

**COUNTY OF LASSEN
SUSANVILLE, CALIFORNIA**

BASIC FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
JUNE 30, 2017**

**COUNTY OF LASSEN
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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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, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

677 Scott Avenue
Clovis, CA 93612

tel 559.299.9540

fax 559.299.2344

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Lassen, California, as of June 30, 2017, 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, schedule of funding progress – other post-employment benefits plan on page 91, proportionate share of net pension liability – cost-sharing plan on page 92, schedule of contributions – cost-sharing plan on page 93, and schedule of changes in net pension liability and related ratios – agent multiple employer plan on page 94, and schedule of contributions – agent multiple plan on page 95, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2018, 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
February 14, 2018

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COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

FINANCIAL HIGHLIGHTS

Government-Wide Financial Analysis:

- The net position of the County at the close of the 2016-17 fiscal year was \$60,562,919. Of the net position, \$31,401,595 is restricted for specific purpose (*restricted net position*), and \$50,381,471 is the net investment in capital assets, net of related debt. This leaves an unrestricted net position of \$(21,246,147), compared to an unrestricted net position in the prior year of (\$17,294,567). The unrestricted net position is negative due to implementation of GASB Statement No. 68, a change in accounting method, which requires recording a future Net Pension Liability. The government's total net position increased by \$2,238,287 in comparison with prior year.
- The County's total non-current liabilities changed in comparison with the prior year as follows:

▪ Compensated absences	\$ 32,061
▪ Claims & judgements payable	43,062
▪ Capital lease	(148,194)
▪ Net pension liability	<u>6,820,690</u>
Total increase of	<u>\$ 6,747,619</u>

The County's investment in capital assets increased by \$1,829,373, the majority of this increase is the remodel of 2950 Riverside and road & bridge construction.

Financial Analysis of County's Funds:

- County governmental funds reported combined fund balance of \$42,614,937, an increase of \$833,306 in comparison with the prior year.
- Of the \$42,614,937, \$6,186,510 is considered to be **nonspendable** - legally or contractually required to be maintained intact; \$29,381,892 is considered to be **restricted** - constrained for a specific purpose by an outside party and is legally enforceable; \$710,043 is considered formally **committed** by the Board of Supervisors (by resolution); \$2,430,300 is considered **assigned** by the Board of Supervisors or delegated representative in an informal manner (board minutes, budget, purchase order, contract, etc.); and \$3,906,192 is considered **unassigned**.
- The County General Fund had \$386,437 in assigned fund balance and \$3,937,495 in unassigned fund balance, for a total of \$4,323,932, an equivalent of 45.39% 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, 2017

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

COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

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 \$60,562,919, at the close of the most recent fiscal year.

The largest portion of the County's Government Activities net position, \$50,381,471 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, 2017, the County had \$3,800,494 debt related to capital assets.

An additional portion of the County's Government Activities net position, \$31,427,595, 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, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

The County's Government Activities Net Position increased by \$2,238,287 during the current fiscal year. The net increase in net position includes the increase in capital assets, changes in pension net 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 \$33,704, an increase of \$19,040.

During the current fiscal year, the County had an overall increase in net position of \$2,240,036. While the investments in capital assets, net of related debt, increased by \$1,812,082, the restricted net position increased by \$4,360,494 and the unrestricted net position decreased by \$3,932,540. It should be noted that the changes in investments in capital assets are primarily related to the remodel of 2950 Riverside Drive and road department projects as well as the replacement of fully depreciated vehicles.

Statement of Net Position
June 30, 2017

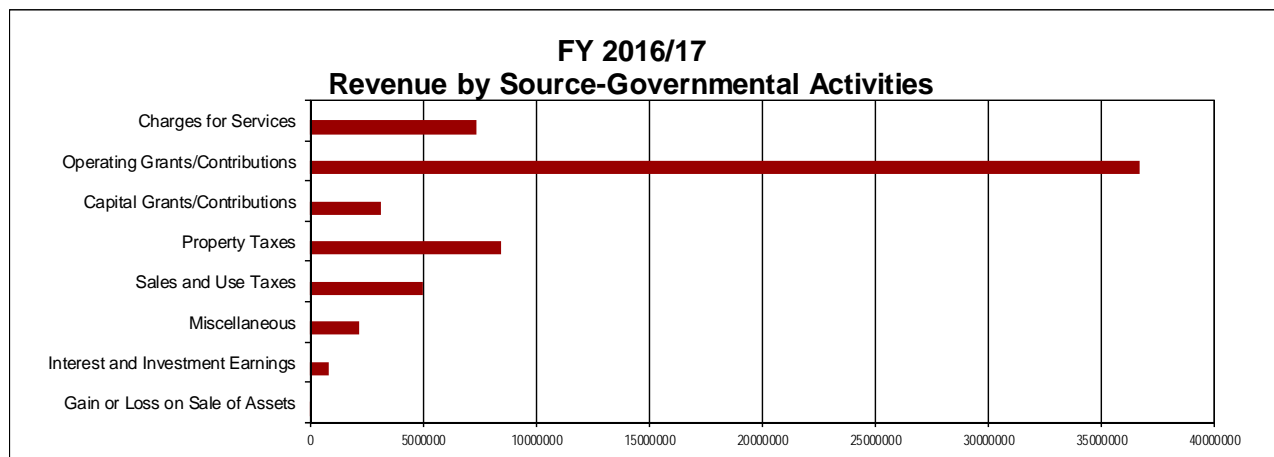
	Governmental Activities		Business-Type Activities		Totals		Variance (%)
	2017	2016	2017	2016	2017	2016	
Current and Other Assets	\$ 46,809,816	\$ 45,757,695	\$ 33,704	\$ 14,664	\$ 46,843,520	\$ 45,772,359	2.34%
Long-Term Receivables	386,858	391,703	-	-	386,858	391,703	-1.24%
Other Post Employment Benefits	270,316	246,660			270,316	246,660	9.59%
Capital Assets	54,181,965	52,495,086	40,147	57,438	54,222,112	52,552,524	3.18%
Total Assets	<u>101,648,955</u>	<u>98,891,144</u>	<u>73,851</u>	<u>72,102</u>	<u>101,722,806</u>	<u>98,963,246</u>	<u>13.87%</u>
Deferred outflows of resources	<u>11,297,957</u>	<u>4,073,755</u>	<u>-</u>	<u>-</u>	<u>11,297,957</u>	<u>4,073,755</u>	<u>-</u>
Current and Other Liabilities	5,360,925	5,296,390	-	-	5,360,925	5,296,390	1.22%
Long-Term Liabilities	46,043,299	39,295,680	-	-	46,043,299	39,295,680	17.17%
Total Liabilities	<u>51,404,224</u>	<u>44,592,070</u>	<u>-</u>	<u>-</u>	<u>51,404,224</u>	<u>44,592,070</u>	<u>18.39%</u>
Deferred inflows of resources	<u>979,769</u>	<u>48,197</u>	<u>-</u>	<u>-</u>	<u>979,769</u>	<u>48,197</u>	<u>1932.84%</u>
Net Investment in Capital Assets	50,381,471	48,552,098	40,147	57,438	50,421,618	48,609,536	3.73%
Restricted	31,427,595	27,067,101	-	-	31,427,595	27,067,101	16.11%
Unrestricted	(21,246,147)	(17,294,567)	33,704	14,664	(21,212,443)	(17,279,903)	22.76%
Total Net Position	<u>\$ 60,562,919</u>	<u>\$ 58,324,632</u>	<u>\$ 73,851</u>	<u>\$ 72,102</u>	<u>\$ 60,636,770</u>	<u>\$ 58,396,734</u>	<u>3.84%</u>

**COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

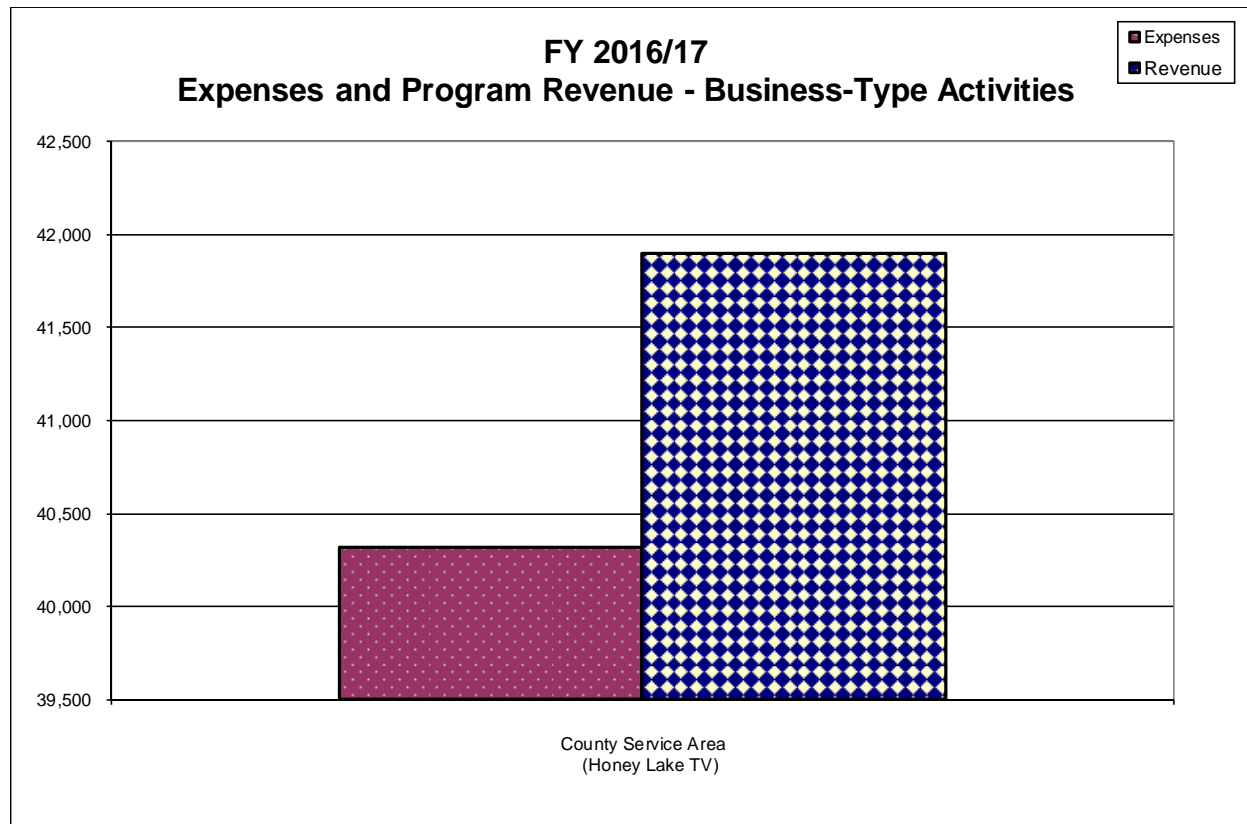
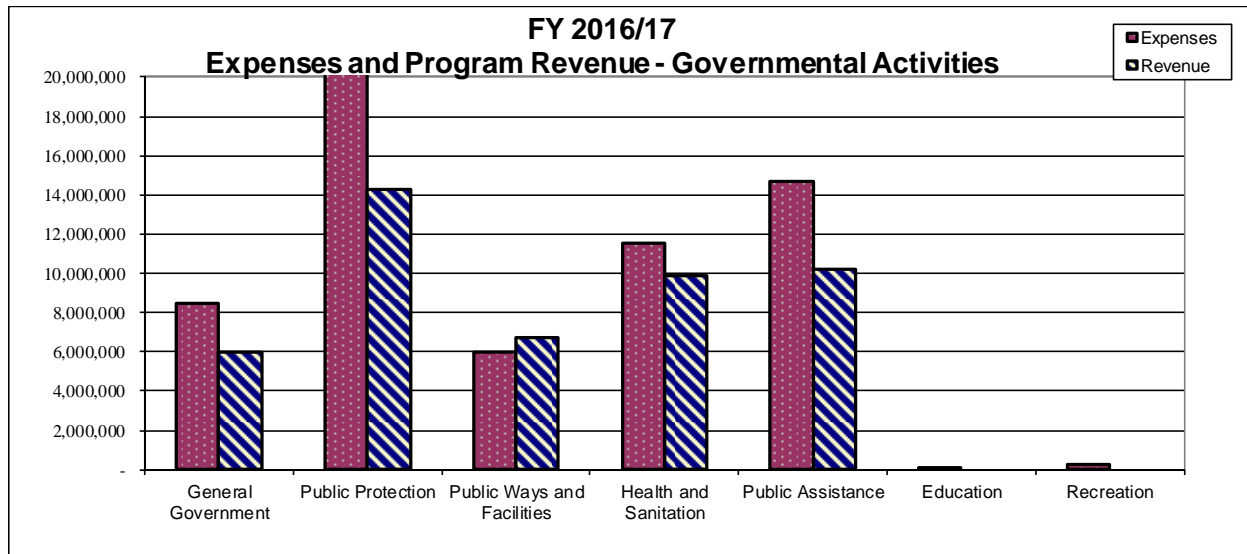
The following table indicates the changes in net position for governmental and business-type activities:

Statement of Activities For the Year Ended June 30, 2017							
	Governmental Activities		Business-Type Activities		Totals		Variance (%)
	2017	2016	2017	2016	2017	2016	
Revenues							
Charges for Services	\$ 7,332,369	\$ 7,344,203	\$ 41,900	\$ 41,695	\$ 7,374,269	\$ 7,385,898	-0.2%
Operating Grants/Contributions	36,681,414	36,539,516	-	-	36,681,414	36,539,516	0.4%
Capital Grants/Contributions	3,132,242	4,421,009	-	-	3,132,242	4,421,009	-29.2%
Property Taxes	8,431,676	8,290,909	-	-	8,431,676	8,290,909	1.7%
Sales and Use Taxes	4,962,808	4,701,673	-	-	4,962,808	4,701,673	5.6%
Miscellaneous	2,178,144	1,932,377	-	1,822	2,178,144	1,934,199	12.6%
Interest and Investment Earnings	821,820	1,287,966	-	-	821,820	1,287,966	-36.2%
Gain or Loss on Sale of Assets	1,140	180,554	165	564	1,305	181,118	-99.3%
Total Revenues	63,541,613	64,698,207	42,065	44,081	63,583,678	64,742,288	-1.8%
Expenses							
General Government	8,497,231	9,623,935	-	-	8,497,231	9,623,935	-11.7%
Public Protection	20,885,659	17,427,452	-	-	20,885,659	17,427,452	19.8%
Public Ways and Facilities	6,013,933	5,161,091	-	-	6,013,933	5,161,091	16.5%
Health and Sanitation	11,562,918	10,711,640	-	-	11,562,918	10,711,640	7.9%
Public Assistance	14,704,178	13,923,007	-	-	14,704,178	13,923,007	5.6%
Education	8,410	207,053	-	-	8,410	207,053	-95.9%
Recreation	237,105	-	-	-	237,105	-	0.0%
Interest on long-term debt	157,719	163,200	-	-	157,719	163,200	-3.4%
County Service Area (Honey Lake TV)	-	-	40,316	58,565	40,316	58,565	-31.2%
County Business Parks	-	-	-	849,519	-	849,519	-100.0%
Total Expenses	62,067,153	57,217,378	40,316	908,084	62,107,469	58,125,462	6.9%
Excess (Deficiency) of Revenues Over (Under) Expenses	1,474,460	7,480,829	1,749	(864,003)	1,476,209	6,616,826	-77.7%
Transfers	-	-	-	-	-	-	0.0%
Change in Net Position	1,474,460	7,480,829	1,749	(864,003)	1,476,209	6,616,826	-77.7%
Net Position - Beginning	58,324,632	50,843,803	72,102	936,105	58,396,734	51,779,908	12.8%
Prior period adjustments	763,827	-	-	-	763,827	-	0.0%
Net Position - Beginning (restated)	59,088,459	50,843,803	72,102	936,105	59,160,561	51,779,908	14.3%
Net Position - Ending	\$ 60,562,919	\$ 58,324,632	\$ 73,851	\$ 72,102	\$ 60,636,770	\$ 58,396,734	3.8%



COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)



COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

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

	2017	2016	Increase (Decrease)	
			Amount	Percent
Fund Balance - Beginning of Year, restated	\$ 42,545,458	\$ 43,152,119	\$ (606,661)	-1.41%
Revenues	63,232,936	63,358,829	(125,893)	-0.20%
Expenditures	(63,164,597)	(64,918,711)	1,754,114	-2.70%
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	68,339	(1,559,882)	1,628,221	-104.38%
Other Financing Sources (Uses)	1,140	189,394	(188,254)	-99.40%
Fund Balance - End of Year	<u>\$ 42,614,937</u>	<u>\$ 41,781,631</u>	<u>\$ 833,306</u>	<u>1.99%</u>

At June 30, 2017, the County's governmental funds reported total fund balances of \$42,614,937, an increase of \$69,479 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*, \$6,186,510 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 \$5,172,684; 2) roads inventory of \$1,013,826.
- *Restricted fund balance*, \$29,381,892, 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*, \$710,043; this would be amounts for specific purposes determined by the Board of Supervisors by resolution.
- *Assigned fund balance*, \$2,430,300, 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*, \$3,906,192, represents the residual classification for the County's General Fund of \$3,937,495 as well as governmental funds where expenditures exceeded the available (or allowable) funds in their respective special revenue funds, including the Fair Fund (\$20,344) and CCF Equipment Replacement Fund (\$10,959).

