

**COUNTY OF LASSEN
SUSANVILLE, CALIFORNIA**

BASIC FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2018**

**COUNTY OF LASSEN
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018**

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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, 2018, 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.

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Clovis, CA 93612

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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, 2018, 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 5-17, budgetary comparison information on pages 82-90, proportionate share of net pension liability - cost-sharing plan on page 91, schedule of contributions - cost-sharing plan on page 92, and schedule of changes in net pension liability and related ratios - agent multiple employer plan on page 93, schedule of contributions - agent multiple plan on page 94, schedule of changes in Net OPEB liability and related ratios on page 95, and the schedule of changes in contributions - other postemployment benefits on page 96, 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.

Emphasis of Matter

Implementation of New Accounting Standard

As disclosed in the Note 11 of the financial statements, the City implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2019, 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 29, 2019

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COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

FINANCIAL HIGHLIGHTS

Government-Wide Financial Analysis:

- The net position of the County at the close of the 2017/18 fiscal year was \$58,783,020. Of the net position, \$40,611,046 is restricted for specific purpose (*restricted net position*), and \$50,183,870 is the net investment in capital assets, net of related debt. This leaves an unrestricted net position of \$(32,011,896), compared to an unrestricted net position in the prior year of \$(21,212,443). The unrestricted net position is negative due to implementation of GASB Statement No. 68 and GASB 75, a change in accounting method, which requires recording a future Net Pension Liability and Net OPEB Liability. The government's total net position decreased by \$(1,853,750) in comparison with prior year.
- The County's total non-current liabilities changed in comparison with the prior year as follows:

▪ Compensated absences	\$ 21,693
▪ Claims & judgements payable	(319,342)
▪ Capital lease	(154,123)
▪ Net OPEB Liability	1,380,455
▪ Net pension liability	<u>5,272,523</u>
Total increase of	<u>\$ 6,201,206</u>

The County's investment in capital assets decreased by \$(237,748) due to depreciation of assets.

Financial Analysis of County's Funds:

- County governmental funds reported combined fund balance of \$46,080,353, an increase of \$3,465,416 in comparison with the prior year.
- Of the \$46,080,353, \$6,772,474 is considered to be **nonspendable** - legally or contractually required to be maintained intact; \$32,991,790 is considered to be **restricted** - constrained for a specific purpose by an outside party and is legally enforceable; \$1,001,073 is considered formally **committed** by the Board of Supervisors (by resolution); \$2,891,987 is considered **assigned** by the Board of Supervisors or delegated representative in an informal manner (board minutes, budget, purchase order, contract, etc.); and \$2,423,029 is considered **unassigned**.
- The County General Fund had \$530,871 in assigned fund balance and \$2,436,662 in unassigned fund balance, for a total of \$2,967,533, an equivalent of 31.27% 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, 2018

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 (2015-16 only).

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 nine 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, 2018

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 \$58,725,525, at the close of the most recent fiscal year.

The largest portion of the County's Government Activities net position, \$50,159,287 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 the 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, 2018, the County had \$3,652,299 debt related to capital assets.

An additional portion of the County's Government Activities net position, \$40,611,046, 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, 2018**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The County's Government Activities Net Position decreased by \$(1,837,394) during the current fiscal year. The net decrease in net position includes the decrease in capital assets, changes in pension net liabilities, new reporting of OPEB liabilities, general government costs exceeding earned revenues, various changes in restricted funds and prior period adjustments for a prior year understatement of intergovernmental receivables.

In the County's Business-type Activities, the County reported unrestricted net position of \$32,912, a decrease of \$(792).

During the current fiscal year, the County had an overall decrease in net position of \$(1,853,750). While the net investments in capital assets decreased by \$(237,748), the restricted net position increased by \$9,183,451 and the unrestricted net position decreased by \$(10,799,453).

**Statement of Net Position
June 30, 2018**

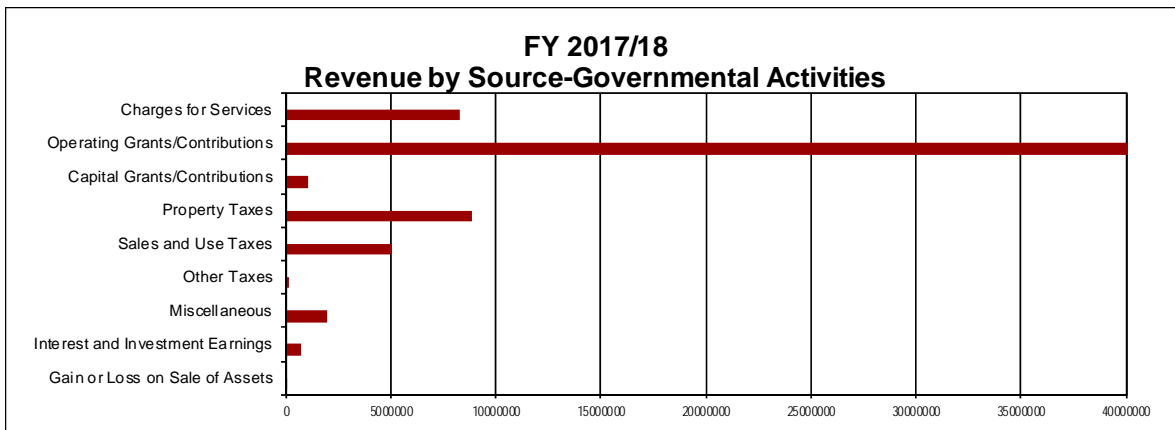
	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$ 49,771,230	\$ 46,809,816	\$ 32,912	\$ 33,704	\$ 49,804,142	\$ 46,843,520
Long-Term Receivables	348,010	386,858	-	-	348,010	386,858
Other Post Employment Liabilities	-	270,316	-	-	-	270,316
Capital Assets	53,811,586	54,181,965	24,583	40,147	53,836,169	54,222,112
Total Assets	<u>103,930,826</u>	<u>101,648,955</u>	<u>57,495</u>	<u>73,851</u>	<u>103,988,321</u>	<u>101,722,806</u>
Deferred outflows of resources	12,413,608	11,297,957	-	-	12,413,608	11,297,957
Current and Other Liabilities	7,728,571	5,360,925	-	-	7,728,571	5,360,925
Long-Term Liabilities	48,746,328	46,043,299	-	-	48,746,328	46,043,299
Total Liabilities	<u>56,474,899</u>	<u>51,404,224</u>	<u>-</u>	<u>-</u>	<u>56,474,899</u>	<u>51,404,224</u>
Deferred inflows of resources	1,144,010	979,769	-	-	1,144,010	979,769
Net Investment in Capital Assets	50,159,287	50,381,471	24,583	40,147	50,183,870	50,421,618
Restricted	40,611,046	31,427,595	-	-	40,611,046	31,427,595
Unrestricted	(32,044,808)	(21,246,147)	32,912	33,704	(32,011,896)	(21,212,443)
Total Net Position	<u>\$ 58,725,525</u>	<u>\$ 60,562,919</u>	<u>\$ 57,495</u>	<u>\$ 73,851</u>	<u>\$ 58,783,020</u>	<u>\$ 60,636,770</u>

**COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

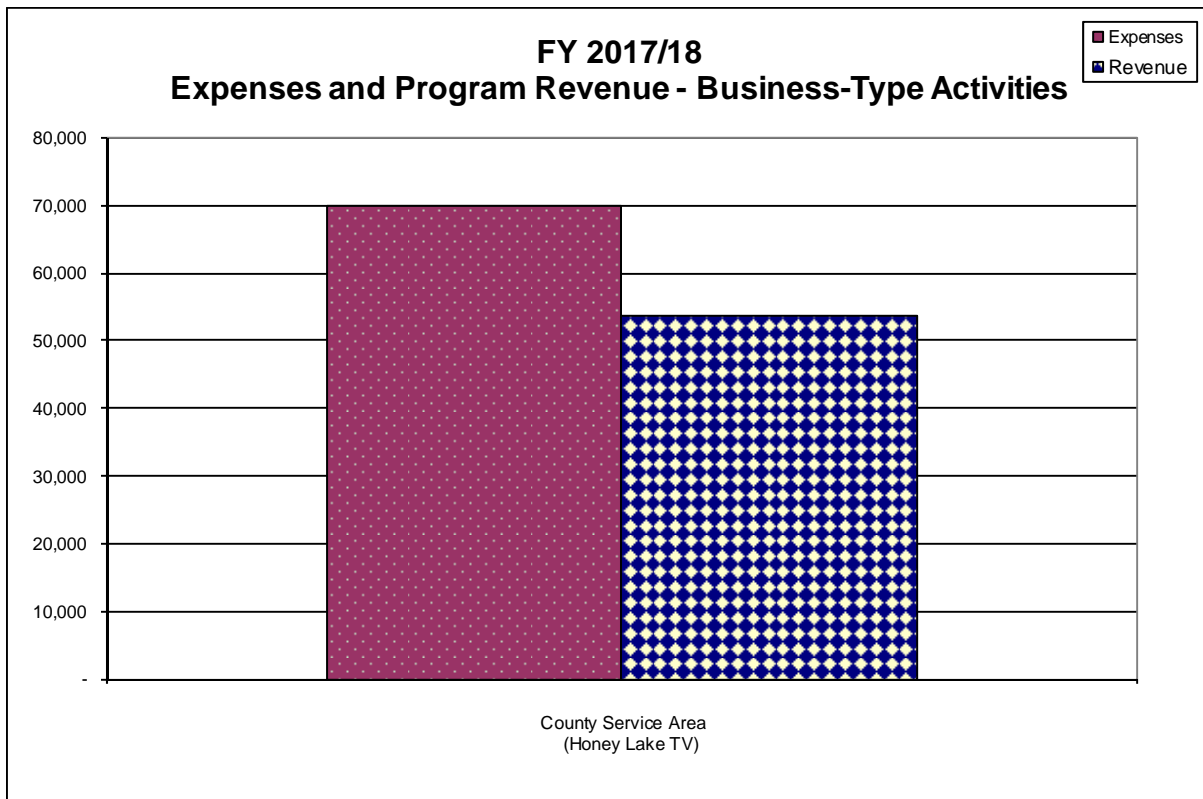
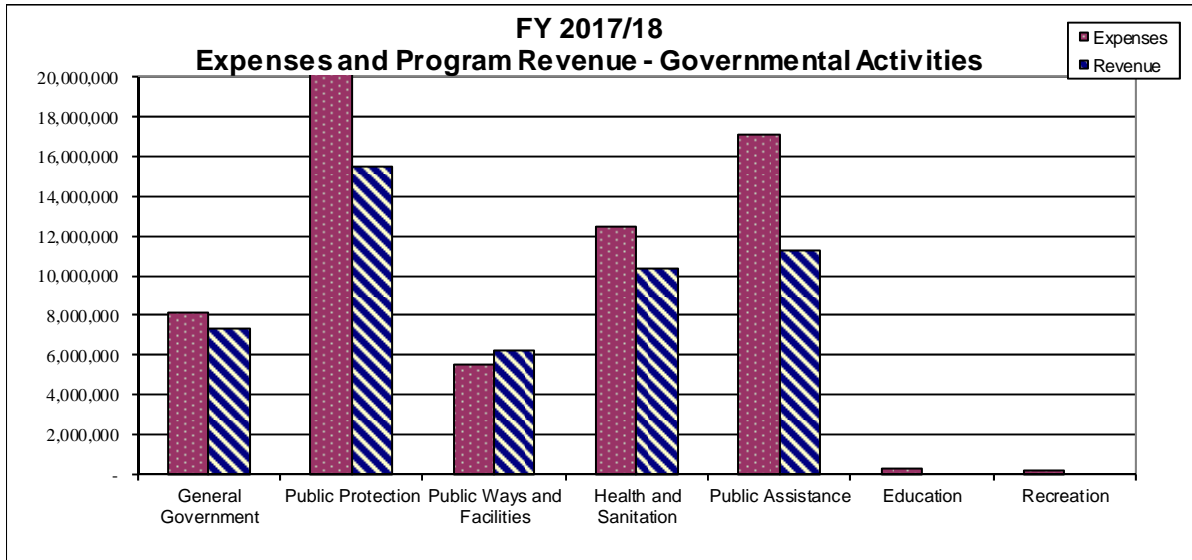
The following table indicates the changes in net position for governmental and business-type activities:

Statement of Activities For the year ended June 30, 2018						
	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenues						
Charges for Services	\$ 8,310,640	\$ 7,332,369	\$ 53,636	\$ 41,900	\$ 8,364,276	\$ 7,374,269
Operating Grants/Contributions	41,447,822	36,681,414	-	-	41,447,822	36,681,414
Capital Grants/Contributions	1,050,493	3,132,242	-	-	1,050,493	3,132,242
Property Taxes	8,862,367	8,431,676	-	-	8,862,367	8,431,676
Sales and Use Taxes	5,002,775	4,962,808	-	-	5,002,775	4,962,808
Other Taxes	102,042	-	-	-	102,042	-
Miscellaneous	1,964,841	2,178,144	98	-	1,964,939	2,178,144
Interest and Investment Earnings	683,138	821,820	-	-	683,138	821,820
Gain or Loss on Sale of Assets	35,464	1,140	(87)	165	35,377	1,305
Total Revenues	<u>67,459,582</u>	<u>63,541,613</u>	<u>53,647</u>	<u>42,065</u>	<u>67,513,229</u>	<u>63,583,678</u>
Expenses						
General Government	8,147,461	8,497,231	-	-	8,147,461	8,497,231
Public Protection	23,989,610	20,885,659	-	-	23,989,610	20,885,659
Public Ways and Facilities	5,486,123	6,013,933	-	-	5,486,123	6,013,933
Health and Sanitation	12,443,895	11,562,918	-	-	12,443,895	11,562,918
Public Assistance	17,089,281	14,704,178	-	-	17,089,281	14,704,178
Education	289,364	8,410	-	-	289,364	8,410
Recreation	196,183	237,105	-	-	196,183	237,105
Interest on long-term debt	152,019	157,719	-	-	152,019	157,719
County Service Area (Honey Lake TV)	-	-	70,003	40,316	70,003	40,316
Total Expenses	<u>67,793,936</u>	<u>62,067,153</u>	<u>70,003</u>	<u>40,316</u>	<u>67,863,939</u>	<u>62,107,469</u>
Excess (Deficiency) of Revenues Over (Under) Expenses	(334,354)	1,474,460	(16,356)	1,749	(350,710)	1,476,209
Transfers	-	-	-	-	-	-
Change in Net Position	<u>(334,354)</u>	<u>1,474,460</u>	<u>(16,356)</u>	<u>1,749</u>	<u>(350,710)</u>	<u>1,476,209</u>
Net Position - Beginning	60,562,919	58,324,632	73,851	72,102	60,636,770	58,396,734
Prior period adjustments	(1,503,040)	763,827	-	-	(1,503,040)	763,827
Net Position - Beginning (restated)	59,059,879	59,088,459	73,851	72,102	59,133,730	59,160,561
Net Position - Ending	<u>\$ 58,725,525</u>	<u>\$ 60,562,919</u>	<u>\$ 57,495</u>	<u>\$ 73,851</u>	<u>\$ 58,783,020</u>	<u>\$ 60,636,770</u>



COUNTY OF LASSEN
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 JUNE 30, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)



**COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

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 Changes in Fund Balance
Governmental Funds**

	2018	2017	Increase (Decrease)	
			Amount	Percent
Fund Balance - Beginning of Year, restated	\$ 42,614,937	\$ 42,545,458	\$ 69,479	0.16%
Revenues	67,069,522	63,232,936	3,836,586	6.07%
Expenditures	(63,792,403)	(63,164,597)	(627,806)	0.99%
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,277,119	68,339	3,208,780	4695.39%
Other Financing Sources (Uses)	188,297	1,140	187,157	16417.28%
Fund Balance - End of Year	<u>\$ 46,080,353</u>	<u>\$ 42,614,937</u>	<u>\$ 3,465,416</u>	<u>8.13%</u>

At June 30, 2018, the County's governmental funds reported total fund balances of \$46,080,353, an increase of \$3,465,416 in comparison with the prior year's total ending fund balance restated. The components of total fund balance are as follows (for more information, see Note 9 - Fund Balances):

- *Non-spendable fund balance*, \$6,772,474 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 \$5,703,952; 2) roads inventory of \$1,068,522.
- *Restricted fund balance*, \$32,991,790, 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*, \$1,001,073; this would be amounts for specific purposes determined by the Board of Supervisors by resolution.
- *Assigned fund balance*, \$2,891,987, 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*, \$2,423,029, represents the residual classification for the County's General Fund of \$2,436,662 as well as governmental funds where expenditures exceeded the available (or allowable) funds in their respective special revenue funds, including the Fair Fund (\$13,633).

