

**COUNTY OF TEHAMA,
CALIFORNIA**



**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED
JUNE 30, 2018**

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COUNTY OF TEHAMA
Annual Financial Report
For the Year Ended June 30, 2018

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INTRODUCTORY SECTION

- **County Officials**

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COUNTY OF TEHAMA
County Officials
For the Year Ended June 30, 2018

ELECTED OFFICIALS

Supervisor, District 1.....	Steve Chamblin
Supervisor, District 2.....	Candy Carlson
Supervisor, District 3.....	Dennis Garton
Supervisor, District 4.....	Bob Williams
Supervisor, District 5.....	Burt Bundy
Assessor.....	Dale Stroud
Auditor/Controller.....	LeRoy M. Anderson
Clerk & Recorder/Clerk of the Board/Elections.....	Jennifer Vise
District Attorney.....	Gregg Cohen
Sheriff/Coroner.....	Dave Hencratt
Treasurer/Tax Collector.....	Dana Hollmer

DEPARTMENT DIRECTORS/ADMINISTRATORS

Chief Administrator.....	Williams Goodwin
Agriculture Commissioner - Sealer Weights & Measures.....	Rick J. Gurrola
Air Pollution Control Officer (Interim).....	Joseph H. Tona
Building Official.....	John Stover
Chief Probation Officer.....	Richard Muench
Child Support Services Director.....	Tonya Moore
Civil Defense Coordinator.....	Dave Hencratt
County Library Manager.....	Todd Deck
County Counsel.....	Richard Stout
Court Executive Officer - Jury Commissioner.....	Kevin Harrigan
Director of Environmental Health.....	Tim Potanovic
Director of Planning.....	Kristin Maze
Director of Public Works - Road Commissioner.....	Tim McSorley
Farm Advisor.....	Rick Buchner
Fire Warden - Chief.....	Christine Thompson
Health Officer.....	Richard Wickenheiser, MD
Health Services Agency - Executive Director.....	Valerie Lucero
Personnel Director.....	Missy Bullington
Public Guardian - Public Administrator.....	Melani Rodrigue
Social Services Director.....	Amanda Sharp
Veterans Service Officer.....	Kelly Osborn

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FINANCIAL SECTION

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

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors and Grand Jury
County of Tehama
Red Bluff, 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 Tehama, California (County), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

To the Board of Supervisors and Grand Jury
County of Tehama
Red Bluff, California

Basis for Qualified Opinion

As discussed in Note 1J to the financial statements, the County has not maintained detailed records of infrastructure assets and infrastructure construction in progress. Accounting principles generally accepted in the United States of America require that infrastructure and infrastructure construction in progress be capitalized. The amounts by which this departure would affect the assets and net position of the government-wide financial statements of the County is not reasonably determinable.

Qualified Opinion

In our opinion, except for the effects of the matters discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly the financial position of the governmental activities of the County as of June 30, 2018, and the changes in financial position thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the County as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1S to the financial statements, in 2017-18, the County adopted new accounting guidance, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinion is not modified with respect to this matter

Other Matters

Required Supplementary Information

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

To the Board of Supervisors and Grand Jury
County of Tehama
Red Bluff, California

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 introductory section and 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.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 22, 2019, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's 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.



Smith & Newell CPAs
Yuba City, California
February 22, 2019

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**Management's Discussion and Analysis
(Unaudited)**

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COUNTY OF TEHAMA

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2018

This section of the County of Tehama (County) annual financial report presents a discussion and analysis of the County's financial performance during the fiscal year ended June 30, 2018. It should be read in conjunction with the County's basic financial statements following this section.

I. FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of the fiscal year by \$184,210,949 (net position). Of this amount, \$32,442,499 is restricted by function, \$206,777,608 is net investment in capital assets, and (\$55,009,158) is unrestricted.
- The government's total net position decreased by \$11,215,222 during the year.
- As of June 30, 2018 the County's governmental funds combined ending fund balances were \$44,397,203. This is a net decrease of \$5,142,365 from the prior year, and is comprised of \$33,074,364 in non-spendable and/or restricted fund balance and \$11,322,839 as committed, assigned or unassigned.

II. OVERVIEW OF THE FINANCIAL STATEMENTS

A. Financial Reporting Model

The County of Tehama's financial reporting model is designed to demonstrate government accountability by presenting both a long-term and a near term view of its finances. This model is prescribed by Statement Number 34 of the Government Accounting Standards Board (GASB 34). This model is comprised of three parts: 1) Management Discussion and Analysis which provides the financial highlights; 2) The County's basic financial statements, which consist of the Government-Wide financial statements, the Fund financial statements and Notes to the financial statements; 3) Required Supplementary Information.

B. Government-Wide Financial Statements

The government-wide financial statements provide an overview of the County's finances, in a manner similar to a private sector business that is using the accrual basis of accounting. They demonstrate accountability of Tehama County by showing the extent to which it has met operating objectives efficiently and effectively, using all resources available, and whether it can continue to do so.

The statement of net position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information on expenses and revenues to show how the government's net position changed during the 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 are reported as soon as earned and expenses are reported as soon as incurred even though the related cash flows may not have taken place until future fiscal periods (e.g., earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant 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.

Certain component units such as county service areas are essentially part of County operations and their financial data are blended in with operational funds of the County.

C. Fund Financial Statements

The fund financial statements provide evidence of accountability by demonstrating compliance with budgetary decisions made in a public forum. A fund is a group of related accounts that are used to maintain control over resources that have been segregated for specific activities or purposes stipulated by laws, regulations or policies. The funds of the County are divided into three categories: governmental, proprietary, and fiduciary.

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

The County maintains multiple individual governmental funds. Governmental fund information is presented separately for the following major funds in the financial statements: the General fund, Public Safety fund, Public Assistance fund, and the Health Services fund. Data from other governmental funds is aggregated into a single column and classified as Other Governmental funds.

Proprietary funds are of two types:

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for the Tehama County Sanitation District #1.

Internal service funds are used to accumulate and allocate costs internally among the County's various functions. The County uses internal services funds to account for Risk Management (Worker's Compensation, Liability and Property Insurance) and Dental and Vision Insurance programs. Because these services predominantly benefit governmental, rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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 programs. The County maintains both agency funds and investment trust funds in the fiduciary fund category.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the information provided in the financial statements.

D. Required Supplementary Information

In addition to the basic financial statements, this report presents Required Supplementary Information that includes the County's progress in funding its obligation to provide pension and other postemployment benefits to its employees; infrastructure assets reported using the modified approach and budgetary comparisons for the General fund and major special revenue funds.

E. Annual Audit Requirements

A countywide audit is required in order to comply with provisions of the Federal Single Audit Act of 1984 and California Government Code Section 25250. In accordance with these requirements the Tehama County Financial Statements undergo an annual audit by a CPA firm under contract with the County. The audit of the 2017/18 Financial Statements was conducted by the firm Smith & Newell CPAs.

III. GOVERNMENT-WIDE FINANCIAL ANALYSIS

Condensed Statement of Net Position June 30, 2018

	Governmental Activities		Business-Type Activities		Total	
	2017	2018	2017	2018	2017	2018
Current and other assets	\$ 75,352,303	\$ 72,052,726	\$ 249,079	\$ 259,887	\$ 75,601,382	\$ 72,312,613
Capital assets	218,211,991	218,058,215	819,525	780,107	219,031,516	218,838,322
Total Assets	293,564,294	290,110,941	1,068,604	1,039,994	294,632,898	291,150,935
Deferred Outflows of Resources						
Pension adjustments	18,334,246	22,889,276	-	-	18,334,246	22,889,276
Total Deferred Outflows of Resources	18,334,246	22,889,276	-	-	18,334,246	22,889,276
Current and other liabilities	18,773,413	21,410,221	26,193	60,740	18,799,606	21,470,961
Long term liabilities	95,546,241	105,371,515	338,200	309,700	95,884,441	105,681,215
Total Liabilities	114,319,654	126,781,736	364,393	370,440	114,684,047	127,152,176
Deferred Inflows of Resources						
Pension adjustments	2,856,926	2,677,086	-	-	2,856,926	2,677,086
Total Deferred Inflows of Resources	2,856,926	2,677,086	-	-	2,856,926	2,677,086
Net investment in capital assets	205,695,070	206,330,701	463,825	446,907	206,158,895	206,777,608
Restricted	35,387,407	32,442,499	-	-	35,387,407	32,442,499
Unrestricted	(46,360,517)	(55,231,805)	240,386	222,647	(46,120,131)	(55,009,158)
Total Net Position	\$ 194,721,960	\$ 183,541,395	\$ 704,211	\$ 669,554	\$ 195,426,171	\$ 184,210,949

The net investment in capital assets reflects the County's investment in land, structures and improvements, infrastructure and equipment. The County uses the capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position of \$32,442,499 represents resources that are subject to external restrictions on how they may be used. The decrease of \$2.9 million is due in large part to increased expenditures, reduced revenue received and an increase in unearned revenues for Public Assistance. The full impact of the decrease was offset by increased property tax revenue, an increase in receivables recorded and realignment dollars received for Health and Welfare, increased building permits and the newly established impact fee.

Unrestricted net position went from \$(46,120,131) to \$(55,009,158). The change is due in large part to the increased PERS liability of \$9.5 million. The OPEB liability also increased by \$1.09 million as a result of GASB 75 reporting requirements. Additionally, overall expenditures for governmental activities continue to rise while revenues decline.

The total deferred outflows of resources for governmental activities were \$22,889,276 and deferred inflows of resources were \$2,677,086. Both numbers are a result of recording the pension liability and pension adjustments. Deferred outflows of resources increased by 24.8% and deferred inflows of resources decreased by 6.3%. These variances are due to the change of assumptions in the prior year and the differences between projected and actual earnings in the current year in the net pension liability calculation.

**Statement of Activities
For the Year Ended June 30, 2018**

	Governmental Activities		Business-Type Activities		Total	
	2017	2018	2017	2018	2017	2018
Program revenues						
Charges for services	\$ 26,448,955	\$ 29,280,341	\$ 221,678	\$ 177,231	\$ 26,670,633	\$ 29,457,572
Grants and contributions	80,244,269	73,634,587	57,560	92,974	80,301,829	73,727,561
General revenues:						
Property taxes	20,627,794	21,235,733	-	-	20,627,794	21,235,733
Other taxes	4,300,608	5,200,893	-	-	4,300,608	5,200,893
Interest and investment earnings	1,088,628	1,032,637	2,091	3,554	1,090,719	1,036,191
Other revenue	962,670	1,298,797	-	-	962,670	1,298,797
Total Revenues	<u>133,672,924</u>	<u>131,682,988</u>	<u>281,329</u>	<u>273,759</u>	<u>133,954,253</u>	<u>131,956,747</u>
Expenses:						
General government	20,905,094	21,659,206	-	-	20,905,094	21,659,206
Public protection	39,254,885	42,964,376	-	-	39,254,885	42,964,376
Public ways and facilities	9,860,023	9,607,275	-	-	9,860,023	9,607,275
Health and welfare	21,260,218	23,629,996	-	-	21,260,218	23,629,996
Public assistance	41,014,892	42,106,218	-	-	41,014,892	42,106,218
Education	708,183	1,111,600	-	-	708,183	1,111,600
Culture and recreation	326,118	345,847	-	-	326,118	345,847
Interest and fiscal charges	527,788	505,803	-	-	527,788	505,803
Sanitation District	-	-	198,915	308,416	198,915	308,416
Total Expenses	<u>133,857,201</u>	<u>141,930,321</u>	<u>198,915</u>	<u>308,416</u>	<u>134,056,116</u>	<u>142,238,737</u>
Changes in net position	(184,277)	(10,247,333)	82,414	(34,657)	(101,863)	(10,281,990)
Net position, beginning	194,906,237	194,721,960	621,797	704,211	195,528,034	195,426,171
Cumulative effect of change in accounting principle	-	(933,232)	-	-	-	(933,232)
Net position, ending	<u>\$ 194,721,960</u>	<u>\$ 183,541,395</u>	<u>\$ 704,211</u>	<u>\$ 669,554</u>	<u>\$ 195,426,171</u>	<u>\$ 184,210,949</u>

The following highlights significant factors that affected the governmental and business-type activities and contributed to the change in net position:

- Governmental activities had a decrease of \$(11,180,565) and business-type activities had a decrease of \$(34,657). The result was an overall decrease in net position of \$(11,215,222).

- There was a rather large increase in revenue from charge for services. Other areas that saw increases were property taxes, other taxes and other revenue. Revenue decreased substantially in grants and contributions and interest and investments.
- There was a significant increase in expenditures for public protection and health & welfare. To a lesser degree, public assistance and other categories increased slightly while public ways & facilities and interest and fiscal charges expenses decreased.

IV. FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

The County uses fund accounting to ensure and demonstrate compliance with budgetary and legal requirements.

Governmental funds. The general government functions are included 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 spendable resources. Such information is useful in assessing the County's financing requirements.

At June 30, 2018, the County's governmental funds reported combined ending fund balances of \$44,397,203. Approximately 25.5% of this total amount, or \$11,322,839, constitutes unrestricted fund balance which may be used to meet the County's ongoing general obligation to citizens and creditors.

The General fund is the main operating fund of the County. At June 30, 2018, combined unrestricted fund balance of the General fund was \$8,557,133, while total combined fund balance reached \$12,348,714. As a measure of the General fund's liquidity, the unrestricted fund balance represents 29% of \$29,887,103 in total fund expenditures, and total fund balance is 41% of that same amount.

The following Special Revenue funds can be viewed a little differently. Here, all restricted fund balances, as defined by GASB 54, are also available for operations. Non-spendable amounts are not available for operations.

The Public Safety fund is used to account for all revenues and expenditures associated with public protection programs. The combined Public Safety fund had a total fund balance of \$7,853,621. Of this amount, \$7,730,689 is available and the balance of \$122,932 is non-spendable. The overall fund balance decreased by \$430,854.

The Public Assistance funds are used to account for all revenues and expenditures associated with the Federal and State mandates of various Health and Welfare Codes. At June 30, 2018, the total combined fund balance of the Public Assistance funds was \$1,837,648. This represents an available fund balance of \$1,729,880 and an overall decrease in fund balance of \$1,917,102.

The Health Services fund is comprised of several sub-funds which are used to account for all revenues and expenditures associated with providing health services to County residents. At June 30, 2018 the combined Health Services funds had a deficit unassigned fund balance of \$(7,089,680). This deficit is due to intergovernmental revenues that were not received within the modified accrual period and therefore, recorded as unavailable revenues on the fund financial statements.

A non-major fund, the Road fund is used to account for all revenues and expenditures associated with design, construction and maintenance of county road infrastructure. The Road fund had a combined fund balance of \$3,685,386. Of this amount \$3,281,114 is available and the remaining \$404,272 is non-spendable. The overall fund balance increased by \$140,452.

The following tables for revenue by source and expenditure by function differ from the numbers presented in the Statement of Activities for various reasons explained in the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds (page 19 of the Financial Statements). The Revenues by Source table presents the revenues from various sources as well as increases or decreases from the prior year in the governmental funds. The Expenditures by Function table presents expenditures by function compared to prior year's amounts in the governmental funds.

**Revenues Classified by Source
Governmental Funds**

<u>Revenue Sources</u>	<u>FY 2017</u>		<u>FY 2018</u>		<u>Change</u>	
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Change</u>
Taxes	\$ 23,878,416	18.2%	\$ 25,402,008	19.1%	\$ 1,523,592	6.4%
Licenses and permits	3,649,564	2.8%	2,905,790	2.2%	(743,774)	-20.4%
Fines and forfeitures	1,592,880	1.2%	2,445,265	1.8%	852,385	53.5%
Use of money and property	1,069,625	0.8%	1,006,603	0.8%	(63,022)	-5.9%
Intergovernmental	77,834,531	59.3%	74,257,357	55.9%	(3,577,174)	-4.6%
Charges for services	22,256,497	16.9%	24,963,904	18.8%	2,707,407	12.2%
Other	1,065,108	0.8%	1,840,700	1.4%	775,592	72.8%
Total Revenues	<u>\$ 131,346,621</u>	<u>100.0%</u>	<u>\$ 132,821,627</u>	<u>100.0%</u>	<u>\$ 1,475,006</u>	

Significant changes for major revenue sources are explained below:

- **LICENSES & PERMITS** – There was a decrease of \$738,699 in Carl Moyer revenue.
- **FINES & FORFEITURES** – The increases were attributable to a \$526,875 increase in Penalties & Costs on Delinquent Property Taxes, a \$225,226 increase in Vehicle Code and Other Court Fines and a \$73,074 increase in Code Enforcement Fines and Fees.
- **CHARGES FOR SERVICES** – The increase was mostly due to a \$1,209,237 increase in Mental Health, a \$159,863 increase in Clinic Services and a \$569,955 increase in Fire services.
- **OTHER** – Significant contributions to the Public Library led to a gain of \$414,545. All Health Services related budgets showed a net gain in Other Revenue of \$59,000 and the Road fund had an increase of \$38,000.

**Expenditures by Function
Governmental Funds**

<u>Expenditures by Function</u>	<u>FY 2017</u>		<u>FY 2018</u>		<u>Change</u>	
	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Total</u>	<u>Amount</u>	<u>% of Change</u>
General government	\$ 20,599,453	14.2%	\$ 20,876,156	15.1%	\$ 276,703	1.3%
Public protection	37,332,956	25.8%	39,105,907	28.4%	1,772,951	4.7%
Health and sanitation	21,055,858	14.6%	22,466,321	16.3%	1,410,463	6.7%
Public assistance	40,753,383	28.2%	40,750,509	29.6%	(2,874)	0.0%
Education	691,193	0.5%	1,044,662	0.8%	353,469	51.1%
Recreation and cultural services	269,496	0.2%	285,707	0.2%	16,211	6.0%
Public ways and facilities	9,526,707	6.6%	8,833,249	6.4%	(693,458)	-7.3%
Debt Service: Principal	766,862	0.5%	789,407	0.6%	22,545	2.9%
Debt Service: Interest & other	527,998	0.4%	512,955	0.4%	(15,043)	-2.8%
Capital outlay	13,045,496	9.0%	3,226,387	2.3%	(9,819,109)	-75.3%
Total Expenditures	<u>\$ 144,569,402</u>	<u>100.0%</u>	<u>\$ 137,891,260</u>	<u>100.0%</u>	<u>\$ (6,678,142)</u>	

Significant changes for major functions are explained below:

EDUCATION – there was a significant increase due to the costs associated with opening and furnishing the new public library.