Approximately 85.48%, or \$36,428,427, 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, 2017

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (continued)

General Fund: The General Fund is the main operating fund of the County. At June 30, 2017, the spendable fund balance consisted of unassigned totaling \$3,937,495, assigned totaling \$386,437 and restricted totaling \$102,962. The County's General Reserve, \$1,523,401, is included in the unassigned fund balance. Including \$5,172,684 in non-spendable funds, the total fund balance reached \$9,599,578, a decrease of 12.57% or (\$1,380,517) from the prior year (including the reclassification of fund balance to general).

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 & assigned fund balances represents 23.31% of total General Fund expenditures (including transfers out), while the total fund balance represents 51.74% 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 \$(148,962), Health and Human Services \$536,018, Public Safety (\$169,597), Community Development \$34,314 Welfare Administration \$559,527, Welfare Assistance \$2,032,586, and County Local Revenue (\$33,126). The nonmajor governmental funds changed by (\$596,937).

The following County's governmental funds had deficit fund balances, Fair (\$20,344) and CCF Equipment Replacement (\$10,959)

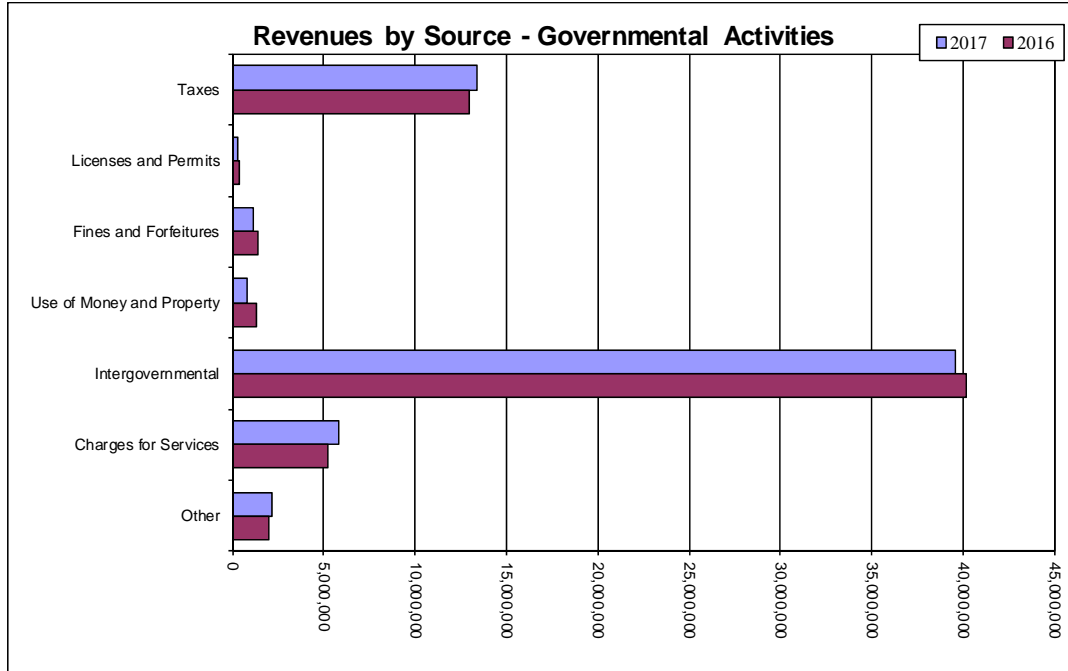
The following table presents the amount of revenues from various sources as well as increases or decreases from the prior year:

	Revenues Classified by Source					
	Governmental Funds					
	2017		2016		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Revenue by Source:						
Taxes	\$ 13,393,760	21.18%	\$ 12,991,891	20.51%	\$ 401,869	3.09%
Licenses and Permits	299,693	0.47%	349,722	0.55%	(50,029)	-14.31%
Fines and Forfeitures	1,144,341	1.81%	1,351,277	2.13%	(206,936)	-15.31%
Use of Money and Property	775,440	1.23%	1,312,720	2.07%	(537,280)	-40.93%
Intergovernmental	39,576,950	62.59%	40,166,631	63.40%	(589,681)	-1.47%
Charges for Services	5,848,076	9.25%	5,231,549	8.26%	616,527	11.78%
Other	2,194,676	3.47%	1,955,039	3.09%	239,637	12.26%
Total	<u>\$ 63,232,936</u>	<u>100.00%</u>	<u>\$ 63,358,829</u>	<u>100.00%</u>	<u>\$ (125,893)</u>	<u>-0.20%</u>

COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS (continued)

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



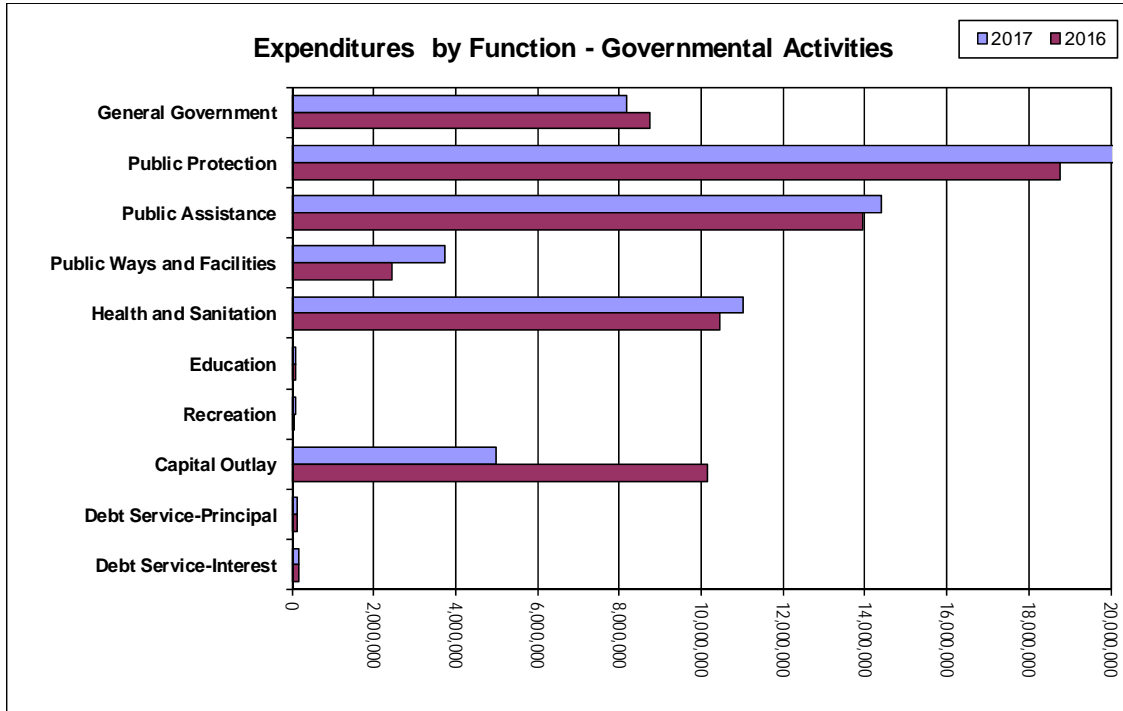
The following table presents expenditures by function compared to prior year amounts.

Expenditures Classified by Function Governmental Funds						
	2017		2016		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Expenditures by Function:						
General Government	\$ 8,182,208	12.95%	\$ 8,730,718	13.45%	\$ (548,510)	-6.28%
Public Protection	20,314,650	32.16%	18,774,542	28.92%	1,540,108	8.20%
Public Assistance	14,403,253	22.80%	13,932,119	21.46%	471,134	3.38%
Public Ways and Facilities	3,751,663	5.94%	2,428,921	3.74%	1,322,742	54.46%
Health and Sanitation	11,035,687	17.47%	10,450,691	16.10%	584,996	5.60%
Education	86,025	0.14%	81,108	0.12%	4,917	6.06%
Recreation	110,172	0.17%	58,774	0.09%	51,398	87.45%
Capital Outlay	4,980,717	7.89%	10,161,624	15.65%	(5,180,907)	-50.99%
Debt Service-Principal	142,494	0.23%	137,014	0.00%	5,480	0.00%
Debt Service-Interest	157,728	0.25%	163,200	0.25%	(5,472)	0.00%
Total	\$ 63,164,597	100.00%	\$ 64,918,711	99.79%	\$ (1,754,114)	-2.70%

**COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

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**

	2017	2016	Increase (Decrease)	
			Amount	Percent
Transfers In	\$ 21,721,552	\$ 22,474,467	\$ (752,915)	-3.35%
Transfers Out	(21,721,552)	(22,474,467)	752,915	-3.35%
Net Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -

COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

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

	2017	2016	Increase (Decrease)	
			Amount	Percent
Total Net Position - Beginning	\$ 72,102	\$ 936,105	\$ (864,003)	-92.30%
Operating Revenues	41,900	43,517	(1,617)	-3.72%
Operating Expenditures	(40,316)	(103,507)	63,191	-61.05%
Operating Income (Loss)	1,584	(59,990)	61,574	-102.64%
Non-Operating Revenues (Expenses)	165	(804,013)	804,178	-100.02%
Transfers In/Out	-	-	-	0.00%
Change Net Position	1,749	(864,003)	865,752	-100.20%
Fund Balance - Ending	\$ 73,851	\$ 72,102	\$ 1,749	2.43%

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

	2017	2016	Increase (Decrease)	
			Amount	Percent
Total Net Position - Beginning	\$ 1,495,168	\$ 1,140,619	\$ 354,549	31.08%
Revenues	1,522,627	1,575,458	(52,831)	-3.35%
Expenditures	(1,161,023)	(1,245,077)	84,054	-6.75%
Operating Income (Loss)	361,604	330,381	31,223	9.45%
Non-Operating Revenues (Expenses)	4,087	24,168	(20,081)	-83.09%
Change Net Position	365,691	354,549	11,142	3.14%
Fund Balance - Ending	\$ 1,860,859	\$ 1,495,168	\$ 365,691	24.46%

Unrestricted net position of the internal service funds at June 30, 2017 was \$1,068,463. Net investment in capital assets was \$792,396.

**COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

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 \$1,156,989 below final budgeted appropriation amounts. Resources available for appropriation were \$147,692 over the final budgeted resource amounts.

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	\$ 16,172,989	\$ 16,172,989	\$ -	0.00%
Total Expenditures	(10,418,606)	(10,418,606)	-	0.00%
Other Financing Sources (Uses)	(8,651,681)	(8,651,681)	-	0.00%
Net Change in Fund Balances	<u>\$ (2,897,298)</u>	<u>\$ (2,897,298)</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	\$ 16,172,989	\$ 16,614,296	\$ 441,307	2.73%
Total Expenditures	(10,418,606)	(9,525,258)	893,348	-8.57%
Other Financing Sources (Uses)	(8,651,681)	(8,681,655)	(29,974)	0.35%
Net Change in Fund Balances	<u>\$ (2,897,298)</u>	<u>\$ (1,592,617)</u>	<u>\$ 1,304,681</u>	<u>-45.03%</u>

**COUNTY OF LASSEN
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

CAPITAL ASSETS

The County's total investment in capital assets as of June 30, 2017 amounted to \$54,181,965 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, 2017 is \$3,800,493.

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

	Capital Assets					
	Governmental Activities		Business-Type Activities		Totals	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Land	\$ 2,575,419	\$ 2,575,419	\$ -	\$ -	\$ 2,575,419	\$ 2,575,419
Structures and Improvements	25,819,462	23,191,020	-	-	25,819,462	23,191,020
Equipment	17,750,672	15,840,150	395,172	395,172	18,145,844	16,235,322
Infrastructure	71,774,004	66,062,682	-	-	71,774,004	66,062,682
Construction in Progress	4,434,308	8,593,213	-	-	4,434,308	8,593,213
Total	122,353,865	116,262,484	395,172	395,172	122,749,037	116,657,656
Accumulated Depreciation	(68,171,900)	(63,767,393)	(355,025)	(337,734)	(68,526,925)	(64,105,127)
Net Capital Assets	<u>\$ 54,181,965</u>	<u>\$ 52,495,091</u>	<u>\$ 40,147</u>	<u>\$ 57,438</u>	<u>\$ 54,222,112</u>	<u>52,552,529</u>

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

	Additions	Transfers	Retirements (Net)	Prior Year Adjustments	Current Year Depreciation	Net Change
Land	\$ -	\$ -	\$ -	\$ -	-	\$ -
Construction in Progress	2,348,068	(6,506,207)	(766)	-	-	(4,158,905)
Infrastructure	739,949	4,971,373	-	-	(2,489,172)	3,222,150
Structures and Improvements	1,093,608	1,534,834	-	-	(755,334)	1,873,108
Equipment	1,930,522	-	-	-	(1,180,001)	750,521
Totals	<u>\$ 6,112,147</u>	<u>\$ -</u>	<u>\$ (766)</u>	<u>\$ -</u>	<u>\$ (4,424,507)</u>	<u>\$ 1,686,874</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, 2017, the County had total long-term liabilities of \$48,951,694 of which \$2,908,395 will be due within one year and \$46,043,299 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, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 32,518,472	\$ 33,717	\$ 32,552,189
Imprest cash	7,525	-	7,525
Deposits with others	5,172,684	-	5,172,684
Interest receivable	237,962	-	237,962
Accounts receivable	20,264	-	20,264
Due from other governmental entities	7,831,570	-	7,831,570
Internal balances	13	(13)	-
Prepaid expense	7,500	-	7,500
Inventory	1,013,826	-	1,013,826
Long-term receivables, net of allowances	386,858	-	386,858
Other post-employment benefit surplus	270,316	-	270,316
Capital assets:			
Nondepreciable	7,009,727	-	7,009,727
Depreciable, net	47,172,238	40,147	47,212,385
Total assets	101,648,955	73,851	101,722,806
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pensions	11,297,957	-	11,297,957
Total deferred outflows of resources	11,297,957	-	11,297,957
LIABILITIES			
Accounts payable	1,210,921	-	1,210,921
Salaries and benefits payable	1,029,535	-	1,029,535
Due to other governmental entities	132,074	-	132,074
Unearned revenue	80,000	-	80,000
Capital lease - due within one year	148,194	-	148,194
Compensated absences - due within one year	926,944	-	926,944
Claims and judgment payable - due within one year	1,833,257	-	1,833,257
Noncurrent liabilities:			
Compensated absences - due in more than one year	308,981	-	308,981
Claims and judgment payable - due in more than one year	1,833,257	-	1,833,257
Capital lease - due in more than one year	3,652,300	-	3,652,300
Net pension liability	40,248,761	-	40,248,761
Total liabilities	51,404,224	-	51,404,224
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pensions	979,769	-	979,769
Total deferred inflows from pensions	979,769	-	979,769
NET POSITION			
Net investment in capital assets	50,381,471	40,147	50,421,618
Restricted	31,427,595	-	31,427,595
Unrestricted	(21,246,147)	33,704	(21,212,443)
Total net position	\$ 60,562,919	\$ 73,851	\$ 60,636,770