Approximately 85.30%, or \$39,307,879, 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 be earmark 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, 2018**

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (continued)

General Fund: The General Fund is the main operating fund of the County. At June 30, 2018, the spendable fund balance consisted of unassigned totaling \$2,436,662, assigned totaling \$530,871 and restricted totaling \$180,234. The County's General Reserve, \$1,493,401, is included in the unassigned fund balance. Including \$5,693,952 in non-spendable funds, the total fund balance reached \$8,841,719, a decrease of 7.89% or (\$757,860) from the prior year.

As a measure of the General Fund's liquidity, it may be useful to compare both spendable & assigned and total fund balance to total fund expenditures. Spendable fund balances (restricted, assigned and unassigned) represents 16.75% of total General Fund expenditures and transfers out (a decrease of 6.56%); while the total fund balance represents 46.56% 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 \$476,765 Health and Human Services \$10,930, Public Safety \$291,030, Community Development \$54,206, Welfare Administration \$1,138,626, Welfare Assistance \$1,481,502, County Local Revenue \$238,665 and Prison Trial Prosecution \$(9,693). The non-major governmental funds changed by \$519,372.

The following County's governmental funds had one deficit fund balance, Fair \$(13,633).

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

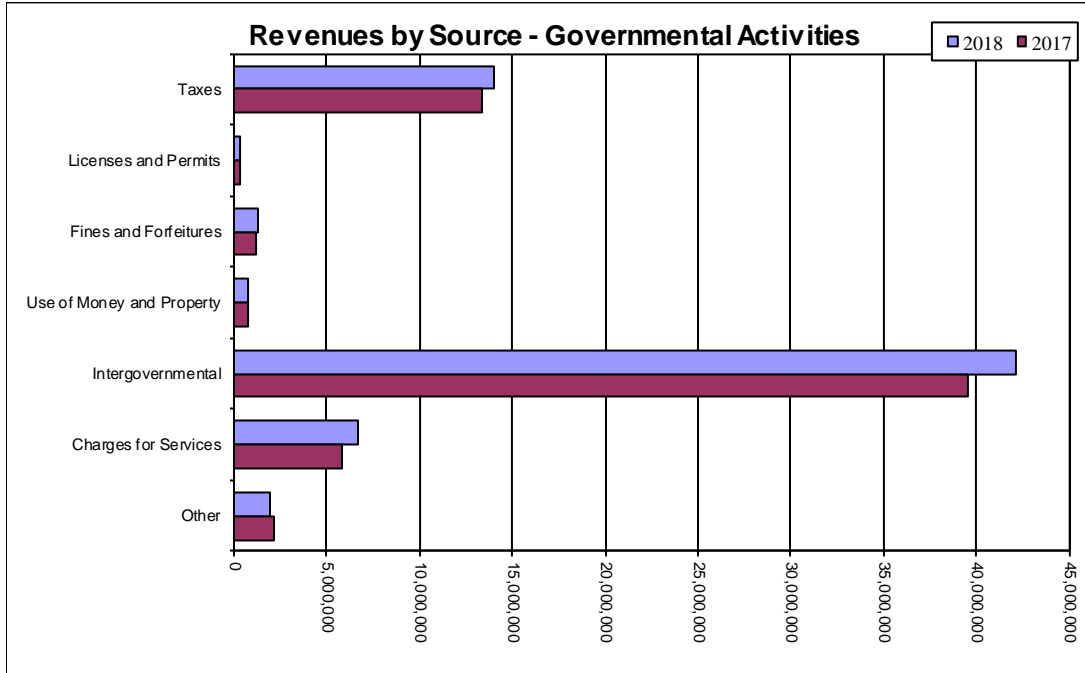
**Revenues Classified by Source
Governmental Funds**

	2018		2017		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Revenue by Source:						
Taxes	\$ 13,967,184	20.82%	\$ 13,393,760	21.18%	\$ 573,424	4.28%
Licenses and Permits	320,752	0.48%	299,693	0.47%	21,059	7.03%
Fines and Forfeitures	1,239,712	1.85%	1,144,341	1.81%	95,371	8.33%
Use of Money and Property	732,961	1.09%	775,440	1.23%	(42,479)	-5.48%
Intergovernmental	42,117,769	62.80%	39,576,950	62.59%	2,540,819	6.42%
Charges for Services	6,726,303	10.03%	5,848,076	9.25%	878,227	15.02%
Other	1,964,841	2.93%	2,194,676	3.47%	(229,835)	-10.47%
Total	\$ 67,069,522	100.00%	\$ 63,232,936	100.00%	\$ 3,836,586	6.07%

**COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

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.

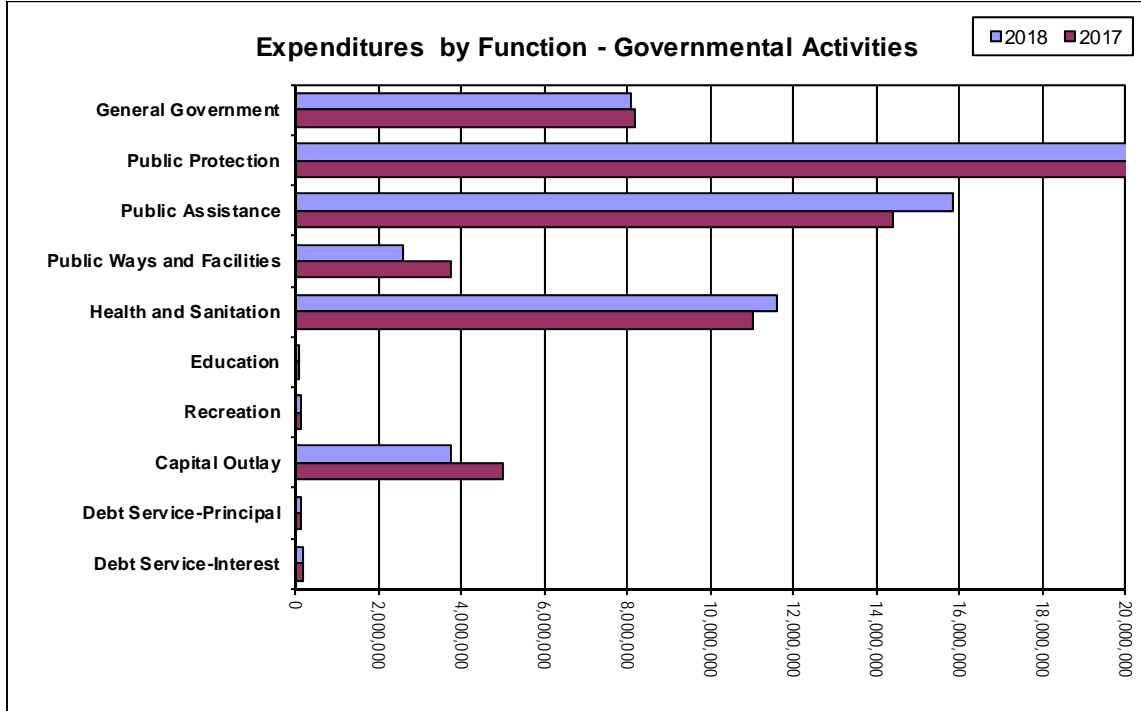
**Expenditures Classified by Function
Governmental Funds**

	2018		2017		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Expenditures by Function:						
General Government	\$ 8,056,693	12.63%	\$ 8,182,208	12.95%	\$ (125,515)	-1.53%
Public Protection	21,455,151	33.63%	20,314,650	32.16%	1,140,501	5.61%
Public Assistance	15,845,136	24.84%	14,403,253	22.80%	1,441,883	10.01%
Public Ways and Facilities	2,562,729	4.02%	3,751,663	5.94%	(1,188,934)	-31.69%
Health and Sanitation	11,613,625	18.21%	11,035,687	17.47%	577,938	5.24%
Education	90,272	0.14%	86,025	0.14%	4,247	4.94%
Recreation	113,464	0.18%	110,172	0.17%	3,292	2.99%
Capital Outlay	3,755,119	5.89%	4,980,717	7.89%	(1,225,598)	-24.61%
Debt Service-Principal	148,194	0.23%	142,494	0.00%	5,700	0.00%
Debt Service-Interest	152,020	0.24%	157,728	0.25%	(5,708)	0.00%
Total	\$ 63,792,403	100.00%	\$ 63,164,597	99.77%	\$ 627,806	0.99%

**COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

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**

	2018	2017	Increase (Decrease)	
			Amount	Percent
Transfers In	\$ 22,779,179	\$ 21,721,552	\$ 1,057,627	4.87%
Transfers Out	(22,779,179)	(21,721,552)	(1,057,627)	4.87%
Net Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -

**COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (continued)

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).

**Net Changes in Net Position
Enterprise Funds**

	2018	2017	Increase (Decrease)	
			Amount	Percent
Total Net Position - Beginning	\$ 73,851	\$ 72,102	\$ 1,749	2.43%
Operating Revenues	53,734	41,900	11,834	28.24%
Operating Expenditures	(70,003)	(40,316)	(29,687)	73.64%
Operating Income (Loss)	(16,269)	1,584	(17,853)	-1127.08%
Non-Operating Revenues (Expenses)	(87)	165	(252)	-152.73%
Transfers In/Out	-	-	-	0.00%
Change Net Position	(16,356)	1,749	(18,105)	-1035.16%
Fund Balance - Ending	\$ 57,495	\$ 73,851	\$ (16,356)	-22.15%

The net position of the enterprise fund increased \$1,749. Operating revenues decreased 3.72% while operating expenses decreased by 61.05% (2015-16 included County Business Parks, which is now closed).

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 Changes in Net Position
Internal Service Funds**

	2018	2017	Increase (Decrease)	
			Amount	Percent
Fund Balance - Beginning of Year, restated	\$ 1,923,994	\$ 1,495,168	\$ 428,826	28.68%
Revenues	1,461,136	1,522,627	(61,491)	-4.04%
Expenditures	(1,424,373)	(1,161,023)	(263,350)	22.68%
Operating Income (Loss)	36,763	361,604	(324,841)	-89.83%
Non-Operating Revenues (Expenses)	18,029	4,087	13,942	341.13%
Change Net Position	54,792	365,691	(310,899)	-85.02%
Fund Balance - Ending	\$ 1,978,786	\$ 1,860,859	\$ 117,927	6.34%

Unrestricted net position of the internal service funds at June 30, 2018 was \$1,146,235. Net investment in capital assets was \$832,551.

**COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

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 \$0 net increase in fund balance.

Even with these adjustments, actual expenditures and transfers were \$1,158,758 below final budgeted appropriation amounts. Resources available for appropriation were \$1,166,671 over the final budgeted resource amounts (this includes increase in Deposit with Trindel Self-Insurance Fund of \$521,268 and increase in Federal Payment in Lieu of Taxes (PILT) of \$745,174).

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	\$ 16,823,342	\$ 16,823,342	\$ -	0.00%
Total Expenditures	(10,430,263)	(10,429,263)	1,000	-0.01%
Other Financing Sources (Uses)	(9,243,909)	(9,244,909)	(1,000)	0.01%
Net Change in Fund Balances	<u>\$ (2,850,830)</u>	<u>\$ (2,850,830)</u>	<u>\$ -</u>	<u>0.00%</u>

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

**Budgetary Comparison
General Fund**

	Final Budget	Actual Amounts	Net Change	
			Amount	Percent
Total Revenues	\$ 16,823,342	\$ 17,952,222	\$ 1,128,880	6.71%
Total Expenditures	(10,429,263)	(9,489,689)	939,574	-9.01%
Other Financing Sources (Uses)	(9,244,909)	(9,220,392)	24,517	-0.27%
Net Change in Fund Balances	<u>\$ (2,850,830)</u>	<u>\$ (757,859)</u>	<u>\$ 2,092,971</u>	<u>-73.42%</u>

**COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

CAPITAL ASSETS

The County's total investment in capital assets as of June 30, 2018 amounted to \$53,811,587 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, 2018 is \$3,652,299.

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

	Capital Assets					
	Governmental		Business-Type		Totals	
	Activities		Activities			
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Land	\$ 2,575,419	\$ 2,575,419	\$ -	\$ -	\$ 2,575,419	\$ 2,575,419
Structures and Improvements	26,534,946	25,819,462	-	-	26,534,946	25,819,462
Equipment	18,186,372	17,750,672	395,172	395,172	18,581,544	18,145,844
Infrastructure	73,519,790	71,774,004	-	-	73,519,790	71,774,004
Construction in Progress	5,182,081	4,434,308	-	-	5,182,081	4,434,308
Total	125,998,608	122,353,865	395,172	395,172	126,393,780	122,749,037
Accumulated Depreciation	(72,187,022)	(68,171,900)	(370,589)	(355,025)	(72,557,611)	(68,526,925)
Net Capital Assets	<u>\$ 53,811,586</u>	<u>\$ 54,181,965</u>	<u>\$ 24,583</u>	<u>\$ 40,147</u>	<u>\$ 53,836,169</u>	<u>\$ 54,222,112</u>

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

	Additions	Retirements (Net)	Transfers	Prior Year Adjustments	Current Year Depreciation	Net Change
Land	\$ -	\$ -	\$ -	\$ -	-	\$ -
Construction in Progress	845,200	13,011	(110,438)	-	-	747,773
Infrastructure	1,698,127	(52,824)	110,438	-	(2,547,621)	(791,880)
Structures and Improvements	665,717	39,812	-	-	(777,126)	(71,597)
Equipment	973,798	-	-	-	(1,228,473)	(254,675)
Totals	<u>\$ 4,182,842</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,553,220)</u>	<u>\$ (370,379)</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, 2018, the County had total long-term liabilities of \$53,524,110 of which \$2,660,060 will be due within one year and \$52,244,505 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.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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**COUNTY OF LASSEN
STATEMENT OF NET POSITION
JUNE 30, 2018**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 35,212,272	\$ 32,912	\$ 35,245,184
Imprest cash	15,922	-	15,922
Deposits with others	5,693,952	-	5,693,952
Interest receivable	312,033	-	312,033
Accounts receivable	52,649	-	52,649
Due from other governmental entities	7,405,880	-	7,405,880
Prepaid expense	10,000	-	10,000
Inventory	1,068,522	-	1,068,522
Long-term receivables, net of allowances	348,010	-	348,010
Capital assets:			
Nondepreciable	7,757,500	-	7,757,500
Depreciable, net	<u>46,054,086</u>	<u>24,583</u>	<u>46,078,669</u>
Total assets	<u>103,930,826</u>	<u>57,495</u>	<u>103,988,321</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pensions	<u>12,413,608</u>	<u>-</u>	<u>12,413,608</u>
Total deferred outflows of resources	<u>12,413,608</u>	<u>-</u>	<u>12,413,608</u>
LIABILITIES			
Accounts payable	410,120	-	410,120
Salaries and benefits payable	1,065,993	-	1,065,993
Due to other governmental entities	94,221	-	94,221
Capital lease - due within one year	154,122	-	154,122
Compensated absences - due within one year	992,023	-	992,023
Claims and judgment payable - due within one year	1,513,915	-	1,513,915
Noncurrent liabilities:			
Capital lease - due in more than one year	3,498,177	-	3,498,177
Compensated absences - due in more than one year	330,674	-	330,674
Claims and judgment payable - due in more than one year	1,513,915	-	1,513,915
Net pension liability	45,521,284	-	45,521,284
Net OPEB liability	<u>1,380,455</u>	<u>-</u>	<u>1,380,455</u>
Total liabilities	<u>56,474,899</u>	<u>-</u>	<u>56,474,899</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pensions	994,507	-	994,507
Deferred inflows from OPEB	<u>149,503</u>	<u>-</u>	<u>149,503</u>
Total deferred inflows from pensions	<u>1,144,010</u>	<u>-</u>	<u>1,144,010</u>
NET POSITION			
Net investment in capital assets	50,159,287	24,583	50,183,870
Restricted	40,611,046	-	40,611,046
Unrestricted	<u>(32,044,808)</u>	<u>32,912</u>	<u>(32,011,896)</u>
Total net position	<u>\$ 58,725,525</u>	<u>\$ 57,495</u>	<u>\$ 58,783,020</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, 2018

