	USDA Title III
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	45,828	-	-	124,982
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Use of money and property	678	528,721	-	559	2,834
Other revenues	300,766	291	-	-	-
Total revenues	<u>301,444</u>	<u>574,840</u>	<u>-</u>	<u>559</u>	<u>127,816</u>
EXPENDITURES					
Current:					
General government	249,970	721,493	-	480	-
Public protection	-	-	-	-	122,509
Public ways and facilities	-	-	-	-	-
Health and sanitation	-	-	-	-	-
Public assistance	-	-	-	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>249,970</u>	<u>721,493</u>	<u>-</u>	<u>480</u>	<u>122,509</u>
Excess (deficiency) of revenues over (under) expenditures	<u>51,474</u>	<u>(146,653)</u>	<u>-</u>	<u>79</u>	<u>5,307</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	114,935	-	-	-
Transfers out	<u>(192,000)</u>	<u>-</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(192,000)</u>	<u>114,935</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Net change in fund balances	(140,526)	(31,718)	(20,000)	(19,921)	5,307
Fund balances - beginning of year	<u>142,574</u>	<u>30,371</u>	<u>20,000</u>	<u>57,297</u>	<u>232,204</u>
Fund balances - end of year	<u>\$ 2,048</u>	<u>\$ (1,347)</u>	<u>\$ -</u>	<u>\$ 37,376</u>	<u>\$ 237,511</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds			Special Revenue Total
	Probation Fund	Probation Contracts	Child Support	
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 3,746,788
Licenses and permits	-	-	-	981
Intergovernmental	748,665	-	884,093	7,058,323
Charges for services	74,176	-	-	514,431
Fines and forfeitures	508,690	-	-	510,458
Use of money and property	9,405	-	2,229	657,737
Other revenues	27,286	-	7,598	573,236
	<u>1,368,222</u>	<u>-</u>	<u>893,920</u>	<u>13,061,954</u>
EXPENDITURES				
Current:				
General government	-	-	-	1,058,743
Public protection	2,329,764	-	934,348	5,353,670
Public ways and facilities	-	-	-	30,829
Health and sanitation	-	-	-	2,888,568
Public assistance	-	-	-	255,665
Recreation and culture	-	-	-	23,126
Capital outlay	16,770	-	43,273	315,574
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>2,346,534</u>	<u>-</u>	<u>977,621</u>	<u>9,926,175</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(978,312)</u>	<u>-</u>	<u>(83,701)</u>	<u>3,135,779</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	946,113	-	-	2,570,931
Transfers out	-	(15,133)	-	(5,783,188)
	<u>946,113</u>	<u>(15,133)</u>	<u>-</u>	<u>(3,212,257)</u>
Net change in fund balances	(32,199)	(15,133)	(83,701)	(76,478)
Fund balances - beginning of year	<u>452,450</u>	<u>15,133</u>	<u>174,920</u>	<u>9,035,187</u>
Fund balances - end of year	<u>\$ 420,251</u>	<u>\$ -</u>	<u>\$ 91,219</u>	<u>\$ 8,958,709</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Capital Projects Funds			Accumulated Capital Outlay
	Criminal Justice Facility Construction	Capital Improvements	Capital Improvements Lease	
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 230,455
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	3,714
Charges for services	-	-	-	-
Fines and forfeitures	44,710	-	-	-
Use of money and property	270	521	25,479	5,514
Other revenues	260	-	-	78,582
Total revenues	<u>45,240</u>	<u>521</u>	<u>25,479</u>	<u>318,265</u>
EXPENDITURES				
Current:				
General government	-	-	1,101,908	-
Public protection	1,137	-	-	-
Public ways and facilities	-	-	-	-
Health and sanitation	-	-	-	-
Public assistance	-	-	-	-
Recreation and culture	-	-	-	-
Capital outlay	501,654	229,367	1,435,877	116,068