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, 2017

Functions/Programs	Expenses	Program Revenues			Total
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental activities:					
General government	\$ 8,497,231	\$ 3,852,629	\$ 2,134,334	\$ -	\$ 5,986,963
Public protection	20,885,659	1,049,580	13,208,481	44,847	14,302,908
Public ways and facilities	6,013,933	218,260	3,381,525	3,087,395	6,687,180
Health and sanitation	11,562,918	1,532,660	8,383,865	-	9,916,525
Public assistance	14,704,178	679,240	9,537,953	-	10,217,193
Education	8,410	-	-	-	-
Recreation and culture	237,105	-	35,256	-	35,256
Interest on long-term debt	157,719	-	-	-	-
Total governmental activities	62,067,153	7,332,369	36,681,414	3,132,242	47,146,025
Business-type activities:					
County service area (Honey Lake TV)	40,316	41,900	-	-	41,900
Total business-type activities	40,316	41,900	-	-	41,900
Total primary government	\$ 62,107,469	\$ 7,374,269	\$ 36,681,414	\$ 3,132,242	\$ 47,187,925

General revenues:

Taxes:

Property taxes

Sales and use taxes

Miscellaneous

Unrestricted interest and investment earning

Gain on sale of assets

Total general revenues and transfers

Change in net position

Net position - beginning of year (restated)

Net position - end of year

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

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (2,510,268)	\$ -	\$ (2,510,268)
(6,582,751)	-	(6,582,751)
673,247	-	673,247
(1,646,393)	-	(1,646,393)
(4,486,985)	-	(4,486,985)
(8,410)	-	(8,410)
(201,849)	-	(201,849)
(157,719)	-	(157,719)
<u>(14,921,128)</u>	<u>-</u>	<u>(14,921,128)</u>
<u>-</u>	<u>1,584</u>	<u>1,584</u>
<u>-</u>	<u>1,584</u>	<u>1,584</u>
<u>(14,921,128)</u>	<u>1,584</u>	<u>(14,919,544)</u>
8,431,676	-	8,431,676
4,962,808	-	4,962,808
2,178,144	-	2,178,144
821,820	165	821,985
1,140	-	1,140
<u>16,395,588</u>	<u>165</u>	<u>16,395,753</u>
1,474,460	1,749	1,476,209
<u>59,088,459</u>	<u>72,102</u>	<u>59,160,561</u>
<u>\$ 60,562,919</u>	<u>\$ 73,851</u>	<u>\$ 60,636,770</u>

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

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FUND FINANCIAL STATEMENTS

COUNTY OF LASSEN
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017

	Major Funds			
	General	Road Fund	Community Development	Welfare Admin.
ASSETS				
Cash and investments	\$ 3,938,311	\$ 1,441,401	\$ 1,619,657	\$ 2,479,396
Imprest cash	-	100	-	-
Deposits with others	5,172,684	-	-	-
Due from other governmental entities	358,516	1,377,702	-	704,834
Due from other funds	259,048	58,685	-	-
Interest receivable	237,962	-	-	-
Accounts receivable	20,264	-	-	-
Prepaid expenses	-	-	-	-
Inventory	-	1,013,826	-	-
Long-term receivables, net of allowances	-	-	386,858	-
Total assets	<u>\$ 9,986,785</u>	<u>\$ 3,891,714</u>	<u>\$ 2,006,515</u>	<u>\$ 3,184,230</u>
LIABILITIES				
Accounts payable	\$ 38,167	\$ 692,431	\$ -	\$ -
Salaries and benefits payable	214,884	74,800	4,519	135,064
Due to other governmental entities	75,471	-	-	17,828
Due to other funds	<u>58,685</u>	<u>-</u>	<u>108,405</u>	<u>-</u>
Total liabilities	<u>387,207</u>	<u>767,231</u>	<u>112,924</u>	<u>152,892</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	-
Unavailable revenue - loans	<u>-</u>	<u>-</u>	<u>386,858</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>386,858</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Nonspendable:				
Advances and deposits	5,172,684	-	-	-
Inventory	-	1,013,826	-	-
Restricted	102,962	2,110,657	1,506,733	3,031,338
Committed	-	-	-	-
Assigned	386,437	-	-	-
Unassigned	<u>3,937,495</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>9,599,578</u>	<u>3,124,483</u>	<u>1,506,733</u>	<u>3,031,338</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 9,986,785</u>	<u>\$ 3,891,714</u>	<u>\$ 2,006,515</u>	<u>\$ 3,184,230</u>

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

Major Funds					
Welfare Assistance	Health and Human Services	Public Safety	County Local Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 4,441,700	\$ 5,852,497	\$ 500,524	\$ 855,765	\$ 9,793,380	\$ 30,922,631
-	3,469	3,956	-	-	7,525
-	-	-	-	-	5,172,684
235,562	1,884,531	514,180	1,180,728	1,575,517	7,831,570
-	-	104,063	-	2,905	424,701
-	-	-	-	-	237,962
-	-	-	-	-	20,264
-	-	-	-	7,500	7,500
-	-	-	-	-	1,013,826
-	-	-	-	-	386,858
<u>\$ 4,677,262</u>	<u>\$ 7,740,497</u>	<u>\$ 1,122,723</u>	<u>\$ 2,036,493</u>	<u>\$ 11,379,302</u>	<u>\$ 46,025,521</u>
\$ -	\$ 182,875	\$ 159,383	\$ 21,724	\$ 96,742	\$ 1,191,322
-	206,685	242,455	21,649	117,425	1,017,481
-	11,187	10,842	-	16,746	132,074
-	-	-	-	257,598	424,688
<u>-</u>	<u>400,747</u>	<u>412,680</u>	<u>43,373</u>	<u>488,511</u>	<u>2,765,565</u>
-	-	-	258,161	-	258,161
-	-	-	-	-	386,858
<u>-</u>	<u>-</u>	<u>-</u>	<u>258,161</u>	<u>-</u>	<u>645,019</u>
-	-	-	-	-	5,172,684
-	-	-	-	-	1,013,826
4,677,262	7,339,750	-	1,734,959	8,878,231	29,381,892
-	-	710,043	-	-	710,043
-	-	-	-	2,043,863	2,430,300
-	-	-	-	(31,303)	3,906,192
<u>4,677,262</u>	<u>7,339,750</u>	<u>710,043</u>	<u>1,734,959</u>	<u>10,890,791</u>	<u>42,614,937</u>
<u>\$ 4,677,262</u>	<u>\$ 7,740,497</u>	<u>\$ 1,122,723</u>	<u>\$ 2,036,493</u>	<u>\$ 11,379,302</u>	<u>\$ 46,025,521</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, 2017

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

Total fund balances - government funds	\$ 42,614,937
Loans receivable and other long-term receivables are not available to pay current period expenditures and, therefore, are deferred in the governmental funds.	645,019
Capital assets used in governmental activities were not current financial resources; therefore, they were not reported in the governmental funds balance sheet.	53,389,569
Pension related deferrals are reported as deferred outflows and inflows of resources on the statement of net position.	10,177,277
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.	1,860,859
Long-term liabilities were not due and payable in the current period; therefore, they were not reported in the governmental funds balance sheet.	
Other post-employment benefit surplus	270,316
Compensated absences	(1,235,925)
Claims liability	(3,666,514)
Long-term capital-related debt	(3,800,494)
Net pension liability	<u>(39,692,125)</u>
Total net position - governmental activities	<u>\$ 60,562,919</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, 2017

	Major Funds			
	General	Road Fund	Community Development	Welfare Admin.
REVENUES				
Taxes	\$ 9,462,322	\$ -	\$ -	\$ -
Licenses and permits	283,122	10,190	-	-
Intergovernmental	2,410,680	5,746,815	-	4,756,582
Charges for services	2,641,638	183,619	37,275	960
Fines and forfeitures	532,919	-	-	-
Use of money and property	69,737	29,082	43,162	39,614
Other revenues	<u>1,213,878</u>	<u>12,913</u>	<u>-</u>	<u>89,294</u>
Total revenues	<u>16,614,296</u>	<u>5,982,619</u>	<u>80,437</u>	<u>4,886,450</u>
EXPENDITURES				
Current:				
General government	6,703,284	-	-	-
Public protection	2,548,245	-	-	-
Public ways and facilities	-	3,713,351	-	-
Health and sanitation	-	-	-	-
Public assistance	94,442	-	270,780	6,941,159
Education	86,025	-	-	-
Recreation and culture	22,422	-	-	-
Capital outlay	70,840	2,419,370	-	-
Debt service:				
Principal	-	-	-	-
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>9,525,258</u>	<u>6,132,721</u>	<u>270,780</u>	<u>6,941,159</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,089,038</u>	<u>(150,102)</u>	<u>(190,343)</u>	<u>(2,054,709)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	1,140	-	-
Transfers in	348,247	-	224,657	2,686,825
Transfers out	<u>(9,029,902)</u>	<u>-</u>	<u>-</u>	<u>(72,589)</u>
Total other financing sources (uses)	<u>(8,681,655)</u>	<u>1,140</u>	<u>224,657</u>	<u>2,614,236</u>
Net change in fund balances	(1,592,617)	(148,962)	34,314	559,527
Fund balances - beginning of year (restated)	<u>11,192,195</u>	<u>3,273,445</u>	<u>1,472,419</u>	<u>2,471,811</u>
Fund balances - end of year	<u>\$ 9,599,578</u>	<u>\$ 3,124,483</u>	<u>\$ 1,506,733</u>	<u>\$ 3,031,338</u>

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

Major Funds					
Welfare Assistance	Health and Human Services	Public Safety	County Local Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 85,866	\$ -	\$ 3,845,572	\$ 13,393,760
-	4,117	1,080	-	1,184	299,693
4,701,019	4,069,343	1,549,747	7,078,684	9,264,080	39,576,950
-	1,667,927	383,262	-	933,395	5,848,076
-	9,052	27,131	-	575,239	1,144,341
(16,055)	52,919	7,332	(9,082)	558,731	775,440
95,826	58,838	617,894	13,378	92,655	2,194,676
4,780,790	5,862,196	2,672,312	7,082,980	15,270,856	63,232,936
-	-	600,409	-	878,515	8,182,208
-	280,830	11,147,480	844,387	5,493,708	20,314,650
-	-	-	-	38,312	3,751,663
-	8,095,528	-	-	2,940,159	11,035,687
6,015,878	911,055	-	-	169,939	14,403,253
-	-	-	-	-	86,025
-	-	-	-	87,750	110,172
-	30,344	211,186	435,355	1,813,622	4,980,717
-	-	-	-	142,494	142,494
-	-	-	-	157,728	157,728
6,015,878	9,317,757	11,959,075	1,279,742	11,722,227	63,164,597
(1,235,088)	(3,455,561)	(9,286,763)	5,803,238	3,548,629	68,339
-	-	-	-	-	1,140
3,337,266	4,156,812	9,008,377	-	1,959,368	21,721,552
(105,625)	(165,233)	-	(6,042,416)	(6,305,787)	(21,721,552)
3,231,641	3,991,579	9,008,377	(6,042,416)	(4,346,419)	1,140
1,996,553	536,018	(278,386)	(239,178)	(797,790)	69,479
2,680,709	6,803,732	988,429	1,974,137	11,688,581	42,545,458
\$ 4,677,262	\$ 7,339,750	\$ 710,043	\$ 1,734,959	\$ 10,890,791	\$ 42,614,937

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, 2017

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

Net change in fund balances - governmental funds	\$	69,479
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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.	5,530,792	
Less current year disposal	(766)	
Less current year depreciation recorded in the government-wide financial statements.	<u>(4,080,637)</u>	
		1,449,389

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.	(598,332)
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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.	236,451
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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	142,494

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	(128,243)	
Change in other postemployment benefits	23,656	
Change in claim liabilities	(86,125)	

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>365,691</u>
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Change in net position of governmental activities	\$	<u><u>1,474,460</u></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, 2017

	Business-Type Activities Enterprise Funds County Service Area (Honey Lake TV)	Governmental Activities Internal Service Funds
ASSETS		
Current assets:		
Cash and investments	\$ 33,717	\$ 1,595,841
Total current assets	<u>33,717</u>	<u>1,595,841</u>
Noncurrent assets:		
Capital assets:		
Depreciable, net	<u>40,147</u>	<u>792,396</u>
Total noncurrent assets	<u>40,147</u>	<u>792,396</u>
Total assets	<u>73,864</u>	<u>2,388,237</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows from pensions	<u>-</u>	<u>149,999</u>
Total deferred outflows of resources	<u>-</u>	<u>149,999</u>
LIABILITIES		
Current liabilities:		
Accounts payable	-	19,599
Unearned revenue	-	80,000
Salaries and benefits payable	<u>-</u>	<u>12,054</u>
Total current liabilities	<u>13</u>	<u>111,653</u>
Noncurrent liabilities:		
Net pension liability	<u>-</u>	<u>556,636</u>
Total noncurrent liabilities	<u>-</u>	<u>556,636</u>
Total liabilities	<u>13</u>	<u>668,289</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows from pensions	<u>-</u>	<u>9,088</u>
Total deferred inflows of resources	<u>-</u>	<u>9,088</u>
NET POSITION		
Net investment in capital assets	40,147	792,396
Unrestricted	<u>33,704</u>	<u>1,068,463</u>
Total net position	<u>\$ 73,851</u>	<u>\$ 1,860,859</u>

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

COUNTY OF LASSEN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Business-Type Activities Enterprise Funds County Service Area (Honey Lake TV)	Governmental Activities Internal Service Funds
Operating revenues:		
Charges for services	\$ 41,900	\$ 1,464,291
Other revenue	<u>-</u>	<u>58,336</u>
Total operating revenues	<u>41,900</u>	<u>1,522,627</u>
Operating expenses:		
Salaries and benefits	-	258,064
Services and supplies	23,025	559,094
Depreciation	<u>17,291</u>	<u>343,865</u>
Total operating expenses	<u>40,316</u>	<u>1,161,023</u>
Operating income (loss)	<u>1,584</u>	<u>361,604</u>
Nonoperating revenues (expenses):		
Interest income	<u>165</u>	<u>4,087</u>
Total nonoperating revenues (expenses)	<u>165</u>	<u>4,087</u>
Income (loss) before transfers	<u>1,749</u>	<u>365,691</u>
Change in net position	1,749	365,691
Net position, beginning of year	<u>72,102</u>	<u>1,495,168</u>
Net position, end of year	<u><u>\$ 73,851</u></u>	<u><u>\$ 1,860,859</u></u>

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, 2017**

	Business-Type Activities Enterprise Funds Nonmajor Funds	Governmental Activities Internal Service Funds
Cash flows from operating activities:		
Cash received from customers	\$ 41,900	\$ -
Cash received from interfund services provided	-	1,507,671
Cash payments to suppliers for goods and services	(23,025)	(542,847)
Cash paid to employees for services	-	(324,506)
Net cash provided by (used for) operating activities	<u>18,875</u>	<u>640,318</u>
Cash flows from noncapital financing activities:		
Advances to/from other funds	<u>13</u>	<u>-</u>
Net cash provided by (used for) noncapital financing activities	<u>13</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Payments related to the acquisition of capital assets	<u>-</u>	<u>(581,355)</u>
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>(581,355)</u>
Cash flows from investing activities:		
Interest received	<u>165</u>	<u>4,087</u>
Net cash provided by (used for) investing activities	<u>165</u>	<u>4,087</u>
Net increase (decrease) in cash and cash equivalents	19,053	63,050
Cash and cash equivalents, beginning of year	<u>14,664</u>	<u>1,532,791</u>
Cash and cash equivalents, end of year	<u>\$ 33,717</u>	<u>\$ 1,595,841</u>
Reconciliation of operating income (loss) to net cash provided by (used) for operating activities:		
Operating income (loss)	\$ 1,584	\$ 361,604
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	17,291	343,865
Changes in assets and liabilities:		
(Increase)/decrease in deferred outflows of resources for pensions	-	(94,245)
Increase/(decrease) in accounts payable	-	16,247
Increase/(decrease) in unearned revenue	-	(14,956)
Increase/(decrease) in accrued salaries	-	3,830
Increase/(decrease) in net pension liability	-	63,081
Increase/(decrease) in deferred inflows of resources for pensions	<u>-</u>	<u>(39,108)</u>
Net cash provided by (used for) operating activities	<u>\$ 18,875</u>	<u>\$ 640,318</u>

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, 2017

	<u>Investment Trust</u>	<u>Agency Funds</u>
ASSETS		
Cash and investments	\$ 42,216,122	\$ 10,050,500
Taxes receivable	<u>-</u>	<u>3,213,276</u>
Total assets	<u>42,216,122</u>	<u>13,263,776</u>
LIABILITIES		
Agency obligations	<u>-</u>	<u>13,263,776</u>
Total liabilities	<u>-</u>	<u><u>\$ 13,263,776</u></u>
NET POSITION		
Held in trust for investment pool participants	<u><u>\$ 42,216,122</u></u>	

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

COUNTY OF LASSEN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Investment Trust</u>
ADDITIONS	
Contributions	\$ 84,353,273
Revenue from use of money and property	<u>427,693</u>
Total additions	<u>84,780,966</u>
DEDUCTIONS	
Distributions from pooled investment	<u>84,198,516</u>
Total deductions	<u>84,198,516</u>
Change in net position	582,450
Net position, beginning of year	<u>41,633,672</u>
Net position, end of year	<u><u>\$ 42,216,122</u></u>

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, 2017

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, 2017

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, 2017

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.