PUBLIC WAYS & FACILITIES – the bulk of the decrease was due to a reduction of \$2,851,283 in expenditures for Public Works road and bridge improvement projects.

CAPITAL OUTLAY – The decrease was largely due to a \$7,809,432 decrease in the number and scope of Building Projects.

V. GENERAL FUND BUDGETARY HIGHLIGHTS

For management’s discussion regarding General fund budgetary highlights, we are referring to our General Operating fund (101) only. The numbers represented in our financial statement Required Supplementary Information Budgetary Comparison Schedule for General fund combine these numbers as well as multiple special revenue funds (page 72).

The difference between the original 2017/18 revenue budget and the final budget was due largely to an increase in revenue of \$817,958. The increase to the final revenue budget is net of a \$308,000 increase in anticipated Fines & Forfeitures, a \$590,000 increase in Other Revenue (Library Donations and Sales of Fixed Assets), along with a mixture of minor increases/decreases in other areas.

The \$1,167,808 increase in the expenditure budget was net of an increase in every category.

In the General Operating fund (101 only), actual revenues were less than budgetary estimates by \$428,752. Actual expenditures were less than budgetary estimates by \$3,797,714 and transfers were less than budgeted by \$234,405. The net of revenue and expense, combined with fund balance available, provided carry over funds of \$3,210,569 which nearly funded the 2018/19 General fund budget gap.

VI. CAPITAL ASSETS AND DEBT ADMINISTRATION

A. Capital Assets

The County’s investment in capital assets for its governmental and business-type activities as of June 30, 2018 amounts to \$218,838,322 (net of accumulated depreciation). This investment in capital assets includes land, structures and improvements, equipment, construction-in-progress, and some infrastructure. This was a decrease of \$193,194 from prior year.

The County’s infrastructure assets are recorded at historical cost in the government-wide financial statements as required by GASB Statement No. 34. The County has elected to use the modified approach for infrastructure to report its infrastructure, which includes its roads, signs and markings, bridges and culverts of \$166,360,917. The infrastructure assets reported under the modified approach are not subject to depreciation per GASB Statement No. 34.

There has been a significant change in the scale for rating the assessed condition of the County’s maintained road subsystem from the prior year. In the prior year, the assessed condition maintained by the County agreed with the County’s policy to maintain at least 75 percent of its road system at fair or better condition. The scale has been modified from previous years to combine roads in excellent condition with roads in good condition and what were considered to be fair roads are now categorized as poor. Additionally, unpaved roads have been separated from paved roads. The assessment, under the new scale, as of June 30, 2018 gives a weighted average of 42.9% of fair or better for all paved roads, 89% of bridges are listed as fair or better, and 94% of signs pass the sign reflectivity requirements.

More detailed information about the County's Road Infrastructure assets is presented in Note 4 of the basic financial statements and the Required Supplementary Information on pages 69-71 of this report.

B. Long-Term Debt

At June 30, 2018, the County had a total long-term debt outstanding of \$16,403,335. The debt consists of \$12,305,738 in Certificates of Participation (COP), capital lease obligations of \$37,514 and bonds payable of \$333,200.

Additional long-term liabilities include:

- Compensated Absences of \$3,726,883,
- Other Postemployment Employee Benefits of \$1,252,845, and
- Pension Liability of \$92,243,088 (an increase of \$9,575,287).

More detailed information about the County's Long-Term Liabilities and Pension Liabilities are presented in Notes 7 & 8, pages 46-48, and Notes 11 & 12, pages 52-60 of the basic financial statements respectively.

VII. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The County adopted its fiscal year 2018-19 final appropriation budget in the total amount of \$148,087,763 (net of operating transfers totaling \$17,721,566). The General fund contingency was \$855,648.

Administration made the following assumptions in their Recommended Budget Overview:

Similar to recent post-recession budgets, a slow increase in property values in Tehama County has stabilized revenues. However, expenses for payroll, fixed assets, and general services and supplies have increased at a greater percentage.

Counties across the state are recognizing a looming fiscal crisis in FY 2019-2020 as CalPERS unfunded liabilities peak, minimum wage increases to \$15 per hour, and short-term state funding support for IHSS providers expires.

The impact of these cost increases could be amplified if an expected economic recession or "adjustment" reduces revenues.

As an ongoing cost reduction measure, the 5% reduction in Services & Supplies implemented in FY 2016-2017, will be extended for another year. The FY 2017-2018 Budget Ad Hoc committee, with the concurrence of the affected department heads, budgeted revenues and expenses to more closely match actuals over the prior three years. Consolidation of contingencies resulted in a significant (approximately \$1.7 million) reduction in the General Fund expenditure budget. This change resulted in a lean budget with less flexibility for departments and a reduction in anticipated fund balance carryover.

The Recommended Budget presented today includes a funding gap in the General Fund of \$8.95 million, with over \$1.1 million in additional requests held for the Adopted Budget. The current conservative fund balance carryover estimate is \$4.2 million. Staff will work with the Board Budget Ad Hoc to prioritize and reduce the additional requests, secure additional non-general funds, and reduce budgeted expenditures wherever practical in order to present a balanced Adopted Budget proposal to the full Board on August 28, 2018.

And, with the Adopted Budget, Administration stated the following:

Once again, the budget presented today is a continuation of steps taken over the last two years which reduced the ongoing reliance on fund balance carryover. For the second year, with the concurrence of the affected department head, budgeted revenues and expenses have again been adjusted to more closely match actuals over the past three years. This change results in a lean budget with less flexibility for departments to absorb minor anomalies which may occur in any given year.

The shared risk caused by these budget reductions is offset by a few pooled contingencies with a recommended allocation of approximately \$855,000, a reduction of nearly 50% from FY 2017-2018. Base budgets have been adjusted to reflect these changes in order to reduce the amount of fund balance carryover needed in future years. If at mid-year review, FY 2018-2019 expenses exceed estimates, or revenues come in lower than anticipated, further expense reductions may be considered. Continuation of the hiring freeze is recommended in order to minimize mid-year adjustments needed.

The Board has stated a desire to develop real, long term solutions to the fund balance gap of the past few years with minimal impact to individual employees. This proposed budget is another step in this process, and I recommend that the current Budget ad hoc committee remain in place for FY 2018-2019 in order to assist County staff in the exploration of sustainable initiatives to eliminate the gap even further.

The 2018-19 General fund budget requirements were \$1,424,194 less than the prior year in large part due to a \$553,991 decrease in contribution to the Public Safety fund and \$621,828 decrease in budgeted contingencies. Fund balance carry over from the prior year was not sufficient to fill the budget gap. Therefore, a draw on obligated fund balance of \$100,906 was used for designated purposes.

The Road fund appropriations budget decreased significantly by nearly \$10 million due largely to a reduction in anticipated outlay for the major Bridge Project in the current year.

The Public Safety fund appropriations budget grew by \$1,413,002 with increased allocations in nearly every department most notably for Sheriff (Salaries and Benefits), District Attorney (Salaries & Benefits and new program) and Juvenile Hall (impacts of additional residents), with a slight reduction in the budget for Jail operations.

The Social Service Administration budget increased by \$1,727,534 and assistance budgets decreased for a net increase of \$1,496,044.

The Health Service budget has also increased by \$1,606,787 overall, with the biggest increase in Mental Health programs.

The Capital Outlay budget decreased by \$1,372,153. Projects budgeted this year included residual costs for the Courthouse Roof, final costs for Library, planning for Re-Entry/Jail Expansion, Jail Security and Court Annex building remodel.

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Basic Financial Statements

- **Government-Wide Financial Statements**

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COUNTY OF TEHAMA
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and investments	\$ 54,849,522	\$ 259,887	\$ 55,109,409
Cash with fiscal agent	3,491,667	-	3,491,667
Receivables:			
Accounts	2,677,223	-	2,677,223
Intergovernmental	8,826,424	-	8,826,424
Due from agency funds	262,375	-	262,375
Deposits with others	60,900	-	60,900
Inventory	404,272	-	404,272
Prepaid costs	1,362,634	-	1,362,634
Loan receivable	117,709	-	117,709
Capital assets:			
Non-depreciable	168,684,251	38,047	168,722,298
Depreciable, net	49,373,964	742,060	50,116,024
Total capital assets	<u>218,058,215</u>	<u>780,107</u>	<u>218,838,322</u>
Total Assets	<u>290,110,941</u>	<u>1,039,994</u>	<u>291,150,935</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension adjustments	<u>22,889,276</u>	<u>-</u>	<u>22,889,276</u>
Total Deferred Outflows of Resources	<u>22,889,276</u>	<u>-</u>	<u>22,889,276</u>
LIABILITIES			
Accounts payable	1,628,209	31,984	1,660,193
Salaries and benefits payable	2,103,719	660	2,104,379
Due to other governments	61,862	-	61,862
Accrued interest payable	117,823	4,596	122,419
Deposits payable	168,832	-	168,832
Unearned revenues	12,191,641	-	12,191,641
Accrued claims liability	943,582	-	943,582
Long-term liabilities:			
Due within one year	4,194,553	23,500	4,218,053
Due in more than one year	11,875,582	309,700	12,185,282
Net pension liability	92,243,088	-	92,243,088
Net OPEB liability	<u>1,252,845</u>	<u>-</u>	<u>1,252,845</u>
Total Liabilities	<u>126,781,736</u>	<u>370,440</u>	<u>127,152,176</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension adjustments	<u>2,677,086</u>	<u>-</u>	<u>2,677,086</u>
Total Deferred Inflows of Resources	<u>2,677,086</u>	<u>-</u>	<u>2,677,086</u>

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

Continued (Page 1 of 2)

COUNTY OF TEHAMA
Statement of Net Position
June 30, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
NET POSITION			
Net investment in capital assets	206,330,701	446,907	206,777,608
Restricted for:			
General government	3,665,869	-	3,665,869
Public protection	16,510,570	-	16,510,570
Health and welfare	4,859,002	-	4,859,002
Public assistance	1,115,107	-	1,115,107
Education	16,099	-	16,099
Culture and recreation	7,824	-	7,824
Public ways and facilities	6,268,028	-	6,268,028
Unrestricted	<u>(55,231,805)</u>	<u>222,647</u>	<u>(55,009,158)</u>
Total Net Position	<u>\$ 183,541,395</u>	<u>\$ 669,554</u>	<u>\$ 184,210,949</u>

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

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COUNTY OF TEHAMA
Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs:	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 21,659,206	\$ 17,111,451	\$ 1,087,255	\$ -
Public protection	42,964,376	3,888,684	12,298,476	15,000
Health and welfare	23,629,996	5,670,001	14,661,992	-
Public assistance	42,106,218	862,731	35,883,251	-
Education	1,111,600	23,176	60,000	-
Culture and recreation	345,847	29,322	47,775	-
Public ways and facilities	9,607,275	1,694,976	6,873,601	2,707,237
Interest on long-term debt	505,803	-	-	-
Total Governmental Activities	141,930,321	29,280,341	70,912,350	2,722,237
Business-type activities:				
Tehama County Sanitation District #1	308,416	177,231	92,974	-
Total Business-Type Activities	308,416	177,231	92,974	-
Total	\$ 142,238,737	\$ 29,457,572	\$ 71,005,324	\$ 2,722,237

General revenues:

Taxes:

Property taxes
Sales and use taxes
Franchise taxes
Other taxes
Interest and investment earnings
Miscellaneous

Total General Revenues

Change in Net Position

Net Position - Beginning

Cumulative effect of a change in accounting principle

Net Position - Beginning, Restated

Net Position - Ending

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	Totals
\$ (3,460,500)	\$ -	\$ (3,460,500)
(26,762,216)	-	(26,762,216)
(3,298,003)	-	(3,298,003)
(5,360,236)	-	(5,360,236)
(1,028,424)	-	(1,028,424)
(268,750)	-	(268,750)
1,668,539	-	1,668,539
(505,803)	-	(505,803)
<u>(39,015,393)</u>	<u>-</u>	<u>(39,015,393)</u>
-	(38,211)	(38,211)
-	(38,211)	(38,211)
<u>(39,015,393)</u>	<u>(38,211)</u>	<u>(39,053,604)</u>
21,235,733	-	21,235,733
3,532,269	-	3,532,269
1,034,618	-	1,034,618
634,006	-	634,006
1,032,637	3,554	1,036,191
1,298,797	-	1,298,797
<u>28,768,060</u>	<u>3,554</u>	<u>28,771,614</u>
<u>(10,247,333)</u>	<u>(34,657)</u>	<u>(10,281,990)</u>
194,721,960	704,211	195,426,171
<u>(933,232)</u>	<u>-</u>	<u>(933,232)</u>
<u>193,788,728</u>	<u>704,211</u>	<u>194,492,939</u>
<u>\$ 183,541,395</u>	<u>\$ 669,554</u>	<u>\$ 184,210,949</u>

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Basic Financial Statements

- **Fund Financial Statements**

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COUNTY OF TEHAMA
Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	Public Safety	Public Assistance	Health Services
ASSETS				
Cash and investments	\$ 4,342,813	\$ 7,808,578	\$12,119,356	\$ 4,630,788
Cash with fiscal agent	-	-	-	-
Receivables:				
Accounts	351,117	747,322	851,443	486,394
Intergovernmental	915,784	344,504	576,806	6,762,416
Due from other funds	8,271,807	-	-	-
Advances to other funds	1,272,650	-	-	104,995
Prepaid costs	1,104,809	122,932	107,768	16,067
Inventory	-	-	-	-
Loans receivable	117,709	-	-	-
Total Assets	\$16,376,689	\$ 9,023,336	\$13,655,373	\$12,000,660
LIABILITIES				
Accounts payable	\$ 259,226	\$ 100,877	\$ 41,833	\$ 830,860
Salaries and benefits payable	386,713	673,441	411,552	360,363
Due to other governments	53,072	2,250	-	-
Deposits payable	17,496	48,441	-	-
Unearned revenues	1,215,684	202	10,787,534	-
Due to other funds	-	-	-	8,217,077
Advances from other funds	1,180,000	-	-	-
Total Liabilities	3,112,191	825,211	11,240,919	9,408,300
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	915,784	344,504	576,806	6,762,416
Total Deferred Inflows of Resources	915,784	344,504	576,806	6,762,416
FUND BALANCES				
Nonspendable	2,495,168	122,932	107,768	16,067
Restricted	1,296,413	7,730,689	997,396	2,903,557
Committed	5,075,233	-	-	-
Assigned	2,358,274	-	732,484	-
Unassigned	1,123,626	-	-	(7,089,680)
Total Fund Balances	12,348,714	7,853,621	1,837,648	(4,170,056)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$16,376,689	\$ 9,023,336	\$13,655,373	\$12,000,660

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

Other Governmental Funds		Totals
\$23,213,106		\$52,114,641
3,491,667		3,491,667
240,947		2,677,223
226,914		8,826,424
-		8,271,807
10,000		1,387,645
9,100		1,360,676
404,272		404,272
-		117,709
<u>\$27,596,006</u>		<u>\$78,652,064</u>
\$ 311,066	\$ 1,543,862	
254,629	2,086,698	
6,540	61,862	
102,895	168,832	
188,221	12,191,641	
-	8,217,077	
-	1,180,000	
<u>863,351</u>	<u>25,449,972</u>	
<u>205,379</u>	<u>8,804,889</u>	
<u>205,379</u>	<u>8,804,889</u>	
423,372	3,165,307	
16,981,002	29,909,057	
9,122,902	14,198,135	
-	3,090,758	
-	(5,966,054)	
<u>26,527,276</u>	<u>44,397,203</u>	
<u>\$27,596,006</u>	<u>\$78,652,064</u>	

COUNTY OF TEHAMA
Reconciliation of the Governmental Funds Balance
Sheet to the Government-Wide Statement of
Net Position - Governmental Activities
June 30, 2018

Total Fund Balance - Total Governmental Funds	\$ 44,397,203
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds balance sheet.	218,058,215
Other long-term assets are not available to pay for current period expenditures and therefore, are reported as unavailable revenues in the governmental funds.	8,804,889
Interest payable on long-term debt does not require the use of current financial resources and therefore, is not accrued as a liability in the governmental funds.	(117,823)
Deferred outflows of resources related to pension are not reported in the governmental funds.	22,706,514
Deferred inflows of resources related to pension are not reported in the governmental funds.	(2,651,017)
Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.	
Certificates of participation, plus unamortized premium of \$615,738	(12,305,738)
Capital leases payable	(37,514)
Compensated absences	(3,715,106)
Net pension liability	(91,528,078)
Net OPEB liability	(1,244,450)
Internal service funds are used by management to charge the cost of certain activities, such as insurance and equipment maintenance and operations, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.	1,174,300
Net Position of Governmental Activities	\$ 183,541,395