Functions/Programs	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Governmental Activities	Business-Type Activities	Total
Primary Government:								
Governmental activities:								
General government	\$ 8,147,461	\$ 4,335,750	\$ 2,945,260	\$ 62,206	\$ 7,343,216	\$ (804,245)	\$ -	\$ (804,245)
Public protection	23,989,610	1,095,880	14,420,239	-	15,516,119	(8,473,491)	-	(8,473,491)
Public ways and facilities	5,486,123	46,307	5,190,894	988,287	6,225,488	739,365	-	739,365
Health and sanitation	12,443,895	1,945,931	8,436,518	-	10,382,449	(2,061,446)	-	(2,061,446)
Public assistance	17,089,281	886,772	10,380,631	-	11,267,403	(5,821,878)	-	(5,821,878)
Education	289,364	-	-	-	-	(289,364)	-	(289,364)
Recreation and culture	196,183	-	74,280	-	74,280	(121,903)	-	(121,903)
Interest on long-term debt	152,019	-	-	-	-	(152,019)	-	(152,019)
Total governmental activities	<u>67,793,936</u>	<u>8,310,640</u>	<u>41,447,822</u>	<u>1,050,493</u>	<u>50,808,955</u>	<u>(16,984,981)</u>	<u>-</u>	<u>(16,984,981)</u>
Business-type activities:								
County service area (Honey Lake TV)	<u>70,003</u>	<u>53,636</u>	<u>-</u>	<u>-</u>	<u>53,636</u>	<u>-</u>	<u>(16,367)</u>	<u>(16,367)</u>
Total business-type activities	<u>70,003</u>	<u>53,636</u>	<u>-</u>	<u>-</u>	<u>53,636</u>	<u>-</u>	<u>(16,367)</u>	<u>(16,367)</u>
Total primary government	<u>\$ 67,863,939</u>	<u>\$ 8,364,276</u>	<u>\$ 41,447,822</u>	<u>\$ 1,050,493</u>	<u>\$ 50,862,591</u>	<u>(16,984,981)</u>	<u>(16,367)</u>	<u>(17,001,348)</u>
General revenues:								
Taxes:								
Property taxes						8,862,367	-	8,862,367
Sales and use taxes						5,002,775	-	5,002,775
Other taxes						102,042	-	102,042
Miscellaneous						1,964,841	98	1,964,939
Unrestricted interest and investment earning						683,138	(87)	683,051
Gain on sale of assets						35,464	-	35,464
Total general revenues and transfers						<u>16,650,627</u>	<u>11</u>	<u>16,650,638</u>
Change in net position						(334,354)	(16,356)	(350,710)
Net position - beginning of year (restated)						<u>59,059,879</u>	<u>73,851</u>	<u>59,133,730</u>
Net position - end of year						<u>\$ 58,725,525</u>	<u>\$ 57,495</u>	<u>\$ 58,783,020</u>

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

FUND FINANCIAL STATEMENTS

COUNTY OF LASSEN
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018

	Major Funds				
	General	Road	Community Development	Welfare Admin.	Welfare Assistance
ASSETS					
Cash and investments	\$ 2,419,420	\$ 2,279,207	\$ 1,560,939	\$ 3,168,716	\$ 5,933,876
Imprest cash	-	100	-	-	-
Deposits with others	5,693,952	-	-	-	-
Due from other governmental entities	295,304	343,648	-	1,195,569	224,888
Due from other funds	390,531	-	-	-	-
Interest receivable	312,033	-	-	-	-
Accounts receivable	39,751	-	12,898	-	-
Prepaid expenses	-	-	-	-	-
Inventory	-	1,068,522	-	-	-
Long-term receivables, net of allowances	-	-	348,010	-	-
Total assets	<u>\$ 9,150,991</u>	<u>\$ 3,691,477</u>	<u>\$ 1,921,847</u>	<u>\$ 4,364,285</u>	<u>\$ 6,158,764</u>
LIABILITIES					
Accounts payable	\$ 20,683	\$ 15,983	\$ -	\$ 15,562	\$ -
Salaries and benefits payable	220,737	74,248	-	142,555	-
Due to other governmental entities	67,852	-	-	-	-
Due to other funds	-	-	-	36,204	-
Total liabilities	<u>309,272</u>	<u>90,231</u>	<u>-</u>	<u>194,321</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	-
Unavailable revenue - loans	-	-	360,908	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>360,908</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable:					
Deposits	5,693,952	-	-	-	-
Prepaid expenses	-	-	-	-	-
Inventory	-	1,068,522	-	-	-
Restricted	180,234	2,532,724	1,560,939	4,169,964	6,158,764
Committed	-	-	-	-	-
Assigned	530,871	-	-	-	-
Unassigned	2,436,662	-	-	-	-
Total fund balances	<u>8,841,719</u>	<u>3,601,246</u>	<u>1,560,939</u>	<u>4,169,964</u>	<u>6,158,764</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 9,150,991</u>	<u>\$ 3,691,477</u>	<u>\$ 1,921,847</u>	<u>\$ 4,364,285</u>	<u>\$ 6,158,764</u>

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

Major Funds					
Health and Human Services	Public Safety	County Local Revenue	Prison Trial Program	Nonmajor Governmental Funds	Total Governmental Funds
\$ 6,782,508	\$ 610,547	\$ 960,683	\$ -	\$ 9,741,123	\$ 33,457,019
4,110	10,207	-	-	1,505	15,922
-	-	-	-	-	5,693,952
838,563	569,031	1,465,366	405,359	2,068,152	7,405,880
39,873	142,155	-	-	18,562	591,121
-	-	-	-	-	312,033
-	-	-	-	-	52,649
-	-	-	-	10,000	10,000
-	-	-	-	-	1,068,522
-	-	-	-	-	348,010
<u>\$ 7,665,054</u>	<u>\$ 1,331,940</u>	<u>\$ 2,426,049</u>	<u>\$ 405,359</u>	<u>\$ 11,839,342</u>	<u>\$ 48,955,108</u>
\$ 135,466	\$ 50,666	\$ 1,723	\$ 42,534	\$ 19,220	\$ 301,837
200,768	275,142	14,531	-	125,618	1,053,599
-	5,059	-	-	8,505	81,416
-	-	17,645	328,784	208,488	591,121
<u>336,234</u>	<u>330,867</u>	<u>33,899</u>	<u>371,318</u>	<u>361,831</u>	<u>2,027,973</u>
-	-	418,526	-	67,348	485,874
-	-	-	-	-	360,908
-	-	418,526	-	67,348	846,782
-	-	-	-	-	5,693,952
-	-	-	-	10,000	10,000
-	-	-	-	-	1,068,522
7,328,820	-	1,973,624	-	9,086,721	32,991,790
-	1,001,073	-	-	-	1,001,073
-	-	-	34,041	2,327,075	2,891,987
-	-	-	-	(13,633)	2,423,029
<u>7,328,820</u>	<u>1,001,073</u>	<u>1,973,624</u>	<u>34,041</u>	<u>11,410,163</u>	<u>46,080,353</u>
<u>\$ 7,665,054</u>	<u>\$ 1,331,940</u>	<u>\$ 2,426,049</u>	<u>\$ 405,359</u>	<u>\$ 11,839,342</u>	<u>\$ 48,955,108</u>

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

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COUNTY OF LASSEN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2018

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

Total fund balances - government funds	\$	46,080,353
Loans receivable and other long-term receivables are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.		846,782
Capital assets used in governmental activities were not current financial resources; therefore, they were not reported in the governmental funds balance sheet.		52,979,035
Pension and OPEB related deferrals are reported as deferred outflows and inflows of resources on the statement of net position.		11,132,911
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.		1,978,786
Long-term liabilities were not due and payable in the current period; therefore, they were not reported in the governmental funds balance sheet.		
Compensated absences		(1,322,697)
Claims liability		(3,027,830)
Long-term capital-related debt		(3,652,299)
Net pension liability		(44,923,585)
Net OPEB Liability		<u>(1,365,931)</u>
Total net position - governmental activities	\$	<u><u>58,725,525</u></u>

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, 2018

	Major Funds				
	General	Road	Community Development	Welfare Admin.	Welfare Assistance
REVENUES					
Taxes	\$ 9,924,475	\$ -	\$ -	\$ -	\$ -
Licenses and permits	301,486	11,962	-	-	-
Intergovernmental	3,127,686	5,621,712	-	5,054,259	4,273,279
Charges for services	2,837,846	10,472	-	2,000	-
Fines and forfeitures	588,535	-	-	-	-
Use of money and property	104,469	20,760	37,344	(18,448)	(1,132)
Other revenues	1,067,725	35,947	-	77,236	81,896
Total revenues	<u>17,952,222</u>	<u>5,700,853</u>	<u>37,344</u>	<u>5,115,047</u>	<u>4,354,043</u>
EXPENDITURES					
Current:					
General government	6,544,105	-	-	-	-
Public protection	2,689,175	-	-	-	-
Public ways and facilities	-	2,538,430	-	-	-
Health and sanitation	-	-	-	-	-
Public assistance	115,140	-	-	7,155,607	6,091,586
Education	90,272	-	-	-	-
Recreation and culture	21,621	-	-	-	-
Capital outlay	29,376	2,870,083	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>9,489,689</u>	<u>5,408,513</u>	<u>-</u>	<u>7,155,607</u>	<u>6,091,586</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,462,533</u>	<u>292,340</u>	<u>37,344</u>	<u>(2,040,560)</u>	<u>(1,737,543)</u>
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	-	31,590	-	2,270	-
Insurance recoveries	-	152,833	-	-	-
Transfers in	269,329	-	106,461	3,176,916	3,345,779
Transfers out	(9,489,721)	-	(89,599)	-	(126,734)
Total other financing sources (uses)	<u>(9,220,392)</u>	<u>184,423</u>	<u>16,862</u>	<u>3,179,186</u>	<u>3,219,045</u>
Net change in fund balances	(757,859)	476,763	54,206	1,138,626	1,481,502
Fund balances - beginning of year	<u>9,599,578</u>	<u>3,124,483</u>	<u>1,506,733</u>	<u>3,031,338</u>	<u>4,677,262</u>
Fund balances - end of year	<u>\$ 8,841,719</u>	<u>\$ 3,601,246</u>	<u>\$ 1,560,939</u>	<u>\$ 4,169,964</u>	<u>\$ 6,158,764</u>

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

Major Funds					
Health and Human Services	Public Safety	County Local Revenue	Prison Trial Program	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 91,995	\$ -	\$ -	\$ 3,950,714	\$ 13,967,184
4,830	1,340	-	-	1,134	320,752
4,734,852	2,170,442	7,383,291	919,272	8,832,976	42,117,769
1,883,208	402,195	-	-	1,590,582	6,726,303
10,048	25,931	-	-	615,198	1,239,712
61,463	9,034	(218)	-	519,689	732,961
66,119	483,410	8,083	1,314	143,111	1,964,841
<u>6,760,520</u>	<u>3,184,347</u>	<u>7,391,156</u>	<u>920,586</u>	<u>15,653,404</u>	<u>67,069,522</u>
-	656,312	-	-	856,276	8,056,693
280,905	12,008,551	567,103	930,279	4,979,138	21,455,151
-	-	-	-	24,299	2,562,729
8,343,536	-	-	-	3,270,089	11,613,625
2,152,331	-	-	-	330,472	15,845,136
-	-	-	-	-	90,272
-	-	-	-	91,843	113,464
-	53,457	-	-	802,203	3,755,119
-	-	-	-	148,194	148,194
-	-	-	-	152,020	152,020
<u>10,776,772</u>	<u>12,718,320</u>	<u>567,103</u>	<u>930,279</u>	<u>10,654,534</u>	<u>63,792,403</u>
<u>(4,016,252)</u>	<u>(9,533,973)</u>	<u>6,824,053</u>	<u>(9,693)</u>	<u>4,998,870</u>	<u>3,277,119</u>
1,604	-	-	-	-	35,464
-	-	-	-	-	152,833
4,174,113	9,845,003	-	-	1,861,578	22,779,179
(170,395)	(20,000)	(6,585,388)	-	(6,297,342)	(22,779,179)
<u>4,005,322</u>	<u>9,825,003</u>	<u>(6,585,388)</u>	<u>-</u>	<u>(4,435,764)</u>	<u>188,297</u>
(10,930)	291,030	238,665	(9,693)	563,106	3,465,416
<u>7,339,750</u>	<u>710,043</u>	<u>1,734,959</u>	<u>43,734</u>	<u>10,847,057</u>	<u>42,614,937</u>
<u>\$ 7,328,820</u>	<u>\$ 1,001,073</u>	<u>\$ 1,973,624</u>	<u>\$ 34,041</u>	<u>\$ 11,410,163</u>	<u>\$ 46,080,353</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 AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

Net change in fund balances - governmental funds \$ 3,465,416

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.	3,755,117	
Less current year depreciation recorded in the government-wide financial statements.	<u>(4,165,651)</u>	(410,534)

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.		(4,127,897)
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Changes to OPEB liability and OPEB 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.		(218,002)
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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.		212,512
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Capital leases		148,195

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		(86,772)
Change in claim liabilities		638,684

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.		<u>54,793</u>
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Change in net position of governmental activities		<u>\$ (323,605)</u>
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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, 2018**

	Business-Type Activities Enterprise Funds County Service Area (Honey Lake TV)	Governmental Activities Internal Service Funds
ASSETS		
Current assets:		
Cash and investments	\$ 32,912	\$ 1,755,253
Total current assets	32,912	1,755,253
Noncurrent assets:		
Capital assets:		
Depreciable, net	24,583	832,551
Total noncurrent assets	24,583	832,551
Total assets	57,495	2,587,804
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows from pensions	-	151,358
Total deferred outflows of resources	-	151,358
LIABILITIES		
Current liabilities:		
Accounts payable	-	108,283
Due to other governments	-	12,805
Salaries and benefits payable	-	12,394
Total current liabilities	-	133,482
Noncurrent liabilities:		
Net pension liability	-	597,699
Net OPEB liability	-	14,524
Total noncurrent liabilities	-	612,223
Total liabilities	-	745,705
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows from pensions	-	13,098
Deferred inflows from OPEB	-	1,573
Total deferred inflows of resources	-	14,671
NET POSITION		
Net investment in capital assets	24,583	832,551
Unrestricted	32,912	1,146,235
Total net position	\$ 57,495	\$ 1,978,786

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, 2018

	Business-Type Activities Enterprise Funds County Service Area (Honey Lake TV)	Governmental Activities Internal Service Funds
Operating revenues:		
Charges for services	\$ 53,636	\$ 1,453,901
Other revenue	98	7,235
Total operating revenues	53,734	1,461,136
Operating expenses:		
Salaries and benefits	-	443,264
Services and supplies	54,439	593,540
Depreciation	15,564	387,569
Total operating expenses	70,003	1,424,373
Operating income (loss)	(16,269)	36,763
Nonoperating revenues (expenses):		
Investment earnings	(87)	(4,401)
Gain (loss) on disposal of assets	-	22,430
Total nonoperating revenues (expenses)	(87)	18,029
Change in net position	(16,356)	54,792
Net position, beginning of year (restated)	73,851	1,923,994
Net position, end of year	\$ 57,495	\$ 1,978,786

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, 2018**

	Business-Type Activities Enterprise Funds	Governmental Activities
	Nonmajor Funds	Internal Service Funds
Cash flows from operating activities:		
Cash received from customers	\$ 53,734	\$ -
Cash received from interfund services provided	-	1,461,136
Cash payments to suppliers for goods and services	(54,439)	(492,051)
Cash paid to employees for services	-	(399,978)
Net cash provided by (used for) operating activities	(705)	569,107
Cash flows from capital and related financing activities:		
Proceeds from sale of assets	-	22,430
Payments related to the acquisition of capital assets	-	(427,724)
Net cash provided by (used for) capital and related financing activities	-	(405,294)
Cash flows from investing activities:		
Investment earnings	(87)	(4,401)
Net cash provided by (used for) investing activities	(87)	(4,401)
Net increase (decrease) in cash and cash equivalents	(792)	159,412
Cash and cash equivalents, beginning of year	33,704	1,595,841
Cash and cash equivalents, end of year	\$ 32,912	\$ 1,755,253
 Reconciliation of operating income (loss) to net cash provided by (used) for operating activities:		
Operating income (loss)	\$ (16,269)	\$ 36,763
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	15,564	387,569
Changes in assets and liabilities:		
(Increase)/decrease in deferred outflows of resources for pensions	-	(1,359)
(Increase)/decrease in deferred outflows of resources for OPEB	-	11,418
(Increase)/decrease in due from other government	-	88,684
Increase/(decrease) in accounts payable	-	12,805
Increase/(decrease) in accrued salaries	-	340
Increase/(decrease) in net pension liability	-	27,934
Increase/(decrease) in net OPEB liability	-	(630)
Increase/(decrease) in deferred inflows of resources for pensions	-	4,010
Increase/(decrease) in deferred inflows of resources for OPEB	-	1,573
Net cash provided by (used for) operating activities	\$ (705)	\$ 569,107

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, 2018**

	Investment Trust	Agency Funds
ASSETS		
Cash and investments	\$ 41,754,261	\$ 10,776,146
Taxes receivable	-	2,732,444
Total assets	41,754,261	13,508,590
LIABILITIES		
Agency obligations	-	13,508,590
Total liabilities	-	\$ 13,508,590
NET POSITION		
Held in trust for investment pool participants	\$ 41,754,261	

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, 2018**

	Investment Trust
ADDITIONS	
Contributions	\$ 119,800,111
Revenue from use of money and property	(88,630)
Total additions	119,711,481
DEDUCTIONS	
Distributions from pooled investment	120,173,342
Total deductions	120,173,342
Change in net position	(461,861)
Net position, beginning of year	42,216,122
Net position, end of year	\$ 41,754,261

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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, 2018

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, 2018

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 nonmajor 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.