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, 2017

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, 2017

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 \$5,172,684.

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, 2017

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, 2017

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, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Position/Fund Balances (Continued)

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

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

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

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

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

The Board of Supervisors establishes, modifies or rescinds fund balance commitments and assignments by passage of an ordinance or resolution. This is done in conjunction with the adoption of the budget and subsequent budget amendments that occur throughout the year.

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

M. Pensions

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

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

At June 30, 2017, total County cash and investments (excluding imprest funds of \$7,525) were as follows:

Cash:

Cash on hand	\$ 5,069
Cash in U.S. Bank	3,431,175
Outside Treasurer's Pool-EBT Account	245,147
Less outstanding warrants	<u>(2,157,651)</u>
Total deposits	<u>1,523,740</u>

Investments:

In Treasurer's Pool	83,069,754
Accrued interest	<u>225,317</u>
Total investments	<u>83,295,071</u>
Total cash and investments	<u><u>\$ 84,818,811</u></u>

Total cash and investments at June 30, 2017 were presented on the County's financial statements as follows:

Cash and investments in the Treasurer's Pool:

Primary government	\$ 32,552,189
Investment trust fund	42,216,122
Agency funds	<u>10,050,500</u>
Total cash and investments	<u><u>\$ 84,818,811</u></u>

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 - CASH AND INVESTMENTS (Continued)

The carrying amounts of the County's cash deposits were \$1,523,740 at June 30, 2017. Bank balances as of June 30, 2017 were \$3,676,285 which were fully insured and collateralized with securities held by the pledging financial institutions in the County's name as discussed in the following.

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

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

A. Investments

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Issued by Lassen County	5 years	10%	No limit
U.S. Treasury Obligations	5 years	No limit	No limit
Obligations to the State of California	1 year	10%	No limit
Other local agency bonds, notes or warrants	1 year	10%	No limit
		70% or 40%	
Federal agency obligations	5 years	callable issues	50%
Banker's acceptances	180 days	40%	10%
Commercial paper	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
Other local government pools	N/A	No limit	No limit

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

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 – CASH AND INVESTMENTS (Continued)

A. Investments (Continued)

At June 30, 2017, the County had the following investments:

Investment Type	Interest Rates	Maturities	Cost	Fair Value	Percent of Portfolio
Certificates of Deposit	1.20%-2.45%	4/9/19 - 5/17/22	\$ 8,571,924	\$ 8,523,267	10.26%
Corporate	1.00%-3.25%	5/3/18 - 5/18/22	16,804,563	16,702,245	20.11%
Federal Agency Issues - Coupon	0.875%-1.875%	7/28/17 - 11/29/21	34,546,450	34,593,937	41.64%
Municipal	1.750%-3.432%	5/15/19 - 11/1/21	4,021,408	3,975,538	4.79%
US Treasury	1.00%-1.25%	7/9/18 - 6/30/19	3,980,938	3,982,820	4.79%
LAIF	0.46%	On demand	15,291,947	15,291,947	18.41%
			<u>\$ 83,217,230</u>	<u>\$ 83,069,754</u>	<u>100.00%</u>

B. Interest Rate Risk

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

Investment Type	Fair Value	Less than 1	1 to 2	2 to 3	3 to 4	4 to 5
Certificates of Deposit	\$ 8,523,267	\$ -	\$ 221,320	\$ 1,990,621	\$ 2,674,455	\$ 3,636,871
Corporates	16,702,245	1,248,740	1,507,343	3,820,673	4,698,097	5,427,392
Federal Agency Issues - Coupon	34,593,937	12,209,169	10,441,138	6,969,950	2,969,480	2,004,200
Municipal	3,975,538	-	252,825	1,986,920	503,220	1,232,573
US Treasury	3,982,820	-	3,982,820	-	-	-
LAIF	15,291,947	15,291,947	-	-	-	-
Total	<u>\$ 83,069,754</u>	<u>\$ 28,749,856</u>	<u>\$ 16,405,446</u>	<u>\$ 14,768,164</u>	<u>\$ 10,845,252</u>	<u>\$ 12,301,036</u>

C. Credit Risk

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

D. Concentrations of Credit Risk

At June 30, 2017, 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, 2017, the County held its net investments in obligations of certificates of deposits (10.26%), corporate bonds (20.11%), federal agency issues (41.64%), municipal obligations (4.79%), US Treasury (4.79%), and the Local Agency Investment Fund (18.41%). These investments are not violations of state law or the investment policy, but are required disclosures for financial reporting.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 - CASH AND INVESTMENTS (Continued)

D. Concentrations of Credit Risk (Continued)

The following is a summary of the credit quality distribution and concentration or credit risk by investment type as a percentage of the County Investment Pool's fair value at June 30, 2017:

	Credit Quality Ratings		% of Portfolio
	Moody's	S&P	
Certificates of Deposit	Aaa	AAA	10.26%
Corporate Bonds	A1	A-	20.11%
Federal Agency Issues - Coupon	AGY	AA+	41.64%
Municipal	Aa3	AA-	4.79%
US Treasury	TSY	TSY	4.79%
Local Agency Investment Fund	Not Rated	Not Rated	18.41%
Total			<u>100.00%</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.

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, 2017, the County had \$15,291,947 invested in LAIF. That total amount invested by all public agencies in LAIF on that day was \$22,812,817,838.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 2 - CASH AND INVESTMENTS (Continued)

G. County Investment Pool Summary

The following represents a summary of net position and changes in net position for the Treasurer's Investment Pool as of June 30, 2017:

Statement of Net Position:

Net position held for pool participants	\$ 84,818,811
Equity of internal investment pool participants	\$ 32,552,189
Equity of external investment pool participants	52,266,622
Total net position	\$ 84,818,811

Statement of Changes in Net Position:

Investment earnings	\$ 1,022,349
Investment expenses	(139,967)
Net change in investments by pool participants	(4,202,842)

Increase (decrease) in net position	(3,320,460)
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Total net position:

Beginning of year	88,139,234
End of year	\$ 84,818,774

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017:

<u>Investments by Fair Value Level</u>	<u>Fair Value</u>	<u>Level 2 Inputs</u>
Debt Securities:		
Certificates of Deposit	\$ 8,523,267	\$ 8,523,267
Corporate bonds	16,702,245	16,702,245
Federal Agency Issues - Coupon	34,593,937	34,593,937
Municipal	3,975,538	3,975,538
US Treasury	3,982,820	3,982,820
	<u>67,777,807</u>	<u>\$ 67,777,807</u>
<u>Unclassified Investments</u>		
LAIF	<u>15,291,947</u>	
Total Investments	<u>\$ 83,069,754</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, 2017, the gross amount of these receivables was \$886,180, including current portion of \$13,167, and the allowance for uncollectible accounts was \$499,322, which resulted in a net amount of \$386,858.

<u>Loan Type</u>	<u>Balance as of June 30, 2017</u>
HUD - Home 93	\$ 30,662
CDBG - 317 Rev	15,298
HUD - Home 94	87,166
CDBG - 89 RLF	10,454
CDBG	742,600
Total loans receivable	<u>886,180</u>
Less: allowance for doubtful accounts	<u>(499,322)</u>
Total loans receivable	<u>\$ 386,858</u>

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 4 - CAPITAL ASSETS

A. Government-Wide Financial Statements

Capital assets activity of the governmental activities for the year ended June 30, 2017 was as follows:

	Balance June 30, 2016	Additions	Retirements & Adjustments	Transfers	Balance June 30, 2017
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 2,575,419	\$ -	\$ -	\$ -	\$ 2,575,419
Construction in progress	8,593,213	2,348,068	(766)	(6,506,207)	4,434,308
Total capital assets, not being depreciated	11,168,632	2,348,068	(766)	(6,506,207)	7,009,727
Capital assets, being depreciated:					
Infrastructure	66,062,682	739,949	-	4,971,373	71,774,004
Structures and improvements (includes leasehold improvements)	23,191,020	1,093,608	-	1,534,834	25,819,462
Equipment	15,840,150	1,930,522	(20,000)	-	17,750,672
Total capital assets, being depreciated	105,093,852	3,764,079	(20,000)	6,506,207	115,344,138
Less accumulated depreciation for:					
Infrastructure	(38,123,906)	(2,489,172)	-	-	(40,613,078)
Structures and improvements (includes leasehold improvements)	(12,777,254)	(755,334)	-	-	(13,532,588)
Equipment	(12,866,233)	(1,180,001)	20,000	-	(14,026,234)
Total accumulated depreciation	(63,767,393)	(4,424,507)	20,000	-	(68,171,900)
Total capital assets, being depreciated, net	41,326,459	(660,428)	-	6,506,207	47,172,238
Governmental activities capital assets, net	<u>\$ 52,495,091</u>	<u>\$ 1,687,640</u>	<u>\$ (766)</u>	<u>\$ -</u>	<u>\$ 54,181,965</u>

Depreciation expense was charged to governmental functions as follows:

General government	\$ 369,119
Public protection	698,405
Public ways and facilities	2,797,908
Health and sanitation	57,226
Public assistance	94,964
Recreation and culture	63,020
Internal service funds	343,865
Total	<u>\$ 4,424,507</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, 2017

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, 2017 was as follows:

	Balance June 30, 2016	Additions	Retirements	Transfers	Balance June 30, 2017
Business-Type Activities					
Capital assets, being depreciated					
Equipment	\$ 395,172	\$ -	\$ -	\$ -	\$ 395,172
Total capital assets, being depreciated	395,172	-	-	-	395,172
Less accumulated depreciation for:					
Equipment	(337,734)	(17,291)	-	-	(355,025)
Total accumulated depreciation	(337,734)	(17,291)	-	-	(355,025)
Total capital assets, being depreciated, net	57,438	(17,291)	-	-	40,147
Business-type activities capital assets, net	<u>\$ 57,438</u>	<u>\$ (17,291)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,147</u>

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

County Service Area (Honey Lake TV)	<u>\$ 17,291</u>
Total	<u><u>\$ 17,291</u></u>

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 5 - LONG-TERM DEBT

The following is a summary of long-term liability transactions for the year ended June 30, 2017:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Due Within One Year	Due in More Than One Year
Governmental Activities:						
Compensated absences	\$ 1,107,682	\$ 128,243	\$ -	\$ 1,235,925	\$ 926,944	\$ 308,981
Claims liability	3,580,390	1,084,621	(998,497)	3,666,514	1,833,257	1,833,257
Capital lease	3,942,988	-	(142,494)	3,800,494	148,194	3,652,300
Total long-term liabilities	<u>\$ 8,631,060</u>	<u>\$ 1,212,864</u>	<u>\$ (1,140,991)</u>	<u>\$ 8,702,933</u>	<u>\$ 2,908,395</u>	<u>\$ 5,794,538</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
2018	\$ 424,977
2019	282,202
2020	<u>271,166</u>
Total	<u>\$ 978,345</u>

Rent expenditures were \$596,503 for the year ended June 30, 2017.

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, 2017:

	Stated Interest Rate	Present Value of Remaining Payments as of June 30, 2017
Juvenile Hall	4%	\$3,800,494

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 6 - LEASE COMMITMENTS (Continued)

B. Capital Leases (Continued)

As of June 30, 2017, future minimum lease payments under capital leases was as follows:

<u>Year Ending June 30:</u>	
2018	\$ 300,214
2019	300,214
2020	300,214
2021	300,214
2022	300,214
2023-2027	1,501,068
2028-2032	1,501,068
2033-2035	900,639
Total Future Minimum Lease Payments	5,403,845
Less: Interest	(1,603,351)
Present Value of Minimum Lease Payments	<u>\$ 3,800,494</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, 2017 was as follows:

Due to/from Other Funds

Between Funds within the Governmental Activities

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

<u>Due to Other Funds</u>	<u>Due from Other Funds</u>				
				Nonmajor Governmental Funds	
	General Fund	Major Funds Roads Fund	Public Safety Fund	Probation Fund	Total
Major Fund:					
General Fund	\$ -	\$ 58,685	\$ -	\$ -	\$ 58,685
Community Development	108,405	-	-	-	108,405
County Service Area (Honey Lake TV)	13	-	-	-	13
Nonmajor Governmental Funds:					
Prison Trial Program	46,179	-	104,063	2,905	153,147
Fair	65,430		-	-	65,430
DA Contracts	39,021		-	-	39,021
Total	<u>\$ 259,048</u>	<u>\$ 58,685</u>	<u>\$ 104,063</u>	<u>\$ 2,905</u>	<u>\$ 424,701</u>

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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				
	General	Community Development	Welfare Admin.	Welfare Assistance	Health and Human Services	Public Safety	Special Revenue	Capital Projects	Debt	Total
Major Funds:										
General	\$ -	\$ -	\$ 535,000	\$ 160,000	\$ 241,452	\$ 7,234,051	\$ 731,718	\$ -	\$ 127,681	\$ 9,029,902
Welfare Admin.		72,589	-	-	-	-	-	-	-	72,589
Welfare Assistance		-	-	-	105,625	-	-	-	-	105,625
Health and Human Services		152,068	-	-	-	-	13,165	-	-	165,233
Public Safety		-	-	-	-	-	-	-	-	-
County Local Revenue		-	1,306,239	2,447,226	1,294,921	556,200	287,830	150,000	-	6,042,416
Nonmajor Governmental Funds:										
Special Revenue	42,582	-	845,586	730,040	2,514,814	1,218,126	182,567	-	172,284	5,705,999
Capital Projects	305,665	-	-	-	-	-	4,823	289,300	-	599,788
Total	\$ 348,247	\$ 224,657	\$ 2,686,825	\$ 3,337,266	\$ 4,156,812	\$ 9,008,377	\$ 1,220,103	\$ 439,300	\$ 299,965	\$ 21,721,552

Between Governmental and Business-Type Activities

There were no transfers between governmental and business-type activities during the fiscal year ended June 30, 2017.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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:

	<u>Unavailable</u>	<u>Total</u>
Community Development:		
Unavailable revenue	\$ 258,161	\$ 258,161
Long-term loans receivable	<u>386,858</u>	<u>386,858</u>
 Total	 <u>\$ 645,019</u>	 <u>\$ 645,019</u>

- 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, 2017

NOTE 9 – FUND BALANCES

A detailed schedule of fund balances at June 30, 2017 was as follows:

	General	Roads	Community Develop.	Welfare Admin.	Welfare Assistance	Health and Human Services	Public Safety	County Local Revenue	Nonmajor Governmental	Total
Nonspendable:										
Advances and Deposits	\$ 5,172,684	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,172,684
Inventory	-	1,013,826	-	-	-	-	-	-	-	1,013,826
Total Nonspendable Fund Balance	5,172,684	1,013,826	-	-	-	-	-	-	-	6,186,510
Restricted:										
Purpose of Fund	-	2,110,657	1,506,733	3,031,338	4,677,262	7,339,750	-	1,734,959	-	20,400,699
Self-Insurance	102,962	-	-	-	-	-	-	-	-	102,962
Mental Health Services Act	-	-	-	-	-	-	-	-	2,268,383	2,268,383
Aviation	-	-	-	-	-	-	-	-	380,638	380,638
TCF/Bailiff	-	-	-	-	-	-	-	-	187,732	187,732
Supplemental Law Enforcement	-	-	-	-	-	-	-	-	76,429	76,429
Vital Statistics	-	-	-	-	-	-	-	-	78,606	78,606
Recorder Micrographics	-	-	-	-	-	-	-	-	158,696	158,696
Recorder Modernization	-	-	-	-	-	-	-	-	156,492	156,492
Recorder AB130	-	-	-	-	-	-	-	-	22,276	22,276
Inmate Welfare - County	-	-	-	-	-	-	-	-	132,981	132,981
Narcotics Asset Forfeiture	-	-	-	-	-	-	-	-	8,778	8,778
Narcotics Task Force	-	-	-	-	-	-	-	-	124,301	124,301
Bieber Lighting District	-	-	-	-	-	-	-	-	29,187	29,187
Lassen-Modoc Flood Control	-	-	-	-	-	-	-	-	144,505	144,505
Geothermal	-	-	-	-	-	-	-	-	268,015	268,015
Mental Health Realignment	-	-	-	-	-	-	-	-	1,162,562	1,162,562
Social Services Realignment	-	-	-	-	-	-	-	-	1,996,701	1,996,701
Public Health Realignment	-	-	-	-	-	-	-	-	778,664	778,664
County Children's Fund	-	-	-	-	-	-	-	-	33,273	33,273
USDA Title III	-	-	-	-	-	-	-	-	109,612	109,612
Child Support	-	-	-	-	-	-	-	-	161,615	161,615
Criminal Justice Facility Const.	-	-	-	-	-	-	-	-	149,527	149,527
Courthouse Construction	-	-	-	-	-	-	-	-	447,378	447,378
Total Restricted Fund Balance	102,962	2,110,657	1,506,733	3,031,338	4,677,262	7,339,750	-	1,734,959	8,876,351	29,380,012
Committed										
Purpose of Fund	-	-	-	-	-	-	710,043	-	-	710,043
Total Restricted Fund Balance	-	-	-	-	-	-	710,043	-	-	710,043
Assigned										
Purpose of Fund	93,480	-	-	-	-	-	-	-	-	93,480
General Contract - PTA	93,753	-	-	-	-	-	-	-	-	93,753
Emergency Services	116,204	-	-	-	-	-	-	-	-	116,204
Property Tax Delinquent Costs	12,994	-	-	-	-	-	-	-	-	12,994
Tobacco Settlement	9,174	-	-	-	-	-	-	-	-	9,174
Loss Prevention	26,990	-	-	-	-	-	-	-	-	26,990
Inmate Welfare - State	33,842	-	-	-	-	-	-	-	-	33,842
Fish and Game	-	-	-	-	-	-	-	-	1,880	1,880
Prison Trial Program	-	-	-	-	-	-	-	-	43,734	43,734
DA Contract	-	-	-	-	-	-	-	-	3,178	3,178
Sheriff Contracts	-	-	-	-	-	-	-	-	157,652	157,652
HHS Contracts	-	-	-	-	-	-	-	-	35,318	35,318
Cemetery	-	-	-	-	-	-	-	-	161,060	161,060
Natural Resources	-	-	-	-	-	-	-	-	57,296	57,296
Probation Fund	-	-	-	-	-	-	-	-	312,582	312,582
Capital Improvements	-	-	-	-	-	-	-	-	88,464	88,464
Capital Improvements Lease	-	-	-	-	-	-	-	-	761,820	761,820
Accumulated Capital Outlay	-	-	-	-	-	-	-	-	346,972	346,972
Fairgrounds Improvements	-	-	-	-	-	-	-	-	74,785	74,785
Debt Service	-	-	-	-	-	-	-	-	1,002	1,002
Total Assigned Fund Balance	386,437	-	-	-	-	-	-	-	2,045,743	2,432,180
Unassigned:										
Purpose of Fund	3,937,495	-	-	-	-	-	-	-	-	3,937,495
Fair	-	-	-	-	-	-	-	-	(20,344)	(20,344)
CCF Equipment Replacement	-	-	-	-	-	-	-	-	(10,959)	(10,959)
Total Unassigned Fund Balance	3,937,495	-	-	-	-	-	-	-	(31,303)	3,906,192
Total Fund Balances	\$ 9,599,578	\$ 3,124,483	\$ 1,506,733	\$ 3,031,338	\$ 4,677,262	\$ 7,339,750	\$ 710,043	\$ 1,734,959	\$ 10,890,791	\$ 42,614,937

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017 are summarized as follows:

	Miscellaneous		
	1st Tier	2nd Tier	PEPRA
Hire date	Prior to January 1, 2011	January 1, 2011 thru December 31, 2012	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 63	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.092% to 2.418%	1.000% to 2.500%
Required employee contribution rates	7.000%	7.000%	6.250%
Required employer contribution rates	14.584%	14.584%	14.584%

Employees Covered - At June 30, 2017, the following employees were covered by the benefit terms for the Plan:

	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	353
Inactive employees entitled to but not yet receiving benefits	552
Active employees	532
Total	<u>1,437</u>

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 10 – PENSION PLANS (Continued)

AGENT MULTIPLE EMPLOYER PLANS (Continued)

A. General Information (Continued)

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

B. Net Pension Liability

The County’s net pension liability for its Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of the Miscellaneous Plan is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016, 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, 2015 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate Return	7.50% (2)
Mortality	Derived using CalPERS’ Membership data for all Funds (3)

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

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

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 10 – PENSION PLANS (Continued)

AGENT MULTIPLE EMPLOYER PLANS (Continued)

B. Net Pension Liability (Continued)

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

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

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

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

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10(a)</u>	<u>Real Return Years 11+(b)</u>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	<u>100%</u>		

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

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

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 10 - PENSION PLANS (Continued)

AGENT MULTIPLE EMPLOYER PLANS (Continued)

C. Changes in the Net Pension Liability

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

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2015 (Measurement Date)	\$ 109,360,546	\$ 88,983,615	\$ 20,376,931
Changes in the year:			
Service cost	2,312,659	-	2,312,659
Interest on the total pension liability	8,288,074	-	8,288,074
Changes of assumptions	-	-	-
Differences between expected and actual experience	701,808	-	701,808
Plan to plan resource movement	-	(233)	233
Contributions - employer	-	2,024,304	(2,024,304)
Contributions - employee	-	1,149,564	(1,149,564)
Net investment income	-	448,970	(448,970)
Benefit payments, including refunds of employee contributions	(5,755,683)	(5,755,683)	-
Administrative expenses	-	(54,313)	54,313
Net changes	5,546,858	(2,187,391)	7,734,249
Balance at June 30, 2016 (Measurement Date)	\$ 114,907,404	\$ 86,796,224	\$ 28,111,180

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

Discount Rate -1%	Current Discount Rate	Discount Rate +1%
6.65%	7.65%	8.65%
\$ 42,733,608	\$ 28,111,180	\$ 15,730,821

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, 2017

NOTE 10 - PENSION PLANS (Continued)

AGENT MULTIPLE EMPLOYER PLANS (Continued)

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

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

For the year ended June 30, 2016, the County recognized pension expense of \$3,168,197. At June 30, 2017, 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	\$ 2,301,324	\$ -
Changes in assumptions	-	375,237
Differences between actual and expected experience	513,600	-
Net differences between projected and actual earnings on plan investments	4,739,663	-
Total	<u>\$ 7,554,587</u>	<u>\$ 375,237</u>

\$2,301,324 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30	
2018	\$ 644,944
2019	787,303
2020	2,195,629
2021	1,250,150
2022	-
Thereafter	-

E. Payable to the Pension Plan

The County reported a payable of \$126,861 for an outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017 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	19.536%	16.656%	12.082%

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 \$836,250 for the fiscal year ended June 30, 2017.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 10 - PENSION PLANS (Continued)

COST-SHARING EMPLOYER PLANS (Continued)

A. General Information (Continued)

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

The County's contributions to the plan for the year ended June 30, 2017 were \$1,210,999.

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

As of June 30, 2017, the County reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$12,137,581.

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

Proportion - June 30, 2014	0.2436%
Proportion - June 30, 2015	0.2344%
Change - Increase (Decrease)	-0.0092%

For the year ended June 30, 2017, the County recognized pension expense of \$1,008,949. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,341,053	\$ -
Changes of assumptions	-	414,531
Differences between actual and expected experience	-	95,074
Net differences between projected and actual earnings on plan investments	2,036,569	-
Changes in employer's proportion	202,868	83,638
Differences between the employer's actual contributions and the employer's proportionate share of contributions	162,880	11,289
Total	<u>\$ 3,743,370</u>	<u>\$ 604,532</u>

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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)

\$1,341,053 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflow of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30	
2018	\$ 136,142
2019	178,812
2020	952,654
2021	530,177
2022	-
Thereafter	-

C. Actuarial Assumptions

The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

	<u>Safety</u>
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.30% - 14.20% (1)
Investment Rate of Return	7.50% (2)
Mortality	Derived using CalPERS' Membership data for all Funds (3)

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

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

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

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

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

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 10 – PENSION PLANS (Continued)

COST-SHARING EMPLOYER PLANS (Continued)

D. Discount Rate

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

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

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

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

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 10 – PENSION PLANS (Continued)

COST-SHARING EMPLOYER PLANS (Continued)

D. Discount Rate (Continued)

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

Asset Class	New Strategic Allocation	Real Return Years 1-10(a)	Real Return Years 11+(b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100%		

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

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

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

Discount Rate -1%	Current Discount Rate	Discount Rate +1%
6.65%	7.65%	8.65%
\$ 17,743,475	\$ 12,137,581	\$ 7,535,716

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 \$29,758 for an outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (OPEB)

A. Plan Description and Funding Policy

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

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

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

B. Annual OPEB Costs and Net OPEB Obligation

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

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

Annual required contribution	\$ 207,758
Interest on net OPEB obligation	(17,957)
Adjustment to annual required contribution	<u>17,843</u>
Annual OPEB expense	207,644
Contributions made net of reimbursement	<u>(231,300)</u>
Decrease in net OPEB obligation (assets)	(23,656)
Net OPEB obligation (assets) - beginning of year	<u>(246,660)</u>
Net OPEB obligation (assets) - end of year	<u><u>\$ (270,316)</u></u>

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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

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

The County's Annual OPEB Cost, the percentage of Annual OPEB Cost Contributed to the Plan, and the Net OPEB Obligation for fiscal year 2016-17 and the two preceding fiscal years were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Annual Contribution</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Assets)</u>
6/30/2015	152,754	149,257	97.7%	(241,401)
6/30/2016	201,595	206,854	102.6%	(246,660)
6/30/2017	207,644	231,300	111.4%	(270,316)

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

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

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

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

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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

D. Actuarial Methods and Assumptions

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

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

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Grant Programs

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

B. General Litigation

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

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017, the Authority paid the County \$651,801 for personnel services and related benefits and \$39,013 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, 2017 (the most recent year-end financial information available) is present below:

	<u>Amount</u>
Statement of Net Position	
Assets	\$ 4,674,481
Liabilities	(6,086,743)
Net position (deficit)	<u><u>\$ (1,412,262)</u></u>
 Revenues and Expenses	
Revenues	\$ 1,832,652
Expenses	(1,672,177)
Net gain (loss)	<u><u>\$ 160,475</u></u>

B. Lassen Transit Service Agency

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

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 13 – JOINT POWER(S AGREEMENT (Continued)

B. Lassen Transit Service Agency (Continued)

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

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

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, 2017 (the most recent year-end financial information available) is present below:

	<u>Amount</u>
Statement of Net Position	
Assets	\$ 3,476,927
Liabilities	(204,896)
Net position (deficit)	<u>\$ 3,272,031</u>
Revenues and Expenses	
Revenues	\$ 172,499
Expenses	(104,274)
Net gain (loss)	<u>\$ 68,225</u>

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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, 2017, 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>2017</u>	<u>2016</u>
Unpaid claims July 1	\$ 3,580,390	\$ 3,072,042
Incurred claims (including IBNRs) and changes in estimates	1,084,621	2,521,437
Current year payments	<u>(998,497)</u>	<u>(2,013,089)</u>
Unpaid claims June 30	<u><u>\$ 3,666,514</u></u>	<u><u>\$ 3,580,390</u></u>

NOTE 15 - FUND BALANCE/NET DEFICIT

At June 30, 2017, the County had the following deficits:

	<u>Amount</u>
Nonmajor Governmental Funds:	
Fair	\$ 20,344
CCF Equipment Replacement	<u>10,959</u>
Total Nonmajor Governmental Funds	<u><u>\$ 31,303</u></u>

COUNTY OF LASSEN
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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.

	Government- Wide	Governmental Funds				
				County		Nonmajor
	Governmental Activities	General	Welfare Assistance	Public Safety	Local Revenue Fund	Governmental Funds
Fund balance/net position, June 30, 2016, as previously reported	\$ 58,324,632	\$ 10,980,095	\$ 2,644,676	\$ 879,640	\$ 1,768,085	\$ 11,487,728
Prior period adjustments:						
Understatement of accounts receivable	763,827	212,100	36,033	108,789	206,052	200,853
Total prior period adjustments	763,827	212,100	36,033	108,789	206,052	200,853
Fund balance/net position, July 1, 2016, as restated	<u>\$ 59,088,459</u>	<u>\$ 11,192,195</u>	<u>\$ 2,680,709</u>	<u>\$ 988,429</u>	<u>\$ 1,974,137</u>	<u>\$ 11,688,581</u>

NOTE 17 – FUND CONSOLIDATION

During the fiscal year ended June 30, 2017, the County consolidated various funds into the General Fund, which the County previously considered as nonmajor special revenue funds but determined that they no longer met the requirements necessary to be identified as such. The funds that were consolidated into the General Fund include the Inmate Welfare (State) Fund, the Emergency Services Fund, the Property Tax Delinquent Costs Fund, the General Contracts Fund, the Tobacco Settlement Fund, and the Loss Prevention Fund. Each of these funds previously had specific revenue sources whose use was restricted to a specific purpose but were no longer receiving those funds. The result of the fund consolidations was an increase to the opening fund balance in the General Fund of \$501,614 and a decrease to the opening fund balance of the County's nonmajor governmental funds for the same amount. The remaining fund balance for each of the aforementioned funds is included as a portion of the General Fund's assigned fund balance.

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REQUIRED SUPPLEMENTARY INFORMATION

**COUNTY OF LASSEN
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING

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

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

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

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

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

COUNTY OF LASSEN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(BUDGETARY BASIS) - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
REVENUES				
Taxes	\$ 9,266,180	\$ 9,266,180	\$ 9,462,322	\$ 196,142
Licenses and permits	352,000	352,000	283,122	(68,878)
Intergovernmental	2,740,698	2,740,698	2,410,680	(330,018)
Charges for services	2,554,911	2,554,911	2,641,638	86,727
Fines and forfeitures	621,000	621,000	532,919	(88,081)
Use of money and property	130,850	130,850	69,737	(61,113)
Other revenues	507,350	507,350	1,213,878	706,528
Total revenues	16,172,989	16,172,989	16,614,296	441,307
EXPENDITURES				
Current:				
General government	6,640,993	6,640,993	6,703,284	(62,291)
Public protection	3,121,618	3,121,618	2,548,245	573,373
Public assistance	152,256	152,256	94,442	57,814
Education	93,835	93,835	86,025	7,810
Recreation and culture	39,950	39,950	22,422	17,528
Capital outlay	369,954	369,954	70,840	299,114
Total expenditures	10,418,606	10,418,606	9,525,258	893,348
Revenues over (under) expenditures	5,754,383	5,754,383	7,089,038	1,334,655
OTHER FINANCING SOURCES (USES)				
Transfers in	641,862	641,862	348,247	(293,615)
Transfers out	(9,293,543)	(9,293,543)	(9,029,902)	263,641
Total other financing sources (uses)	(8,651,681)	(8,651,681)	(8,681,655)	(29,974)
Net change in fund balance	\$ (2,897,298)	\$ (2,897,298)	(1,592,617)	\$ 1,304,681
Fund balance, beginning of year (restated)			11,192,195	
Fund balance, end of year			\$ 9,599,578	

COUNTY OF LASSEN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(BUDGETARY BASIS) - ROAD FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
REVENUES				
Licenses and permits	\$ 10,000	\$ 10,000	\$ 10,190	\$ 190
Intergovernmental	12,369,434	12,369,434	5,746,815	(6,622,619)
Charges for services	42,500	42,500	183,619	141,119
Use of money and property	22,000	22,000	29,082	7,082
Other revenues	<u>75,000</u>	<u>75,000</u>	<u>12,913</u>	<u>(62,087)</u>
Total revenues	<u>12,518,934</u>	<u>12,518,934</u>	<u>5,982,619</u>	<u>(6,536,315)</u>
EXPENDITURES				
Current:				
Public ways and facilities	4,822,276	4,822,276	3,713,351	1,108,925
Capital outlay	<u>9,284,703</u>	<u>9,284,703</u>	<u>2,419,370</u>	<u>6,865,333</u>
Total expenditures	<u>14,106,979</u>	<u>14,106,979</u>	<u>6,132,721</u>	<u>7,974,258</u>
Revenues over (under) expenditures	<u>(1,588,045)</u>	<u>(1,588,045)</u>	<u>(150,102)</u>	<u>1,437,943</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	<u>50,000</u>	<u>50,000</u>	<u>1,140</u>	<u>(48,860)</u>
Total other financing sources (uses)	<u>50,000</u>	<u>50,000</u>	<u>1,140</u>	<u>(48,860)</u>
Net change in fund balance	<u>\$ (1,538,045)</u>	<u>\$ (1,538,045)</u>	<u>(148,962)</u>	<u>\$ 1,389,083</u>
Fund balance, beginning of year			<u>3,273,445</u>	
Fund balance, end of year			<u>\$ 3,124,483</u>	