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>502,791</u>	<u>229,367</u>	<u>2,537,785</u>	<u>116,068</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(457,551)</u>	<u>(228,846)</u>	<u>(2,512,306)</u>	<u>202,197</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	400,000	170,700	200,000	-
Transfers out	-	-	-	(170,700)
Total other financing sources (uses)	<u>400,000</u>	<u>170,700</u>	<u>200,000</u>	<u>(170,700)</u>
Net change in fund balances	(57,551)	(58,146)	(2,312,306)	31,497
Fund balances - beginning of year	<u>54,501</u>	<u>66,336</u>	<u>4,002,857</u>	<u>739,173</u>
Fund balances - end of year	<u>\$ (3,050)</u>	<u>\$ 8,190</u>	<u>\$ 1,690,551</u>	<u>\$ 770,670</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Capital Projects Funds			Total Capital Projects Funds
	Courthouse Construction	Fair Improvement	CCF Equipment Replacement Fund	
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 230,455
Licenses and permits	-	-	-	-
Intergovernmental	-	-	64,270	67,984
Charges for services	-	-	-	-
Fines and forfeitures	92,173	-	-	136,883
Use of money and property	6,780	1,285	-	39,849
Other revenues	-	12,220	-	91,062
Total revenues	<u>98,953</u>	<u>13,505</u>	<u>64,270</u>	<u>566,233</u>
EXPENDITURES				
Current:				
General government	-	10,072	-	1,111,980
Public protection	-	-	8,649	9,786
Public ways and facilities	-	-	-	-
Health and sanitation	-	-	-	-
Public assistance	-	-	-	-
Recreation and culture	-	-	-	-
Capital outlay	-	70,808	57,186	2,410,960
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>80,880</u>	<u>65,835</u>	<u>3,532,726</u>
Excess (deficiency) of revenues over (under) expenditures	<u>98,953</u>	<u>(67,375)</u>	<u>(1,565)</u>	<u>(2,966,493)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	770,700
Transfers out	(400,000)	-	-	(570,700)
Total other financing sources (uses)	<u>(400,000)</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
Net change in fund balances	(301,047)	(67,375)	(1,565)	(2,766,493)
Fund balances - beginning of year	<u>779,288</u>	<u>147,563</u>	<u>6,149</u>	<u>5,795,867</u>
Fund balances - end of year	<u>\$ 478,241</u>	<u>\$ 80,188</u>	<u>\$ 4,584</u>	<u>\$ 3,029,374</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Debt Service Fund	Debt Service Total	Total Non-Major Governmental Funds
REVENUES			
Taxes	\$ -	\$ -	\$ 3,977,243
Licenses and permits	-	-	981
Intergovernmental	-	-	7,126,307
Charges for services	-	-	514,431
Fines and forfeitures	-	-	647,341
Use of money and property	10	10	697,596
Other revenues	-	-	664,298
	<u>-</u>	<u>-</u>	<u>664,298</u>
Total revenues	<u>10</u>	<u>10</u>	<u>13,628,197</u>
EXPENDITURES			
Current:			
General government	37	37	2,170,760
Public protection	-	-	5,363,456
Public ways and facilities	-	-	30,829
Health and sanitation	-	-	2,888,568
Public assistance	-	-	255,665
Recreation and culture	-	-	23,126
Capital outlay	-	-	2,726,534
Debt service:			
Principal	137,014	137,014	137,014
Interest	163,200	163,200	163,200
	<u>163,200</u>	<u>163,200</u>	<u>163,200</u>
Total expenditures	<u>300,251</u>	<u>300,251</u>	<u>13,759,152</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(300,241)</u>	<u>(300,241)</u>	<u>(130,955)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	301,500	301,500	3,643,131
Transfers out	-	-	(6,353,888)
	<u>-</u>	<u>-</u>	<u>(6,353,888)</u>
Total other financing sources (uses)	<u>301,500</u>	<u>301,500</u>	<u>(2,710,757)</u>
Net change in fund balances	1,259	1,259	(2,841,712)
Fund balances - beginning of year	-	-	14,831,054
	<u>-</u>	<u>-</u>	<u>14,831,054</u>
Fund balances - end of year	<u>\$ 1,259</u>	<u>\$ 1,259</u>	<u>\$ 11,989,342</u>