Prison Trial Fund accounts for funding activity associated with PC 4750 and shall be used exclusively for public safety services as defined.

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, 2018

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, 2018

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 \$5,693,952

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, 2018

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, 2018

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, 2018

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, 2018, the General Reserve is included as part of the assigned 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, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Other Postemployment benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County's participation in the CalPERS Health Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Measurement Period	July 1, 2016 to June 30, 2017

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.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - CASH AND INVESTMENTS (Continued)

At June 30, 2018, total County cash and investments (excluding imprest funds of \$15,919) were as follows:

Cash:	
Cash on hand	\$ 3,385
Cash in U.S. Bank	4,445,256
Outside Treasurer's Pool-EBT Account	273,723
Less outstanding warrants	<u>(3,237,431)</u>
 Total deposits	 <u>1,484,933</u>
Investments:	
In Treasurer's Pool	86,269,974
Accrued interest	<u>20,684</u>
 Total investments	 <u>86,290,658</u>
 Total cash and investments	 <u><u>\$ 87,775,591</u></u>

Total cash and investments at June 30, 2018 were presented on the County's financial statements as follows:

Cash and investments in the Treasurer's Pool:	
Primary government	\$ 35,245,184
Investment trust fund	41,754,261
Agency funds	<u>10,776,146</u>
 Total cash and investments	 <u><u>\$ 87,775,591</u></u>

The carrying amounts of the County's cash deposits were \$1,484,754 at June 30, 2018. Bank balances as of June 30, 2018 were \$4,719,002 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.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - CASH AND INVESTMENTS (Continued)

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
Supranationals	5 years	30%	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	270 days	40%	10%
Negotiable certificates of deposit	1 year	30%	10%
Medium-term corporate notes	5 years	30%	5%
Money Market Mutual Funds	N/A	20%	10%
Local Agency Investment Fund	N/A	No limit	\$50M

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

At June 30, 2018, 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	1.20%-3.15%	4/9/19 - 5/30/23	\$ 13,462,924	\$ 12,902,783	14.96%
Corporate	1.20%-3.375%	5/3/18 - 5/18/22	9,630,842	9,575,253	11.10%
Federal Agency Issues - Coupon	0.875%-2.775%	7/6/18 - 2/21/23	29,374,605	28,967,547	33.58%
Municipal	1.750%-3.432%	8/15/19 - 1/15/23	4,768,220	4,645,475	5.38%
US Treasury	1.00%-1.25%	10/31/18 - 6/30/19	3,980,938	3,968,280	4.60%
Supranationals	1.20%-1.876%	12/1/20 - 10/7/22	5,913,228	5,751,880	6.67%
LAIF	1.51%	On demand	20,458,756	20,458,756	23.71%
			<u>\$ 87,589,513</u>	<u>\$ 86,269,974</u>	<u>100.00%</u>

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2 - CASH AND INVESTMENTS (Continued)

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.

Investment Type	Fair Value	Less than 1	1 to 2	2 to 3	3 to 4	4 to 5
Certificates of Deposit	\$ 12,902,783	\$ 219,340	\$ 1,955,022	\$ 3,594,118	\$ 3,577,703	\$ 3,556,600
Corporates	9,575,253	1,491,865	3,014,126	2,683,133	2,141,721	244,408
Federal Agency Issues - Coupon	28,967,547	8,432,477	8,884,540	2,908,310	2,904,240	5,837,980
Municipal	4,645,475	-	2,215,250	495,790	1,453,058	481,377
US Treasury	3,968,280	3,968,280	-	-	-	-
Supnationals	5,751,880	-	-	1,928,200	1,902,740	1,920,940
LAIF	20,458,756	20,458,756	-	-	-	-
Total	\$ 86,269,974	\$ 34,570,718	\$ 16,068,938	\$ 11,609,551	\$ 11,979,462	\$ 12,041,305

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.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - CASH AND INVESTMENTS (Continued)

D. Concentrations of Credit Risk

At June 30, 2018, 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, 2018, the County held its net investments in obligations of certificates of deposits (14.96%), corporate bonds (11.10%), federal agency issues (33.58%), municipal obligations (5.38%), US Treasury (4.60%), supnationals (6.67%), and the Local Agency Investment Fund (23.71%). These investments are not violations of state law or the investment policy, but are required disclosures for financial reporting.

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, 2018:

	<u>Credit Quality Ratings</u>		% of Portfolio
	<u>Moody's</u>	<u>S&P</u>	
Certificates of Deposit	Aaa	AAA	14.96%
Corporate Bonds	A1	A-	11.10%
Federal Agency Issues - Coupon	AGY	AA+	33.58%
Municipal	Aa3	AA-	5.38%
US Treasury	TSY	TSY	4.60%
Supnationals	Aaa	N/A-AAA	6.67%
Local Agency Investment Fund	Not Rated	Not Rated	23.71%
Total			<u><u>100.00%</u></u>

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.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 2 - CASH AND INVESTMENTS (Continued)

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, 2018, the County had \$20,458,756 invested in LAIF. That total amount invested by all public agencies in LAIF on that day was \$1,347,083,855

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, 2018:

Statement of Net Position:	
Net position held for pool participants	\$ <u>87,775,591</u>
Equity of internal investment pool participants	\$ 35,245,184
Equity of external investment pool participants	<u>52,530,407</u>
Total net position	\$ <u>87,775,591</u>
Statement of Changes in Net Position:	
Investment earnings	\$ (31,827)
Investment expenses	(152,254)
Net change in investments by pool participants	<u>3,140,899</u>
Increase (decrease) in net position	2,956,818
Total net position:	
Beginning of year	<u>84,818,774</u>
End of year	<u>\$ 87,775,592</u>

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

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, 2018:

<u>Investments by Fair Value Level</u>	<u>Fair Value</u>	<u>Level 2 Inputs</u>
Debt Securities:		
Certificates of Deposit	\$ 12,902,783	\$ 12,902,783
Corporate bonds	9,575,253	9,575,253
Federal Agency Issues - Coupon	28,967,547	28,967,547
Municipal	4,645,475	4,645,475
US Treasury	3,968,280	3,968,280
Supranationals	5,751,880	5,751,880
	<u>65,811,218</u>	<u>\$ 65,811,218</u>
 <u>Unclassified Investments</u>		
 LAIF	 <u>20,458,756</u>	
 Total Investments	 <u>\$ 86,269,974</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, 2018, the gross amount of these receivables was \$845,515, including current portion of \$12,898, and the allowance for uncollectible accounts was \$484,607, which resulted in a net amount of \$360,908.

<u>Loan Type</u>	<u>Balance as of June 30, 2018</u>
HUD - Home 93	\$ 14,609
CDBG - 317 Rev	11,933
HUD - Home 94	87,332
CDBG - 89 RLF	9,368
CDBG	722,273
Total loans receivable	<u>845,515</u>
 Less: allowance for doubtful accounts	 <u>(484,607)</u>
 Total loans receivable	 <u>\$ 360,908</u>

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 4 - CAPITAL ASSETS

A. Government-Wide Financial Statements

Capital assets activity of the governmental activities for the year ended June 30, 2018 was as follows:

	Balance June 30, 2017	Additions	Retirements & Adjustments	Transfers	Balance June 30, 2018
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 2,575,419	\$ -	\$ -	\$ -	\$ 2,575,419
Construction in progress	4,434,308	845,200	13,011	(110,438)	5,182,081
Total capital assets, not being depreciated	<u>7,009,727</u>	<u>845,200</u>	<u>13,011</u>	<u>(110,438)</u>	<u>7,757,500</u>
Capital assets, being depreciated:					
Infrastructure	71,774,004	1,698,127	(62,779)	110,438	73,519,790
Structures and improvements (includes leasehold improvements)	25,819,462	665,717	49,767	-	26,534,946
Equipment	17,750,672	973,798	(538,098)	-	18,186,372
Total capital assets, being depreciated	<u>115,344,138</u>	<u>3,337,642</u>	<u>(551,110)</u>	<u>110,438</u>	<u>118,241,108</u>
Less accumulated depreciation for:					
Infrastructure	(40,613,078)	(2,547,621)	9,955	-	(43,150,744)
Structures and improvements (includes leasehold improvements)	(13,532,588)	(777,126)	(9,955)	-	(14,319,669)
Equipment	(14,026,234)	(1,228,473)	538,098	-	(14,716,609)
Total accumulated depreciation	<u>(68,171,900)</u>	<u>(4,553,220)</u>	<u>538,098</u>	<u>-</u>	<u>(72,187,022)</u>
Total capital assets, being depreciated, net	<u>47,172,238</u>	<u>(1,215,578)</u>	<u>(13,012)</u>	<u>110,438</u>	<u>46,054,086</u>
Governmental activities capital assets, net	<u>\$ 54,181,965</u>	<u>\$ (370,378)</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ 53,811,586</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 384,559
Public protection	678,999
Public ways and facilities	2,907,870
Health and sanitation	56,303
Public assistance	74,022
Recreation and culture	63,898
Internal service funds	387,569
Total	<u>\$ 4,553,220</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, 2018

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, 2018 was as follows:

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2018</u>
Business-Type Activities					
Capital assets, not being depreciated:					
Capital assets, being depreciated					
Equipment	\$ 395,172	\$ -	\$ -	\$ -	\$ 395,172
Total capital assets, being depreciated	395,172	-	-	-	395,172
Less accumulated depreciation for:					
Equipment	(355,025)	(15,564)	-	-	(370,589)
Total accumulated depreciation	(355,025)	(15,564)	-	-	(370,589)
Total capital assets, being depreciated, net	40,147	(15,564)	-	-	24,583
Business-type activities capital assets, net	<u>\$ 40,147</u>	<u>\$ (15,564)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,583</u>

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

County Service Area (Honey Lake TV)	<u>\$ 15,564</u>
Total	<u>\$ 15,564</u>

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 5 - LONG-TERM DEBT

The following is a summary of long-term liability transactions for the year ended June 30, 2018:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year	Due in More Than One Year
Governmental Activities:						
Compensated absences	\$ 1,235,925	\$ 86,772	\$ -	\$ 1,322,697	\$ 992,023	\$ 330,674
Claims liability	3,666,514	(239,003)	(399,681)	3,027,830	1,513,915	1,513,915
Capital lease	3,800,494	-	(148,195)	3,652,299	154,122	3,498,177
Total long-term liabilities	<u>\$ 8,702,933</u>	<u>\$ (152,231)</u>	<u>\$ (547,876)</u>	<u>\$ 8,002,826</u>	<u>\$ 2,660,060</u>	<u>\$ 5,342,766</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
2019	641,333
2020	457,357
2021	195,129
Total	<u>\$ 1,293,819</u>

Rent expenditures were \$682,629 the year ended June 30, 2018.

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, 2018:

	Stated Interest Rate	Present Value of Remaining Payments as of June 30, 2018
Juvenile Hall	4%	\$3,652,299

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6 - LEASE COMMITMENTS (Continued)

B. Capital Leases (Continued)

As of June 30, 2018, future minimum lease payments under capital leases was as follows:

	<u>Year Ending June 30:</u>	
	2019	\$ 300,214
	2020	300,214
	2021	300,214
	2022	300,214
	2023	300,214
	2024-2028	1,501,068
	2029-2033	1,501,068
	2034-2035	<u>600,427</u>
Total Future Minimum Lease Payments		5,103,633
Less: Interest		<u>(1,451,334)</u>
Present Value of Minimum Lease Payments		<u>\$ 3,652,299</u>

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, 2018 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.

Due to Other Funds	Due from Other Funds					Total
	Major Funds				Nonmajor Governmental Funds	
	General Fund	Roads	Health and Human Services	Public Safety	Probation	
Major Fund:						
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prison Trial Program	185,712	-	-	142,155	917	328,784
Welfare Administration	36,204	-	-	-	-	36,204
County Local Revenue	-	-	-	-	17,645	17,645
Nonmajor Governmental Funds:						
CCF Equipment Replacement	74,885	-	-	-	-	74,885
HHS Contracts	-	-	39,873	-	-	39,873
TCF/Bailiff	12,369	-	-	-	-	12,369
Fair	47,856	-	-	-	-	47,856
DA Contracts	33,505	-	-	-	-	33,505
Total	<u>\$ 390,531</u>	<u>\$ -</u>	<u>\$ 39,873</u>	<u>\$ 142,155</u>	<u>\$ 18,562</u>	<u>\$ 591,121</u>

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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					Nonmajor Governmental Funds				Total
General	Community Development	Welfare Admin.	Welfare Assistance	Health and Human Services	Public Safety	Special Revenue	Capital Projects	Debt		
Major Funds:										
General	\$ -	\$ -	\$ 522,310	\$ 160,000	\$ 234,102	\$ 7,651,143	\$ 620,166	\$ 1,000	\$ 301,000	\$ 9,489,721
Community Development	-	-	-	-	89,599	-	-	-	-	89,599
Welfare Admin.	-	-	-	-	-	-	-	-	-	-
Welfare Assistance	-	-	-	-	126,734	-	-	-	-	126,734
Health and Human Services	6,209	106,461	-	-	-	-	57,725	-	-	170,395
Public Safety	-	-	-	-	-	-	-	20,000	-	20,000
County Local Revenue	-	-	1,821,989	2,186,035	1,382,280	639,868	555,216	-	-	6,585,388
Nonmajor Governmental Funds:										
Special Revenue	163,120	-	832,617	999,744	2,341,398	1,443,992	184,641	-	-	5,965,512
Capital Projects	100,000	-	-	-	-	110,000	11,830	110,000	-	331,830
Total	\$ 269,329	\$ 106,461	\$ 3,176,916	\$ 3,345,779	\$ 4,174,113	\$ 9,845,003	\$ 1,429,578	\$ 131,000	\$ 301,000	\$ 22,779,179

Between Governmental and Business-Type Activities

There were no transfers between governmental and business-type activities during the fiscal year ended June 30, 2018.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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:			
Unavailable revenue	\$ 485,874	\$ 485,874	
Long-term loans receivable	360,908	360,908	
Total	\$ 846,782	\$ 846,782	

- 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, 2018

NOTE 9 - FUND BALANCES

A detailed schedule of fund balances at June 30, 2018 was as follows:

	General	Roads	Community Develop.	Welfare Admin.	Welfare Assistance	Health and Human Services	Public Safety	County Local Revenue	Prison Trial	Nonmajor Governmental	Total
Nonspendable:											
Advances and Deposits	\$ 5,693,952	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,693,952
Self-Insurance	-	-	-	-	-	-	-	-	-	10,000	10,000
Inventory	-	1,068,522	-	-	-	-	-	-	-	-	1,068,522
Total Nonspendable Fund Balance	5,693,952	1,068,522	-	-	-	-	-	-	-	10,000	6,772,474
Restricted:											
Purpose of Fund	-	2,532,724	1,560,939	4,169,964	6,158,764	7,328,820	-	1,973,624	-	-	23,724,835
Self-Insurance	110,260	-	-	-	-	-	-	-	-	-	110,260
Mental Health Services Act	-	-	-	-	-	-	-	-	-	2,274,338	2,274,338
Emergency Services	69,974	-	-	-	-	-	-	-	-	-	69,974
HHS Contracts	-	-	-	-	-	-	-	-	-	168,214	168,214
Aviation	-	-	-	-	-	-	-	-	-	408,910	408,910
TCF/Bailiff	-	-	-	-	-	-	-	-	-	69,373	69,373
Supplemental Law Enforcement	-	-	-	-	-	-	-	-	-	35,776	35,776
Vital Statistics	-	-	-	-	-	-	-	-	-	82,373	82,373
Recorder Micrographics	-	-	-	-	-	-	-	-	-	153,872	153,872
Recorder Modernization	-	-	-	-	-	-	-	-	-	154,166	154,166
Recorder AB130	-	-	-	-	-	-	-	-	-	30,421	30,421
Inmate Welfare - County	-	-	-	-	-	-	-	-	-	123,618	123,618
Narcotics Asset Forfeiture	-	-	-	-	-	-	-	-	-	1,041	1,041
Narcotics Task Force	-	-	-	-	-	-	-	-	-	87,089	87,089
Bieber Lighting District	-	-	-	-	-	-	-	-	-	29,058	29,058
Lassen-Modoc Flood Control	-	-	-	-	-	-	-	-	-	151,328	151,328
Geothermal	-	-	-	-	-	-	-	-	-	290,678	290,678
Mental Health Realignment	-	-	-	-	-	-	-	-	-	1,264,416	1,264,416
Social Services Realignment	-	-	-	-	-	-	-	-	-	2,253,214	2,253,214
Public Health Realignment	-	-	-	-	-	-	-	-	-	533,890	533,890
County Children's Fund	-	-	-	-	-	-	-	-	-	23,590	23,590
USDA Title III	-	-	-	-	-	-	-	-	-	217,458	217,458
Child Support	-	-	-	-	-	-	-	-	-	114,794	114,794
Criminal Justice Facility Const.	-	-	-	-	-	-	-	-	-	205,389	205,389
Courthouse Construction	-	-	-	-	-	-	-	-	-	413,715	413,715
Total Restricted Fund Balance	180,234	2,532,724	1,560,939	4,169,964	6,158,764	7,328,820	-	1,973,624	-	9,086,721	32,991,790
Committed											
Purpose of Fund	-	-	-	-	-	-	1,001,073	-	-	-	1,001,073
Total Restricted Fund Balance	-	-	-	-	-	-	1,001,073	-	-	-	1,001,073
Assigned											
Purpose of Fund	119,801	-	-	-	-	-	-	-	34,041	-	153,842
General Contract - PTA	145,785	-	-	-	-	-	-	-	-	-	145,785
Property Tax Delinquent Costs	56,917	-	-	-	-	-	-	-	-	-	56,917
Tobacco Settlement	158,342	-	-	-	-	-	-	-	-	-	158,342
Loss Prevention	26,460	-	-	-	-	-	-	-	-	-	26,460
Inmate Welfare - State	23,566	-	-	-	-	-	-	-	-	-	23,566
Fish and Game	-	-	-	-	-	-	-	-	-	1,910	1,910
DA Contract	-	-	-	-	-	-	-	-	-	6,842	6,842
Sheriff Contracts	-	-	-	-	-	-	-	-	-	186,633	186,633
Cemetery	-	-	-	-	-	-	-	-	-	118,514	118,514
Aviation	-	-	-	-	-	-	-	-	-	53,050	53,050
Natural Resources	-	-	-	-	-	-	-	-	-	55,320	55,320
Probation Fund	-	-	-	-	-	-	-	-	-	396,897	396,897
Capital Improvements	-	-	-	-	-	-	-	-	-	32,891	32,891
Capital Improvements Lease	-	-	-	-	-	-	-	-	-	713,153	713,153
Accumulated Capital Outlay	-	-	-	-	-	-	-	-	-	627,050	627,050
Fairgrounds Improvements	-	-	-	-	-	-	-	-	-	129,224	129,224
CCF Equipment Replacement	-	-	-	-	-	-	-	-	-	1,803	1,803
Jail Facilities Construction	-	-	-	-	-	-	-	-	-	2,020	2,020
Debt Service	-	-	-	-	-	-	-	-	-	1,768	1,768
Total Assigned Fund Balance	530,871	-	-	-	-	-	-	-	34,041	2,327,075	2,891,987
Unassigned:											
Purpose of Fund	2,436,662	-	-	-	-	-	-	-	-	-	2,436,662
Fair	-	-	-	-	-	-	-	-	-	(13,633)	(13,633)
Total Unassigned Fund Balance	2,436,662	-	-	-	-	-	-	-	-	(13,633)	2,423,029
Total Fund Balances	\$ 8,841,719	\$ 3,601,246	\$ 1,560,939	\$ 4,169,964	\$ 6,158,764	\$ 7,328,820	\$ 1,001,073	\$ 1,973,624	\$ 34,041	\$ 11,410,163	\$ 46,080,353

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

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, 2018 are summarized as follows:

	Miscellaneous		
	<u>1st Tier</u>	<u>2nd Tier</u>	<u>PEPRA</u>
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	8.010%	8.010%	8.010%

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 \$1,291,889 for the fiscal year ended June 30, 2018.

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

	<u>Miscellaneous</u>
Inactive employees or beneficiaries currently receiving benefits	360
Inactive employees entitled to but not yet receiving benefits	581
Active employees	544
Total	<u>1,485</u>

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

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.

The County’s contributions to the plan recognized as a part of pension expense for the year ended June 30, 2018 were \$2,620,469.

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, 2017, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017, 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, 2017 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate Return	7.50% (1)
Mortality	Derived using CalPERS' Membership data for all Funds (2)

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

(2) 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, 2016 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.

Change of Assumptions - In 2017, the accounting discount rate was reduced from 7.65 to 7.15 percent.

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

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 7.15. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15 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 7.15 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at 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, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), 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 PERF 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 equal 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	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	663.00%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
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, 2018**

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:

Miscellaneous Plan:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2016 (Measurement Date)	\$ 114,907,404	\$ 86,796,224	\$ 28,111,180
Changes in the year:			
Service cost	2,585,135	-	2,585,135
Interest on the total pension liability	8,501,019	-	8,501,019
Changes in benefit terms	-	-	-
Changes of assumptions	6,894,698	-	6,894,698
Differences between expected and actual experience	(1,200,769)	-	(1,200,769)
Plan to plan resource movement	-	37,601	(37,601)
Contributions - employer	-	2,301,324	(2,301,324)
Contributions - employee	-	1,112,227	(1,112,227)
Net investment income	-	9,606,169	(9,606,169)
Benefit payments, including refunds of employee contributions	(5,997,063)	(5,997,063)	-
Administrative expenses	-	(128,583)	128,583
Net changes	<u>10,783,020</u>	<u>6,931,675</u>	<u>3,851,345</u>
Balance at June 30, 2017 (Measurement Date)	<u>\$ 125,690,424</u>	<u>\$ 93,727,899</u>	<u>\$ 31,962,525</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:

1% Decrease 6.65%	Current Discount Rate 7.65%	1% Increase 8.65%
\$ 48,301,713	\$ 31,962,525	\$ 17,905,622

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, 2018**

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, 2018, the County recognized pension expense of \$6,265,888. At June 30, 2018, 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	\$ 2,620,469	\$ -
Changes in assumptions	4,021,907	-
Differences between actual and expected experience	140,360	700,448
Net differences between projected and actual earnings on plan investments	1,302,988	-
Total	\$ 8,085,724	\$ 700,448

\$2,620,469 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, 2018. 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	
2019	\$ 2,462,340
2020	2,447,182
2021	552,716
2022	(697,431)
2023	-
Thereafter	-

E. Payable to the Pension Plan

The County reported a payable of \$92,600 for an outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

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, 2018 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	19.723%	16.842%	11.990%

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 \$911,175 for the fiscal year ended June 30, 2018.

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

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 recognized as a part of pension expense for the year ended June 30, 2018 were \$1,341,053.

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

As of June 30, 2018, the County reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$13,558,759.

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, 2017, 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, 2016, rolled forward to June 30, 2017, 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, 2017 and 2016 was as follows:

Proportion - June 30, 2016	0.2344%
Proportion - June 30, 2017	0.2269%
Change - Increase (Decrease)	-0.0075%

For the year ended June 30, 2018, the County recognized pension expense of \$1,989,387. At June 30, 2018, 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	\$ 1,463,196	\$ -
Changes of assumptions	1,963,488	150,644
Differences between actual and expected experience	135,390	35,300
Net differences between projected and actual earnings on plan investments	428,118	-
Changes in employer's proportion	90,163	103,099
Differences between the employer's actual contributions and the employer's proportionate share of contributions	247,529	5,016
Total	<u>\$ 4,327,884</u>	<u>\$ 294,059</u>

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

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)

\$1,463,196 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, 2018. 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	
2019	\$ 698,701
2020	1,314,158
2021	808,276
2022	(250,506)
2023	-
Thereafter	-

C. Actuarial Assumptions

The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

	<u>Safety</u>
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.50% (1)
Mortality	Derived using CalPERS' Membership data for all Funds (2)

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

(2) 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.

Change of Assumptions - In 2017, the accounting discount rate was reduced from 7.65 to 7.15 percent.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 10 - PENSION PLANS (Continued)

COST-SHARING EMPLOYER PLANS (Continued)

D. Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15 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 7.15 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at 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, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds' asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), 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 PERF 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 equal 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.

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	47.0%	4.90%	5.38%
Global Fixed Income	19.0%	0.80%	2.27%
Inflation Sensitive	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
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, 2018**

NOTE 10 - PENSION PLANS (Continued)

COST-SHARING EMPLOYER PLANS (Continued)

D. Discount Rate (Continued)

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:

1% Decrease	Current Discount Rate	1% Increase
6.65%	7.65%	8.65%
\$ 20,045,311	\$ 13,558,759	\$ 8,256,327

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

The County reported a payable of \$37,231 for an outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. Plan Description

Employees that meet the following requirements are eligible for coverage under the County's CalPERS Health Program (OPEB Plan): 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. 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.

B. Employees Covered

As of the June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms under the OPEB plan:

	<u>Miscellaneous</u>
Inactive plan member or beneficiaries currently receiving benefits	114
Inactive plan members entitled to but not yet receiving benefits	-
Active employees	464
Total	578

**COUNTY OF LASSEN
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 JUNE 30, 2018**

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

C. Contributions

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 2018 is \$122 per month and is currently less than the County’s paid contribution. For the fiscal year ended June 30, 2018, the County paid premiums totaling \$380,121, but did not make any contributions directly to the plan.

D. Net OPEB Liability

The County's net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2017. The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions:

Discount Rate	7.00%
Inflation	2.75%
Projected Salary Increase	3.25% per annum, in aggregate
Investment Rate Return	7.0%
Mortality Rate (1)	Derived using CalPERS' Membership data for all Funds
Pre-Retirement Turnover (2)	Derived using CalPERS' Membership data for all Funds 6.00% (HMO) and 6.5% (PPO), trending down to 5.00%
Healthcare Cost Trend Rates	thereafter

(1) Pre-retirement mortality information was derived from data collected during the 1997 to 2011 CalPERS Experience Study dated January 2014 and post-retirement mortality information was derived from the 2007 to 2011 CALPERS Experience Study. The Experience Study Reports may be accessed on the CalPERS website (www.calpers.ca.gov) under Forms and Publications.

(2) Pre-retirement turnover information was developed based on CalPERS' specific data. For more details, please refer to the 2007 to 2011 Experience Study Report. The Experience Study Report may be accessed on the CalPERS website (www.calpers.ca.gov) under Forms and Publications.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

D. Net OPEB Liability (Continued)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term expected real rate of return
US Equity	30.0%	4.85%
International Equity	27.0%	5.85%
REITs	8.0%	3.65%
US Fixed Income	27.0%	2.35%
Commodities	3.0%	1.75%
Inflation Assets	5.0%	1.50%
Total	<u>100%</u>	

E. Discount Rate

The discount rate used to measure the total OPEB liability is 7.00%. This is the expected long-term rate of return on County assets using investment Strategy 1 within the California Employers' Retiree Benefit Trust (CERBT). The projection of cash flows used to determine the discount rate assumed that the County contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position is projected to cover all future OPEB payments. Therefore, the discount rate was set equal to the long-term expected rate of return.

F. Change in Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2017 (Valuation Date June 30, 2017)	\$ 6,826,893	\$ 4,625,401	\$ 2,201,492
Changes in the year:			
Service cost	246,072	-	246,072
Interest on the total OPEB liability	479,336	-	479,336
Changes in benefit terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Contributions - employer (including implicit rate subsidy)	-	999,332	(999,332)
Net investment income	-	549,897	(549,897)
Benefit payments, including refunds of member contributions	(450,614)	(450,614)	-
Administrative expenses	-	(2,784)	2,784
Net changes	<u>274,794</u>	<u>1,095,831</u>	<u>(821,037)</u>
Balance at June 30, 2017 (Measurement Date)	<u>\$ 7,101,687</u>	<u>\$ 5,721,232</u>	<u>\$ 1,380,455</u>

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

G. Sensitivity of the Net OPEB liability to Changes in the Discount Rate

The following presents the net OPEB liability of the County if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017:

1% Decrease 6.65%	Current Discount Rate 7.65%	1% Increase 8.65%
\$ 2,185,318	\$ 1,380,455	\$ 1,612,780

H. Sensitivity of the Net OPEB liability to Changes in the Healthcare Cost Trends

The following presents the net OPEB liability of the County if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2017:

1% Decrease 5.50%/5.00%	Current Healthcare Cost Trend Rates 6.50%/6.00%	1% Increase 7.50%/7.00%
decreasing to 4.00%	decreasing to 5.00%	increasing to 3.00%
\$ 909,452	\$ 1,380,455	\$ 2,044,143

I. OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended June 30, 2018, the County recognized an OPEB expense of \$467,610. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual earnings on plan investments	\$ -	\$ 149,503
Total	\$ -	\$ 149,503

There are no deferred outflows of resources related to contributions subsequent to the June 30, 2017 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Year Ending June 30		
2019	\$	(37,376)
2020		(37,376)
2021		(37,376)
2022		(37,375)
2023		-
Thereafter		-

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

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.

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, 2018, the Authority paid the County \$691,023 for personnel services and related benefits and \$41,651 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, 2018 (the most recent year-end financial information available) is present below:

	Amount
Statement of Net Position	
Assets	\$ 5,028,628
Liabilities	(6,126,446)
Net position (deficit)	\$ (1,097,818)
 Revenues and Expenses	
Revenues	\$ 1,828,909
Expenses	(1,514,465)
Net gain (loss)	\$ 314,444

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 13 - JOINT POWER(S AGREEMENT (Continued)

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.

Condensed financial information for the Agency as of June 30, 2017 (the most recent year-end financial information available) is presented below:

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

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 13 - JOINT POWER(S AGREEMENT (Continued)

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, 2018 (the most recent year-end financial information available) is present below:

	Amount
Statement of Net Position	
Assets	\$ 3,212,359
Liabilities	(39,810)
Net position (deficit)	\$ 3,172,549
 Revenues and Expenses	
Revenues	\$ 301,748
Expenses	(401,229)
Net gain (loss)	\$ (99,481)

**COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018**

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, 2018, 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>2018</u>	<u>2017</u>
Unpaid claims July 1	\$ 3,666,514	\$ 3,580,390
Incurred claims (including IBNRs) and changes in estimates	(239,003)	1,084,621
Current year payments	<u>(399,681)</u>	<u>(998,497)</u>
Unpaid claims June 30	<u>\$ 3,027,830</u>	<u>\$ 3,666,514</u>

NOTE 15 - FUND BALANCE/NET DEFICIT

At June 30, 2018, the County had the following deficits:

	<u>Amount</u>
Nonmajor Governmental Funds:	
Fair	<u>\$ 3,633</u>
Total Nonmajor Governmental Funds	<u>\$ 3,633</u>

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2018

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 accounts receivable that should have been recognized as revenue in the prior year.