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

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COUNTY OF TEHAMA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	<u>General Fund</u>	<u>Public Safety</u>	<u>Public Assistance</u>	<u>Health Services</u>
REVENUES				
Taxes and assessments	\$20,205,927	\$ -	\$ -	\$ -
Licenses and permits	1,515,828	4,529	-	-
Fines and forfeitures	2,113,627	52,284	76	22,883
Use of money and property	483,831	113,059	7,960	5,578
Intergovernmental	2,685,170	11,001,364	34,103,156	14,183,042
Charges for services	16,132,570	1,047,103	90,438	4,975,747
Other revenues	724,623	113,644	283,842	67,934
Total Revenues	<u>43,861,576</u>	<u>12,331,983</u>	<u>34,485,472</u>	<u>19,255,184</u>
EXPENDITURES				
Current:				
General government	20,798,781	-	-	-
Public protection	5,373,628	27,106,253	-	-
Health and welfare	674,400	-	-	20,674,065
Public assistance	1,469,654	-	37,225,668	-
Education	1,044,662	-	-	-
Culture and recreation	285,707	-	-	-
Public ways and facilities	(24,025)	-	-	-
Debt service:				
Principal	-	-	-	29,407
Interest and other charges	31,818	-	-	2,899
Capital outlay	232,478	401,900	111,760	39,599
Total Expenditures	<u>29,887,103</u>	<u>27,508,153</u>	<u>37,337,428</u>	<u>20,745,970</u>
Excess of Revenues Over (Under) Expenditures	<u>13,974,473</u>	<u>(15,176,170)</u>	<u>(2,851,956)</u>	<u>(1,490,786)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	15,195,316	934,854	109,855
Transfers out	(17,735,754)	(450,000)	-	(367,950)
Total Other Financing Sources (Uses)	<u>(17,735,754)</u>	<u>14,745,316</u>	<u>934,854</u>	<u>(258,095)</u>
Net Change in Fund Balances	(3,761,281)	(430,854)	(1,917,102)	(1,748,881)
Fund Balances (Deficits) - Beginning	16,109,995	8,284,475	3,754,750	(2,421,175)
Change in inventory on purchases method	-	-	-	-
Fund Balances (Deficits) - Ending	<u>\$12,348,714</u>	<u>\$ 7,853,621</u>	<u>\$ 1,837,648</u>	<u>\$ (4,170,056)</u>

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

Other Governmental Funds	Totals
\$ 5,196,081	\$25,402,008
1,385,433	2,905,790
256,395	2,445,265
396,175	1,006,603
12,284,625	74,257,357
2,718,046	24,963,904
650,657	1,840,700
<u>22,887,412</u>	<u>132,821,627</u>
77,375	20,876,156
6,626,026	39,105,907
1,117,856	22,466,321
2,055,187	40,750,509
-	1,044,662
-	285,707
8,857,274	8,833,249
760,000	789,407
478,238	512,955
<u>2,440,650</u>	<u>3,226,387</u>
<u>22,412,606</u>	<u>137,891,260</u>
<u>474,806</u>	<u>(5,069,633)</u>
3,029,653	19,269,678
<u>(715,974)</u>	<u>(19,269,678)</u>
<u>2,313,679</u>	<u>-</u>
2,788,485	(5,069,633)
23,811,523	49,539,568
<u>(72,732)</u>	<u>(72,732)</u>
<u>\$26,527,276</u>	<u>\$44,397,203</u>

COUNTY OF TEHAMA
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
For the Year Ended June 30, 2018

Net Change in Fund Balances - Total Governmental Funds \$ (5,069,633)

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

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

Expenditures for capital outlay	3,226,387
Less current year depreciation	(2,845,041)
Various adjustments affecting capital assets	(19,745)
Capital asset contributions	26,526

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the net cost of the capital assets disposed. There were no significant proceeds from the sale of capital assets. (541,903)

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

Principal retirements	789,407
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Some revenues reported in the statement of activities will not be collected for several months after the County's year end and do not provide current financial resources and therefore, are not reported as revenues in the governmental funds.

Change in unavailable revenues	(637,770)
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Measurement focus adjustment for inventory reported using the purchases method in the governmental funds and reported using the consumption method in the statement of activities. (72,732)

Certain changes in deferred outflows and deferred inflows of resources reported in the statement of activities relate to long-term liabilities and are not reported in the governmental funds.

Change in deferred outflows of resources related to pension	4,524,932
Change in deferred inflows of resources related to pension	176,001

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

Change in accrued interest on long-term debt	7,152
Change in compensated absences payable	69,941
Amortization of premium	29,320
Change in net pension liability	(9,506,235)
Change in net OPEB liability	(163,002)

Internal service funds are used by management to charge the cost of certain activities, such as insurance and equipment maintenance and operations, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities. (240,938)

Change in Net Position of Governmental Activities \$ (10,247,333)

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

COUNTY OF TEHAMA
Statement of Net Position
Proprietary Funds
June 30, 2018

	<u>Business-Type Activities</u> <u>Enterprise Funds</u>		<u>Governmental</u> <u>Activities</u>
	<u>Other</u> <u>Enterprise</u> <u>Funds</u>	<u>Totals</u>	<u>Internal</u> <u>Service</u> <u>Funds</u>
ASSETS			
Current Assets:			
Cash and investments	\$ 259,887	\$ 259,887	\$ 2,734,881
Deposits with others	-	-	60,900
Prepaid costs	-	-	1,958
Total Current Assets	<u>259,887</u>	<u>259,887</u>	<u>2,797,739</u>
Noncurrent Assets:			
Capital assets:			
Non-depreciable	38,047	38,047	-
Depreciable, net	742,060	742,060	-
Total capital assets	<u>780,107</u>	<u>780,107</u>	<u>-</u>
Total Noncurrent Assets	<u>780,107</u>	<u>780,107</u>	<u>-</u>
Total Assets	<u>1,039,994</u>	<u>1,039,994</u>	<u>2,797,739</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension adjustments	-	-	182,762
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>182,762</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	31,984	31,984	84,347
Salaries and benefits payable	660	660	17,021
Accrued interest payable	4,596	4,596	-
Compensated absences payable	-	-	10,599
Bonds payable	23,500	23,500	-
Estimated claims liability	-	-	943,582
Total Current Liabilities	<u>60,740</u>	<u>60,740</u>	<u>1,055,549</u>
Noncurrent Liabilities:			
Compensated absences payable	-	-	1,178
Bonds payable	309,700	309,700	-
Net pension liability	-	-	715,010
Net OPEB liability	-	-	8,395
Total Noncurrent Liabilities	<u>309,700</u>	<u>309,700</u>	<u>724,583</u>
Total Liabilities	<u>370,440</u>	<u>370,440</u>	<u>1,780,132</u>

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

Continued (Page 1 of 2)

COUNTY OF TEHAMA
Statement of Net Position
Proprietary Funds
June 30, 2018

	Business-Type Activities Enterprise Funds	Governmental Activities
	Other Enterprise Funds	Internal Service Funds
	Totals	
DEFERRED INFLOWS OF RESOURCES		
Deferred pension adjustments	-	26,069
Total Deferred Inflows of Resources	-	26,069
NET POSITION		
Net investment in capital assets	446,907	-
Unrestricted	222,647	1,174,300
Total Net Position	\$ 669,554	\$ 1,174,300

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

Continued (Page 2 of 2)

COUNTY OF TEHAMA
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2018

	Business-Type Activities		Governmental
	Enterprise Funds		Activities
	Other		Internal
	Enterprise		Service
	Funds	Totals	Funds
OPERATING REVENUES			
Charges for services	\$ 177,231	\$ 177,231	\$ 4,524,684
Other revenues	-	-	21,902
Total Operating Revenues	<u>177,231</u>	<u>177,231</u>	<u>4,546,586</u>
OPERATING EXPENSES			
Salaries and benefits	19,471	19,471	556,491
Services and supplies	230,572	230,572	-
Administration	-	-	79,271
Insurance	-	-	729,336
Professional services	4,260	4,260	320,103
Claims and judgments	-	-	3,128,357
Depreciation	39,418	39,418	-
Total Operating Expenses	<u>293,721</u>	<u>293,721</u>	<u>4,813,558</u>
Operating Income (Loss)	<u>(116,490)</u>	<u>(116,490)</u>	<u>(266,972)</u>
NON-OPERATING REVENUES (EXPENSES)			
Intergovernmental revenue	92,974	92,974	-
Interest income	3,554	3,554	26,034
Interest expense	(14,695)	(14,695)	-
Total Non-Operating Revenues (Expenses)	<u>81,833</u>	<u>81,833</u>	<u>26,034</u>
Income (Loss) Before Transfers	<u>(34,657)</u>	<u>(34,657)</u>	<u>(240,938)</u>
Transfers in	22,500	22,500	-
Transfers out	(22,500)	(22,500)	-
Change in Net Position	<u>(34,657)</u>	<u>(34,657)</u>	<u>(240,938)</u>
Total Net Position - Beginning	704,211	704,211	1,420,319
Cumulative effect of a change in accounting principle	-	-	(5,081)
Total Net Position - Beginning, Restated	<u>704,211</u>	<u>704,211</u>	<u>1,415,238</u>
Total Net Position - Ending	<u>\$ 669,554</u>	<u>\$ 669,554</u>	<u>\$ 1,174,300</u>

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

COUNTY OF TEHAMA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

	Business-Type Activities		Governmental
	Enterprise Funds		Activities
	Other		Internal
	Enterprise		Service
	Funds	Totals	Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 177,231	\$ 177,231	\$ 4,546,586
Payments to suppliers	(205,454)	(205,454)	(4,236,748)
Payments to employees	(19,483)	(19,483)	(520,587)
Net Cash Provided (Used) by Operating Activities	<u>(47,706)</u>	<u>(47,706)</u>	<u>(210,749)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Intergovernmental revenue received	92,974	92,974	-
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>92,974</u>	<u>92,974</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on capital debt	(22,500)	(22,500)	-
Interest paid on capital debt	(15,514)	(15,514)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(38,014)</u>	<u>(38,014)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	3,554	3,554	26,034
Net Cash Provided (Used) by Investing Activities	<u>3,554</u>	<u>3,554</u>	<u>26,034</u>
Net Increase (Decrease) in Cash and Cash Equivalents	10,808	10,808	(184,715)
Balances - Beginning	<u>249,079</u>	<u>249,079</u>	<u>2,919,596</u>
Balances - Ending	<u>\$ 259,887</u>	<u>\$ 259,887</u>	<u>\$ 2,734,881</u>

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

Continued (Page 1 of 2)

COUNTY OF TEHAMA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

	Business-Type Activities Enterprise Funds	Governmental Activities
	Other Enterprise Funds	Internal Service Funds
	Totals	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (116,490)	\$ (266,972)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	39,418	-
Decrease (increase) in:		
Prepaid costs	-	(192)
Pension adjustments - deferred outflows of resources	-	(30,098)
Increase (decrease) in:		
Accounts payable	29,378	(706)
Salaries and benefits payable	(12)	(655)
Compensated absences payable	-	344
Estimated claims liability	-	21,217
Pension adjustments - deferred inflows of resources	-	(3,839)
Net pension liability	-	69,052
Net OPEB liability	-	1,100
Net Cash Provided (Used) by Operating Activities	\$ (47,706)	\$ (210,749)

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

Continued (Page 2 of 2)

COUNTY OF TEHAMA
Statement of Net Position
Fiduciary Funds
June 30, 2018

	Investment Trust Funds	Agency Funds
ASSETS		
Cash and investments	\$85,318,456	\$18,107,268
Receivables:		
Taxes	-	7,980,065
Total Assets	85,318,456	26,087,333
LIABILITIES		
Due to other funds	-	54,730
Advances from other funds	-	207,645
Agency obligations	-	25,824,958
Total Liabilities	-	26,087,333
NET POSITION		
Net position held in trust for investment pool participants	85,318,456	-
Total Net Position	\$85,318,456	\$ -

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

COUNTY OF TEHAMA
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2018

	<u>Investment Trust Funds</u>
ADDITIONS	
Contributions to investment pool	<u>\$ 16,685,293</u>
Total Additions	<u>16,685,293</u>
DEDUCTIONS	
Distributions from investment pool	<u>8,501,354</u>
Total Deductions	<u>8,501,354</u>
Change in Net Position	8,183,939
Net Position - Beginning	<u>77,134,517</u>
Net Position - Ending	<u>\$85,318,456</u>

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

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Basic Financial Statements

- **Notes to Basic Financial Statements**

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COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The County operates under an Administrator-Board of Supervisors form of government and provides various services on a county wide basis including law and justice, education, detention, social, health, fire protection, road construction, road maintenance, transportation, park and recreation facilities, elections and records, communications, planning, zoning, and tax collection.

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.

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

For financial reporting purposes, the County's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the Board of Supervisors. The financial statements of the individual component units may be obtained by writing to the County of Tehama, Auditor-Controller's Office, 444 Oak Street - Room J, Red Bluff, CA 96080.

Blended Component Units

The County Board of Supervisors is the governing body of a number of special purpose district funds. Among its duties, the County Board of Supervisors approves the budgets, special taxes, and fees of these special districts. As an integral part of the County, these special districts are reported as nonmajor funds in the County's financial statements as follows:

Special Revenue Funds:

Air Pollution - The Air Pollution District was established to provide better air quality to residents.

Los Molinos Lighting - The Los Molinos Lighting District was established to provide lighting to district residents.

Tehama County Flood Control and Tehama County Flood Zone 3 - The Tehama County Flood Control and Tehama County Flood Zone 3 were established to provide for flood control in the County.

Tehama Power Authority - The Tehama Power Authority was established to provide power services for the County.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

Blended Component Units (Continued)

Enterprise Funds:

Health Center - The Tehama County Health Center was established to account for operations involved in providing health services to County residents.

Tehama County Sanitation District # 1 - The Tehama County Sanitation District # 1 was established to provide sanitation services to certain County residents in the Mineral area.

Discretely Presented Component Units

There are no component units of the County which meet the criteria for discrete presentation.

Joint Agencies

The County is a member of the California State Association of Counties Excess Insurance Authority (CSAC). CSAC is a joint powers authority organized for the purpose of developing and funding excess insurance programs for member counties. CSAC operates public entity risk pools for workers' compensation, comprehensive liability, property, and medical malpractice, and the pool purchases excess insurance and services for members. CSAC is under the control and direction of a board of directors consisting of representatives of the fifty member counties. Complete audited financial statements can be obtained from CSAC's office at 75 Iron Point Circle, Suite 200, Folsom, California, 95630. The County is not financially accountable for this organization and therefore, it is not a component unit under Statement Nos. 14, 39 and 61 of the Governmental Accounting Standards Board.

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net position and statement of activities display information on all of the nonfiduciary activities of the County and its blended component units. These statements include the financial activities of the overall government, except fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the governmental and business-type activities of the County. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for each different identifiable activity of the County's business-type activities and each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and; therefore, are clearly identifiable to a particular function. Certain indirect costs, which cannot be identified and broken down are included in the program expense reported for individual functions and activities. Program revenues include (1) charges paid by the recipients of goods and services offered by the program, (2) operating grants and contributions and (3) capital grants and contributions. Taxes and other items not properly included among program revenues are presented instead as general revenues.

Fund Financial Statements

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Funds are organized into three major categories: governmental, proprietary, and fiduciary. The emphasis is placed on major funds within the governmental and proprietary categories; each is displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

- The General fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General fund includes activities such as public protection, public ways and facilities, health and sanitation, public assistance, education, and recreation services.
- The Public Safety fund is a special revenue fund used to account for revenues and expenditures associated with specific public protection programs. Funding comes primarily from state and federal grant revenues.
- The Public Assistance fund is a special revenue fund used to account for revenues and expenditures associated with the Federal and State mandates of various Health and Welfare Codes. Funding comes primarily from state grant revenues.
- The Health Services fund is a special revenue fund used to account for revenues and expenditures associated with providing health care services to County residents. Funding comes primarily from state and federal grant revenues.

The County reports the following additional fund types:

- Proprietary funds account for the Health Center and the Tehama County Sanitation District.
- Internal Service funds account for the County's risk management and self insurance programs which provide services to other departments on a cost reimbursement basis.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The County reports the following additional fund types: (Continued)

- The Investment Trust funds account for the assets of legally separate entities that deposit cash with the County Treasurer. The assets of these funds are held in trust for other agencies and are part of the County's external pool. The external investment pool is made up of two separate funds: Special Districts governed by Local Boards and School Districts. The County is obligated to disburse monies from these funds on demand.
- Agency funds account for the receipt and disbursement of various taxes, deposits, deductions, and property collected by the County, acting in the capacity of an agent for distribution to other governmental units or other organizations. The agency funds maintained by the County are presented in one component.

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

C. Basis of Accounting and Measurement Focus

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

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

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting and Measurement Focus (Continued)

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

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

D. Non-Current Governmental Assets/Liabilities

Non-current governmental assets and liabilities, such as capital assets and long-term liabilities, are reported in the governmental activities column in the government-wide statement of net position.

E. Cash and Cash Equivalents

For purposes of the accompanying Statement of Cash Flows, the County considers all highly liquid investments with a maturity of three months or less when purchased, including cash with fiscal agent, and their equity in the County Treasurer's investment pool, to be cash equivalents.

F. Investments

The County sponsors an investment pool that is managed by the County Treasurer. The County's pool activity is governed by California Government Code Sections 27000.1 and 53607 as well as the County's investment policy.

Investment transactions are recorded on the trade date. The fair value of investments is determined annually. Investments in nonparticipating interest-earning investment contracts are reported at cost; short term investments are reported at amortized cost, investments in the State of California Local Agency Investment Fund, an external pool, are reported at amortized cost which approximates fair value, and the fair value of all other investments are obtained by using quotations obtained from independent published sources or by the safekeeping institution. The fair value represents the amount the County could reasonably expect to receive for an investment in a current sale between a willing buyer and seller.

Participant's equity in the investment pool is determined by the dollar amount of participant deposits, adjusted for withdrawals and distributed investment income. Investment income is determined on an amortized cost basis. Interest payments, accrued interest, accreted discounts, amortized premiums, and realized capital gains and losses, net of administrative fees, are apportioned to pool participants every quarter. This method differs from the fair value method used to value investments in these financial statements as unrealized gains or losses are not apportioned to pool participants. During the fiscal year ended June 30, 2018, the County Treasurer has not entered into any legally binding guarantees to support the value of participant equity in the investment pool.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Investments (Continued)

Income from pooled investments is allocated to the individual funds or external participants based on the fund or participant's average daily cash balance at quarter end in relation to the total pool investments. Interest income earned in agency funds where there are no interest earnings requirements are assigned to the General fund per County Policy. Income from non-pooled investments is recorded based on the specific investments held by the fund.