COUNTY OF LASSEN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(BUDGETARY BASIS) - COMMUNITY DEVELOPMENT FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
REVENUES				
Intergovernmental	\$ 1,174,425	\$ 1,174,425	\$ -	\$ (1,174,425)
Charges for services	30,000	30,000	37,275	7,275
Use of money and property	-	-	43,162	43,162
	<u>1,204,425</u>	<u>1,204,425</u>	<u>80,437</u>	<u>(1,123,988)</u>
Total revenues				
EXPENDITURES				
Current:				
Public assistance	<u>1,370,243</u>	<u>1,370,243</u>	<u>270,780</u>	<u>1,099,463</u>
	<u>1,370,243</u>	<u>1,370,243</u>	<u>270,780</u>	<u>1,099,463</u>
Total expenditures				
Revenues over (under) expenditures	<u>(165,818)</u>	<u>(165,818)</u>	<u>(190,343)</u>	<u>(24,525)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>301,447</u>	<u>301,447</u>	<u>224,657</u>	<u>(76,790)</u>
	<u>301,447</u>	<u>301,447</u>	<u>224,657</u>	<u>(76,790)</u>
Total other financing sources (uses)				
Net change in fund balance	<u>\$ 135,629</u>	<u>\$ 135,629</u>	34,314	<u>\$ (101,315)</u>
Fund balance, beginning of year			<u>1,472,419</u>	
Fund balance, end of year			<u>\$ 1,506,733</u>	

COUNTY OF LASSEN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(BUDGETARY BASIS) - WELFARE ADMINISTRATION FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
REVENUES				
Intergovernmental	\$ 4,917,092	\$ 4,917,092	\$ 4,756,582	\$ (160,510)
Charges for services	-	-	960	960
Use of money and property	-	-	39,614	39,614
Other revenues	<u>60,000</u>	<u>60,000</u>	<u>89,294</u>	<u>29,294</u>
Total revenues	<u>4,977,092</u>	<u>4,977,092</u>	<u>4,886,450</u>	<u>(90,642)</u>
EXPENDITURES				
Current:				
Public assistance	8,477,337	8,477,337	6,941,159	1,536,178
Capital outlay	<u>75,000</u>	<u>75,000</u>	-	<u>75,000</u>
Total expenditures	<u>8,552,337</u>	<u>8,552,337</u>	<u>6,941,159</u>	<u>1,611,178</u>
Revenues over (under) expenditures	<u>(3,575,245)</u>	<u>(3,575,245)</u>	<u>(2,054,709)</u>	<u>1,520,536</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,919,931	2,919,931	2,686,825	(233,106)
Transfers out	<u>(72,589)</u>	<u>(72,589)</u>	<u>(72,589)</u>	-
Total other financing sources (uses)	<u>2,847,342</u>	<u>2,847,342</u>	<u>2,614,236</u>	<u>(233,106)</u>
Net change in fund balance	<u>\$ (727,903)</u>	<u>\$ (727,903)</u>	559,527	<u>\$ 1,287,430</u>
Fund balance, beginning of year			<u>2,471,811</u>	
Fund balance, end of year			<u>\$ 3,031,338</u>	

COUNTY OF LASSEN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(BUDGETARY BASIS) - WELFARE ASSISTANCE FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
REVENUES				
Intergovernmental	\$ 4,313,047	\$ 4,313,047	\$ 4,701,019	\$ 387,972
Use of money and property	-	-	(16,055)	(16,055)
Other revenues	95,000	95,000	95,826	826
Total revenues	4,408,047	4,408,047	4,780,790	372,743
EXPENDITURES				
Current:				
Public assistance	8,014,076	8,014,076	6,015,878	1,998,198
Total expenditures	8,014,076	8,014,076	6,015,878	1,998,198
Revenues over (under) expenditures	(3,606,029)	(3,606,029)	(1,235,088)	2,370,941
OTHER FINANCING SOURCES (USES)				
Transfers in	3,776,300	3,776,300	3,337,266	(439,034)
Transfers out	(170,271)	(170,271)	(105,625)	64,646
Total other financing sources (uses)	3,606,029	3,606,029	3,231,641	(374,388)
Net change in fund balance	\$ -	\$ -	1,996,553	\$ 1,996,553
Fund balance, beginning of year			2,644,676	
Fund balance, beginning of year (restated)			2,680,709	
Fund balance, end of year			\$ 4,677,262	

COUNTY OF LASSEN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(BUDGETARY BASIS) - HEALTH AND HUMAN SERVICES FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
REVENUES				
Licenses and permits	\$ 5,000	\$ 5,000	\$ 4,117	\$ (883)
Intergovernmental	4,566,421	4,566,421	4,069,343	(497,078)
Charges for services	1,801,058	1,801,058	1,667,927	(133,131)
Fines and forfeitures	14,600	14,600	9,052	(5,548)
Use of money and property	41,538	41,538	52,919	11,381
Other revenues	<u>48,220</u>	<u>48,220</u>	<u>58,838</u>	<u>10,618</u>
Total revenues	<u>6,476,837</u>	<u>6,476,837</u>	<u>5,862,196</u>	<u>(614,641)</u>
EXPENDITURES				
Current:				
Public protection	347,264	347,264	280,830	66,434
Health and sanitation	10,531,902	10,531,902	8,095,528	2,436,374
Public assistance	1,038,953	1,038,953	911,055	127,898
Capital outlay	<u>120,000</u>	<u>120,000</u>	<u>30,344</u>	<u>89,656</u>
Total expenditures	<u>12,038,119</u>	<u>12,038,119</u>	<u>9,317,757</u>	<u>2,720,362</u>
Revenues over (under) expenditures	<u>(5,561,282)</u>	<u>(5,561,282)</u>	<u>(3,455,561)</u>	<u>2,105,721</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,015,977	5,015,977	4,156,812	(859,165)
Transfers out	<u>(169,623)</u>	<u>(169,623)</u>	<u>(165,233)</u>	<u>4,390</u>
Total other financing sources (uses)	<u>4,846,354</u>	<u>4,846,354</u>	<u>3,991,579</u>	<u>(854,775)</u>
Net change in fund balance	<u>\$ (714,928)</u>	<u>\$ (714,928)</u>	536,018	<u>\$ 1,250,946</u>
Fund balance, beginning of year			<u>6,803,732</u>	
Fund balance, end of year			<u>\$ 7,339,750</u>	

COUNTY OF LASSEN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(BUDGETARY BASIS) - PUBLIC SAFETY FUND
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final	Amounts	
REVENUES				
Taxes	\$ 90,000	\$ 90,000	\$ 85,866	\$ (4,134)
Licenses and permits	800	800	1,080	280
Intergovernmental	1,475,000	1,475,000	1,549,747	74,747
Charges for services	491,725	491,725	383,262	(108,463)
Fines and forfeitures	-	-	27,131	27,131
Use of money and property	6,000	6,000	7,332	1,332
Other revenues	<u>602,000</u>	<u>602,000</u>	<u>617,894</u>	<u>15,894</u>
Total revenues	<u>2,665,525</u>	<u>2,665,525</u>	<u>2,672,312</u>	<u>6,787</u>
EXPENDITURES				
Current:				
General government	123,451	123,451	600,409	(476,958)
Public protection	12,019,591	12,019,591	11,147,480	872,111
Capital outlay	<u>303,700</u>	<u>303,700</u>	<u>211,186</u>	<u>92,514</u>
Total expenditures	<u>12,446,742</u>	<u>12,446,742</u>	<u>11,959,075</u>	<u>487,667</u>
Revenues over (under) expenditures	<u>(9,781,217)</u>	<u>(9,781,217)</u>	<u>(9,286,763)</u>	<u>494,454</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>9,145,151</u>	<u>9,145,151</u>	<u>9,008,377</u>	<u>(136,774)</u>
Total other financing sources (uses)	<u>9,145,151</u>	<u>9,145,151</u>	<u>9,008,377</u>	<u>(136,774)</u>
Net change in fund balance	<u>\$ (636,066)</u>	<u>\$ (636,066)</u>	<u>(278,386)</u>	<u>\$ 357,680</u>
Fund balance, beginning of year (restated)			<u>988,429</u>	
Fund balance, end of year			<u>\$ 710,043</u>	

COUNTY OF LASSEN
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(BUDGETARY BASIS) - COUNTY LOCAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	
REVENUES				
Intergovernmental	\$ 6,358,904	\$ 6,358,904	\$ 7,078,684	\$ 719,780
Use of money and property	-	-	(9,082)	(9,082)
Other revenues	-	-	13,378	13,378
	<u>6,358,904</u>	<u>6,358,904</u>	<u>7,082,980</u>	<u>724,076</u>
Total revenues				
EXPENDITURES				
Current:				
Public protection	1,056,098	1,056,098	844,387	211,711
Capital outlay	400,000	400,000	435,355	(35,355)
	<u>1,456,098</u>	<u>1,456,098</u>	<u>1,279,742</u>	<u>176,356</u>
Total expenditures				
Revenues over (under) expenditures	<u>4,902,806</u>	<u>4,902,806</u>	<u>5,803,238</u>	<u>900,432</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(5,665,555)	(5,665,555)	(6,042,416)	(376,861)
	<u>(5,665,555)</u>	<u>(5,665,555)</u>	<u>(6,042,416)</u>	<u>(376,861)</u>
Total other financing sources (uses)				
Net change in fund balance	<u>\$ (762,749)</u>	<u>\$ (762,749)</u>	(239,178)	<u>\$ 523,571</u>
Fund balance, beginning of year (restated)			<u>1,974,137</u>	
Fund balance, end of year			<u>\$ 1,734,959</u>	

COUNTY OF LASSEN
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS - OTHER POST EMPLOYMENT BENEFITS PLAN
FOR THE YEAR ENDED JUNE 30, 2017

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

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

COUNTY OF LASSEN
PROPORTIONATE SHARE OF NET PENSION LIABILITY - COST-SHARING PLAN
FOR THE YEAR ENDED JUNE 30, 2017
LAST 10 YEARS*

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

Notes to Schedule:

Changes in Benefit Terms - None

Changes of 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 - COST-SHARING PLAN
FOR THE YEAR ENDED JUNE 30, 2017
LAST 10 YEARS*

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

*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 PENSION LIABILITY AND RELATED RATIOS
AGENT MULTIPLE EMPLOYER PLAN
FOR THE YEAR ENDED JUNE 30, 2017
LAST 10 YEARS*

	2015	2016	2017
Total Pension Liability:			
Service cost	\$ 2,549,991	\$ 2,314,595	\$ 2,312,659
Interest on total pension liability	7,479,108	7,878,496	8,288,074
Changes of assumptions	-	(1,876,185)	-
Differences between expected and actual experience	-	462,586	701,808
Benefit payments, including refunds of employee contributions	(5,140,550)	(5,324,219)	(5,755,683)
Net change in total pension liability	4,888,549	3,455,273	5,546,858
Total pension liability - beginning	101,016,724	105,905,273	109,360,546
Total pension liability - ending (a)	<u>105,905,273</u>	<u>109,360,546</u>	<u>114,907,404</u>
Plan Fiduciary Net Position:			
Plan to plan resource movement	-	2,579	(233)
Contributions - employer	1,910,144	1,759,112	2,024,304
Contributions - employee	1,216,676	1,081,585	1,149,564
Net investment income	13,609,094	2,005,219	448,970
Administrative expenses	(111,112)	(100,309)	(54,313)
Benefit payments	(5,140,550)	(5,324,219)	(5,755,683)
Net change in plan fiduciary net position	11,484,252	(576,033)	(2,187,391)
Plan fiduciary net position beginning	78,075,396	89,559,648	88,983,615
Plan fiduciary net position - ending (b)	<u>89,559,648</u>	<u>88,983,615</u>	<u>86,796,224</u>
Net pension liability - ending (a)-(b)	<u>\$ 16,345,625</u>	<u>\$ 20,376,931</u>	<u>\$ 28,111,180</u>
Plan fiduciary net position as a percentage of the total pension liability	84.57%	81.37%	75.54%
Covered payroll	14,663,071	14,454,495	14,454,495
Net pension liability as a percentage of covered payroll	111.47%	140.97%	194.48%

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 - 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 - AGENT MULTIPLE EMPLOYER PLAN
FOR THE YEAR ENDED JUNE 30, 2017
LAST 10 YEARS*

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

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

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

**COUNTY OF LASSEN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

	Special Revenue Funds				
	Prison Trial Program Fund	DA Contracts Fund	Sheriff Contracts Fund	HHS Contracts Fund	Fish & Game Fund
ASSETS					
Cash and investments	\$ -	\$ -	\$ 123,483	\$ 39,595	\$ 1,880
Due from other governmental entities	226,825	47,788	37,484	-	-
Due from other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Total assets	<u>\$ 226,825</u>	<u>\$ 47,788</u>	<u>\$ 160,967</u>	<u>\$ 39,595</u>	<u>\$ 1,880</u>
LIABILITIES					
Accounts payable	\$ 29,944	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	5,589	3,315	4,277	-
Due to other governmental entities	-	-	-	-	-
Due to other funds	<u>153,147</u>	<u>39,021</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>183,091</u>	<u>44,610</u>	<u>3,315</u>	<u>4,277</u>	<u>-</u>
FUND BALANCES (DEFICIT)					
Restricted	-	-	-	-	1,880
Assigned	43,734	3,178	157,652	35,318	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances (deficit)	<u>43,734</u>	<u>3,178</u>	<u>157,652</u>	<u>35,318</u>	<u>1,880</u>
Total liabilities and fund balances (deficit)	<u>\$ 226,825</u>	<u>\$ 47,788</u>	<u>\$ 160,967</u>	<u>\$ 39,595</u>	<u>\$ 1,880</u>

COUNTY OF LASSEN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds				
	Mental Health Services Act	Cemetery Fund	Aviation Fund	TCF/Bailiff Fund	Supplemental Law Enforcement Fund
ASSETS					
Cash and investments	\$ 2,000,208	\$ 163,710	\$ 381,090	\$ 105,965	\$ 72,422
Due from other governmental entities	273,875	-	-	98,105	4,007
Due from other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Total assets	<u>\$ 2,274,083</u>	<u>\$ 163,710</u>	<u>\$ 381,090</u>	<u>\$ 204,070</u>	<u>\$ 76,429</u>
LIABILITIES					
Accounts payable	\$ 5,700	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	2,650	452	16,338	-
Due to other governmental entities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>5,700</u>	<u>2,650</u>	<u>452</u>	<u>16,338</u>	<u>-</u>
FUND BALANCES (DEFICIT)					
Restricted	2,268,383	-	380,638	187,732	76,429
Assigned	-	161,060	-	-	-
Unassigned	-	-	-	-	-
Total fund balances (deficit)	<u>2,268,383</u>	<u>161,060</u>	<u>380,638</u>	<u>187,732</u>	<u>76,429</u>
Total liabilities and fund balances (deficit)	<u>\$ 2,274,083</u>	<u>\$ 163,710</u>	<u>\$ 381,090</u>	<u>\$ 204,070</u>	<u>\$ 76,429</u>

COUNTY OF LASSEN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds				
	Vital Statistics	Recorder Micrographics	Recorder Modernization	Recorder AB130	Inmate Welfare County
ASSETS					
Cash and investments	\$ 78,606	\$ 158,696	\$ 156,492	\$ 22,276	\$ 133,921
Due from other governmental entities	-	-	-	-	-
Due from other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Total assets	<u>\$ 78,606</u>	<u>\$ 158,696</u>	<u>\$ 156,492</u>	<u>\$ 22,276</u>	<u>\$ 133,921</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	-	-	-	940
Due to other governmental entities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>940</u>
FUND BALANCES (DEFICIT)					
Restricted	78,606	158,696	156,492	22,276	132,981
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances (deficit)	<u>78,606</u>	<u>158,696</u>	<u>156,492</u>	<u>22,276</u>	<u>132,981</u>
Total liabilities and fund balances (deficit)	<u>\$ 78,606</u>	<u>\$ 158,696</u>	<u>\$ 156,492</u>	<u>\$ 22,276</u>	<u>\$ 133,921</u>