	Governmental Activities	Internal Service Funds
	<u> </u>	<u> </u>
Fund balance/net position, June 30, 2017, as previously reported	\$ 60,562,919	\$ 1,860,859
Prior period adjustments:		
Overstatement of unavailable revenue	<u>80,000</u>	<u>80,000</u>
Total prior period adjustments	<u>80,000</u>	<u>80,000</u>
Change in accounting principle:		
Understatement of deferred outflows from OPEB	888,768	11,418
Understatement of OPEB liability	<u>(2,471,808)</u>	<u>(28,283)</u>
Total change in accounting principle	<u>(1,583,040)</u>	<u>(16,865)</u>
Fund balance/net position, July 1, 2017, as restated	<u><u>\$ 59,059,879</u></u>	<u><u>\$ 1,923,994</u></u>

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REQUIRED SUPPLEMENTARY INFORMATION

**COUNTY OF LASSEN
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018**

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
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u> Amounts	Variance with <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 9,996,354	\$ 9,996,354	\$ 9,924,475	\$ (71,879)
Licenses and permits	355,000	355,000	301,486	(53,514)
Intergovernmental	2,592,511	2,592,511	3,127,686	535,175
Charges for services	2,688,879	2,688,879	2,837,846	148,967
Fines and forfeitures	621,000	621,000	588,535	(32,465)
Use of money and property	113,650	113,650	104,469	(9,181)
Other revenues	<u>455,948</u>	<u>455,948</u>	<u>1,067,725</u>	<u>611,777</u>
Total revenues	<u>16,823,342</u>	<u>16,823,342</u>	<u>17,952,222</u>	<u>1,128,880</u>
EXPENDITURES				
Current:				
General government	6,877,078	6,876,078	6,544,105	331,973
Public protection	3,080,324	3,090,324	2,689,175	401,149
Public assistance	127,495	127,495	115,140	12,355
Education	92,533	92,533	90,272	2,261
Recreation and culture	34,400	34,400	21,621	12,779
Capital outlay	<u>218,433</u>	<u>208,433</u>	<u>29,376</u>	<u>179,057</u>
Total expenditures	<u>10,430,263</u>	<u>10,429,263</u>	<u>9,489,689</u>	<u>939,574</u>
Revenues over (under) expenditures	<u>6,393,079</u>	<u>6,394,079</u>	<u>8,462,533</u>	<u>2,068,454</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	464,000	464,000	269,329	(194,671)
Transfers out	<u>(9,707,909)</u>	<u>(9,708,909)</u>	<u>(9,489,721)</u>	<u>219,188</u>
Total other financing sources (uses)	<u>(9,243,909)</u>	<u>(9,244,909)</u>	<u>(9,220,392)</u>	<u>24,517</u>
Net change in fund balance	<u>\$ (2,850,830)</u>	<u>\$ (2,850,830)</u>	(757,859)	<u>\$ 2,092,971</u>
Fund balance, beginning of year			<u>9,599,578</u>	
Fund balance, end of year			<u>\$ 8,841,719</u>	

COUNTY OF LASSEN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
ROAD FUND
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u> Amounts	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses and permits	\$ 10,000	\$ 10,000	\$ 11,962	\$ 1,962
Intergovernmental	10,402,507	10,402,507	5,621,712	(4,780,795)
Charges for services	41,000	41,000	10,472	(30,528)
Fines and forfeitures	-	-	-	-
Use of money and property	25,000	25,000	20,760	(4,240)
Other revenues	<u>32,423</u>	<u>32,423</u>	<u>35,947</u>	<u>3,524</u>
Total revenues	<u>10,510,930</u>	<u>10,510,930</u>	<u>5,700,853</u>	<u>(4,810,077)</u>
EXPENDITURES				
Current:				
Public ways and facilities	4,806,449	4,795,449	2,538,430	2,257,019
Capital outlay	<u>6,851,000</u>	<u>6,862,000</u>	<u>2,870,083</u>	<u>3,991,917</u>
Total expenditures	<u>11,657,449</u>	<u>11,657,449</u>	<u>5,408,513</u>	<u>6,248,936</u>
Revenues over (under) expenditures	<u>(1,146,519)</u>	<u>(1,146,519)</u>	<u>292,340</u>	<u>1,438,859</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	75,000	75,000	31,590	(43,410)
Insurance recoveries	<u>-</u>	<u>-</u>	<u>152,833</u>	<u>152,833</u>
Total other financing sources (uses)	<u>75,000</u>	<u>75,000</u>	<u>184,423</u>	<u>109,423</u>
Net change in fund balance	<u>\$ (1,071,519)</u>	<u>\$ (1,071,519)</u>	<u>\$ 476,763</u>	<u>\$ 1,548,282</u>
Fund balance, beginning of year			<u>3,124,483</u>	
Fund balance, end of year			<u>\$ 3,601,246</u>	

**COUNTY OF LASSEN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
WELFARE ADMINISTRATION FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 5,194,798	\$ 5,194,798	\$ 5,054,259	\$ (140,539)
Charges for services	-	-	2,000	2,000
Use of money and property	50,000	50,000	(18,448)	(68,448)
Other revenues	<u>76,325</u>	<u>76,325</u>	<u>77,236</u>	<u>911</u>
Total revenues	<u>5,321,123</u>	<u>5,321,123</u>	<u>5,115,047</u>	<u>(206,076)</u>
EXPENDITURES				
Current:				
Public assistance	8,708,793	8,708,793	7,155,607	1,553,186
Capital outlay	<u>75,000</u>	<u>75,000</u>	<u>-</u>	<u>75,000</u>
Total expenditures	<u>8,783,793</u>	<u>8,783,793</u>	<u>7,155,607</u>	<u>1,628,186</u>
Revenues over (under) expenditures	<u>(3,462,670)</u>	<u>(3,462,670)</u>	<u>(2,040,560)</u>	<u>1,422,110</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	-	-	2,270	2,270
Transfers in	<u>3,515,961</u>	<u>3,515,961</u>	<u>3,176,916</u>	<u>(339,045)</u>
Total other financing sources (uses)	<u>3,515,961</u>	<u>3,515,961</u>	<u>3,179,186</u>	<u>(336,775)</u>
Net change in fund balance	<u>\$ 53,291</u>	<u>\$ 53,291</u>	1,138,626	<u>\$ 1,085,335</u>
Fund balance, beginning of year			<u>3,031,338</u>	
Fund balance, end of year			<u>\$ 4,169,964</u>	

**COUNTY OF LASSEN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
WELFARE ASSISTANCE FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 3,950,080	\$ 3,950,080	\$ 4,273,279	\$ 323,199
Use of money and property	-	-	(1,132)	(1,132)
Other revenues	<u>90,000</u>	<u>90,000</u>	<u>81,896</u>	<u>(8,104)</u>
Total revenues	<u>4,040,080</u>	<u>4,040,080</u>	<u>4,354,043</u>	<u>313,963</u>
EXPENDITURES				
Current:				
Public assistance	<u>7,650,627</u>	<u>7,650,627</u>	<u>6,091,586</u>	<u>1,559,041</u>
Total expenditures	<u>7,650,627</u>	<u>7,650,627</u>	<u>6,091,586</u>	<u>1,559,041</u>
Revenues over (under) expenditures	<u>(3,610,547)</u>	<u>(3,610,547)</u>	<u>(1,737,543)</u>	<u>1,873,004</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,789,782	3,789,782	3,345,779	(444,003)
Transfers out	<u>(179,235)</u>	<u>(179,235)</u>	<u>(126,734)</u>	<u>52,501</u>
Total other financing sources (uses)	<u>3,610,547</u>	<u>3,610,547</u>	<u>3,219,045</u>	<u>(391,502)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1,481,502	<u>\$ 1,481,502</u>
Fund balance, beginning of year			<u>4,677,262</u>	
Fund balance, end of year			<u>\$ 6,158,764</u>	

COUNTY OF LASSEN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
HEALTH AND HUMAN SERVICES FUND
FOR THE YEAR ENDED JUNE 30, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u> Amounts	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses and permits	\$ 5,000	\$ 5,000	\$ 4,830	\$ (170)
Intergovernmental	6,543,140	6,722,061	4,734,852	(1,987,209)
Charges for services	2,150,478	2,158,168	1,883,208	(274,960)
Fines and forfeitures	11,000	11,000	10,048	(952)
Use of money and property	95,000	101,000	61,463	(39,537)
Other revenues	<u>87,323</u>	<u>84,867</u>	<u>66,119</u>	<u>(18,748)</u>
Total revenues	<u>8,891,941</u>	<u>9,082,096</u>	<u>6,760,520</u>	<u>(2,321,576)</u>
EXPENDITURES				
Current:				
Public protection	315,964	315,964	280,905	35,059
Health and sanitation	10,600,287	10,807,392	8,343,536	2,463,856
Public assistance	2,540,913	2,568,974	2,152,331	416,643
Capital outlay	<u>110,000</u>	<u>110,000</u>	<u>-</u>	<u>110,000</u>
Total expenditures	<u>13,567,164</u>	<u>13,802,330</u>	<u>10,776,772</u>	<u>3,025,558</u>
Revenues over (under) expenditures	<u>(4,675,223)</u>	<u>(4,720,234)</u>	<u>(4,016,252)</u>	<u>703,982</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	-	1,604	1,604	-
Transfers in	4,390,517	4,425,717	4,174,113	(251,604)
Transfers out	<u>(101,188)</u>	<u>(101,188)</u>	<u>(170,395)</u>	<u>(69,207)</u>
Total other financing sources (uses)	<u>4,289,329</u>	<u>4,326,133</u>	<u>4,005,322</u>	<u>(320,811)</u>
Net change in fund balance	<u>\$ (385,894)</u>	<u>\$ (394,101)</u>	(10,930)	<u>\$ 383,171</u>
Fund balance, beginning of year			<u>7,339,750</u>	
Fund balance, end of year			<u>\$ 7,328,820</u>	

**COUNTY OF LASSEN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
PUBLIC SAFETY FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 100,000	\$ 100,000	\$ 91,995	\$ (8,005)
Licenses and permits	800	800	1,340	540
Intergovernmental	1,622,000	1,622,000	2,170,442	548,442
Charges for services	444,266	444,266	402,195	(42,071)
Fines and forfeitures	-	-	25,931	25,931
Use of money and property	10,000	10,000	9,034	(966)
Other revenues	<u>544,816</u>	<u>544,816</u>	<u>483,410</u>	<u>(61,406)</u>
Total revenues	<u>2,721,882</u>	<u>2,721,882</u>	<u>3,184,347</u>	<u>462,465</u>
EXPENDITURES				
Current:				
General government	714,792	704,582	656,312	48,270
Public protection	12,421,523	12,411,523	12,008,551	402,972
Capital outlay	<u>150,000</u>	<u>160,210</u>	<u>53,457</u>	<u>106,753</u>
Total expenditures	<u>13,286,315</u>	<u>13,276,315</u>	<u>12,718,320</u>	<u>557,995</u>
Revenues over (under) expenditures	<u>(10,564,433)</u>	<u>(10,554,433)</u>	<u>(9,533,973)</u>	<u>1,020,460</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	10,086,179	10,086,179	9,845,003	(241,176)
Transfers out	<u>-</u>	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>10,086,179</u>	<u>10,066,179</u>	<u>9,825,003</u>	<u>(241,176)</u>
Net change in fund balance	<u>\$ (478,254)</u>	<u>\$ (488,254)</u>	291,030	<u>\$ 779,284</u>
Fund balance, beginning of year			<u>710,043</u>	
Fund balance, end of year			<u>\$ 1,001,073</u>	

**COUNTY OF LASSEN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
COUNTY LOCAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Intergovernmental	\$ 6,795,727	\$ 6,795,727	\$ 7,383,291	\$ 587,564
Use of money and property	-	-	(218)	(218)
Other revenues	<u>945</u>	<u>945</u>	<u>8,083</u>	<u>7,138</u>
 Total revenues	 <u>6,796,672</u>	 <u>6,796,672</u>	 <u>7,391,156</u>	 <u>594,484</u>
EXPENDITURES				
Current:				
Public protection	983,979	983,979	567,103	416,876
Capital outlay	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>150,000</u>
 Total expenditures	 <u>1,133,979</u>	 <u>1,133,979</u>	 <u>567,103</u>	 <u>566,876</u>
 Revenues over (under) expenditures	 <u>5,662,693</u>	 <u>5,662,693</u>	 <u>6,824,053</u>	 <u>1,161,360</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(6,587,132)</u>	<u>(6,587,132)</u>	<u>(6,585,388)</u>	<u>1,744</u>
 Total other financing sources (uses)	 <u>(6,587,132)</u>	 <u>(6,587,132)</u>	 <u>(6,585,388)</u>	 <u>1,744</u>
 Net change in fund balance	 <u>\$ (924,439)</u>	 <u>\$ (924,439)</u>	 238,665	 <u>\$ 1,163,104</u>
 Fund balance, beginning of year			 <u>1,734,959</u>	
 Fund balance, end of year			 <u>\$ 1,973,624</u>	

**COUNTY OF LASSEN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
PRISON PROGRAM TRIAL FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 933,251	\$ 933,251	\$ 919,272	\$ (13,979)
Other revenues	<u>1,314</u>	<u>1,314</u>	<u>1,314</u>	<u>-</u>
Total revenues	<u>934,565</u>	<u>934,565</u>	<u>920,586</u>	<u>(13,979)</u>
EXPENDITURES				
Current:				
Public protection	<u>934,565</u>	<u>934,565</u>	<u>930,279</u>	<u>4,286</u>
Total expenditures	<u>934,565</u>	<u>934,565</u>	<u>930,279</u>	<u>4,286</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(9,693)	<u>\$ (9,693)</u>
Fund balance, beginning of year			<u>43,734</u>	
Fund balance, end of year			<u>\$ 34,041</u>	

**COUNTY OF LASSEN
PROPORTIONATE SHARE OF NET PENSION LIABILITY - COST-SHARING PLAN
FOR THE YEAR ENDED JUNE 30, 2018
LAST 10 YEARS***

	2015	2016	2017	2018
Proportion of the net pension liability	0.24280%	0.24360%	0.23440%	0.22690%
Proportionate share of the net pension liability	\$ 9,181,100	\$ 10,038,807	\$ 12,137,581	\$ 13,558,759
Covered payroll	\$ 2,892,309	\$ 2,934,651	\$ 3,009,642	\$ 3,061,933
Proportionate share of the net pension liability as percentage of covered payroll	317.43%	342.08%	403.29%	442.82%
Plan fiduciary net position as a percentage of the total pension liability	76.05%	73.82%	70.61%	70.75%

Notes to Schedule:

Changes in Benefit Terms - None

Changes of Assumptions - In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent

*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, 2018
LAST 10 YEARS***

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially required contribution (actuarially determined)	\$ 1,002,554	\$ 957,019	\$ 1,210,999	\$ 1,341,053	\$ 1,463,196
Contributions in relation to the actuarially determined contributions	<u>1,002,554</u>	<u>957,019</u>	<u>1,210,999</u>	<u>1,341,053</u>	<u>1,463,196</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,892,309	\$ 2,934,651	\$ 3,009,642	\$ 3,061,933	\$ 3,411,392
Contributions as a percentage of covered	34.66%	32.61%	40.24%	43.80%	42.89%

*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, 2018
LAST 10 YEARS*

	2015	2016	2017	2018
Total Pension Liability:				
Service cost	\$ 2,549,991	\$ 2,314,595	\$ 2,312,659	\$ 2,585,135
Interest on total pension liability	7,479,108	7,878,496	8,288,074	8,501,019
Changes of assumptions	-	(1,876,185)	-	6,894,698
Differences between expected and actual experience	-	462,586	701,808	(1,200,769)
Benefit payments, including refunds of employee contributions	(5,140,550)	(5,324,219)	(5,755,683)	(5,997,063)
Net change in total pension liability	4,888,549	3,455,273	5,546,858	10,783,020
Total pension liability - beginning	101,016,724	105,905,273	109,360,546	114,907,404
Total pension liability - ending (a)	<u>105,905,273</u>	<u>109,360,546</u>	<u>114,907,404</u>	<u>125,690,424</u>
Plan Fiduciary Net Position:				
Plan to plan resource movement	-	2,579	(233)	37,601
Contributions - employer	1,910,144	1,759,112	2,024,304	2,301,324
Contributions - employee	1,216,676	1,081,585	1,149,564	1,112,227
Net investment income	13,609,094	2,005,219	448,970	9,606,169
Administrative expenses	(111,112)	(100,309)	(54,313)	(128,583)
Benefit payments	(5,140,550)	(5,324,219)	(5,755,683)	(5,997,063)
Net change in plan fiduciary net position	11,484,252	(576,033)	(2,187,391)	6,931,675
Plan fiduciary net position beginning	78,075,396	89,559,648	88,983,615	86,796,224
Plan fiduciary net position - ending (b)	<u>89,559,648</u>	<u>88,983,615</u>	<u>86,796,224</u>	<u>93,727,899</u>
Net pension liability - ending (a)-(b)	<u>\$ 16,345,625</u>	<u>\$ 20,376,931</u>	<u>\$ 28,111,180</u>	<u>\$ 31,962,525</u>
Plan fiduciary net position as a percentage of the total pension liability	84.57%	81.37%	75.54%	74.57%
Covered payroll	14,663,071	14,454,495	14,850,738	15,779,786
Net pension liability as a percentage of covered payroll	111.47%	140.97%	189.29%	202.55%

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 - In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent

*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, 2018
LAST 10 YEARS***

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially required contribution (actuarially determined)	\$ 1,712,500	\$ 1,759,112	\$ 2,024,304	\$ 2,301,324	\$ 2,620,469
Contributions in relation to the actuarially determined contributions	<u>1,712,500</u>	<u>1,759,112</u>	<u>2,024,304</u>	<u>2,301,324</u>	<u>2,620,469</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 14,663,071	\$ 14,454,495	\$ 14,850,738	\$ 15,779,786	\$ 16,586,516
Contributions as a percentage of covered payroll	11.68%	12.17%	13.63%	14.58%	15.80%

* 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 OPEB LIABILITY AND RELATED RATIOS
SINGLE EMPLOYER PLAN
FOR THE YEAR ENDED JUNE 30, 2018
LAST 10 YEARS***