G. Receivables

Receivables for governmental activities consist mainly of accounts, taxes and intergovernmental revenue. Receivables for business-type activities consist mainly of user fees. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

H. Other Assets

Inventory

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

Prepaid Items

Payments made for services that will benefit periods beyond June 30, 2018 are recorded as prepaid costs in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

I. Loan Receivable

The County provided an advance of funds to the 30th District Agricultural Association (Association), in the amount of \$165,162 to pay off an existing financial obligation relating to the PVII project, obtain clear title to photovoltaic equipment, and resolve the PNC Equipment Finance, LLC litigation. The advance was made on April 1, 2015 and accrues interest at 2 percent and will be repaid with interest in equal monthly installments over a period of ten (10) years. The balance at June 30, 2018 was \$117,709.

J. Capital Assets

Capital assets, including public domain (infrastructure such as roads, bridges, sidewalks, sewer and similar items) are defined by the County as assets with a cost of more than \$1,500 and an estimated useful life of more than one year. Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is unavailable. Contributed capital assets are recorded at their acquisition value at the date of donation.

The County has elected to use the modified approach for reporting its infrastructure capital assets. Under the modified approach depreciation is not reported for these assets and all expenditures, except for betterments and major improvements made to the system, are expensed.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

The County manages its maintained road, bridge and sign subsystems of the road network using the Carte Graph Pavement Management Program and accounts for them using the modified approach. The program establishes scales to determine the conditions of the various subsystems. It is the County’s policy to maintain 75 percent of its road, bridge and sign subsystems at a fair or better condition. Currently, the right of way value provided is a rough valuation based on several estimations and assumptions to establish the valuation parameters. A final detailed valuation will be available in future years.

Capital assets used in operations are depreciated or amortized using the straight line method over the assets’ estimated useful lives in the government-wide financial statements. The range of estimated useful lives by type of asset is as follows:

<u>Depreciable Asset</u>	<u>Estimated Lives</u>
Equipment, furniture and fixtures	5 years
Structures and improvements	50 years

The County has not maintained detailed historical cost records for infrastructure, including construction in progress related to infrastructure.

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

K. Property Tax

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

The County of Tehama is responsible for assessing, collecting, and distributing property taxes in accordance with state law. Property taxes are levied on both secured (real property) and unsecured (personal property other than land and buildings) property. Supplemental property taxes are assessed upon transfer of ownership in property or completion of new construction.

The County levies, bills and collects taxes as follows:

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

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Property Tax (Continued)

The County of Tehama apportions secured property tax revenue in accordance with the alternate method of distribution, the “Teeter Plan”, as described by Sections 4701 through 4717 of the California Revenue and Taxation code. Under the Teeter Plan, the County allocates to certain local taxing agencies 100 percent of the secured property taxes billed. In return, the County retains penalties and interest on delinquent secured taxes in the Tax Loss Reserve Fund (TLRF). The primary purpose of TLRF is to cover losses that may occur as a result of special sales of tax-defaulted property.

The County is legally required to maintain a minimum balance of 1 percent of the annual taxes levied on properties participating in the Teeter Plan. The balance in the TLRF was \$1,067,715 at June 30, 2018. The County’s management believes that any ownership rights to the TLRF the County may have are effective only upon a Board approved transfer or to the extent of losses related to the sale of tax defaulted property. Amounts in the TLRF are considered to be held in a custodial capacity for the participants in the County’s Teeter Plan and accounted for in an agency fund.

L. Interfund Transactions

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

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

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. These services provide information on the net cost of each government function and therefore are not eliminated in the process of preparing the government-wide statement of activities.

Reimbursements occur when the funds responsible for particular expenditures or expenses repay the funds that initially paid for them. Such reimbursements are reflected as expenditures or expenses in the reimbursing fund, and reductions to expenditures or expenses in the reimbursed fund.

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

M. Unearned Revenues

Under the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. When assets are recognized in connection with a transaction before the earnings process is complete, those assets are offset by a corresponding liability for unearned revenue.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Compensated Absences

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

O. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's California Public Employees' Retirement system (CalPERS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

P. Other Postemployment Benefits (OPEB)

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

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

Valuation Date	July 1, 2018
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

Q. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial 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 that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has one item that qualifies for reporting in this category. This item relates to the outflows from changes in the net pension liability and is reportable on the Statement of Net Position.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial 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 that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of items which qualify for reporting in this category. One item, unavailable revenue, is reported only on the governmental funds balance sheet. The governmental funds report unavailable revenues for receivables that have not been received within the modified accrual period. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other item relates to the inflows from changes in the net pension liability and is reported on the Statement of Net Position.

R. Estimates

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

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

The following Governmental Accounting Standards Board (GASB) Statements have been implemented, if applicable, in the current financial statements.

Statement No. 75, Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. This statement improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). This statement also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

Statement No. 81, Irrevocable Split-Interest Agreements. This statement improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

Statement No. 85, Omnibus 2017. This statement addresses practice issues that have been identified during implementation and application of certain GASB Statements including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits.

Statement No. 86, Certain Debt Extinguishment Issues. This statement improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Restatement of Fund Balance/Net Position

Adjustments resulting from errors 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 fund balance/net position. During the current year, a prior period adjustment was made to reflect the prior period costs related to implementing the net OPEB liability as required by GASB Statement No. 75.

The impact of the restatement on the net position of the government-wide financial statements as previously reported is presented below:

	Governmental Activities
Net Position, June 30, 2017, as previously reported	\$ 194,721,960
Adjustment associated with:	
Net OPEB Liability Adjustment	(933,232)
Total Adjustments	(933,232)
Net Position, July 1, 2017, as restated	<u>\$ 193,788,728</u>

The impact of the restatement on the net position of the fund financial statements as previously reported is presented below:

	Internal Service Funds
Net Position, June 30, 2017, as previously reported	\$ 1,420,319
Adjustment associated with:	
Net OPEB Liability Adjustment	(5,081)
Total Adjustments	(5,081)
Net Position, July 1, 2017, as restated	<u>\$ 1,415,238</u>

B. Deficit Fund Balance

The following major special revenue fund had a deficit fund balance:

- The Heath Services fund had a fund balance deficit of \$4,170,056, which is expected to be eliminated in future years through grant revenues.

C. Rebtable Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years. At June 30, 2018, the County does not expect to incur a liability.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 3: CASH AND INVESTMENTS

The County Treasurer manages, in accordance with California Government Code Section 53600, funds deposited in the investment pool by the County, all County school districts, various districts, and some cities within the County. The County investment pool is not registered with the Securities and Exchange Commission as an investment company. California Government Code and the County's investment policy govern the investment pool activity. The objectives of the policy are in order of priority, safety, liquidity, yield and public trust. The pool attempts to match maturities with planned outlays and maximize the return on investment over various market cycles. Yield is considered only after safety and credit quality have been met, consistent with limiting risk and prudent investment principles.

The Treasury Oversight Committee and the Board of Supervisors monitor and review the management of public funds maintained in the investment pool in accordance with Article 6 Section 27131 of the California Government Code. The Board of Supervisors review and approve the investment policy annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the Treasury Oversight Committee and the investment pool participants twice per year. The report covers the type of investment in the pool, maturity dates, par value, actual cost and fair value. All cash and investments, with the exception of deposits with fiscal agents, are considered part of the investment pool.

The County sponsored investment pool includes both internal and external participants. The portion of the pool attributable to external pool participants, which are considered involuntary participants, are included in the primary government as an Investment Trust Fund which does not have separate financial reports. The State of California statutes require certain special districts and other governmental entities to maintain their cash surplus with the County Treasurer. The investments of involuntary participation in the investment pool totaled \$85,318,456 at June 30, 2018.

A. Financial Statement Presentation

As of June 30, 2018, the County's cash and investments are reported in the financial statements as follows:

Primary government	\$ 58,601,076
Investment trust funds	85,318,456
Agency funds	<u>18,107,268</u>
Total Cash	<u>\$ 162,026,800</u>

As of June 30, 2018, the County's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 18,522
Deposits (less outstanding checks)	<u>5,993,571</u>
Total Cash in County Pool	6,012,093
Deposits with fiscal agents	<u>3,491,667</u>
Total Cash	<u>9,503,760</u>
Investments:	
In Treasurer's Pool	<u>152,523,040</u>
Total Investments	<u>152,523,040</u>
Total Cash and Investments	<u>\$ 162,026,800</u>

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

B. Cash

At year end, the carrying amount of the County's cash deposits (including amounts in checking accounts, money market accounts, and deposits with fiscal agents) was \$9,485,238 and the bank balance was \$9,161,274. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. In addition the County had cash on hand of \$18,522.

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

C. Investments

Pursuant to Section 53646 of the Government Code, the County prepares an investment policy annually and presents it to the Board of Supervisors for review and approval. The investment policy provides the basis for the management of a prudent, conservative investment program. Funds are invested to provide the maximum security of principal with secondary emphasis on achieving the highest return, while meeting daily cash flow needs. All investments are made in accordance with the Government Code and, in general, the investment policy is more restrictive than state law. Under the provisions of the County's investment policy the County may invest or deposit in the following:

- State Treasurer's Local Agency Investment Fund (LAIF)
- Sweep Accounts
- Bank Deposits
- California Asset Management Program (CAMP)
- U.S. Treasury Notes or other indebtedness secured by the full faith and credit of the federal government
- Securities Issued by U.S. Government Agencies and Government-Sponsored Enterprises
- Bankers' Acceptances
- Commercial Paper
- Negotiable CD's
- Medium Term Notes
- Money Market Mutual Funds
- Obligations of the State of California
- Registered treasury notes or bonds of any of the other 49 states in addition to California
- Mortgage Pass-Through Securities/Asset-Backed Securities
- Guaranteed Investment Contracts
- Repurchase Agreements
- Supranational Debt

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

Fair Value of Investments - The County measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

The County's position in external investment pools is in its self regarded as a type of investment and looking through to the underlying investments of the pool is not appropriate. Therefore, the County's investment in external investment pools are not recognized in the three-tiered fair value hierarchy described above.

At June 30, 2018, the County had the following recurring fair value measurements.

Investment Type	Fair Value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by Fair Value Level				
U.S. Treasury Notes	\$ 2,987,405	\$ 2,987,405	\$ -	\$ -
Government Agencies	70,119,672	70,119,672	-	-
Corporate Notes	29,144,963	29,144,963	-	-
Certificates of Deposit	<u>22,271,000</u>	<u>-</u>	<u>-</u>	<u>22,271,000</u>
Total Investments Measured at Fair Value	124,523,040	<u>\$102,252,040</u>	<u>\$ -</u>	<u>\$ 22,271,000</u>
Investments in External Investment Pool				
LAIF	<u>28,000,000</u>			
Total Investments	<u>\$ 152,523,040</u>			

Interest Rate Risk - Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. To limit the exposure to fair value losses from increases in interest rates, the County's investment policy limits investment maturities to a term appropriate to the need for funds so as to permit the County to meet all projected obligations. Any investments that mature more than five years from the date of purchase require prior approval of the Board of Supervisors.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

As of June 30, 2018, the County had the following investments, all of which had a maturity of 5 years or less:

Investment Type	Interest Rates	Maturities		Fair Value	Weighted Average Maturity (Years)
		0-1 Year	1-5 Years		
U.S. Treasury Notes	1.625-1.875%	\$ -	\$ 2,987,405	\$ 2,987,405	0.11
Government Agencies	0.875-3.625%	15,024,828	55,094,844	70,119,672	2.28
Corporate Notes	5.75%	2,240,284	26,904,679	29,144,963	2.71
Negotiable CD's	1.15-3.15%	1,473,000	20,798,000	22,271,000	3.07
LAIF	Variable	28,000,000	-	28,000,000	-
Total Investments		<u>\$ 46,738,112</u>	<u>\$105,784,928</u>	<u>\$152,523,040</u>	<u>2.12</u>

Credit Risk - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County's investment policy sets specific parameters by the type of investment to be met at the time of purchase. Presented below is the minimum rating required by (where applicable) the California Government Code or the County's investment policy, and the actual rating as of year end for each investment type.

Investment Type	Minimum Legal Rating	Standard & Poor's Rating	Moody's Rating	% of Portfolio
U.S. Treasury Notes	-	-	-	1.96%
Federal Farm Credit Bank	-	-	-	7.88%
Federal Home Loan Mortgage Corp	-	-	-	7.21%
Federal Home Loan Bank	-	-	-	17.15%
Federal National Mortgage Assoc.	-	-	-	13.73%
Corporate Notes	A	AAA	AAA	0.89%
Corporate Notes	A	AA+	AA1	0.30%
Corporate Notes	A	AA	A1	0.23%
Corporate Notes	A	AA-	AA3	0.33%
Corporate Notes	A	AA-	A1	0.86%
Corporate Notes	A	AA-	AA2	0.44%
Corporate Notes	A	AA+	A1	3.38%
Corporate Notes	A	A+	A2	0.35%
Corporate Notes	A	A+	A3	0.23%
Corporate Notes	A	A	A1	1.09%
Corporate Notes	A	A	A2	3.25%
Corporate Notes	A	A	A3	1.36%
Corporate Notes	A	A-	A2	1.99%
Corporate Notes	A	A-	A3	1.55%
Corporate Notes	A	BBB+	A3	1.96%
Corporate Notes	A	BBB+	Baal	0.57%
Corporate Notes	A	BBB	BAA3	0.32%
Negotiable CD's	N/A	Unrated	Unrated	14.60%
LAIF	N/A	Unrated	Unrated	18.37%
Total				<u>100.00%</u>

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 3: CASH AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

Custodial Credit Risk for Investments - Custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution, the County will not be able to recover its deposits or collateral securities that are in the possession of an outside party. To mitigate the custodial credit risk the County requires that all of its managed investments be held in safekeeping by a third party bank trust department.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the County's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. The County's investment policy contains limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) at June 30, 2018, that represent 5 percent or more of total County investments are as follows:

<u>Investment Type</u>	<u>Amount Invested</u>	<u>% of Investments</u>
Federal Farm Credit Bank	\$ 12,018,787	7.88%
Federal Home Loan Mortgage Corporation	11,002,870	7.21%
Federal Home Loan Bank	26,152,200	17.15%
Federal National Mortgage Association	20,945,815	13.73%

D. Investment in External Investment Pools

The County of Tehama maintains an investment in the State of California Local Agency Investment Fund (LAIF), managed by the State Treasurer. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. At June 30, 2018, the County's investment in LAIF valued at amortized cost was \$28,000,000 and is the same as the value of the pool shares. There are no restrictions on withdrawal of funds. The total amount invested by all public agencies in LAIF on that day was \$88.8 billion. Of that amount, 97.33 percent is invested in non-derivative financial products and 2.67 percent in structured notes and asset-backed securities.

E. County Investment Pool Condensed Financial Information

The following are condensed statements of net position and changes in net position for the Treasurer's Pool at June 30, 2018:

	<u>Internal Participants</u>	<u>External Participants</u>	<u>Total Pool</u>
Statement of Net Position			
Cash on hand	\$ 18,522	\$ -	\$ 18,522
Deposits (less outstanding warrants)	5,993,571	-	5,993,571
Investments	<u>67,204,584</u>	<u>85,318,456</u>	<u>152,523,040</u>
Net Position at June 30, 2018	<u>\$ 73,216,677</u>	<u>\$ 85,318,456</u>	<u>\$ 158,535,133</u>
Statement of Changes in Net Position			
Net position at July 1, 2017	\$ 75,554,718	\$ 77,134,517	\$ 152,689,235
Net changes in investments by pool participants	(<u>2,338,041</u>)	<u>8,183,939</u>	<u>5,845,898</u>
Net Position at June 30, 2018	<u>\$ 73,216,677</u>	<u>\$ 85,318,456</u>	<u>\$ 158,535,133</u>

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 4: CAPITAL ASSETS

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

	Balance July 1, 2017	Additions	Retirements	Transfers/ Adjustments	Balance June 30, 2018
Governmental Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 1,627,386	\$ -	(\$ 5,000)	\$ -	\$ 1,622,386
Infrastructure	165,534,149	1,360,557	(533,789)	-	166,360,917
Construction in progress	<u>10,065,983</u>	<u>658,321</u>	<u>-</u>	<u>10,023,356</u>	<u>700,948</u>
Total Capital Assets, Not Being Depreciated	<u>177,227,518</u>	<u>2,018,878</u>	<u>(538,789)</u>	<u>10,023,356</u>	<u>168,684,251</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	56,395,999	-	(\$ 35,000)	10,003,361	66,364,360
Equipment	29,624,231	1,234,035	(693,805)	-	30,164,461
Software	<u>1,580,945</u>	<u>-</u>	<u>(19,307)</u>	<u>-</u>	<u>1,561,638</u>
Total Capital Assets, Being Depreciated	<u>87,601,175</u>	<u>1,234,035</u>	<u>(748,112)</u>	<u>10,003,361</u>	<u>98,090,459</u>
Less Accumulated Depreciation For:					
Buildings and improvements	(20,173,053)	(1,062,585)	35,000	1,845	(21,198,793)
Equipment	(25,476,830)	(1,567,732)	690,691	(1,595)	(26,355,466)
Software	<u>(966,819)</u>	<u>(214,724)</u>	<u>19,307</u>	<u>-</u>	<u>(1,162,236)</u>
Total Accumulated Depreciation	<u>(46,616,702)</u>	<u>(2,845,041)</u>	<u>744,998</u>	<u>250</u>	<u>(48,716,495)</u>
Total Capital Assets, Being Depreciated, Net	<u>40,984,473</u>	<u>(1,611,006)</u>	<u>(3,114)</u>	<u>10,003,611</u>	<u>49,373,964</u>
Governmental Activities Capital Assets, Net	<u>\$ 218,211,991</u>	<u>\$ 407,872</u>	<u>(\$ 541,903)</u>	<u>(\$ 19,745)</u>	<u>\$218,058,215</u>
	Balance July 1, 2017	Additions	Adjustments/ Retirements	Balance June 30, 2018	
Business-Type Activities					
Capital Assets, Not Being Depreciated:					
Land	\$ 38,047	\$ -	\$ -	\$ 38,047	
Total Capital Assets, Not Being Depreciated	<u>38,047</u>	<u>-</u>	<u>-</u>	<u>38,047</u>	
Capital Assets, Being Depreciated:					
Buildings and improvements	1,690,182	-	(1,696)	1,688,486	
Equipment	<u>-</u>	<u>-</u>	<u>1,696</u>	<u>1,696</u>	
Total Capital Assets, Being Depreciated	<u>1,690,182</u>	<u>-</u>	<u>-</u>	<u>1,690,182</u>	
Less Accumulated Depreciation For:					
Buildings and improvements	(908,704)	(39,220)	1,357	(946,567)	
Equipment	<u>-</u>	<u>(198)</u>	<u>(1,357)</u>	<u>(1,555)</u>	
Total Accumulated Depreciation	<u>(908,704)</u>	<u>(39,418)</u>	<u>-</u>	<u>(948,122)</u>	
Total Capital Assets, Being Depreciated, Net	<u>781,478</u>	<u>(39,418)</u>	<u>-</u>	<u>742,060</u>	
Business-Type Activities Capital Assets, Net	<u>\$ 819,525</u>	<u>(\$ 39,418)</u>	<u>\$ -</u>	<u>\$ 780,107</u>	

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 4: CAPITAL ASSETS (CONTINUED)

Depreciation

Depreciation expense was charged to governmental functions as follows:

General government	\$ 374,609
Public protection	1,403,550
Health and welfare	300,188
Public assistance	340,824
Education	28,838
Culture and recreation	58,563
Public ways and facilities	<u>338,469</u>
Total Depreciation Expense - Governmental Functions	<u>\$ 2,845,041</u>

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

Tehama County Sanitation District #1	<u>\$ 39,418</u>
Total Depreciation Expense - Business-Type Functions	<u>\$ 39,418</u>

Construction in Progress

Construction in progress for governmental activities at June 30, 2018 relates to work performed on various County projects.