**COUNTY OF LASSEN
 COMBINING STATEMENT OF NET POSITION
 NON-MAJOR ENTERPRISE FUNDS
 JUNE 30, 2016**

	<u>County Service Area (Honey Lake TV)</u>	<u>County Business Parks</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and investments	\$ 14,664	\$ -	\$ 14,664
Total current assets	<u>14,664</u>	<u>-</u>	<u>14,664</u>
Noncurrent assets:			
Capital assets:			
Depreciable, net	<u>57,438</u>	<u>-</u>	<u>57,438</u>
Total noncurrent assets	<u>57,438</u>	<u>-</u>	<u>57,438</u>
Total assets	<u>72,102</u>	<u>-</u>	<u>72,102</u>
NET POSITION			
Net investment in capital assets	57,438	-	57,438
Unrestricted	<u>14,664</u>	<u>-</u>	<u>14,664</u>
Total net position	<u>\$ 72,102</u>	<u>\$ -</u>	<u>\$ 72,102</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	County Service Area (Honey Lake TV)	County Business Parks	Total
Operating revenues:			
Charges for sales and services	\$ 39,074	\$ 2,621	\$ 41,695
Other	<u>97</u>	<u>1,725</u>	<u>1,822</u>
Total operating revenues	<u>39,171</u>	<u>4,346</u>	<u>43,517</u>
Operating expenses:			
Services and supplies	41,273	44,942	86,215
Depreciation	<u>17,292</u>	<u>-</u>	<u>17,292</u>
Total operating expenses	<u>58,565</u>	<u>44,942</u>	<u>103,507</u>
Operating income (loss)	<u>(19,394)</u>	<u>(40,596)</u>	<u>(59,990)</u>
Nonoperating revenues (expenses):			
Interest income	289	275	564
Gain (loss) on disposal of assets	<u>-</u>	<u>(804,577)</u>	<u>(804,577)</u>
Total nonoperating revenues (expenses)	<u>289</u>	<u>(804,302)</u>	<u>(804,013)</u>
Income (loss) before transfers	(19,105)	(844,898)	(864,003)
Change in net position	(19,105)	(844,898)	(864,003)
Net position, beginning of year	<u>91,207</u>	<u>844,898</u>	<u>936,105</u>
Net position, end of year	<u><u>\$ 72,102</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 72,102</u></u>

**COUNTY OF LASSEN
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	County Service Area (Honey Lake TV)	County Business Parks	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 39,171	\$ 4,346	\$ 43,517
Cash paid to suppliers for goods and services	<u>(41,273)</u>	<u>(44,942)</u>	<u>(86,215)</u>
Net cash provided by (used) for operating activities	<u>(2,102)</u>	<u>(40,596)</u>	<u>(42,698)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Advances to/from other funds	<u>-</u>	<u>(20,000)</u>	<u>(20,000)</u>
Net cash provided by (used) for noncapital financing activities	<u>-</u>	<u>(20,000)</u>	<u>(20,000)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of assets		50,000	50,000
Payments related to the acquisition of capital assets	<u>(5,388)</u>	<u>-</u>	<u>(5,388)</u>
Net cash provided by (used) for capital and related financing activities	<u>(5,388)</u>	<u>50,000</u>	<u>44,612</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	<u>289</u>	<u>275</u>	<u>564</u>
Net cash provided by (used) for investing activities	<u>289</u>	<u>275</u>	<u>564</u>
Net increase (decrease) in cash and cash equivalents	(7,201)	(10,321)	(17,522)
Cash and cash equivalents, beginning of the year	<u>21,865</u>	<u>10,321</u>	<u>32,186</u>
Cash and cash equivalents, end of the year	<u>\$ 14,664</u>	<u>\$ -</u>	<u>\$ 14,664</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (19,394)	\$ (40,596)	(59,990)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	<u>17,292</u>	<u>-</u>	<u>17,292</u>
Net cash provided (used) by operating activities	<u>\$ (2,102)</u>	<u>\$ (40,596)</u>	<u>\$ (42,698)</u>