**COUNTY OF LASSEN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

	Special Revenue Funds				
	Narcotics Asset Forfeiture Fund	Narcotics Task Force Fund	Bieber Lighting District	Lassen- Modoc Flood Fund	Natural Resources
ASSETS					
Cash and investments	\$ 8,778	\$ 48,159	\$ 29,187	\$ 144,505	\$ 59,772
Due from other governmental entities	-	94,940	-	-	-
Due from other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Total assets	<u>\$ 8,778</u>	<u>\$ 143,099</u>	<u>\$ 29,187</u>	<u>\$ 144,505</u>	<u>\$ 59,772</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	2,052	-	-	2,476
Due to other governmental entities	-	16,746	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>18,798</u>	<u>-</u>	<u>-</u>	<u>2,476</u>
FUND BALANCES (DEFICIT)					
Restricted	8,778	124,301	29,187	144,505	-
Assigned	-	-	-	-	57,296
Unassigned	-	-	-	-	-
Total fund balances (deficit)	<u>8,778</u>	<u>124,301</u>	<u>29,187</u>	<u>144,505</u>	<u>57,296</u>
Total liabilities and fund balances (deficit)	<u>\$ 8,778</u>	<u>\$ 143,099</u>	<u>\$ 29,187</u>	<u>\$ 144,505</u>	<u>\$ 59,772</u>

**COUNTY OF LASSEN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

	Special Revenue Funds				
	Geothermal	Mental Health Realignment	Social Services Realignment	Public Health Realignment	County Children's Fund
ASSETS					
Cash and investments	\$ 268,015	\$ 937,366	\$ 1,685,693	\$ 698,160	\$ 33,273
Due from other governmental entities	-	225,196	311,008	80,504	-
Due from other funds	-	-	-	-	-
Prepaid expenses	-	-	-	-	-
Total assets	<u>\$ 268,015</u>	<u>\$ 1,162,562</u>	<u>\$ 1,996,701</u>	<u>\$ 778,664</u>	<u>\$ 33,273</u>
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued salaries	-	-	-	-	-
Due to other governmental entities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICIT)					
Restricted	268,015	1,162,562	1,996,701	778,664	33,273
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances (deficit)	<u>268,015</u>	<u>1,162,562</u>	<u>1,996,701</u>	<u>778,664</u>	<u>33,273</u>
Total liabilities and fund balances (deficit)	<u>\$ 268,015</u>	<u>\$ 1,162,562</u>	<u>\$ 1,996,701</u>	<u>\$ 778,664</u>	<u>\$ 33,273</u>

COUNTY OF LASSEN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017

	Special Revenue Funds			
	Fair	Economic Development & Housing Income	USDA Title III	Probation Fund
ASSETS				
Cash and investments	\$ -	\$ -	\$ 109,612	\$ 235,887
Due from other governmental entities	48,000	-	-	127,785
Due from other funds	-	-	-	2,905
Prepaid expenses	7,500	-	-	-
Total assets	<u>\$ 55,500</u>	<u>\$ -</u>	<u>\$ 109,612</u>	<u>\$ 366,577</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Accrued salaries	10,414	-	-	53,995
Due to other governmental entities	-	-	-	-
Due to other funds	65,430	-	-	-
Total liabilities	<u>75,844</u>	<u>-</u>	<u>-</u>	<u>53,995</u>
FUND BALANCES (DEFICIT)				
Restricted	-	-	109,612	-
Assigned	-	-	-	312,582
Unassigned	(20,344)	-	-	-
Total fund balances (deficit)	<u>(20,344)</u>	<u>-</u>	<u>109,612</u>	<u>312,582</u>
Total liabilities and fund balances (deficit)	<u>\$ 55,500</u>	<u>\$ -</u>	<u>\$ 109,612</u>	<u>\$ 366,577</u>

**COUNTY OF LASSEN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

	Special Revenue Funds <u>Child Support</u>	Total Special Revenue Funds <u> </u>
ASSETS		
Cash and investments	\$ 176,542	\$ 7,873,293
Due from other governmental entities	-	1,575,517
Due from other funds	-	2,905
Prepaid expenses	<u>-</u>	<u>7,500</u>
 Total assets	 <u>\$ 176,542</u>	 <u>\$ 9,459,215</u>
LIABILITIES		
Accounts payable	\$ -	\$ 35,644
Accrued salaries	14,927	117,425
Due to other governmental entities	-	16,746
Due to other funds	<u>-</u>	<u>257,598</u>
 Total liabilities	 <u>14,927</u>	 <u>427,413</u>
FUND BALANCES (DEFICIT)		
Restricted	161,615	8,281,326
Assigned	-	770,820
Unassigned	<u>-</u>	<u>(20,344)</u>
 Total fund balances (deficit)	 <u>161,615</u>	 <u>9,031,802</u>
 Total liabilities and fund balances (deficit)	 <u>\$ 176,542</u>	 <u>\$ 9,459,215</u>

**COUNTY OF LASSEN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

	Capital Projects Funds			
	Criminal Justice Facility Construction	Capital Improvements	Capital Improvements Lease	Accumulated Capital Outlay
ASSETS				
Cash and investments	\$ 149,527	\$ 88,464	\$ 810,460	\$ 346,972
Due from other governmental entities	-	-	-	-
Due from other funds	-	-	-	-
Prepaid expenses	-	-	-	-
Total assets	<u>\$ 149,527</u>	<u>\$ 88,464</u>	<u>\$ 810,460</u>	<u>\$ 346,972</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 48,640	\$ -
Accrued salaries	-	-	-	-
Due to other governmental entities	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>48,640</u>	<u>-</u>
FUND BALANCES (DEFICIT)				
Restricted	149,527	-	-	-
Assigned	-	88,464	761,820	346,972
Unassigned	-	-	-	-
Total fund balances (deficit)	<u>149,527</u>	<u>88,464</u>	<u>761,820</u>	<u>346,972</u>
Total liabilities and fund balances (deficit)	<u>\$ 149,527</u>	<u>\$ 88,464</u>	<u>\$ 810,460</u>	<u>\$ 346,972</u>

**COUNTY OF LASSEN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

	Capital Projects Funds			
	Courthouse Construction	Fair Improvement	CCF Equipment Replacement Fund	Total Capital Projects Funds
ASSETS				
Cash and investments	\$ 447,378	\$ 74,785	\$ 1,499	\$ 1,919,085
Due from other governmental entities	-	-	-	-
Due from other funds	-	-	-	-
Prepaid expenses	-	-	-	-
Total assets	<u>\$ 447,378</u>	<u>\$ 74,785</u>	<u>\$ 1,499</u>	<u>\$ 1,919,085</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 12,458	\$ 61,098
Accrued salaries	-	-	-	-
Due to other governmental entities	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>12,458</u>	<u>61,098</u>
FUND BALANCES (DEFICIT)				
Restricted	447,378	-	-	596,905
Assigned	-	74,785	-	1,272,041
Unassigned	-	-	(10,959)	(10,959)
Total fund balances (deficit)	<u>447,378</u>	<u>74,785</u>	<u>(10,959)</u>	<u>1,857,987</u>
Total liabilities and fund balances (deficit)	<u>\$ 447,378</u>	<u>\$ 74,785</u>	<u>\$ 1,499</u>	<u>\$ 1,919,085</u>

**COUNTY OF LASSEN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2017**

	Debt Service Fund	Total Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$ 1,002	\$ 1,002	\$ 9,793,380
Due from other governmental entities	-	-	1,575,517
Due from other funds	-	-	2,905
Prepaid expenses	-	-	7,500
	<u>-</u>	<u>-</u>	<u>7,500</u>
Total assets	<u>\$ 1,002</u>	<u>\$ 1,002</u>	<u>\$ 11,379,302</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 96,742
Accrued salaries	-	-	117,425
Due to other governmental entities	-	-	16,746
Due to other funds	-	-	257,598
	<u>-</u>	<u>-</u>	<u>257,598</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>488,511</u>
FUND BALANCES (DEFICIT)			
Restricted	-	-	8,878,231
Assigned	1,002	1,002	2,043,863
Unassigned	-	-	(31,303)
	<u>-</u>	<u>-</u>	<u>(31,303)</u>
Total fund balances (deficit)	<u>1,002</u>	<u>1,002</u>	<u>10,890,791</u>
Total liabilities and fund balances (deficit)	<u>\$ 1,002</u>	<u>\$ 1,002</u>	<u>\$ 11,379,302</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds				
	Prison Trial Program Fund	DA Contracts Fund	Sheriff Contracts Fund	HHS Contracts Fund	Fish & Game Fund
REVENUES					
Taxes	\$ -	\$ -	\$ 7,913	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	849,886	143,695	84,164	150,000	-
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	724	-	435
Use of money and property	-	-	735	75	-
Other revenues	-	-	-	-	498
Total revenues	<u>849,886</u>	<u>143,695</u>	<u>93,536</u>	<u>150,075</u>	<u>933</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public protection	843,207	146,312	50,075	-	1,400
Public ways and facilities	-	-	-	-	-
Health and sanitation	-	-	-	138,352	-
Public assistance	-	-	-	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	-	-	9,901	5,738	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>843,207</u>	<u>146,312</u>	<u>59,976</u>	<u>144,090</u>	<u>1,400</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,679</u>	<u>(2,617)</u>	<u>33,560</u>	<u>5,985</u>	<u>(467)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	2,000
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>
Net changes in fund balances	6,679	(2,617)	33,560	5,985	1,533
Fund balances - beginning of year (restated)	<u>37,055</u>	<u>5,795</u>	<u>124,092</u>	<u>29,333</u>	<u>347</u>
Fund balances - end of year	<u>\$ 43,734</u>	<u>\$ 3,178</u>	<u>\$ 157,652</u>	<u>\$ 35,318</u>	<u>\$ 1,880</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds				
	Mental Health Services Act	Cemetery Fund	Aviation Fund	TCF/Bailiff Fund	Supplemental Law Enforcement Fund
REVENUES					
Taxes	\$ -	\$ 116,775	\$ -	\$ -	\$ -
Licenses and permits	-	1,184	-	-	-
Intergovernmental	2,575,467	1,741	722,065	282,497	812,325
Charges for services	6,828	-	-	293,836	-
Fines and forfeitures	-	-	-	-	-
Use of money and property	15,408	611	(1,736)	(689)	1,654
Other revenues	-	15,500	-	-	-
Total revenues	<u>2,597,703</u>	<u>135,811</u>	<u>720,329</u>	<u>575,644</u>	<u>813,979</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public protection	-	124,998	-	567,727	120,124
Public ways and facilities	-	-	38,083	-	-
Health and sanitation	2,393,044	-	-	-	-
Public assistance	-	-	-	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	-	-	481,793	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>2,393,044</u>	<u>124,998</u>	<u>519,876</u>	<u>567,727</u>	<u>120,124</u>
Excess (deficiency) of revenues over (under) expenditures	<u>204,659</u>	<u>10,813</u>	<u>200,453</u>	<u>7,917</u>	<u>693,855</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	13,165	-	-	-	-
Transfers out	<u>(344,056)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(746,000)</u>
Total other financing sources (uses)	<u>(330,891)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(746,000)</u>
Net changes in fund balances	(126,232)	10,813	200,453	7,917	(52,145)
Fund balances - beginning of year (restated)	<u>2,394,615</u>	<u>150,247</u>	<u>180,185</u>	<u>179,815</u>	<u>128,574</u>
Fund balances - end of year	<u>\$ 2,268,383</u>	<u>\$ 161,060</u>	<u>\$ 380,638</u>	<u>\$ 187,732</u>	<u>\$ 76,429</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds				
	Vital Statistics	Recorder Micrographics	Recorder Modernization	Recorder AB130	Inmate Welfare County
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Charges for services	5,737	8,309	35,063	12,409	21,092
Fines and forfeitures	-	-	-	-	-
Use of money and property	265	548	629	99	451
Other revenues	-	-	-	-	56,100
Total revenues	<u>6,002</u>	<u>8,857</u>	<u>35,692</u>	<u>12,508</u>	<u>77,643</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public protection	4,753	11,654	25,346	135	91,394
Public ways and facilities	-	-	-	-	-
Health and sanitation	-	-	-	-	-
Public assistance	-	-	-	-	-
Recreation and culture	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>4,753</u>	<u>11,654</u>	<u>25,346</u>	<u>135</u>	<u>91,394</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,249</u>	<u>(2,797)</u>	<u>10,346</u>	<u>12,373</u>	<u>(13,751)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	(15,000)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(15,000)</u>	<u>-</u>
Net change in fund balances	1,249	(2,797)	10,346	(2,627)	(13,751)
Fund balances - beginning of year (restated)	<u>77,357</u>	<u>161,493</u>	<u>146,146</u>	<u>24,903</u>	<u>146,732</u>
Fund balances - end of year	<u>\$ 78,606</u>	<u>\$ 158,696</u>	<u>\$ 156,492</u>	<u>\$ 22,276</u>	<u>\$ 132,981</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds				
	Narcotics Asset Forfeiture Fund	Narcotics Task Force Fund	Bieber Lighting District	Lassen- Modoc Flood Fund	Natural Resources
REVENUES					
Taxes	\$ -	\$ -	\$ 2,771	\$ 10,255	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	-	289,952	40	150	35,000
Charges for services	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-
Use of money and property	78	501	103	526	318
Other revenues	-	12,160	-	-	1,423
	<u>78</u>	<u>302,613</u>	<u>2,914</u>	<u>10,931</u>	<u>36,741</u>
EXPENDITURES					
Current:					
General government	-	-	3,264	-	-
Public protection	26,568	190,370	-	-	-
Public ways and facilities	-	-	-	229	-
Health and sanitation	-	-	-	-	-
Public assistance	-	-	-	-	-
Recreation and culture	-	-	-	-	87,750
Capital outlay	-	42,637	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
	<u>26,568</u>	<u>233,007</u>	<u>3,264</u>	<u>229</u>	<u>87,750</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(26,490)</u>	<u>69,606</u>	<u>(350)</u>	<u>10,702</u>	<u>(51,009)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	20,000
Transfers out	-	(56,385)	-	-	-
	<u>-</u>	<u>(56,385)</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
Net change in fund balances	(26,490)	13,221	(350)	10,702	(31,009)
Fund balances - beginning of year (restated)	<u>35,268</u>	<u>111,080</u>	<u>29,537</u>	<u>133,803</u>	<u>88,305</u>
Fund balances - end of year	<u>\$ 8,778</u>	<u>\$ 124,301</u>	<u>\$ 29,187</u>	<u>\$ 144,505</u>	<u>\$ 57,296</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds				
	Geothermal	Mental Health Realignment	Social Services Realignment	Public Health Realignment	County Children's Fund
REVENUES					
Taxes	\$ -	\$ 1,170,043	\$ 2,213,832	\$ 80,504	\$ -
Licenses and permits	-	-	-	-	-
Intergovernmental	14,927	172,058	57,212	1,416,997	546
Charges for services	-	163,057	163,058	163,058	3,258
Fines and forfeitures	-	-	-	-	-
Use of money and property	993	4,837	6,135	4,180	116
Other revenues	-	-	-	-	-
Total revenues	15,920	1,509,995	2,440,237	1,664,739	3,920
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Public protection	480	-	-	-	-
Public ways and facilities	-	-	-	-	-
Health and sanitation	-	215,705	-	193,058	-
Public assistance	-	-	163,058	-	6,881
Recreation and culture	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	480	215,705	163,058	193,058	6,881
Excess (deficiency) of revenues over (under) expenditures	15,440	1,294,290	2,277,179	1,471,681	(2,961)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	-
Transfers out	-	(1,137,173)	(1,804,271)	(1,600,602)	-
Total other financing sources (uses)	-	(1,137,173)	(1,804,271)	(1,600,602)	-
Net change in fund balances	15,440	157,117	472,908	(128,921)	(2,961)
Fund balances - beginning of year (restated)	252,575	1,005,445	1,523,793	907,585	36,234
Fund balances - end of year	\$ 268,015	\$ 1,162,562	\$ 1,996,701	\$ 778,664	\$ 33,273