NOTE 5: INTERFUND TRANSACTIONS

Due To/From Other Funds

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as due from or due to other funds. In addition, when funds overdraw their share of pooled cash, the receivables and payables are also classified as due from or due to other funds. The following are due from and due to balances as of June 30, 2018:

	<u>Due From</u> <u>Other Funds</u>	<u>Due To</u> <u>Other Funds</u>
General Fund	\$ 8,271,807	\$ -
Health Services	-	8,217,077
Agency Funds	<u>-</u>	<u>54,730</u>
Total	<u>\$ 8,271,807</u>	<u>\$ 8,271,807</u>

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 5: INTERFUND TRANSACTIONS (CONTINUED)

Advances To/From Other Funds

Advances to/from other funds are non-current interfund loans and are offset by a nonspendable fund balance account in applicable governmental funds to indicate they are not in spendable form. The following are advance to/from other funds as of June 30, 2018:

	<u>Advances To Other Funds</u>	<u>Advances From Other Funds</u>
General Fund	\$ 1,272,650	\$ 1,180,000
Other Governmental Funds	10,000	-
Agency Funds	-	207,645
Health Services	<u>104,995</u>	<u>-</u>
Total	<u>\$ 1,387,645</u>	<u>\$ 1,387,645</u>

Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various County operations and re-allocations of special revenues. The following are the interfund transfer balances as of June 30, 2018:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 17,735,754
Public Safety	15,195,316	450,000
Public Assistance	934,854	-
Health Services	109,855	367,950
Other Governmental Funds	3,029,653	715,974
Other Enterprise Funds	<u>22,500</u>	<u>22,500</u>
Total	<u>\$ 19,292,178</u>	<u>\$ 19,292,178</u>

NOTE 6: UNEARNED REVENUES

At June 30, 2018, components of unearned revenues were as follows:

	<u>Unearned</u>
General Fund	
2018/2019 payment in lieu of taxes revenues in advance	\$ 1,142,823
Other revenues received but not earned	72,861
Public Safety	
Other revenues received but not earned	202
Public Assistance	
Social services revenues received but not earned	10,787,534
Nonmajor Governmental Funds	
Building and safety revenues received but not earned	8,221
Air pollution grant revenues received but not earned	<u>180,000</u>
Total	<u>\$ 12,191,641</u>

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 7: LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2018:

Type of Indebtedness	Balance July 1, 2017	Additions	Retirements	Balance June 30, 2018	Amounts Due Within One Year
Governmental Activities					
Certificates of Participation	\$ 12,450,000	\$ -	(\$ 760,000)	\$ 11,690,000	\$ 780,000
Unamortized Premium	645,059	-	(29,321)	615,738	29,321
Certificates of Participation, Net	13,095,059	-	(789,321)	12,305,738	809,321
Capital Leases	66,921	-	(29,407)	37,514	31,038
Compensated Absences	3,796,479	3,685,623	(3,755,219)	3,726,883	3,354,194
Total Governmental Activities	<u>\$ 16,958,459</u>	<u>\$ 3,685,623</u>	<u>(\$ 4,573,947)</u>	<u>\$ 16,070,135</u>	<u>\$ 4,194,553</u>
Business-Type Activities					
Bonds	<u>\$ 355,700</u>	\$ -	(\$ 22,500)	<u>\$ 333,200</u>	<u>\$ 23,500</u>
Total Business-Type Activities	<u>\$ 355,700</u>	<u>\$ -</u>	<u>(\$ 22,500)</u>	<u>\$ 333,200</u>	<u>\$ 23,500</u>

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for these funds are included as part of the above totals for governmental activities. The capital lease liability is liquidated by lease payments made by the departments leasing the equipment. Compensated absences for the governmental activities are generally liquidated by the fund where the accrued liability occurred, which is primarily the General fund.

For business-type activities, all debt is accounted for in the proprietary fund where the liability occurred.

Individual issues of debt payable outstanding at June 30, 2018, are as follows:

Governmental Activities

Certificates of Participation:

2014 Certificates of Participation, issued May 13, 2014, in the amount of \$14,660,000, payable in annual installments of \$300,000 to \$965,000, with an interest rate of 2.0% to 5.0% and maturity on September 15, 2038. The certificates were used to refund the 1998 and 2002 certificates of participation which were used to finance capital projects and to finance additional capital improvements.

Total Certificates of Participation

Total Governmental Activities

\$ 11,690,000

11,690,000

\$ 11,690,000

Business-Type Activities

Bonds:

1997 Sanitation District #1 Bonds, issued March, 1997, in the amount of \$824,465, payable in annual installments of \$8,000 to \$35,000 with an interest rate of 4.50% and maturity on September 2036. The bonds were used to finance construction and upgrade of the sanitation system.

Total Bonds

Total Business-Type Activities

\$ 333,200

333,200

\$ 333,200

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 7: LONG-TERM LIABILITIES (CONTINUED)

Following is a schedule of debt payment requirements of governmental activities and business-type activities to maturity for long-term debt, excluding compensated absences that have indefinite maturities and capital leases which are reported in Note 8.

Governmental Activities

Year Ended June 30	Certificates of Participation		
	Principal	Interest	Total
2019	\$ 780,000	\$ 451,238	\$ 1,231,238
2020	820,000	419,238	1,239,238
2021	855,000	381,463	1,236,463
2022	895,000	337,713	1,232,713
2023	935,000	301,313	1,236,313
2024-2028	3,325,000	1,061,428	4,386,428
2029-2033	1,635,000	674,128	2,309,128
2034-2038	1,995,000	311,900	2,306,900
2039	450,000	9,563	459,563
Total	<u>\$ 11,690,000</u>	<u>\$ 3,947,984</u>	<u>\$ 15,637,984</u>

Business-Type Activities

Year Ended June 30	Bonds		
	Principal	Interest	Total
2019	\$ 18,500	\$ 15,041	\$ 33,541
2020	19,500	14,186	33,686
2021	20,000	13,298	33,298
2022	20,500	12,386	32,886
2023	21,500	11,441	32,941
2024-2028	124,500	41,276	165,776
2029-2032	108,700	11,393	120,093
Total	<u>\$ 333,200</u>	<u>\$ 119,021</u>	<u>\$ 452,221</u>

NOTE 8: LEASES

Operating Leases

The County has signed several operating leases primarily for office buildings. Terms of the leases are month to month or contain early termination clauses. Because of this, the County does not have a definite noncancellable commitment from these various leases.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 8: LEASES (CONTINUED)

Capital Leases

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

	<u>Stated Interest Rate</u>	<u>Present Value of Remaining Payments at June 30, 2018</u>
Governmental activities	5.25-5.45%	\$ 37,514
Total		<u>\$ 37,514</u>

Equipment and related accumulated depreciation under capital lease are as follows:

	<u>Governmental Activities</u>
Equipment	\$ 121,419
Less: accumulated depreciation	(71,823)
Net Value	<u>\$ 49,596</u>

As of June 30, 2018, capital lease annual amortization was as follows:

<u>Year Ended June 30</u>	<u>Governmental Activities</u>
2019	\$ 32,306
2020	<u>6,534</u>
Total Requirements	38,840
Less Interest	(1,326)
Present Value of Remaining Payments	<u>\$ 37,514</u>

NOTE 9: NET POSITION

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

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

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 9: NET POSITION (CONTINUED)

Net Position Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted net position are available, it is considered that restricted resources are used first, followed by the unrestricted resources.

Net Position Restricted by Enabling Legislation

The government-wide Statement of Net Position reports \$41,869,059 of restricted net position, of which \$1,439,041 is restricted by enabling legislation.

NOTE 10: FUND BALANCES

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2018, fund balance for governmental funds is made up of the following:

- **Nonspendable fund balance** - amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid amounts.
- **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. Restrictions may effectively be changed or lifted with the consent of resource providers.
- **Committed fund balance** - amounts that can only be used for the specific purposes determined by formal action of the County’s highest level of decision-making authority. The Board of Supervisors is the highest level of decision making authority for the County that can, by adoption of an ordinance commit fund balance. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation. 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.
- **Unassigned fund balance** - the residual classification for the County’s General fund that includes all amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 10: FUND BALANCES (CONTINUED)

The fund balances for all major and nonmajor governmental funds as of June 30, 2018, were distributed as follows:

	General Fund	Public Safety	Public Assistance	Health Services	Other Govern- mental Funds	Total
Nonspendable:						
Advances to other funds	\$ 1,272,650	\$ -	\$ -	\$ -	\$ 10,000	\$ 1,282,650
Prepaid costs	1,104,809	122,932	107,768	16,067	9,100	1,360,676
Inventory	-	-	-	-	404,272	404,272
Loans receivable	117,709	-	-	-	-	117,709
Subtotal	<u>2,495,168</u>	<u>122,932</u>	<u>107,768</u>	<u>16,067</u>	<u>423,372</u>	<u>3,165,307</u>
Restricted:						
AVA County of Tehama	111,216	-	-	-	-	111,216
APSA Act AB 1130 Grant	1,250	-	-	-	-	1,250
Vital & Health Stats	94,511	-	-	-	-	94,511
Recorder Micrographics	43,222	-	-	-	-	43,222
Recorder Truncation	67,198	-	-	-	-	67,198
SB2 Housing Fees	110,880	-	-	-	-	110,880
PC1463.9 Litter Control	8,979	-	-	-	-	8,979
Fair Booth Trust	979	-	-	-	-	979
Recorder Electronic Filing Fee	63,234	-	-	-	-	63,234
Recorder Automation	311,951	-	-	-	-	311,951
Small Claim Fees Cp 116.910	17,856	-	-	-	-	17,856
VC27360 Child Restraints	11,359	-	-	-	-	11,359
Safe Drinking Water	271,678	-	-	-	-	271,678
UST & HS Code 25287	47	-	-	-	-	47
Domestic Violence Program	11,815	-	-	-	-	11,815
HS 25299 Underground Tank	108,667	-	-	-	-	108,667
Local Innovation	39,439	-	-	-	-	39,439
Housing Ass't Payment	22,132	-	-	-	-	22,132
Public Safety	-	7,730,689	-	-	-	7,730,689
Public Assistance	-	-	997,396	-	-	997,396
Health Services	-	-	-	2,903,557	-	2,903,557
Road Services	-	-	-	-	3,281,114	3,281,114
Fish and Game	-	-	-	-	143,993	143,993
Fire	-	-	-	-	6,862,587	6,862,587
Child Support	-	-	-	-	221,241	221,241
Building and Safety	-	-	-	-	624,022	624,022
Senior Nutrition	-	-	-	-	107,790	107,790
Transportation Operations	-	-	-	-	2,682,608	2,682,608
Air Pollution Services	-	-	-	-	1,137,847	1,137,847
Los Molinos Lighting	-	-	-	-	82,963	82,963
Flood Control and Water Conserv	-	-	-	-	962,241	962,241
Tehama Power Authority	-	-	-	-	5,505	5,505
AB 923	-	-	-	-	350,827	350,827
Impact Fees	-	-	-	-	518,264	518,264
Subtotal	<u>1,296,413</u>	<u>7,730,689</u>	<u>997,396</u>	<u>2,903,557</u>	<u>16,981,002</u>	<u>29,909,057</u>

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 10: FUND BALANCES (CONTINUED)

The fund balances for all major and nonmajor governmental funds as of June 30, 2018, were distributed as follows: (Continued)

	General Fund	Public Safety	Public Assistance	Health Services	Other Govern- mental Funds	Total
Committed:						
Sun City Development	53,656	-	-	-	-	53,656
Uniform Allowance	72,500	-	-	-	-	72,500
Dept of Health Services	127,500	-	-	-	-	127,500
Economic Uncertainty	4,821,577	-	-	-	-	4,821,577
Capital Projects	-	-	-	-	7,726,269	7,726,269
Debt Service	-	-	-	-	1,396,633	1,396,633
Subtotal	<u>5,075,233</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,122,902</u>	<u>14,198,135</u>
Assigned:						
Camp Tehama OPS	37,989	-	-	-	-	37,989
Departments	342,787	-	-	-	-	342,787
Veterans Halls	177,302	-	-	-	-	177,302
Capital Assets	1,263,998	-	-	-	-	1,263,998
Nuisance Abate	165,111	-	-	-	-	165,111
Antelope Sewer	23,200	-	-	-	-	23,200
Sick Leave & Vacation Buyout	30,154	-	-	-	-	30,154
Parks	69,974	-	-	-	-	69,974
Encumbrances	149,578	-	-	-	-	149,578
Corning Court	78,192	-	-	-	-	78,192
Animal Donations	19,989	-	-	-	-	19,988
Public Assistance	-	-	732,484	-	-	732,484
Subtotal	<u>2,358,274</u>	<u>-</u>	<u>732,484</u>	<u>-</u>	<u>-</u>	<u>3,090,758</u>
Unassigned	<u>1,123,626</u>	<u>-</u>	<u>-</u>	<u>(7,089,680)</u>	<u>-(5,966,054)</u>	
Total	<u>\$ 12,348,714</u>	<u>\$ 7,853,621</u>	<u>\$ 1,837,648</u>	<u>(\$ 4,170,056)</u>	<u>\$ 26,527,276</u>	<u>\$44,397,203</u>

Fund Balance Flow Assumption

When a government funds outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance), a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted fund balance are available, it is considered that restricted fund balance is depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 10: FUND BALANCES (CONTINUED)

Fund Balance Policy

The Board of Supervisors has adopted a fund balance policy for financial statement reporting. The policy establishes procedures for reporting fund balance classifications, establishes prudent reserve requirements and establishes a hierarchy of fund balance expenditures. The policy also provides for the County to establish and maintain a minimum committed fund balance in the General fund equal to 8.33 percent of adopted (final) budgeted General fund appropriations for economic uncertainty.

NOTE 11: PENSION PLAN

A. General Information about the Pension Plan

Plan Descriptions

All qualified permanent and probationary employees of Tehama County, Tehama Court, Tehama County Landfill, Tehama County Public Authority, Tehama County Law Library, Tehama County Transportation Commission, and Tehama First Five are eligible to participate in the County's Safety and Miscellaneous agent multiple-employer defined benefit pension plan (Plan), administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for participating member employers. 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.

Effective January 1, 2013, the County added retirement tiers for both the Miscellaneous and Safety Rate Tiers for new employees as required under the Public Employee Pension Reform Act (PEPRA). New employees hired on or after January 1, 2013 will be subject to new, lower pension formulas, caps on pensionable income levels and new definitions of pensionable income. In addition, new employees will be required to contribute half of the total normal cost of the pension benefit unless impaired by an existing Memorandum of Understanding. The cumulative effect of these PEPRA changes will ultimately reduce the County's retirement costs.

Summary of Rate Tiers and Eligible Participants

Open for New Enrollment	
Miscellaneous PEPRA	Miscellaneous members hired on or after January 1, 2013
Safety PEPRA	Safety employees hired on or after January 1, 2013
Closed to New Enrollment	
Miscellaneous	Miscellaneous employees hired before January 1, 2013
Safety	Safety employees hired before January 1, 2013

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 11: PENSION PLAN (CONTINUED)

A. General Information about the Pension Plan (Continued)

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. Retirement benefits are paid monthly for life. 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.