INTERNAL SERVICE FUNDS

**COUNTY OF LASSEN
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2016**

	Information Services	Fleet Maintenance	Total
ASSETS			
Current assets:			
Cash and investments	\$ 293,714	\$ 1,239,077	\$ 1,532,791
Total current assets	<u>293,714</u>	<u>1,239,077</u>	<u>1,532,791</u>
Noncurrent assets:			
Capital assets:			
Depreciable, net	<u>67,831</u>	<u>487,075</u>	<u>554,906</u>
Total noncurrent assets	<u>67,831</u>	<u>487,075</u>	<u>554,906</u>
Total assets	<u>361,545</u>	<u>1,726,152</u>	<u>2,087,697</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pensions	<u>17,182</u>	<u>38,572</u>	<u>55,754</u>
Total deferred outflows of resources	<u>17,182</u>	<u>38,572</u>	<u>55,754</u>
LIABILITIES			
Current liabilities:			
Accounts payable	3,351	-	3,351
Unearned revenue	40,000	54,956	94,956
Salaries and benefits payable	<u>4,887</u>	<u>3,337</u>	<u>8,224</u>
Total current liabilities	<u>48,238</u>	<u>58,293</u>	<u>106,531</u>
Noncurrent liabilities:			
Net pension liability	<u>152,103</u>	<u>341,452</u>	<u>493,555</u>
Total noncurrent liabilities	<u>152,103</u>	<u>341,452</u>	<u>493,555</u>
Total liabilities	<u>200,341</u>	<u>399,745</u>	<u>600,086</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pensions	<u>14,854</u>	<u>33,343</u>	<u>48,197</u>
Total deferred inflows of resources	<u>14,854</u>	<u>33,343</u>	<u>48,197</u>
NET POSITION			
Net investment in capital assets	67,831	487,075	554,906
Unrestricted	<u>95,701</u>	<u>844,561</u>	<u>940,262</u>
Total net position	<u>\$ 163,532</u>	<u>\$ 1,331,636</u>	<u>\$ 1,495,168</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Information Services</u>	<u>Fleet Maintenance</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 761,403	\$ 812,350	\$ 1,573,753
Other revenue	<u>672</u>	<u>1,033</u>	<u>1,705</u>
Total operating revenues	<u>762,075</u>	<u>813,383</u>	<u>1,575,458</u>
Operating expenses:			
Salaries and benefits	167,181	168,636	335,817
Services and supplies	447,814	167,460	615,274
Depreciation	<u>25,640</u>	<u>268,346</u>	<u>293,986</u>
Total operating expenses	<u>640,635</u>	<u>604,442</u>	<u>1,245,077</u>
Operating income (loss)	<u>121,440</u>	<u>208,941</u>	<u>330,381</u>
Nonoperating revenues (expenses):			
Interest income	4,289	14,757	19,046
Gain (loss) on disposal of assets	<u>-</u>	<u>5,122</u>	<u>5,122</u>
Total nonoperating revenues (expenses)	<u>4,289</u>	<u>19,879</u>	<u>24,168</u>
Change in net position	125,729	228,820	354,549
Net position, beginning of the year (restated)	<u>37,803</u>	<u>1,102,816</u>	<u>1,140,619</u>
Net position, end of year	<u>\$ 163,532</u>	<u>\$ 1,331,636</u>	<u>\$ 1,495,168</u>

**COUNTY OF LASSEN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

	Information Services	Fleet Maintenance	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from interfund services provided	\$ 802,075	\$ 868,339	\$ 1,670,414
Cash paid to suppliers for goods and services	(447,811)	(167,460)	(615,271)
Cash paid to employees for services	(162,062)	(114,082)	(276,144)
Net cash provided by (used) for operating activities	<u>192,202</u>	<u>586,797</u>	<u>778,999</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from sale of capital assets	-	5,122	5,122
Payment for the acquisition of capital assets	(60,233)	(6,450)	(66,683)
Net cash provided by (used) for capital and related financing activities	<u>(60,233)</u>	<u>(1,328)</u>	<u>(61,561)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	4,289	14,757	19,046
Net cash provided by (used) for investing activities	<u>4,289</u>	<u>14,757</u>	<u>19,046</u>
Net increase (decrease) in cash and cash equivalents	136,258	600,226	736,484
Cash and cash equivalents, beginning of year	<u>157,456</u>	<u>638,851</u>	<u>796,307</u>
Cash and cash equivalents, end of year	<u>\$ 293,714</u>	<u>\$ 1,239,077</u>	<u>\$ 1,532,791</u>
Reconciliation of operating income (loss) to net cash provided by (used) for operating activities:			
Operating income (loss)	\$ 121,440	\$ 208,941	\$ 330,381
Adjustments to reconcile operating income (loss) to net cash provided by (used) for operating activities:			
Depreciation	25,640	268,346	293,986
Changes in assets and liabilities:			
(Increase) decrease in:			
Deferred outflows of resources for pensions	(4,114)	(11,227)	(15,341)
Increase (decrease) in:			
Unearned revenue		54,956	54,956
Accrued salaries	433	55	488
Net pension liability	42,048	134,833	176,881
Deferred inflows from operating revenue	40,000	-	40,000
Deferred inflows of resources for pensions	(33,245)	(69,107)	(102,352)
Net cash provided by (used) for operating activities	<u>\$ 192,202</u>	<u>\$ 586,797</u>	<u>\$ 778,999</u>