	2018
Total OPEB Liability:	
Service cost	\$ 246,072
Interest on total OPEB liability	479,336
Benefit payments, including refunds of employee contributions	(450,614)
Net change in total OPEB liability	274,794
Total OPEB liability - beginning	6,826,893
Total OPEB liability - ending (a)	\$ 7,101,687
 Plan Fiduciary Net Position:	
Contributions - employer	\$ 999,332
Net investment income	549,897
Administrative expenses	(2,784)
Benefit payments	(450,614)
Net change in plan fiduciary net position	1,095,831
Plan fiduciary net position beginning	4,625,401
Plan fiduciary net position - ending (b)	5,721,232
 Net OPEB liability - ending (a)-(b)	 \$ 1,380,455
 Plan fiduciary net position as a percentage of the total OPEB liability	 80.56%
 Covered payroll	 18,841,719
 Net OPEB liability as a percentage of covered payroll	 7.33%

Changes in Assumptions - None

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

**COUNTY OF LASSEN
SCHEDULE OF CONTRIBUTIONS - OTHER POSTEMPLOYMENT BENEFITS
FOR THE YEAR ENDED JUNE 30, 2018
LAST 10 YEARS***

	2017	2018
Actuarially required contribution (actuarially determined)	\$ 425,948	\$ 452,578
Contributions in relation to the actuarially determined contributions	<u>999,332</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ (573,384)</u>	<u>\$ 452,578</u>
 Covered-employee payroll	 \$ 18,841,719	 \$ 19,997,908
 Contributions as a percentage of covered payroll	 5.30%	 0.00%

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

SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

**COUNTY OF LASSEN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018**

	Special Revenue Funds				
	DA Contracts	Sheriff Contracts	HHS Contracts	Fish & Game	Mental Health Services Act
ASSETS					
Cash and investments	\$ -	\$ 119,635	\$ -	\$ 1,910	\$ 1,971,624
Imprest cash	-	-	-	-	-
Due from other governmental entities	43,811	68,886	214,176	-	307,913
Due from other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Total assets	<u>\$ 43,811</u>	<u>\$ 188,521</u>	<u>\$ 214,176</u>	<u>\$ 1,910</u>	<u>\$ 2,279,537</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries	3,464	1,888	6,089	-	-
Due to other governmental entities	-	-	-	-	5,199
Due to other funds	<u>33,505</u>	<u>-</u>	<u>39,873</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>36,969</u>	<u>1,888</u>	<u>45,962</u>	<u>-</u>	<u>5,199</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICIT)					
Nonspendable:					
Prepaid expenses	-	-	-	-	-
Restricted	-	-	168,214	-	2,274,338
Assigned	6,842	186,633	-	1,910	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>6,842</u>	<u>186,633</u>	<u>168,214</u>	<u>1,910</u>	<u>2,274,338</u>
Total liabilities and fund balances (deficit)	<u>\$ 43,811</u>	<u>\$ 188,521</u>	<u>\$ 214,176</u>	<u>\$ 1,910</u>	<u>\$ 2,279,537</u>

**COUNTY OF LASSEN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018**

	Special Revenue Funds				
	Cemetery	Aviation	TCF/Bailiff	Supplemental Law Enforcement	Vital Statistics
ASSETS					
Cash and investments	\$ 121,301	\$ 462,424	\$ -	\$ 31,769	\$ 82,373
Imprest cash	-	-	-	-	-
Due from other governmental entities	-	-	103,570	4,007	-
Due from other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Total assets	<u>\$ 121,301</u>	<u>\$ 462,424</u>	<u>\$ 103,570</u>	<u>\$ 35,776</u>	<u>\$ 82,373</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries	2,787	464	18,780	-	-
Due to other governmental entities	-	-	-	-	-
Due to other funds	-	-	12,369	-	-
Total liabilities	<u>2,787</u>	<u>464</u>	<u>31,149</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	3,048	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>3,048</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICIT)					
Nonspendable:					
Prepaid expenses	-	-	-	-	-
Restricted	-	408,910	69,373	35,776	82,373
Assigned	118,514	53,050	-	-	-
Unassigned	-	-	-	-	-
Total fund balances (deficit)	<u>118,514</u>	<u>461,960</u>	<u>69,373</u>	<u>35,776</u>	<u>82,373</u>
Total liabilities and fund balances (deficit)	<u>\$ 121,301</u>	<u>\$ 462,424</u>	<u>\$ 103,570</u>	<u>\$ 35,776</u>	<u>\$ 82,373</u>

**COUNTY OF LASSEN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018**

	Special Revenue Funds				
	Recorder Micrographics	Recorder Modernization	Recorder AB130	Inmate Welfare County	Narcotics Asset Forfeiture
ASSETS					
Cash and investments	\$ 153,872	\$ 154,166	\$ 30,421	\$ 124,354	\$ 1,041
Imprest cash	-	-	-	-	-
Due from other governmental entities	-	-	-	-	-
Due from other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Total assets	<u>\$ 153,872</u>	<u>\$ 154,166</u>	<u>\$ 30,421</u>	<u>\$ 124,354</u>	<u>\$ 1,041</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	-	-	736	-
Due to other governmental entities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>736</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICIT)					
Nonspendable:					
Prepaid expenses	-	-	-	-	-
Restricted	153,872	154,166	30,421	123,618	1,041
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances (deficit)	<u>153,872</u>	<u>154,166</u>	<u>30,421</u>	<u>123,618</u>	<u>1,041</u>
Total liabilities and fund balances (deficit)	<u>\$ 153,872</u>	<u>\$ 154,166</u>	<u>\$ 30,421</u>	<u>\$ 124,354</u>	<u>\$ 1,041</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds				
	Narcotics Task Force	Bieber Lighting District	Lassen-Modoc Flood	Natural Resources	Geothermal
ASSETS					
Cash and investments	\$ 40,805	\$ 29,058	\$ 151,328	\$ 57,958	\$ 287,524
Imprest cash	-	-	-	-	-
Due from other governmental entities	48,837	-	-	-	3,154
Due from other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Total assets	<u>\$ 89,642</u>	<u>\$ 29,058</u>	<u>\$ 151,328</u>	<u>\$ 57,958</u>	<u>\$ 290,678</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries	2,553	-	-	2,638	-
Due to other governmental entities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>2,553</u>	<u>-</u>	<u>-</u>	<u>2,638</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICIT)					
Nonspendable:					
Prepaid expenses	-	-	-	-	-
Restricted	87,089	29,058	151,328	-	290,678
Assigned	-	-	-	55,320	-
Unassigned	-	-	-	-	-
Total fund balances (deficit)	<u>87,089</u>	<u>29,058</u>	<u>151,328</u>	<u>55,320</u>	<u>290,678</u>
Total liabilities and fund balances (deficit)	<u>\$ 89,642</u>	<u>\$ 29,058</u>	<u>\$ 151,328</u>	<u>\$ 57,958</u>	<u>\$ 290,678</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds				
	Mental Health Realignment	Social Services Realignment	Public Health Realignment	County Children's	Fair
ASSETS					
Cash and investments	\$ 951,342	\$ 1,882,923	\$ 437,534	\$ 23,590	\$ -
Imprest cash	-	-	-	-	1,505
Due from other governmental entities	316,380	394,392	96,356	-	45,828
Due from other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	10,000
Total assets	<u>\$ 1,267,722</u>	<u>\$ 2,277,315</u>	<u>\$ 533,890</u>	<u>\$ 23,590</u>	<u>\$ 57,333</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	-	-	-	13,110
Due to other governmental entities	3,306	-	-	-	-
Due to other funds	-	-	-	-	47,856
Total liabilities	<u>3,306</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,966</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	24,101	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>24,101</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICIT)					
Nonspendable:					
Prepaid expenses	-	-	-	-	10,000
Restricted	1,264,416	2,253,214	533,890	23,590	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	(13,633)
Total fund balances (deficit)	<u>1,264,416</u>	<u>2,253,214</u>	<u>533,890</u>	<u>23,590</u>	<u>(3,633)</u>
Total liabilities and fund balances (deficit)	<u>\$ 1,267,722</u>	<u>\$ 2,277,315</u>	<u>\$ 533,890</u>	<u>\$ 23,590</u>	<u>\$ 57,333</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds			Total Special Revenue Funds
	USDA Title III	Probation	Child Support	
ASSETS				
Cash and investments	\$ 217,458	\$ 241,859	\$ 133,904	\$ 7,710,173
Imprest cash	-	-	-	1,505
Due from other governmental entities	-	249,894	-	1,897,204
Due from other funds	-	18,562	-	18,562
Prepaid expenses	-	-	-	10,000
	-	-	-	10,000
Total assets	\$ 217,458	\$ 510,315	\$ 133,904	\$ 9,637,444
LIABILITIES				
Accounts payable	\$ -	\$ 19,220	\$ -	\$ 19,220
Accrued salaries	-	53,999	19,110	125,618
Due to other governmental entities	-	-	-	8,505
Due to other funds	-	-	-	133,603
	-	-	-	133,603
Total liabilities	-	73,219	19,110	286,946
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	40,199	-	67,348
	-	40,199	-	67,348
Total deferred inflows of resources	-	40,199	-	67,348
FUND BALANCES (DEFICIT)				
Nonspendable:				
Prepaid expenses	-	-	-	10,000
Restricted	217,458	-	114,794	8,467,617
Assigned	-	396,897	-	819,166
Unassigned	-	-	-	(13,633)
	-	-	-	(13,633)
Total fund balances (deficit)	217,458	396,897	114,794	9,283,150
Total liabilities and fund balances (deficit)	\$ 217,458	\$ 510,315	\$ 133,904	\$ 9,637,444