Each Rate Tier's specific provisions and benefits in effect at June 30, 2018, are summarized as follows:

	<u>Benefit Formula</u>	<u>Retirement Age</u>	<u>Monthly Benefits as a % of Eligible Compensation</u>
Miscellaneous	2.0% @ 55	50-55	2.00%
Miscellaneous PEPRA	2.0% @ 62	52-62	2.00%
Safety	3.0% @ 50	50	3.00%
Safety PEPRA	2.7% @ 57	52-57	2.70%

Employees Covered

At June 30, 2018, the following employees were covered by the benefit terms for the Plan including independent entities (Courts and First Five):

	<u>Inactive Employees or Beneficiaries Currently Receiving Benefits</u>	<u>Inactive Employees Entitled to But Not Yet Receiving Benefits</u>	<u>Active Employees</u>
Miscellaneous	779	684	670
Safety	140	86	154

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 all 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.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 11: PENSION PLAN (CONTINUED)

A. General Information about the Pension Plan (Continued)

Contributions (Continued)

	Employer Contribution Rates	Employee Contribution Rates	Employer Paid Member Contribution Rates
Miscellaneous	8.263%	7.000%	0.000%*
Miscellaneous PEPRA	8.263%	6.250%	0.000%
Safety	15.626%	9.000%	0.000%*
Safety PEPRA	15.626%	11.250%	0.000%

*The County pays 100 percent of the employee's contribution for elected officials and 3 percent of the employee's contribution for police officers and probation.

B. Net Pension Liability

The County's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions

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

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increase	Varies by entry-age and service
Mortality Rate Table ¹	Derived using CalPERS' membership data for all funds
Post-Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period 1997 to 2011 including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website.

¹The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB, for more details on this table, please refer to the 2014 experience study report.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 11: PENSION PLAN (CONTINUED)

B. Net Pension Liability (Continued)

Change of Assumptions

In 2017-18, the accounting discount rate reduced from 7.65 percent to 7.15 percent.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The test revealed the assets would not run out. Therefore, the current 7.15 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees' Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at 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 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 pension fund (PERF) cash flows. Taking into account historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1 - 10(a)</u>	<u>Real Return Years 11+(b)</u>
Global Equity	47.0%	4.90%	5.38%
Fixed Income	19.0%	0.80%	2.27%
Inflation Assets	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	2.0%	-0.40%	-0.90%
Total	<u>100.0%</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 TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 11: PENSION PLAN (CONTINUED)

C. Changes in the Net Pension Liability

As of June 30, 2018, the changes in the net pension liability of the agent multiple-employer defined benefit pension plan including independent entities, is as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Miscellaneous:			
Balance at June 30, 2016	\$ 221,741,926	\$ 160,711,994	\$ 61,029,932
Changes in the year:			
Service cost	5,171,753	-	5,171,753
Interest on the total pension liability	16,352,617	-	16,352,617
Change of assumptions	12,803,697	-	12,803,697
Difference between expected and actual experience (2,599,651)	-	(2,599,651)
Net Plan to plan resource movement	-	8,903	(8,903)
Contribution - employer	-	5,383,166	(5,383,166)
Contribution - employee	-	2,181,169	(2,181,169)
Net investment income	-	17,797,827	(17,797,827)
Benefit payments, including refunds of employee contributions	(11,647,820)	(11,647,820)	-
Administrative expense	-	(237,280)	237,280
Net changes	20,080,596	13,485,965	6,594,631
Balance at June 30, 2017	\$ 241,822,522	\$ 174,197,959	67,624,563
Less: amount allocated to independent entities			(5,669,598)
Balance at June 30, 2017			\$ 61,954,965
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Safety:			
Balance at June 30, 2016	\$ 77,532,695	\$ 50,785,488	\$ 26,747,207
Changes in the year:			
Service cost	2,150,880	-	2,150,880
Interest on the total pension liability	5,807,772	-	5,807,772
Change of assumptions	4,944,935	-	4,944,935
Differences between expected and actual experience (465,016)	-	(465,016)
Net plan to plan resource movement	-	(8,903)	8,903
Contribution - employer	-	2,542,771	(2,542,771)
Contribution - employee	-	793,978	(793,978)
Net investment income	-	5,644,790	(5,644,790)
Benefit payments, including refunds of employee contributions	(3,720,945)	(3,720,945)	-
Administrative expense	-	(74,981)	74,981
Net changes	8,717,626	5,176,710	3,540,916
Balance at June 30, 2017	\$ 86,250,321	\$ 55,962,198	\$ 30,288,123

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 11: PENSION PLAN (CONTINUED)

C. Changes in the Net Pension Liability (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability for each Rate Tier as of the measurement date, calculated using the discount rate for the Plan, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease <u>6.15%</u>	Discount Rate <u>7.15%</u>	1% Increase <u>8.15%</u>
Miscellaneous	\$ 98,327,888	\$ 67,624,563	\$ 42,067,967
Safety	42,363,817	30,288,123	20,361,154

Pension Plan Fiduciary Net Position

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

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

For the year ended June 30, 2018, the County recognized pension expense of \$13,773,799. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to the measurement date	\$ 8,653,844	\$ -
Changes of assumptions	12,519,533	(532,590)
Difference between expected and actual experience	-	(2,343,522)
Differences between projected and actual earnings on plan investments	<u>3,120,325</u>	<u>-</u>
Total	24,293,702	(2,876,112)
Less: amount allocated to independent entities	(<u>1,404,426</u>)	<u>199,026</u>
Total	<u>\$ 22,889,276</u>	(<u>\$ 2,677,086</u>)

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 11: PENSION PLAN (CONTINUED)

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

\$8,653,844 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, 2019. 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 Ended <u>June 30</u>	
2019	\$ 3,493,206
2020	7,811,007
2021	2,667,433
2022	(1,207,900)
Thereafter	<u>-</u>
Total	<u>\$ 12,763,746</u>

NOTE 12: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. General Information about the OPEB Plan

Plan Description

The County’s defined benefit OPEB plan (the Plan) provides OPEB for all permanent full-time general and public safety employees of the County. The Plan is an agent multiple-employer defined benefit plan administered by the California Public Employees’ Retirement System (CalPERS). The Board of Supervisors reserves the authority to review and amend the funding policy from time to time, in order to ensure that the funding policy continues to best suit the circumstances of the County. No assets were accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board Statement No. 75.

Benefits Provided

The County offers medical, dental, vision, and life benefits to its employees, retirees, and their dependents. The medical plans consist of an Anthem Blue Cross PPO and an Anthem Blue Cross EPO (low option).

Employees of all bargaining units who have a minimum of five (5) years of County service and who go directly from active employment to retirement under the Public Employees’ Retirement System, may continue to participate in the County’s health insurance programs at the employee’s option and expense.

While the County does not directly contribute towards the cost of premiums for retirees, the ability to obtain coverage at an active employee rate constitutes a significant economic benefit to the retirees, called an “implicit subsidy” under GASB 75. The inclusion of the retirees increases the County’s overall health insurance rates; it is, in part, the purpose of this valuation to determine the amount of the subsidy. Dental and vision benefits are not subsidized and have not been included in the valuation.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 12: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

A. General Information about the OPEB Plan (Continued)

Benefits Provided (Continued)

The following monthly premiums charged to a retiree for the County's medical plans went into effect as of January 1, 2018:

Plan	Composite Rate
Anthem Blue Cross PPO	\$ 1,481.00
Anthem Blue Cross EPO Low Option	1,834.00

Employees Covered By Benefit Terms

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	9
Active employees	794
	803

B. Net OPEB Liability

The County's net OPEB liability of \$1,252,845, was measured as of June 30, 2018, and was determined by the actuarial valuation as of July 1, 2018.

Actuarial Assumptions and Other Inputs

The net OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2018
Funding Method	Entry Age, level of percent of pay
Discount Rates	3.62 percent
Salary Increase	3.00 percent per year
Healthcare cost trend rates	6.0 percent for 2018, 5.5 percent for 2019, 5.25 percent for 2020 and 5.0 percent for 2021 and later years

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 12: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

C. Changes in the Net OPEB Liability

The table below shows the changes in the total OPEB liability, the Plan Fiduciary Net Position (i.e. Fair value of the Plan assets), and the net OPEB liability during the measurement period ending on June 30, 2018 for the County's proportionate share.

	Increases (Decreases)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2017	\$ 1,088,743	\$ -	\$ 1,088,743
Changes for the year:			
Service cost	169,470	-	169,470
Interest	38,623	-	38,623
Contributions - employer	-	43,991	(43,991)
Benefit payments	(43,991)	(43,991)	-
Net Changes	164,102	-	164,102
Balances at June 30, 2018	<u>\$ 1,252,845</u>	<u>\$ -</u>	<u>\$ 1,252,845</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the County, as well as what the County's net OPEB 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 discount rate:

	1% Decrease 2.62%	Discount Rate 3.62%	1% Increase 4.62%
Net OPEB Liability	\$ 1,355,127	\$ 1,252,845	\$ 1,157,777

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rates

The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	1% Decrease (5.00% decreasing to 4.00%)	Trend Rate (6.00% decreasing to 5.00%)	1% Increase (7.00% decreasing to 6.00%)
Net OPEB Liability	\$ 1,110,638	\$ 1,252,845	\$ 1,418,947

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the County recognized OPEB expense of \$208,092. At June 30, 2018, the County did not have deferred outflows of resources and deferred inflows of resources related to OPEB to report.

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 13: RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has Risk Management Funds (Internal Service Funds) to finance its insured and uninsured risks of loss. The County's uninsured risk of loss is as follows: General liability \$100,000. The County is a member of the County Supervisors Association of California Excess Insurance Authority (CSAC-EIA), a public entity risk pool currently operating as a common risk management and insurance program for counties. Should actual loss among participants be greater than anticipated, the County will be assessed its pro rata share of the deficiency. Conversely, if the actual losses are less than anticipated, the County will be refunded its pro rata share of the excess. Settled claims have not exceeded commercial coverage in any of the past three fiscal years. Actual claims unpaid as of June 30, 2018, including any estimates for incurred but not reported (IBNR) amounts, constitute claims payable. The claims liability at June 30, 2018, was as follows:

General Liability	\$ 823,000
Dental Insurance	100,052
Vision Insurance	<u>20,530</u>
Total	<u>\$ 943,582</u>

All funds of the County participate in the program and make payments to the Risk Management funds based on actuarial estimates of the amounts needed to pay prior and current year claims. The claims liability of \$943,582 reported in the funds at June 30, 2018, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably determined.

Changes in the County's claims liability amount for the fiscal years June 30, 2016, 2017 and 2018 were as follows:

	<u>Balance at</u> <u>Beginning of</u> <u>Fiscal Year</u>	<u>Current Year</u> <u>Claims and</u> <u>Changes in</u> <u>Estimates</u>	<u>Claims</u> <u>Payments</u>	<u>Balance at</u> <u>End of</u> <u>Fiscal Year</u>
June 30, 2016	\$ 809,550	\$ 3,026,469	\$ 2,897,794	\$ 938,225
June 30, 2017	938,225	2,875,229	2,891,089	922,365
June 30, 2018	922,365	3,149,574	3,128,357	943,582

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

COUNTY OF TEHAMA
Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 14: OTHER INFORMATION

A. Commitments and Contingencies

The County had active construction projects as of June 30, 2018. The estimated costs to be incurred for these projects is \$1,598,268.

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

The County is involved in several lawsuits. Due to the nature of the cases, County Counsel is unable to estimate at this time the probability of favorable or unfavorable outcomes. Therefore, no provision has been made in the financial statements for a loss contingency.

The County had the following encumbrances at June 30, 2018, General fund \$149,578, Public Safety \$208,210, Public Assistance \$71,000, Health Services \$999, and non-major governmental funds \$133,187.

B. Subsequent Events

Management has evaluated events subsequent to June 30, 2018 through February 22, 2019, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

**Required Supplementary Information
(Unaudited)**

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COUNTY OF TEHAMA
Required Supplementary Information
County Pension Plan
Schedule of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2018
Last 10 Years*

Measurement Date	2013/14	2014/15	2015/16	2016/17
Miscellaneous				
Total Pension Liability				
Service Cost	\$ 4,751,684	\$ 4,685,705	\$ 4,599,406	\$ 5,171,753
Interest	14,778,711	15,360,205	15,987,281	16,352,617
Change in assumptions	-	(3,523,041)	-	12,803,697
Difference between expected and actual experience	-	(2,080,052)	(991,661)	(2,599,651)
Benefit payments, including refunds of employee contributions	(9,743,748)	(10,569,848)	(11,058,235)	(11,647,820)
Net Change in Total Pension Liability	9,786,647	3,872,969	8,536,791	20,080,596
Total Pension Liability - Beginning	199,545,519	209,332,166	213,205,135	221,741,926
Total Pension Liability - Ending (a)	<u>\$ 209,332,166</u>	<u>\$ 213,205,135</u>	<u>\$ 221,741,926</u>	<u>\$ 241,822,522</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 4,300,260	\$ 4,557,693	\$ 4,982,192	\$ 5,383,166
Contributions - employee	2,250,188	2,171,594	2,211,464	2,181,169
Net investment income	24,639,923	3,676,095	870,103	17,797,827
Benefit payments, including refunds of employee contributions	(9,743,748)	(10,569,848)	(11,058,235)	(11,647,820)
Plan to plan resource movement	-	(71,138)	(10,813)	8,903
Administrative expense	-	(186,719)	(99,838)	(237,280)
Net Change in Plan Fiduciary Net Position	21,446,623	(422,323)	(3,105,127)	13,485,965
Plan Fiduciary Net Position - Beginning	142,792,821	164,239,444	163,817,121	160,711,994
Plan Fiduciary Net Position - Ending (b)	<u>\$ 164,239,444</u>	<u>\$ 163,817,121</u>	<u>\$ 160,711,994</u>	<u>\$ 174,197,959</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 45,092,722</u>	<u>\$ 49,388,014</u>	<u>\$ 61,029,932</u>	<u>\$ 67,624,563</u>
Plan fiduciary net position as a percentage of the total pension liability	78.46%	76.84%	72.48%	72.04%
Covered payroll	\$ 30,757,227	\$ 31,825,748	\$ 31,761,661	\$ 32,461,415
Net pension liability as a percentage of covered payroll	146.61%	155.18%	192.15%	208.32%

*The County implemented GASB 68 for the fiscal year June 30, 2015, therefore only four years are shown.

Continued (Page 1 of 2)

COUNTY OF TEHAMA
Required Supplementary Information
County Pension Plan
Schedule of Changes in Net Pension Liability and Related Ratios
For the Year Ended June 30, 2018
Last 10 Years*

Measurement Date	2013/14	2014/15	2015/16	2016/17
Safety				
Total Pension Liability				
Service Cost	\$ 1,722,487	\$ 1,721,662	\$ 1,852,609	\$ 2,150,880
Interest	4,994,614	5,270,117	5,567,657	5,807,772
Change in assumptions	-	(1,316,679)	-	4,944,935
Difference between expected and actual experience	-	141,736	275,562	(465,016)
Benefit payments, including refunds of employee contributions	(3,087,719)	(3,404,624)	(3,482,186)	(3,720,945)
Net Change in Total Pension Liability	3,629,382	2,412,212	4,213,642	8,717,626
Total Pension Liability - Beginning	67,277,459	70,906,841	73,319,053	77,532,695
Total Pension Liability - Ending (a)	<u>\$ 70,906,841</u>	<u>\$ 73,319,053</u>	<u>\$ 77,532,695</u>	<u>\$ 86,250,321</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 1,812,375	\$ 1,974,637	\$ 2,091,533	\$ 2,542,771
Contributions - employee	611,172	662,280	697,072	793,978
Net investment income	7,625,451	1,108,588	273,694	5,644,790
Benefit payments, including refunds of employee contributions	(3,087,719)	(3,404,624)	(3,482,186)	(3,720,945)
Plan to plan resource movement	-	-	-	(8,903)
Administrative expense	-	(57,661)	(31,226)	(74,981)
Net Change in Plan Fiduciary Net Position	6,961,279	283,220	(451,113)	5,176,710
Plan Fiduciary Net Position - Beginning	43,992,102	50,953,381	51,236,601	50,785,488
Plan Fiduciary Net Position - Ending (b)	<u>\$ 50,953,381</u>	<u>\$ 51,236,601</u>	<u>\$ 50,785,488</u>	<u>\$ 55,962,198</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 19,953,460</u>	<u>\$ 22,082,452</u>	<u>\$ 26,747,207</u>	<u>\$ 30,288,123</u>
Plan fiduciary net position as a percentage of the total pension liability	71.86%	69.88%	65.50%	64.88%
Covered payroll	\$ 6,963,761	\$ 7,167,321	\$ 7,771,989	\$ 8,159,327
Net pension liability as a percentage of covered payroll	286.53%	308.10%	344.15%	371.21%

*The County implemented GASB 68 for the fiscal year June 30, 2015, therefore only four years are shown.

Continued (Page 2 of 2)

COUNTY OF TEHAMA
Required Supplementary Information
County Pension Plan
Schedule of Contributions
For the Year Ended June 30, 2018
Last 10 Years*

Fiscal Year	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>
Miscellaneous				
Contractually required contributions (actuarially determined)	\$ 4,557,693	\$ 4,982,192	\$ 5,383,166	\$ 5,951,937
Contributions in relation to the actuarially determined contributions	<u>(4,557,693)</u>	<u>(4,982,192)</u>	<u>(5,383,166)</u>	<u>(5,951,937)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 31,825,748	\$ 31,761,661	\$ 32,461,415	\$ 33,779,342
Contributions as a percentage of covered payroll	14.32%	15.69%	16.58%	17.62%
Safety				
Contractually required contributions (actuarially determined)	\$ 1,974,637	\$ 2,091,533	\$ 2,542,771	\$ 2,654,860
Contributions in relation to the actuarially determined contributions	<u>(1,974,637)</u>	<u>(2,091,533)</u>	<u>(2,542,771)</u>	<u>(2,654,860)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 7,167,321	\$ 7,771,989	\$ 8,159,327	\$ 8,388,160
Contributions as a percentage of covered payroll	27.55%	26.91%	31.16%	31.65%

*The County implemented GASB 68 for the fiscal year June 30, 2015, therefore only four years are shown.

COUNTY OF TEHAMA
Required Supplementary Information
County Pension Plan
Notes to County Pension Plan
For the Year Ended June 30, 2018

NOTE 1: SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Benefit Changes: The figures do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

Change of assumptions: In 2018, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016-17, there were no changes. In 2015-16, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5 percent discount rate.