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds			
	Fair	Economic Development & Housing Income	USDA Title III	Probation Fund
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-
Intergovernmental	53,000	-	-	619,040
Charges for services	-	-	-	57,690
Fines and forfeitures	-	-	-	452,364
Use of money and property	521,535	-	(405)	25
Other revenues	688	-	-	5,450
	<u>575,223</u>	<u>-</u>	<u>(405)</u>	<u>1,134,569</u>
Total revenues				
EXPENDITURES				
Current:				
General government	713,978	-	-	-
Public protection	-	-	124,982	2,282,518
Public ways and facilities	-	-	-	-
Health and sanitation	-	-	-	-
Public assistance	-	-	-	-
Recreation and culture	-	-	-	-
Capital outlay	-	-	-	24,900
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
	<u>713,978</u>	<u>-</u>	<u>124,982</u>	<u>2,307,418</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>(138,755)</u>	<u>-</u>	<u>(125,387)</u>	<u>(1,172,849)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	119,758	-	-	1,065,180
Transfers out	-	-	(2,512)	-
	<u>119,758</u>	<u>-</u>	<u>(2,512)</u>	<u>1,065,180</u>
Total other financing sources (uses)				
Net change in fund balances	(18,997)	-	(127,899)	(107,669)
Fund balances - beginning of year (restated)	<u>(1,347)</u>	<u>-</u>	<u>237,511</u>	<u>420,251</u>
Fund balances - end of year	<u>\$ (20,344)</u>	<u>\$ -</u>	<u>\$ 109,612</u>	<u>\$ 312,582</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue Funds Child Support	Total Special Revenue Funds
REVENUES		
Taxes	\$ -	\$ 3,602,093
Licenses and permits	-	1,184
Intergovernmental	946,469	9,227,231
Charges for services	-	933,395
Fines and forfeitures	-	453,523
Use of money and property	1,207	558,199
Other revenues	<u>836</u>	<u>92,655</u>
Total revenues	<u>948,512</u>	<u>14,868,280</u>
EXPENDITURES		
Current:		
General government	-	717,242
Public protection	863,743	5,475,786
Public ways and facilities	-	38,312
Health and sanitation	-	2,940,159
Public assistance	-	169,939
Recreation and culture	-	87,750
Capital outlay	14,373	579,342
Debt service:		
Principal	-	-
Interest	<u>-</u>	<u>-</u>
Total expenditures	<u>878,116</u>	<u>10,008,530</u>
Excess (deficiency) of revenues over (under) expenditures	<u>70,396</u>	<u>4,859,750</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	-	1,220,103
Transfers out	<u>-</u>	<u>(5,705,999)</u>
Total other financing sources (uses)	<u>-</u>	<u>(4,485,896)</u>
Net change in fund balances	70,396	373,854
Fund balances - beginning of year (restated)	<u>91,219</u>	<u>8,657,948</u>
Fund balances - end of year	<u>\$ 161,615</u>	<u>\$ 9,031,802</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Capital Projects Funds			
	Criminal Justice Facility Construction	Capital Improvements	Capital Improvements Lease	Accumulated Capital Outlay
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 243,479
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	3,630
Charges for services	-	-	-	-
Fines and forfeitures	44,273	-	-	-
Use of money and property	513	353	3,127	(5,426)
Other revenues	-	-	-	-
Total revenues	<u>44,786</u>	<u>353</u>	<u>3,127</u>	<u>241,683</u>
EXPENDITURES				
Current:				
General government	-	87,629	-	53,935
Public protection	2,209	-	-	-
Public ways and facilities	-	-	-	-
Health and sanitation	-	-	-	-
Public assistance	-	-	-	-
Recreation and culture	-	-	-	-
Capital outlay	-	11,750	1,081,858	126,481
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>2,209</u>	<u>99,379</u>	<u>1,081,858</u>	<u>180,416</u>
Excess (deficiency) of revenues over (under) expenditures	<u>42,577</u>	<u>(99,026)</u>	<u>(1,078,731)</u>	<u>61,267</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	110,000	179,300	150,000	-
Transfers out	-	-	-	(484,965)
Total other financing sources (uses)	<u>110,000</u>	<u>179,300</u>	<u>150,000</u>	<u>(484,965)</u>
Net change in fund balances	152,577	80,274	(928,731)	(423,698)
Fund balances - beginning of year (restated)	<u>(3,050)</u>	<u>8,190</u>	<u>1,690,551</u>	<u>770,670</u>
Fund balances - end of year	<u>\$ 149,527</u>	<u>\$ 88,464</u>	<u>\$ 761,820</u>	<u>\$ 346,972</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Capital Projects Funds			
	Courthouse Construction	Fair Improvement	CCF Equipment Replacement Fund	Total Capital Projects Funds
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ 243,479
Licenses and permits	-	-	-	-
Intergovernmental	-	18,858	14,361	36,849
Charges for services	-	-	-	-
Fines and forfeitures	77,443	-	-	121,716
Use of money and property	1,694	271	-	532
Other revenues	-	-	-	-
Total revenues	<u>79,137</u>	<u>19,129</u>	<u>14,361</u>	<u>402,576</u>
EXPENDITURES	-			
Current:				
General government	-	19,709	-	161,273
Public protection	-	-	15,713	17,922
Public ways and facilities	-	-	-	-
Health and sanitation	-	-	-	-
Public assistance	-	-	-	-
Recreation and culture	-	-	-	-
Capital outlay	-	-	14,191	1,234,280
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>19,709</u>	<u>29,904</u>	<u>1,413,475</u>
Excess (deficiency) of revenues over (under) expenditures	<u>79,137</u>	<u>(580)</u>	<u>(15,543)</u>	<u>(1,010,899)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	439,300
Transfers out	<u>(110,000)</u>	<u>(4,823)</u>	<u>-</u>	<u>(599,788)</u>
Total other financing sources (uses)	<u>(110,000)</u>	<u>(4,823)</u>	<u>-</u>	<u>(160,488)</u>
Net change in fund balances	(30,863)	(5,403)	(15,543)	(1,171,387)
Fund balances - beginning of year (restated)	<u>478,241</u>	<u>80,188</u>	<u>4,584</u>	<u>3,029,374</u>
Fund balances - end of year	<u>\$ 447,378</u>	<u>\$ 74,785</u>	<u>\$ (10,959)</u>	<u>\$ 1,857,987</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Debt Service Fund	Debt Service Total	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ -	\$ -	\$ 3,845,572
Licenses and permits	-	-	1,184
Intergovernmental	-	-	9,264,080
Charges for services	-	-	933,395
Fines and forfeitures	-	-	575,239
Use of money and property	-	-	558,731
Other revenues	-	-	92,655
Total revenues	-	-	15,270,856
EXPENDITURES			
Current:			
General government	-	-	878,515
Public protection	-	-	5,493,708
Public ways and facilities	-	-	38,312
Health and sanitation	-	-	2,940,159
Public assistance	-	-	169,939
Recreation and culture	-	-	87,750
Capital outlay	-	-	1,813,622
Debt service:			
Principal	142,494	142,494	142,494
Interest	157,728	157,728	157,728
Total expenditures	300,222	300,222	11,722,227
Excess (deficiency) of revenues over (under) expenditures	(300,222)	(300,222)	3,548,629
OTHER FINANCING SOURCES (USES)			
Transfers in	299,965	299,965	1,959,368
Transfers out	-	-	(6,305,787)
Total other financing sources (uses)	299,965	299,965	(4,346,419)
Net change in fund balances	(257)	(257)	(797,790)
Fund balances - beginning of year (restated)	1,259	1,259	11,688,581
Fund balances - end of year	\$ 1,002	\$ 1,002	\$ 10,890,791

COUNTY OF LASSEN
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2017

	Business-Type Activities Enterprise Funds County Service Area (Honey Lake TV)	Governmental Activities Internal Service Funds
ASSETS		
Current assets:		
Cash and investments	\$ 33,717	\$ 1,595,841
Total current assets	<u>33,717</u>	<u>1,595,841</u>
Noncurrent assets:		
Capital assets:		
Depreciable, net	<u>40,147</u>	<u>792,396</u>
Total noncurrent assets	<u>40,147</u>	<u>792,396</u>
Total assets	<u>73,864</u>	<u>2,388,237</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows from pensions	<u>-</u>	<u>149,999</u>
Total deferred outflows of resources	<u>-</u>	<u>149,999</u>
LIABILITIES		
Current liabilities:		
Accounts payable	-	19,599
Unearned revenue	-	80,000
Salaries and benefits payable	<u>-</u>	<u>12,054</u>
Total current liabilities	<u>13</u>	<u>111,653</u>
Noncurrent liabilities:		
Net pension liability	<u>-</u>	<u>556,636</u>
Total noncurrent liabilities	<u>-</u>	<u>556,636</u>
Total liabilities	<u>13</u>	<u>668,289</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows from pensions	<u>-</u>	<u>9,088</u>
Total deferred inflows of resources	<u>-</u>	<u>9,088</u>
NET POSITION		
Net investment in capital assets	40,147	792,396
Unrestricted	<u>33,704</u>	<u>1,068,463</u>
Total net position	<u>\$ 73,851</u>	<u>\$ 1,860,859</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Business-Type Activities Enterprise Funds County Service Area (Honey Lake TV)	Governmental Activities Internal Service Funds
Operating revenues:		
Charges for services	\$ 41,900	\$ 1,464,291
Other revenue	<u>-</u>	<u>58,336</u>
Total operating revenues	<u>41,900</u>	<u>1,522,627</u>
Operating expenses:		
Salaries and benefits	-	258,064
Services and supplies	23,025	559,094
Depreciation	<u>17,291</u>	<u>343,865</u>
Total operating expenses	<u>40,316</u>	<u>1,161,023</u>
Operating income (loss)	<u>1,584</u>	<u>361,604</u>
Nonoperating revenues (expenses):		
Interest income	<u>165</u>	<u>4,087</u>
Total nonoperating revenues (expenses)	<u>165</u>	<u>4,087</u>
Income (loss) before transfers	<u>1,749</u>	<u>365,691</u>
Change in net position	1,749	365,691
Net position, beginning of year	<u>72,102</u>	<u>1,495,168</u>
Net position, end of year	<u><u>\$ 73,851</u></u>	<u><u>\$ 1,860,859</u></u>

COUNTY OF LASSEN
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Business-Type Activities Enterprise Funds Nonmajor Funds	Governmental Activities Internal Service Funds
Cash flows from operating activities:		
Cash received from customers	\$ 41,900	\$ -
Cash received from interfund services provided	-	1,507,671
Cash payments to suppliers for goods and services	(23,025)	(542,847)
Cash paid to employees for services	-	(324,506)
Net cash provided by (used for) operating activities	<u>18,875</u>	<u>640,318</u>
Cash flows from noncapital financing activities:		
Advances to/from other funds	<u>13</u>	<u>-</u>
Net cash provided by (used for) noncapital financing activities	<u>13</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Payments related to the acquisition of capital assets	<u>-</u>	<u>(581,355)</u>
Net cash provided by (used for) capital and related financing activities	<u>-</u>	<u>(581,355)</u>
Cash flows from investing activities:		
Interest received	<u>165</u>	<u>4,087</u>
Net cash provided by (used for) investing activities	<u>165</u>	<u>4,087</u>
Net increase (decrease) in cash and cash equivalents	19,053	63,050
Cash and cash equivalents, beginning of year	<u>14,664</u>	<u>1,532,791</u>
Cash and cash equivalents, end of year	<u>\$ 33,717</u>	<u>\$ 1,595,841</u>
Reconciliation of operating income (loss) to net cash provided by (used) for operating activities:		
Operating income (loss)	\$ 1,584	\$ 361,604
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	17,291	343,865
Changes in assets and liabilities:		
(Increase)/decrease in deferred outflows of resources for pensions	-	(94,245)
Increase/(decrease) in accounts payable	-	16,247
Increase/(decrease) in unearned revenue	-	(14,956)
Increase/(decrease) in accrued salaries	-	3,830
Increase/(decrease) in net pension liability	-	63,081
Increase/(decrease) in deferred inflows of resources for pensions	<u>-</u>	<u>(39,108)</u>
Net cash provided by (used for) operating activities	<u>\$ 18,875</u>	<u>\$ 640,318</u>

INTERNAL SERVICE FUNDS

COUNTY OF LASSEN
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2017

	Information Services	Fleet Maintenance	Total
ASSETS			
Current assets:			
Cash and investments	\$ 471,219	\$ 1,124,622	\$ 1,595,841
Total current assets	<u>471,219</u>	<u>1,124,622</u>	<u>1,595,841</u>
Noncurrent assets:			
Capital assets:			
Depreciable, net	69,230	723,166	792,396
Total noncurrent assets	<u>69,230</u>	<u>723,166</u>	<u>792,396</u>
Total assets	<u>540,449</u>	<u>1,847,788</u>	<u>2,388,237</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pensions	62,820	87,179	149,999
Total deferred outflows of resources	<u>62,820</u>	<u>87,179</u>	<u>149,999</u>
LIABILITIES			
Current liabilities:			
Accounts payable	19,599	-	19,599
Unearned revenue	80,000	-	80,000
Salaries and benefits payable	8,408	3,646	12,054
Total current liabilities	<u>108,007</u>	<u>3,646</u>	<u>111,653</u>
Noncurrent liabilities:			
Net pension liability	234,053	322,583	556,636
Total noncurrent liabilities	<u>234,053</u>	<u>322,583</u>	<u>556,636</u>
Total liabilities	<u>342,060</u>	<u>326,229</u>	<u>668,289</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pensions	2,801	6,287	9,088
Total deferred inflows of resources	<u>2,801</u>	<u>6,287</u>	<u>9,088</u>
NET POSITION			
Net investment in capital assets	69,230	723,166	792,396
Unrestricted	189,178	879,285	1,068,463
Total net position	<u>\$ 258,408</u>	<u>\$ 1,602,451</u>	<u>\$ 1,860,859</u>

COUNTY OF LASSEN
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Information Services	Fleet Maintenance	Total
Operating revenues:			
Charges for services	\$ 774,545	\$ 689,746	\$ 1,464,291
Other revenue	<u>3,408</u>	<u>54,928</u>	<u>58,336</u>
Total operating revenues	<u>777,953</u>	<u>744,674</u>	<u>1,522,627</u>
Operating expenses:			
Salaries and benefits	215,168	42,896	258,064
Services and supplies	446,647	112,447	559,094
Depreciation	<u>23,594</u>	<u>320,271</u>	<u>343,865</u>
Total operating expenses	<u>685,409</u>	<u>475,614</u>	<u>1,161,023</u>
Operating income (loss)	<u>92,544</u>	<u>269,060</u>	<u>361,604</u>
Nonoperating revenues (expenses):			
Interest income	<u>2,332</u>	<u>1,755</u>	<u>4,087</u>
Total nonoperating revenues (expenses)	<u>2,332</u>	<u>1,755</u>	<u>4,087</u>
Change in net position	94,876	270,815	365,691
Net position, beginning of the year (restated)	<u>163,532</u>	<u>1,331,636</u>	<u>1,495,168</u>
Net position, end of year	<u><u>\$ 258,408</u></u>	<u><u>\$ 1,602,451</u></u>	<u><u>\$ 1,860,859</u></u>

COUNTY OF LASSEN
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Information Services	Fleet Maintenance	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from interfund services provided	\$ 817,953	\$ 689,718	\$ 1,507,671
Cash paid to suppliers for goods and services	(430,400)	(112,447)	(542,847)
Cash paid to employees for services	(187,387)	(137,119)	(324,506)
	<u>200,166</u>	<u>440,152</u>	<u>640,318</u>
Net cash provided by (used for) operating activities			
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Payment for the acquisition of capital assets	(24,993)	(556,362)	(581,355)
	<u>(24,993)</u>	<u>(556,362)</u>	<u>(581,355)</u>
Net cash provided by (used for) capital and related financing activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	2,332	1,755	4,087
	<u>2,332</u>	<u>1,755</u>	<u>4,087</u>
Net cash provided by (used for) investing activities			
Net increase (decrease) in cash and cash equivalents	177,505	(114,455)	63,050
Cash and cash equivalents, beginning of year	293,714	1,239,077	1,532,791
Cash and cash equivalents, end of year	<u>\$ 471,219</u>	<u>\$ 1,124,622</u>	<u>\$ 1,595,841</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ 92,544	\$ 269,060	\$ 361,604
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	23,594	320,271	343,865
(Increase) decrease in deferred outflows of resources for pensions	(45,638)	(48,607)	(94,245)
Increase (decrease) in accounts payable	16,247	-	16,247
Increase (decrease) in unearned revenue	40,000	(54,956)	(14,956)
Increase (decrease) in accrued salaries	3,522	308	3,830
Increase (decrease) in net pension liability	81,950	(18,869)	63,081
Deferred inflows of resources for pensions	(12,053)	(27,055)	(39,108)
	<u>\$ 200,166</u>	<u>\$ 440,152</u>	<u>\$ 640,318</u>
Net cash provided by (used for) operating activities			