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Capital Projects Funds				
	Criminal Justice Facility Construction	Capital Improvements	Capital Improvements Lease	Accumulated Capital Outlay	Courthouse Construction
ASSETS					
Cash and investments	\$ 205,389	\$ 32,891	\$ 713,153	\$ 627,050	\$ 413,715
Imprest cash	-	-	-	-	-
Due from other governmental entities	-	-	-	-	-
Due from other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Total assets	<u>\$ 205,389</u>	<u>\$ 32,891</u>	<u>\$ 713,153</u>	<u>\$ 627,050</u>	<u>\$ 413,715</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>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICIT)					
Nonspendable:					
Prepaid expenses	-	-	-	-	-
Restricted	205,389	-	-	-	413,715
Assigned	-	32,891	713,153	627,050	-
Unassigned	-	-	-	-	-
Total fund balances (deficit)	<u>205,389</u>	<u>32,891</u>	<u>713,153</u>	<u>627,050</u>	<u>413,715</u>
Total liabilities and fund balances (deficit)	<u>\$ 205,389</u>	<u>\$ 32,891</u>	<u>\$ 713,153</u>	<u>\$ 627,050</u>	<u>\$ 413,715</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	<u>Capital Projects Funds</u>			Total Capital Projects Funds
	<u>Fair Improvement</u>	<u>CCF Equipment Replacement</u>	<u>Jail Facilities Construction</u>	
ASSETS				
Cash and investments	\$ 34,964	\$ -	\$ 2,020	\$ 2,029,182
Imprest cash	-	-	-	-
Due from other governmental entities	94,260	76,688	-	170,948
Due from other funds	-	-	-	-
Prepaid expenses	-	-	-	-
Total assets	<u>\$ 129,224</u>	<u>\$ 76,688</u>	<u>\$ 2,020</u>	<u>\$ 2,200,130</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	-
Accrued salaries	-	-	-	-
Due to other governmental entities	-	-	-	-
Due to other funds	-	74,885	-	74,885
Total liabilities	<u>-</u>	<u>74,885</u>	<u>-</u>	<u>74,885</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICIT)				
Nonspendable:				
Prepaid expenses	-	-	-	-
Restricted	-	-	-	619,104
Assigned	129,224	1,803	2,020	1,506,141
Unassigned	-	-	-	-
Total fund balances (deficit)	<u>129,224</u>	<u>1,803</u>	<u>2,020</u>	<u>2,125,245</u>
Total liabilities and fund balances (deficit)	<u>\$ 129,224</u>	<u>\$ 76,688</u>	<u>\$ 2,020</u>	<u>\$ 2,200,130</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Debt Service Fund	Total Debt Service Fund	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments	\$ 1,768	\$ 1,768	\$ 9,741,123
Imprest cash	-	-	1,505
Due from other governmental entities	-	-	2,068,152
Due from other funds	-	-	18,562
Prepaid expenses	<u>-</u>	<u>-</u>	<u>10,000</u>
 Total assets	 <u>\$ 1,768</u>	 <u>\$ 1,768</u>	 <u>\$ 11,839,342</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 19,220
Accrued salaries	-	-	125,618
Due to other governmental entities	-	-	8,505
Due to other funds	<u>-</u>	<u>-</u>	<u>208,488</u>
 Total liabilities	 <u>-</u>	 <u>-</u>	 <u>361,831</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>-</u>	<u>-</u>	<u>67,348</u>
 Total deferred inflows of resources	 <u>-</u>	 <u>-</u>	 <u>67,348</u>
FUND BALANCES (DEFICIT)			
Nonspendable:			
Prepaid expenses	-	-	10,000
Restricted	-	-	9,086,721
Assigned	1,768	1,768	2,327,075
Unassigned	<u>-</u>	<u>-</u>	<u>(13,633)</u>
 Total fund balances (deficit)	 <u>1,768</u>	 <u>1,768</u>	 <u>11,410,163</u>
 Total liabilities and fund balances (deficit)	 <u>\$ 1,768</u>	 <u>\$ 1,768</u>	 <u>\$ 11,839,342</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds				
	DA Contracts	Sheriff Contracts	HHS Contracts	Fish & Game	Mental Health Services Act
REVENUES					
Taxes	\$ -	\$ 7,986	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	162,977	109,701	344,531	-	2,753,024
Charges for services	-	-	-	-	4,974
Fines and forfeitures	-	-	-	955	-
Use of money and property	-	(305)	(132)	-	(3,872)
Other revenues	182	383	707	-	4,571
Total revenues	<u>163,159</u>	<u>117,765</u>	<u>345,106</u>	<u>955</u>	<u>2,758,697</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public protection	159,495	53,389	-	1,925	-
Public ways and facilities	-	-	-	-	-
Health and sanitation	-	-	212,210	-	2,340,994
Public assistance	-	-	-	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	-	35,395	-	-	209,812
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>159,495</u>	<u>88,784</u>	<u>212,210</u>	<u>1,925</u>	<u>2,550,806</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,664</u>	<u>28,981</u>	<u>132,896</u>	<u>(970)</u>	<u>207,891</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	1,000	-
Transfers out	-	-	-	-	(201,936)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>(201,936)</u>
Net changes in fund balances	3,664	28,981	132,896	30	5,955
Fund balances - beginning of year	<u>3,178</u>	<u>157,652</u>	<u>35,318</u>	<u>1,880</u>	<u>2,268,383</u>
Fund balances - end of year	<u>\$ 6,842</u>	<u>\$ 186,633</u>	<u>\$ 168,214</u>	<u>\$ 1,910</u>	<u>\$ 2,274,338</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds				
	Cemetery	Aviation	TCF/Bailiff	Supplemental Law Enforcement	Vital Statistics
REVENUES					
Taxes	\$ 64,761	\$ 53,050	\$ -	\$ -	\$ -
Licenses and permits	1,134	-	-	-	-
Intergovernmental	1,217	404,596	289,097	826,951	-
Charges for services	-	-	293,836	-	5,329
Fines and forfeitures	-	-	-	-	-
Use of money and property	(429)	(770)	(27)	(563)	(200)
Other revenues	<u>31,633</u>	<u>1,941</u>	<u>913</u>	<u>-</u>	<u>-</u>
Total revenues	<u>98,316</u>	<u>458,817</u>	<u>583,819</u>	<u>826,388</u>	<u>5,129</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public protection	120,769	-	702,178	123,576	1,362
Public ways and facilities	-	21,638	-	-	-
Health and sanitation	-	-	-	-	-
Public assistance	-	-	-	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	20,093	355,857	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>140,862</u>	<u>377,495</u>	<u>702,178</u>	<u>123,576</u>	<u>1,362</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(42,546)</u>	<u>81,322</u>	<u>(118,359)</u>	<u>702,812</u>	<u>3,767</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(743,465)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(743,465)</u>	<u>-</u>
Net changes in fund balances	(42,546)	81,322	(118,359)	(40,653)	3,767
Fund balances - beginning of year	<u>161,060</u>	<u>380,638</u>	<u>187,732</u>	<u>76,429</u>	<u>78,606</u>
Fund balances - end of year	<u>\$ 118,514</u>	<u>\$ 461,960</u>	<u>\$ 69,373</u>	<u>\$ 35,776</u>	<u>\$ 82,373</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds				
	Recorder Micrographics	Recorder Modernization	Recorder AB130	Inmate Welfare County	Narcotics Asset Forfeiture
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	7,733	24,672	11,134	16,784	-
Fines and forfeitures	-	-	-	-	-
Use of money and property	(392)	(386)	12,011	(319)	(22)
Other revenues	-	-	-	51,608	48
Total revenues	<u>7,341</u>	<u>24,286</u>	<u>23,145</u>	<u>68,073</u>	<u>26</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public protection	12,165	26,612	-	77,436	7,763
Public ways and facilities	-	-	-	-	-
Health and sanitation	-	-	-	-	-
Public assistance	-	-	-	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>12,165</u>	<u>26,612</u>	<u>-</u>	<u>77,436</u>	<u>7,763</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,824)</u>	<u>(2,326)</u>	<u>23,145</u>	<u>(9,363)</u>	<u>(7,737)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	(15,000)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(15,000)</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(4,824)	(2,326)	8,145	(9,363)	(7,737)
Fund balances - beginning of year	<u>158,696</u>	<u>156,492</u>	<u>22,276</u>	<u>132,981</u>	<u>8,778</u>
Fund balances - end of year	<u>\$ 153,872</u>	<u>\$ 154,166</u>	<u>\$ 30,421</u>	<u>\$ 123,618</u>	<u>\$ 1,041</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds				
	Narcotics Task Force	Bieber Lighting District	Lassen-Modoc Flood	Natural Resources	Geothermal
REVENUES					
Taxes	\$ -	\$ 2,705	\$ 9,708	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	162,911	40	144	74,280	23,344
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Use of money and property	(221)	(73)	(368)	(85)	(684)
Other revenues	420	-	-	135	3
Total revenues	<u>163,110</u>	<u>2,672</u>	<u>9,484</u>	<u>74,330</u>	<u>22,663</u>
EXPENDITURES					
Current:					
General government	-	2,801	-	-	-
Public protection	146,031	-	-	-	-
Public ways and facilities	-	-	2,661	-	-
Health and sanitation	-	-	-	-	-
Public assistance	-	-	-	-	-
Recreation and culture	-	-	-	91,843	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>146,031</u>	<u>2,801</u>	<u>2,661</u>	<u>91,843</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>17,079</u>	<u>(129)</u>	<u>6,823</u>	<u>(17,513)</u>	<u>22,663</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	15,537	-
Transfers out	(54,291)	-	-	-	-
Total other financing sources (uses)	<u>(54,291)</u>	<u>-</u>	<u>-</u>	<u>15,537</u>	<u>-</u>
Net changes in fund balances	(37,212)	(129)	6,823	(1,976)	22,663
Fund balances - beginning of year	<u>124,301</u>	<u>29,187</u>	<u>144,505</u>	<u>57,296</u>	<u>268,015</u>
Fund balances - end of year	<u>\$ 87,089</u>	<u>\$ 29,058</u>	<u>\$ 151,328</u>	<u>\$ 55,320</u>	<u>\$ 290,678</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds				
	Mental Health Realignment	Social Services Realignment	Public Health Realignment	County Children's	Fair
REVENUES					
Taxes	\$ 1,220,040	\$ 2,250,468	\$ 96,356	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	122,891	98,128	1,368,143	548	43,656
Charges for services	316,967	316,967	316,967	3,323	-
Fines and forfeitures	-	-	-	-	-
Use of money and property	(2,582)	(4,415)	(1,665)	(78)	530,564
Other revenues	-	-	-	29	2,212
Total revenues	<u>1,657,316</u>	<u>2,661,148</u>	<u>1,779,801</u>	<u>3,822</u>	<u>576,432</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	686,486
Public protection	-	-	-	-	-
Public ways and facilities	-	-	-	-	-
Health and sanitation	369,918	-	346,967	-	-
Public assistance	-	316,967	-	13,505	-
Recreation and culture	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>369,918</u>	<u>316,967</u>	<u>346,967</u>	<u>13,505</u>	<u>686,486</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,287,398</u>	<u>2,344,181</u>	<u>1,432,834</u>	<u>(9,683)</u>	<u>(110,054)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	126,765
Transfers out	(1,185,544)	(2,087,668)	(1,677,608)	-	-
Total other financing sources (uses)	<u>(1,185,544)</u>	<u>(2,087,668)</u>	<u>(1,677,608)</u>	<u>-</u>	<u>126,765</u>
Net changes in fund balances	101,854	256,513	(244,774)	(9,683)	16,711
Fund balances - beginning of year	<u>1,162,562</u>	<u>1,996,701</u>	<u>778,664</u>	<u>33,273</u>	<u>(20,344)</u>
Fund balances - end of year	<u>\$ 1,264,416</u>	<u>\$ 2,253,214</u>	<u>\$ 533,890</u>	<u>\$ 23,590</u>	<u>\$ (3,633)</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Special Revenue Funds			Total Special Revenue Funds
	USDA Title III	Probation	Child Support	
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 3,705,074
Licenses and permits	-	-	-	1,134
Intergovernmental	108,143	823,026	805,872	8,523,220
Charges for services	-	54,035	-	1,372,721
Fines and forfeitures	-	481,399	-	482,354
Use of money and property	(297)	(649)	(531)	523,510
Other revenues	-	35,378	2,122	132,285
	<u>107,846</u>	<u>1,393,189</u>	<u>807,463</u>	<u>14,740,298</u>
EXPENDITURES				
Current:				
General government	-	-	-	689,287
Public protection	-	2,595,150	854,284	4,882,135
Public ways and facilities	-	-	-	24,299
Health and sanitation	-	-	-	3,270,089
Public assistance	-	-	-	330,472
Recreation and culture	-	-	-	91,843
Capital outlay	-	-	-	621,157
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>-</u>	<u>2,595,150</u>	<u>854,284</u>	<u>9,909,282</u>
Excess (deficiency) of revenues over (under) expenditures	<u>107,846</u>	<u>(1,201,961)</u>	<u>(46,821)</u>	<u>4,831,016</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	1,286,276	-	1,429,578
Transfers out	-	-	-	(5,965,512)
	<u>-</u>	<u>1,286,276</u>	<u>-</u>	<u>(4,535,934)</u>
Net changes in fund balances	107,846	84,315	(46,821)	295,082
Fund balances - beginning of year	<u>109,612</u>	<u>312,582</u>	<u>161,615</u>	<u>8,988,068</u>
Fund balances - end of year	<u>\$ 217,458</u>	<u>\$ 396,897</u>	<u>\$ 114,794</u>	<u>\$ 9,283,150</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Capital Projects Funds				
	Criminal Justice Facility Construction	Capital Improvements	Capital Improvements Lease	Accumulated Capital Outlay	Courthouse Construction
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ 245,640	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	3,580	-
Charges for services	-	-	-	217,861	-
Fines and forfeitures	55,502	-	-	-	77,342
Use of money and property	(380)	(178)	(1,937)	(88)	(1,005)
Other revenues	749	10,000	-	-	-
Total revenues	<u>55,871</u>	<u>9,822</u>	<u>(1,937)</u>	<u>466,993</u>	<u>76,337</u>
EXPENDITURES					
Current:					
General government	-	52,790	-	25,000	-
Public protection	9	-	-	-	-
Public ways and facilities	-	-	-	-	-
Health and sanitation	-	-	-	-	-
Public assistance	-	-	-	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	-	12,605	46,730	61,915	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>9</u>	<u>65,395</u>	<u>46,730</u>	<u>86,915</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>55,862</u>	<u>(55,573)</u>	<u>(48,667)</u>	<u>380,078</u>	<u>76,337</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	110,000	-	-	-	-
Transfers out	<u>(110,000)</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>	<u>(110,000)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>	<u>(110,000)</u>
Net changes in fund balances	55,862	(55,573)	(48,667)	280,078	(33,663)
Fund balances - beginning of year	<u>149,527</u>	<u>88,464</u>	<u>761,820</u>	<u>346,972</u>	<u>447,378</u>
Fund balances - end of year	<u>\$ 205,389</u>	<u>\$ 32,891</u>	<u>\$ 713,153</u>	<u>\$ 627,050</u>	<u>\$ 413,715</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Capital Projects Funds			Total Capital Projects Funds
	Fair Improvement	CCF Equipment Replacement	Jail Facilities Construction	
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 245,640
Licenses and permits	-	-	-	-
Intergovernmental	167,405	138,771	-	309,756
Charges for services	-	-	-	217,861
Fines and forfeitures	-	-	-	132,844
Use of money and property	(233)	-	-	(3,821)
Other revenues	77	-	-	10,826
	<u>167,249</u>	<u>138,771</u>	<u>-</u>	<u>913,106</u>
EXPENDITURES				
Current:				
General government	89,179	-	-	166,969
Public protection	-	87,344	9,650	97,003
Public ways and facilities	-	-	-	-
Health and sanitation	-	-	-	-
Public assistance	-	-	-	-
Recreation and culture	-	-	-	-
Capital outlay	11,801	38,665	9,330	181,046
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>100,980</u>	<u>126,009</u>	<u>18,980</u>	<u>445,018</u>
Excess (deficiency) of revenues over (under) expenditures	<u>66,269</u>	<u>12,762</u>	<u>(18,980)</u>	<u>468,088</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	21,000	131,000
Transfers out	(11,830)	-	-	(331,830)
	<u>(11,830)</u>	<u>-</u>	<u>21,000</u>	<u>(200,830)</u>
Net changes in fund balances	54,439	12,762	2,020	267,258
Fund balances - beginning of year	<u>74,785</u>	<u>(10,959)</u>	<u>-</u>	<u>1,857,987</u>
Fund balances - end of year	<u>\$ 129,224</u>	<u>\$ 1,803</u>	<u>\$ 2,020</u>	<u>\$ 2,125,245</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018

	Debt Service Fund	Debt Service Total	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Taxes	\$ -	\$ -	\$ 3,950,714
Licenses and permits	-	-	1,134
Intergovernmental	-	-	8,832,976
Charges for services	-	-	1,590,582
Fines and forfeitures	-	-	615,198
Use of money and property	-	-	519,689
Other revenues	-	-	143,111
	<u> </u>	<u> </u>	<u> </u>
Total revenues	-	-	15,653,404
	<u> </u>	<u> </u>	<u> </u>
EXPENDITURES			
Current:			
General government	20	20	856,276
Public protection	-	-	4,979,138
Public ways and facilities	-	-	24,299
Health and sanitation	-	-	3,270,089
Public assistance	-	-	330,472
Recreation and culture	-	-	91,843
Capital outlay	-	-	802,203
Debt service:			
Principal	148,194	148,194	148,194
Interest	152,020	152,020	152,020
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	300,234	300,234	10,654,534
	<u> </u>	<u> </u>	<u> </u>
Excess (deficiency) of revenues over (under) expenditures	<u>(300,234)</u>	<u>(300,234)</u>	<u>4,998,870</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	301,000	301,000	1,861,578
Transfers out	-	-	(6,297,342)
	<u> </u>	<u> </u>	<u> </u>
Total other financing sources (uses)	301,000	301,000	(4,435,764)
	<u> </u>	<u> </u>	<u> </u>
Net changes in fund balances	766	766	563,106
Fund balances - beginning of year	<u>1,002</u>	<u>1,002</u>	<u>10,847,057</u>
Fund balances - end of year	<u>\$ 1,768</u>	<u>\$ 1,768</u>	<u>\$ 11,410,163</u>

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INTERNAL SERVICE FUNDS

**COUNTY OF LASSEN
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2018**

	Information Services	Fleet Maintenance	Total
ASSETS			
Current assets:			
Cash and investments	\$ 613,893	\$ 1,141,360	\$ 1,755,253
Total current assets	613,893	1,141,360	1,755,253
Noncurrent assets:			
Capital assets:			
Depreciable, net	50,798	781,753	832,551
Total noncurrent assets	50,798	781,753	832,551
Total assets	664,691	1,923,113	2,587,804
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pensions	78,239	73,119	151,358
Total deferred outflows of resources	78,239	73,119	151,358
LIABILITIES			
Current liabilities:			
Accounts payable	73,849	34,434	108,283
Due to other governments	12,805	-	12,805
Salaries and benefits payable	8,705	3,689	12,394
Total current liabilities	95,359	38,123	133,482
Noncurrent liabilities:			
Net pension liability	310,036	287,663	597,699
Net OPEB Liability	9,473	5,051	14,524
Total noncurrent liabilities	319,509	292,714	612,223
Total liabilities	414,868	330,837	745,705
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pensions	6,794	6,304	13,098
Deferred inflows from OPEB	1,026	547	1,573
Total deferred inflows of resources	7,820	6,851	14,671
NET POSITION			
Net investment in capital assets	50,798	781,753	832,551
Unrestricted	269,444	876,791	1,146,235
Total net position	\$ 320,242	\$ 1,658,544	\$ 1,978,786

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018

	Information Services	Fleet Maintenance	Total
Operating revenues:			
Charges for services	\$ 790,388	\$ 663,513	\$ 1,453,901
Other revenue	<u>1,125</u>	<u>6,110</u>	<u>7,235</u>
Total operating revenues	<u>791,513</u>	<u>669,623</u>	<u>1,461,136</u>
Operating expenses:			
Salaries and benefits	306,039	137,225	443,264
Services and supplies	468,741	124,799	593,540
Depreciation	<u>24,378</u>	<u>363,191</u>	<u>387,569</u>
Total operating expenses	<u>799,158</u>	<u>625,215</u>	<u>1,424,373</u>
Operating income (loss)	<u>(7,645)</u>	<u>44,408</u>	<u>36,763</u>
Nonoperating revenues (expenses):			
Investment earnings	(1,485)	(2,916)	(4,401)
Gain (loss) on disposal of assets	<u>-</u>	<u>22,430</u>	<u>22,430</u>
Total nonoperating revenues (expenses)	<u>(1,485)</u>	<u>19,514</u>	<u>18,029</u>
Change in net position	(9,130)	63,922	54,792
Net position, beginning of the year (restated)	<u>329,372</u>	<u>1,594,622</u>	<u>1,923,994</u>
Net position, end of year	<u>\$ 320,242</u>	<u>\$ 1,658,544</u>	<u>\$ 1,978,786</u>

**COUNTY OF LASSEN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	Information Services	Fleet Maintenance	Total
Cash flows from operating activities:			
Cash received from interfund services provided	\$ 791,513	\$ 669,623	\$ 1,461,136
Cash paid to suppliers for goods and services	(401,686)	(90,365)	(492,051)
Cash paid to employees for services	<u>(239,722)</u>	<u>(160,256)</u>	<u>(399,978)</u>
Net cash provided by (used for) operating activities	<u>150,105</u>	<u>419,002</u>	<u>569,107</u>
Cash flows from capital and related financing activities:			
Proceeds from sale of capital assets	-	22,430	22,430
Payment for the acquisition of capital assets	<u>(5,946)</u>	<u>(421,778)</u>	<u>(427,724)</u>
Net cash provided by (used for) capital and related financing activities	<u>(5,946)</u>	<u>(399,348)</u>	<u>(405,294)</u>
Cash flows from investing activities:			
Investment earnings	<u>(1,485)</u>	<u>(2,916)</u>	<u>(4,401)</u>
Net cash provided by (used for) investing activities	<u>(1,485)</u>	<u>(2,916)</u>	<u>(4,401)</u>
Net increase (decrease) in cash and cash equivalents	142,674	16,738	159,412
Cash and cash equivalents, beginning of year	<u>471,219</u>	<u>1,124,622</u>	<u>1,595,841</u>
Cash and cash equivalents, end of year	<u>\$ 613,893</u>	<u>\$ 1,141,360</u>	<u>\$ 1,755,253</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (7,645)	\$ 44,408	\$ 36,763
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	24,378	363,191	387,569
(Increase) decrease in deferred outflows of resources for pensions	(15,419)	14,060	(1,359)
(Increase) decrease in deferred outflows of resources for OPEB	6,118	5,300	11,418
Increase (decrease) in accounts payable	54,250	34,434	88,684
Increase (decrease) in due to to other governments	12,805	-	12,805
Increase (decrease) in accrued salaries	297	43	340
Increase (decrease) in net pension liability	75,983	(48,049)	27,934
Increase (decrease) in net OPEB liability	(5,681)	5,051	(630)
Increase (decrease) in deferred inflows of resources for pensions	3,993	17	4,010
Increase (decrease) in deferred inflows of resources for OPEB	<u>1,026</u>	<u>547</u>	<u>1,573</u>
Net cash provided by (used for) operating activities	<u>\$ 150,105</u>	<u>\$ 419,002</u>	<u>\$ 569,107</u>