NOTE 2: SCHEDULE OF CONTRIBUTIONS

Methods and assumptions used to determine the contribution rates for the Miscellaneous and Safety Plan were as follows:

Valuation Date	June 30, 2014
Actuarial cost method	Entry-Age Normal
Amortization method/period	For details, see June 30, 2014 Funding Valuation Report
Asset valuation method	Market value of assets
Inflation	2.75%
Salary increases	Varies by entry-age and service
Payroll growth	3.00%
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, including inflation
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

COUNTY OF TEHAMA
Required Supplementary Information
County OPEB Plan
Schedule of Change in the Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2018
Last 10 Years*

	2017/18
Net OPEB Liability	
Service Cost	\$ 169,470
Interest	38,623
Benefit payments	(43,991)
Net Change in Net OPEB Liability	164,102
Net OPEB Liability - Beginning	1,088,743
Net OPEB Liability - Ending	\$ 1,252,845
Covered payroll	\$ 42,612,781
Net OPEB liability as a percentage of covered payroll	2.94%

*The County implemented GASB 75 for the fiscal year June 30, 2018, therefore only one year is shown.

COUNTY OF TEHAMA
Required Supplementary Information
County OPEB Plan
Note to County OPEB Plan
For the Year Ended June 30, 2018

NOTE 1: SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Benefit payments represent implicit subsidies.

COUNTY OF TEHAMA
Required Supplementary Information
Infrastructure Assets Reported Using the Modified Approach
For the Year Ended June 30, 2018

INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH

The assessed conditions report for the fiscal year ending June 30, 2018 was completed on August 15, 2018.

A. Roads

The County of Tehama manages its maintained road system, included in the area wide road network, using the Carte Graph Pavement Management Program, and accounts for them using the modified approach as set forth in GASB 34. The program establishes an Overall Condition Index (OCI) on a scale from zero to one hundred (0-100) for each road maintained by the Department of Public Works. The scale has been modified from previous years to combine roads in excellent condition with roads in good condition (both models are ASTM D6433 compliant). Additionally, unpaved roads have been separated from paved roads. Therefore, roads fall into categories ranging from poor to good with numerical ratings as follows:

Good	70 to 100
Fair	55 to 69
Poor	0 to 54

The Department of Public Works recommends that 75 percent of the County maintained road system be maintained at a rating of fair or better. Condition assessments (ratings) are conducted on a three-year cycle with detailed inspections occurring on an ongoing daily basis.

Unpaved roads have been separated out from paved roads and due to the scale change noted above, as of June 30, 2018, the County's paved maintained road system rating was at 54.5 percent for Arterial and Collector roads and 32.9 percent fair or better for Local roads, giving a weighted average of 42.9 percent fair or better for all paved roads. 97.8 percent of the County's 263.01 miles of unpaved roads are rated in good condition. The Department of Public Works also maintains records of 0.96 miles of unconstructed/unrated right of way. The total amount of maintained roads recorded by the department is 1088.8 miles, which is changed slightly from the prior year's report.

The majority of roads falling below the established rating of "Fair" (OCI<40) are in the Local road category, and were generally acquired by the County with inadequate or no structural section. Many of these roads are in rural settings and support minimal traffic, improving these roads to achieve a higher rating requires large fund expenditures and many years to attain.

COUNTY OF TEHAMA
Required Supplementary Information
Infrastructure Assets Reported Using the Modified Approach
For the Year Ended June 30, 2018

INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH (CONTINUED)

B. Bridges

The County of Tehama manages its maintained bridge system utilizing the Carte Graph Bridge Management program and accounts for each using the modified approach. Several factors are considered to achieve the established scale of 0 to 100, which provides a rating for each structure in the inventory. The established scale places each bridge structure into categories ranging from poor to excellent as follows:

Excellent	90 to 100
Good	80 to 89
Fair	50 to 79
Poor	0 to 49

The Department of Public Works recommends that 75 percent of its bridges be maintained at a fair or better rating. The following is a table of the bridges' condition as of June 30, 2018:

<u>Condition</u>	<u>Number of Bridges</u>	<u>Percent</u>
Excellent	103	14.86%
Good	181	26.12%
Fair	335	48.34%
Poor	<u>74</u>	<u>10.68%</u>
Total	<u><u>693</u></u>	<u><u>100.00%</u></u>

Caltrans conducts periodic inspections of all bridge structures that are 20 feet or longer. Changes in the Caltrans periodic inspection requirements have caused a greater number of County bridges to be downgraded to a lower condition rating as reflected in the above percentages. This amounts to approximately 400 County structures. Bridges generally have a useful life of 50 to 75 years with low levels of significant deterioration from year to year. County staff also conducts inspections of approximately 400 bridges and drainage structures less than 20 feet in length.

C. Signs

The County of Tehama manages its maintained sign database system using the Carte Graph Sign Management program. The State and Federal versions of the Manual of Uniform Traffic Control Device (MUTCD) guidelines identify sign reflectivity requirements as a crucial rating factor. Therefore, County sign reflectivity is measured using County owned equipment and assigned a "Pass or Fail" rating in keeping with industry standards.

Signs are generally replaced when they become unserviceable and no mass sign replacement program occurred this year.

Public Works staff continues to develop a comprehensive geo-referenced database in order to accurately count and locate all maintained signage. The cumulative sign data and rating shown below is based on the current number of signs recorded in the database system. The total number of signs will fluctuate as staff improves the quality control functions of the geo-referenced database.

COUNTY OF TEHAMA
Required Supplementary Information
Infrastructure Assets Reported Using the Modified Approach
For the Year Ended June 30, 2018

INFRASTRUCTURE ASSETS REPORTED USING THE MODIFIED APPROACH (CONTINUED)

C. Signs (Continued)

<u>Condition</u>	Number of Street <u>Name Signs</u>	Number of <u>Traffic Signs</u>	<u>Total</u>	Percent <u>Pass/Fail</u>
Pass	3,457	4,106	7,563	93.74%
Fail	<u>0</u>	<u>505</u>	<u>505</u>	<u>6.26%</u>
Total	<u><u>3,457</u></u>	<u><u>4,611</u></u>	<u><u>8,068</u></u>	<u><u>100.00%</u></u>

Additionally, the County maintains a significant number of miles of road centerline and edgeline striping, pavement markings, and object marker signs. They are visually inspected during routine operations and refreshed/replaced as needed annually to maintain maximum visibility.

D. Cost of Maintenance

The estimated annual amount to maintain 75 percent of the roads, bridges, and signs in a fair or better, or pass condition rating is \$9.4 million. The average annual expenditures over the last five years was \$9.1 million. The below totals reflect high dollar value bridge replacements and some major collector road projects that tend to skew the expenditure vs. rating analysis. The funds expended have helped to slow the facility degradation, however the overall ratings continue to decline, albeit at a slow place. The funds expended for all of the above noted facilities over the past five fiscal years are as follows:

	<u>Actual</u>
Fiscal Year 2017/2018	\$ 6,214,876
Fiscal Year 2016/2017	9,359,628
Fiscal Year 2015/2016	8,283,095
Fiscal Year 2014/2015	12,835,149
Fiscal Year 2013/2014	9,089,229

COUNTY OF TEHAMA
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes and assessments	\$19,441,598	\$20,245,122	\$20,205,927	\$ (39,195)
Licenses and permits	1,410,858	1,420,858	1,515,828	94,970
Fines and forfeitures	1,415,729	1,728,410	2,113,627	385,217
Use of money and property	291,263	394,263	483,831	89,568
Intergovernmental	2,600,992	2,806,983	2,685,170	(121,813)
Charges for services	18,285,968	18,326,447	17,403,144	(923,303)
Other revenues	345,491	1,176,790	724,623	(452,167)
Total Revenues	<u>43,791,899</u>	<u>46,098,873</u>	<u>45,132,150</u>	<u>(966,723)</u>
EXPENDITURES				
Current:				
General government	23,029,508	22,467,500	20,884,421	1,583,079
Public protection	6,191,217	6,086,113	5,538,350	547,763
Health and welfare	1,044,335	1,100,787	1,317,496	(216,709)
Public assistance	1,784,066	1,756,513	1,569,924	186,589
Education	768,703	1,076,728	1,044,662	32,066
Culture and recreation	284,445	292,646	285,707	6,939
Public ways and facilities	-	-	252,821	(252,821)
Debt service				
Interest and other charges	25,000	25,000	31,818	(6,818)
Capital outlay	200,000	303,336	232,478	70,858
Total Expenditures	<u>33,327,274</u>	<u>33,108,623</u>	<u>31,157,677</u>	<u>1,950,946</u>
Excess of Revenues Over (Under) Expenditures	<u>10,464,625</u>	<u>12,990,250</u>	<u>13,974,473</u>	<u>984,223</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(21,522,185)	(19,668,330)	(17,735,754)	1,932,576
Total Other Financing Sources (Uses)	<u>(21,522,185)</u>	<u>(19,668,330)</u>	<u>(17,735,754)</u>	<u>1,932,576</u>
Net Change in Fund Balances	(11,057,560)	(6,678,080)	(3,761,281)	2,916,799
Fund Balances - Beginning	16,109,995	16,109,995	16,109,995	-
Fund Balances - Ending	<u>\$ 5,052,435</u>	<u>\$ 9,431,915</u>	<u>\$ 12,348,714</u>	<u>\$ 2,916,799</u>

Continued (Page 1 of 2)

COUNTY OF TEHAMA
Required Supplementary Information
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2018

Reconciliation of Net Change in Fund Balance - Budgetary to GAAP Basis:

Net Change in Fund Balance - Budgetary Basis \$ (3,761,281)

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

OMB A-87 interfund charges are included as charges for services for budgetary purposes, but are a reduction of expenditures for financial reporting purposes.

Charges for services	(635,287)
General government expenditures	42,820
Public protection expenditures	82,361
Health and welfare expenditures	321,548
Public assistance expenditures	50,135
Public ways and facilities expenditures	138,423
	138,423

Net Change in Fund Balance - Statement of Revenues, Expenditures and Changes in Fund Balance \$ (3,761,281)

COUNTY OF TEHAMA
Required Supplementary Information
Budgetary Comparison Schedule
Public Safety - Major Special Revenue Fund
For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Licenses and permits	\$ 1,250	\$ 1,250	\$ 4,529	\$ 3,279
Fines and forfeitures	18,500	18,500	52,284	33,784
Use of money and property	-	-	113,059	113,059
Intergovernmental	9,430,803	10,603,356	11,001,364	398,008
Charges for services	674,557	987,070	1,047,103	60,033
Other revenues	189,689	603,057	113,644	(489,413)
Total Revenues	<u>10,314,799</u>	<u>12,213,233</u>	<u>12,331,983</u>	<u>118,750</u>
EXPENDITURES				
Current:				
Public protection	28,389,374	27,878,074	27,106,253	771,821
Capital outlay	-	629,484	401,900	227,584
Total Expenditures	<u>28,389,374</u>	<u>28,507,558</u>	<u>27,508,153</u>	<u>999,405</u>
Excess of Revenues Over (Under) Expenditures	<u>(18,074,575)</u>	<u>(16,294,325)</u>	<u>(15,176,170)</u>	<u>1,118,155</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	18,074,575	16,245,049	15,195,316	(1,049,733)
Transfers out	-	(450,000)	(450,000)	-
Total Other Financing Sources (Uses)	<u>18,074,575</u>	<u>15,795,049</u>	<u>14,745,316</u>	<u>(1,049,733)</u>
Net Change in Fund Balances	-	(499,276)	(430,854)	68,422
Fund Balances - Beginning	<u>8,284,475</u>	<u>8,284,475</u>	<u>8,284,475</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ 8,284,475</u></u>	<u><u>\$ 7,785,199</u></u>	<u><u>\$ 7,853,621</u></u>	<u><u>\$ 68,422</u></u>

COUNTY OF TEHAMA
Required Supplementary Information
Budgetary Comparison Schedule
Public Assistance - Major Special Revenue Fund
For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ 76	\$ 76
Use of money and property	7,582	7,582	7,960	378
Intergovernmental	41,102,853	40,254,504	34,103,156	(6,151,348)
Charges for services	135,216	136,971	90,438	(46,533)
Other revenues	274,474	274,474	283,842	9,368
Total Revenues	<u>41,520,125</u>	<u>40,673,531</u>	<u>34,485,472</u>	<u>(6,188,059)</u>
EXPENDITURES				
Current:				
Public assistance	42,619,892	41,542,129	37,225,668	4,316,461
Capital outlay	4,388	391,357	111,760	279,597
Total Expenditures	<u>42,624,280</u>	<u>41,933,486</u>	<u>37,337,428</u>	<u>4,596,058</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,104,155)</u>	<u>(1,259,955)</u>	<u>(2,851,956)</u>	<u>(1,592,001)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,056,859	1,056,859	934,854	(122,005)
Total Other Financing Sources (Uses)	<u>1,056,859</u>	<u>1,056,859</u>	<u>934,854</u>	<u>(122,005)</u>
Net Change in Fund Balances	(47,296)	(203,096)	(1,917,102)	(1,714,006)
Fund Balances - Beginning	<u>3,754,750</u>	<u>3,754,750</u>	<u>3,754,750</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 3,707,454</u>	<u>\$ 3,551,654</u>	<u>\$ 1,837,648</u>	<u>\$ (1,714,006)</u>

COUNTY OF TEHAMA
Required Supplementary Information
Budgetary Comparison Schedule
Health Services - Major Special Revenue Fund
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Fines and forfeitures	\$ -	\$ -	\$ 22,883	\$ 22,883
Use of money and property	-	-	5,578	5,578
Intergovernmental	16,289,031	17,083,174	14,183,042	(2,900,132)
Charges for services	7,627,244	7,480,598	4,975,747	(2,504,851)
Other revenues	100,000	100,000	67,934	(32,066)
Total Revenues	<u>24,016,275</u>	<u>24,663,772</u>	<u>19,255,184</u>	<u>(5,408,588)</u>
EXPENDITURES				
Current:				
Health and welfare	23,084,352	23,801,566	20,706,371	3,095,195
Capital outlay	56,500	551,394	39,599	511,795
Total Expenditures	<u>23,140,852</u>	<u>24,352,960</u>	<u>20,745,970</u>	<u>3,606,990</u>
Excess of Revenues Over (Under) Expenditures	<u>875,423</u>	<u>310,812</u>	<u>(1,490,786)</u>	<u>(1,801,598)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	127,861	127,861	109,855	(18,006)
Transfers out	(437,331)	(461,832)	(367,950)	93,882
Total Other Financing Sources (Uses)	<u>(309,470)</u>	<u>(333,971)</u>	<u>(258,095)</u>	<u>75,876</u>
Net Change in Fund Balances	565,953	(23,159)	(1,748,881)	(1,725,722)
Fund Balances (Deficits) - Beginning	<u>(2,421,175)</u>	<u>(2,421,175)</u>	<u>(2,421,175)</u>	<u>-</u>
Fund Balances (Deficits) - Ending	<u>\$ (1,855,222)</u>	<u>\$ (2,444,334)</u>	<u>\$ (4,170,056)</u>	<u>\$ (1,725,722)</u>
Reconciliation of Net Change in Fund Balance - Budgetary to GAAP Basis:				
Net Change in Fund Balance - Budgetary Basis				\$ (1,748,881)
The amount reported in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance was different because:				
Debt service expenditures are included as health and welfare expenditures for budgetary purposes, but are included as debt service expenditures for financial reporting purposes.				
Health and welfare expenditures				(32,306)
Debt service - principal expenditures				29,407
Debt service - interest and other charges expenditures				2,899
Net Change in Fund Balance - Statement of Revenues, Expenditures and Changes in Fund Balance				<u>\$ (1,748,881)</u>

COUNTY OF TEHAMA
Required Supplementary Information
Note to Budgetary Comparison Schedules
For the Year Ended June 30, 2018

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

Formal budgetary integration is employed as a management control device during the year. The County presents a comparison of annual budgets to actual results for the County's General and major special revenue funds. The amounts reported on the budgetary basis are generally on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

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 August 30. Budgeted expenditures are enacted into law through the passage of an Appropriation Resolution. This resolution mandates the maximum authorized expenditures for the fiscal year and cannot be exceeded except by subsequent amendments to the budget by the County's Board of Supervisors.

The following procedures are performed by the County in establishing the budgetary data reflected in the financial statements:

- (1) The County Administrative Officer submits to the Board of Supervisors a recommended draft budget for the fiscal year commencing the following July 1. The budget includes recommended expenditures and the means of financing them.
- (2) The Board of Supervisors reviews the recommended budget at regularly scheduled meetings, which are open to the public. The Board also conducts a public hearing on the recommended budget to obtain comments from interested persons.
- (3) Prior to August 1, the budget is adopted through the passage of a resolution.
- (4) From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein, as recommended expenditures become appropriations to the various County departments. The Board of Supervisors may amend the budget by motion during the fiscal year. The County Administrative Officer may authorize transfers from one object or purpose to another within the same department.
- (5) An operating budget is adopted each fiscal year for all governmental funds. Expenditures are controlled at the 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. Any amendments or transfers of appropriations between object levels within the same budget unit or between departments or funds are authorized by the County Administrator's office and must be approved by the Board of Supervisors. Supplementary appropriations normally financed by unanticipated revenues during the year must be approved by the Board of Supervisors. Budgeted amounts in the budgetary schedules are reported as originally adopted and as amended during the fiscal year by resolutions approved by the Board of Supervisors.

COUNTY OF TEHAMA
Required Supplementary Information
Note to Budgetary Comparison Schedules
For the Year Ended June 30, 2018

NOTE 1: BUDGETARY BASIS OF ACCOUNTING (CONTINUED)

The County uses an encumbrance system as an extension of normal budgetary accounting for the General, special revenue, and debt service funds and to assist in controlling expenditures of the 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 year end are recorded as restricted, committed, or assigned fund balance since they do not constitute expenditures or liabilities. Encumbrances are combined with expenditures for budgetary comparison purposes. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward in the ensuing year's budget.

Combining Nonmajor Fund Statements

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Nonmajor Governmental Funds

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COUNTY OF TEHAMA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Totals
ASSETS				
Cash and investments	\$17,571,610	\$ 5,336,374	\$ 305,122	\$23,213,106
Cash with fiscal agent	-	2,400,156	1,091,511	3,491,667
Receivables:				
Accounts	240,891	56	-	240,947
Intergovernmental	226,914	-	-	226,914
Advances to other funds	10,000	-	-	10,000
Prepaid costs	9,100	-	-	9,100
Inventory	404,272	-	-	404,272
Total Assets	\$18,462,787	\$ 7,736,586	\$ 1,396,633	\$27,596,006
LIABILITIES				
Accounts payable	\$ 305,270	\$ 5,796	\$ -	\$ 311,066
Salaries and benefits payable	250,108	4,521	-	254,629
Due to other governments	6,540	-	-	6,540
Deposits payable	102,895	-	-	102,895
Unearned revenues	188,221	-	-	188,221
Total Liabilities	853,034	10,317	-	863,351
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	205,379	-	-	205,379
Total Deferred Inflows of Resources	205,379	-	-	205,379
FUND BALANCES				
Nonspendable	423,372	-	-	423,372
Restricted	16,981,002	-	-	16,981,002
Committed	-	7,726,269	1,396,633	9,122,902
Total Fund Balances	17,404,374	7,726,269	1,396,633	26,527,276
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$18,462,787	\$ 7,736,586	\$ 1,396,633	\$27,596,006

COUNTY OF TEHAMA
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Totals
REVENUES				
Taxes and assessments	\$ 5,192,595	\$ 3,486	\$ -	\$ 5,196,081
Licenses and permits	1,385,433	-	-	1,385,433
Fines and forfeitures	16,141	29,191	211,063	256,395
Use of money and property	236,921	73,451	85,803	396,175
Intergovernmental	12,284,625	-	-	12,284,625
Charges for services	2,718,046	-	-	2,718,046
Other revenues	643,704	6,953	-	650,657
Total Revenues	22,477,465	113,081	296,866	22,887,412
EXPENDITURES				
Current:				
General government	-	75,021	2,354	77,375
Public protection	6,626,026	-	-	6,626,026
Health and welfare	1,117,856	-	-	1,117,856
Public assistance	2,055,187	-	-	2,055,187
Public ways and facilities	8,857,274	-	-	8,857,274
Debt service:				
Principal	-	-	760,000	760,000
Interest and other charges	-	-	478,238	478,238
Capital outlay	1,782,329	658,321	-	2,440,650
Total Expenditures	20,438,672	733,342	1,240,592	22,412,606
Excess of Revenues Over (Under) Expenditures	2,038,793	(620,261)	(943,726)	474,806
OTHER FINANCING SOURCES (USES)				
Transfers in	58,101	2,011,453	960,099	3,029,653
Transfers out	-	-	(715,974)	(715,974)
Total Other Financing Sources (Uses)	58,101	2,011,453	244,125	2,313,679
Net Change in Fund Balances	2,096,894	1,391,192	(699,601)	2,788,485
Fund Balances - Beginning	15,380,212	6,335,077	2,096,234	23,811,523
Change in inventory on purchases method	(72,732)	-	-	(72,732)
Fund Balances - Ending	\$17,404,374	\$ 7,726,269	\$ 1,396,633	\$26,527,276

Nonmajor Governmental Funds

- **Special Revenue Funds**

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COUNTY OF TEHAMA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2018

	<u>Road</u>	<u>Fish and Game</u>	<u>Fire</u>	<u>Child Support</u>
ASSETS				
Cash and investments	\$ 3,482,890	\$ 148,142	\$ 6,908,377	\$ 270,938
Receivables:				
Accounts	166,280	-	17,944	-
Intergovernmental	164,389	-	-	29,963
Advances to other funds	-	-	-	10,000
Prepaid costs	-	-	-	-
Inventory	404,272	-	-	-
Total Assets	<u>\$ 4,217,831</u>	<u>\$ 148,142</u>	<u>\$ 6,926,321</u>	<u>\$ 310,901</u>
LIABILITIES				
Accounts payable	\$ 109,424	\$ 4,149	\$ 50,204	\$ 1,003
Salaries and benefits payable	155,737	-	13,530	48,694
Due to other governments	-	-	-	-
Deposits payable	102,895	-	-	-
Unearned revenues	-	-	-	-
Total Liabilities	<u>368,056</u>	<u>4,149</u>	<u>63,734</u>	<u>49,697</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues	164,389	-	-	29,963
Total Deferred Inflows of Resources	<u>164,389</u>	<u>-</u>	<u>-</u>	<u>29,963</u>
FUND BALANCES				
Nonspendable	404,272	-	-	10,000
Restricted	3,281,114	143,993	6,862,587	221,241
Total Fund Balances	<u>3,685,386</u>	<u>143,993</u>	<u>6,862,587</u>	<u>231,241</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,217,831</u>	<u>\$ 148,142</u>	<u>\$ 6,926,321</u>	<u>\$ 310,901</u>

Building and Safety	Senior Nutrition	Transportation Operations	Air Pollution	Los Molinos Lighting	Tehama County Flood Control	Tehama County Flood Zone 3	Tehama Power Authority
\$ 656,998	\$ 88,048	\$ 2,813,984	\$ 1,288,292	\$ 82,963	\$ 234,287	\$ 732,132	\$ 5,505
-	19,742	6,815	20,073	-	-	-	-
-	11,027	-	21,535	-	-	-	-
-	-	-	-	-	-	-	-
9,100	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 666,098</u>	<u>\$ 118,817</u>	<u>\$ 2,820,799</u>	<u>\$ 1,329,900</u>	<u>\$ 82,963</u>	<u>\$ 234,287</u>	<u>\$ 732,132</u>	<u>\$ 5,505</u>
\$ 515	\$ -	\$ 138,191	\$ 1,271	\$ -	\$ 513	\$ -	\$ -
17,700	-	-	10,782	-	3,665	-	-
6,540	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
8,221	-	-	180,000	-	-	-	-
<u>32,976</u>	<u>-</u>	<u>138,191</u>	<u>192,053</u>	<u>-</u>	<u>4,178</u>	<u>-</u>	<u>-</u>
-	11,027	-	-	-	-	-	-
-	11,027	-	-	-	-	-	-
9,100	-	-	-	-	-	-	-
<u>624,022</u>	<u>107,790</u>	<u>2,682,608</u>	<u>1,137,847</u>	<u>82,963</u>	<u>230,109</u>	<u>732,132</u>	<u>5,505</u>
<u>633,122</u>	<u>107,790</u>	<u>2,682,608</u>	<u>1,137,847</u>	<u>82,963</u>	<u>230,109</u>	<u>732,132</u>	<u>5,505</u>
<u>\$ 666,098</u>	<u>\$ 118,817</u>	<u>\$ 2,820,799</u>	<u>\$ 1,329,900</u>	<u>\$ 82,963</u>	<u>\$ 234,287</u>	<u>\$ 732,132</u>	<u>\$ 5,505</u>

COUNTY OF TEHAMA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2018

	AB 923	Impact Fees	Totals
ASSETS			
Cash and investments	\$ 340,790	\$ 518,264	\$17,571,610
Receivables:			
Accounts	10,037	-	240,891
Intergovernmental	-	-	226,914
Advances to other funds	-	-	10,000
Prepaid costs	-	-	9,100
Inventory	-	-	404,272
	\$ 350,827	\$ 518,264	\$18,462,787
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 305,270
Salaries and benefits payable	-	-	250,108
Due to other governments	-	-	6,540
Deposits payable	-	-	102,895
Unearned revenues	-	-	188,221
	-	-	853,034
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues	-	-	205,379
	-	-	205,379
FUND BALANCES			
Nonspendable	-	-	423,372
Restricted	350,827	518,264	16,981,002
	350,827	518,264	17,404,374
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 350,827	\$ 518,264	\$18,462,787

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COUNTY OF TEHAMA
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2018

	<u>Road</u>	<u>Fish and Game</u>	<u>Fire</u>	<u>Child Support</u>
REVENUES				
Taxes and assessments	\$ 882,047	\$ -	\$ 3,266,047	\$ -
License and permits	11,111	-	-	-
Fines and forfeitures	-	866	-	-
Use of money and property	32,073	2,074	93,179	4,313
Intergovernmental	7,245,000	-	71,857	1,874,071
Charges for services	676,889	-	1,454,682	-
Other revenues	54,080	1,035	5,470	469
Total Revenues	<u>8,901,200</u>	<u>3,975</u>	<u>4,891,235</u>	<u>1,878,853</u>
EXPENDITURES				
Current:				
Public protection	-	13,949	4,425,558	-
Health and welfare	-	-	-	-
Public assistance	-	-	-	1,798,776
Public ways and facilities	7,234,562	-	-	-
Capital outlay	1,457,034	-	15,749	26,531
Total Expenditures	<u>8,691,596</u>	<u>13,949</u>	<u>4,441,307</u>	<u>1,825,307</u>
Excess of Revenues Over (Under) Expenditures	<u>209,604</u>	<u>(9,974)</u>	<u>449,928</u>	<u>53,546</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,580	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>3,580</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	213,184	(9,974)	449,928	53,546
Fund Balances - Beginning	3,544,934	153,967	6,412,659	177,695
Change in inventory on purchases method	(72,732)	-	-	-
Fund Balances - Ending	<u>\$ 3,685,386</u>	<u>\$ 143,993</u>	<u>\$ 6,862,587</u>	<u>\$ 231,241</u>

Building and Safety	Senior Nutrition	Transportation Operations	Air Pollution	Los Molinos Lighting	Tehama County Flood Control	Tehama County Flood Zone 3	Tehama Power Authority
\$ -	\$ -	\$ 786,900	\$ -	\$ 13,042	\$ 145,339	\$ 99,220	\$ -
809,595	-	-	449,668	-	-	-	-
11,370	-	-	3,905	-	-	-	-
8,211	1,911	56,413	20,479	1,096	3,295	6,112	73
-	182,315	1,382,812	47,715	207	2,344	1,478,304	-
49,255	20,000	111,580	-	-	7,458	50,000	-
117	53,505	528,567	461	-	-	-	-
<u>878,548</u>	<u>257,731</u>	<u>2,866,272</u>	<u>522,228</u>	<u>14,345</u>	<u>158,436</u>	<u>1,633,636</u>	<u>73</u>
737,296	-	-	-	11,165	201,937	1,236,121	-
-	-	-	1,066,200	-	-	-	-
-	256,411	-	-	-	-	-	-
-	-	1,622,712	-	-	-	-	-
22,572	22,598	235,413	2,432	-	-	-	-
<u>759,868</u>	<u>279,009</u>	<u>1,858,125</u>	<u>1,068,632</u>	<u>11,165</u>	<u>201,937</u>	<u>1,236,121</u>	<u>-</u>
<u>118,680</u>	<u>(21,278)</u>	<u>1,008,147</u>	<u>(546,404)</u>	<u>3,180</u>	<u>(43,501)</u>	<u>397,515</u>	<u>73</u>
-	54,521	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>54,521</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
118,680	33,243	1,008,147	(546,404)	3,180	(43,501)	397,515	73
514,442	74,547	1,674,461	1,684,251	79,783	273,610	334,617	5,432
-	-	-	-	-	-	-	-
<u>\$ 633,122</u>	<u>\$ 107,790</u>	<u>\$ 2,682,608</u>	<u>\$ 1,137,847</u>	<u>\$ 82,963</u>	<u>\$ 230,109</u>	<u>\$ 732,132</u>	<u>\$ 5,505</u>

COUNTY OF TEHAMA
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2018

	AB 923	Impact Fees	Totals
REVENUES			
Taxes and assessments	\$ -	\$ -	\$ 5,192,595
License and permits	115,059	-	1,385,433
Fines and forfeitures	-	-	16,141
Use of money and property	4,316	3,376	236,921
Intergovernmental	-	-	12,284,625
Charges for services	-	348,182	2,718,046
Other revenues	-	-	643,704
Total Revenues	<u>119,375</u>	<u>351,558</u>	<u>22,477,465</u>
EXPENDITURES			
Current:			
Public protection	-	-	6,626,026
Health and welfare	51,656	-	1,117,856
Public assistance	-	-	2,055,187
Public ways and facilities	-	-	8,857,274
Capital outlay	-	-	1,782,329
Total Expenditures	<u>51,656</u>	<u>-</u>	<u>20,438,672</u>
Excess of Revenues Over (Under) Expenditures	<u>67,719</u>	<u>351,558</u>	<u>2,038,793</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	58,101
Transfers out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>58,101</u>
Net Change in Fund Balances	67,719	351,558	2,096,894
Fund Balances - Beginning	283,108	166,706	15,380,212
Change in inventory on purchases method	-	-	(72,732)
Fund Balances - Ending	<u>\$ 350,827</u>	<u>\$ 518,264</u>	<u>\$ 17,404,374</u>

Continued (Page 2 of 2)

Nonmajor Governmental Funds

- **Capital Project Fund**

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COUNTY OF TEHAMA
Combining Balance Sheet
Nonmajor Capital Projects Fund
June 30, 2018

	Capital Projects	Totals
ASSETS		
Cash and investments	\$ 5,336,374	\$ 5,336,374
Cash with fiscal agent	2,400,156	2,400,156
Receivables:		
Accounts	56	56
Total Assets	\$ 7,736,586	\$ 7,736,586
LIABILITIES		
Accounts payable	\$ 5,796	\$ 5,796
Salaries and benefits payable	4,521	4,521
Total Liabilities	10,317	10,317
FUND BALANCE		
Committed	7,726,269	7,726,269
Total Fund Balance	7,726,269	7,726,269
Total Liabilities and Fund Balance	\$ 7,736,586	\$ 7,736,586

COUNTY OF TEHAMA
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Capital Projects Fund
For the Year Ended June 30, 2018

	Capital Projects	Totals
REVENUES		
Taxes and assessments	\$ 3,486	\$ 3,486
Fines and forfeitures	29,191	29,191
Use of money and property	73,451	73,451
Other revenues	6,953	6,953
Total Revenues	113,081	113,081
EXPENDITURES		
Current:		
General government	75,021	75,021
Capital outlay	658,321	658,321
Total Expenditures	733,342	733,342
Excess of Revenues Over (Under) Expenditures	(620,261)	(620,261)
OTHER FINANCING SOURCES (USES)		
Transfers in	2,011,453	2,011,453
Total Other Financing Sources (Uses)	2,011,453	2,011,453
Net Change in Fund Balance	1,391,192	1,391,192
Fund Balance - Beginning	6,335,077	6,335,077
Fund Balance - Ending	\$ 7,726,269	\$ 7,726,269

Nonmajor Governmental Funds

- **Debt Service Fund**

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**COUNTY OF TEHAMA
Combining Balance Sheet
Nonmajor Debt Service Fund
June 30, 2018**

	Debt Service	Totals
ASSETS		
Cash and investments	\$ 305,122	\$ 305,122
Cash with fiscal agent	1,091,511	1,091,511
Total Assets	\$ 1,396,633	\$ 1,396,633
LIABILITIES		
Accounts payable	\$ -	\$ -
Total Liabilities	-	-
FUND BALANCE		
Committed	1,396,633	1,396,633
Total Fund Balance	1,396,633	1,396,633
Total Liabilities and Fund Balance	\$ 1,396,633	\$ 1,396,633

COUNTY OF TEHAMA
Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Debt Service Fund
For the Year Ended June 30, 2018

	Debt Service	Total
REVENUES		
Fines and forfeitures	\$ 211,063	\$ 211,063
Use of money and property	85,803	85,803
Total Revenues	296,866	296,866
EXPENDITURES		
Current:		
General government	2,354	2,354
Debt service:		
Principal	760,000	760,000
Interest and other charges	478,238	478,238
Total Expenditures	1,240,592	1,240,592
Excess of Revenues Over (Under) Expenditures	(943,726)	(943,726)
OTHER FINANCING SOURCES (USES)		
Transfers in	960,099	960,099
Transfers out	(715,974)	(715,974)
Total Other Financing Sources (Uses)	244,125	244,125
Net Change in Fund Balance	(699,601)	(699,601)
Fund Balance - Beginning	2,096,234	2,096,234
Fund Balance - Ending	\$ 1,396,633	\$ 1,396,633

Nonmajor Proprietary Funds

- **Enterprise Funds**

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COUNTY OF TEHAMA
Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2018

	Health Center	Tehama County Sanitation District #1	Totals
ASSETS			
Current Assets:			
Cash and investments	\$ 1,235	\$ 258,652	\$ 259,887
Total Current Assets	<u>1,235</u>	<u>258,652</u>	<u>259,887</u>
Noncurrent Assets:			
Capital assets:			
Non-depreciable	-	38,047	38,047
Depreciable, net	-	742,060	742,060
Total capital assets	<u>-</u>	<u>780,107</u>	<u>780,107</u>
Total Noncurrent Assets	<u>-</u>	<u>780,107</u>	<u>780,107</u>
Total Assets	<u>1,235</u>	<u>1,038,759</u>	<u>1,039,994</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	-	31,984	31,984
Salaries and benefits payable	-	660	660
Accrued interest payable	-	4,596	4,596
Bonds payable	<u>-</u>	<u>23,500</u>	<u>23,500</u>
Total Current Liabilities	<u>-</u>	<u>60,740</u>	<u>60,740</u>
Noncurrent Liabilities:			
Bonds payable	<u>-</u>	<u>309,700</u>	<u>309,700</u>
Total Noncurrent Liabilities	<u>-</u>	<u>309,700</u>	<u>309,700</u>
Total Liabilities	<u>-</u>	<u>370,440</u>	<u>370,440</u>
NET POSITION			
Net investment in capital assets	-	446,907	446,907
Unrestricted	<u>1,235</u>	<u>221,412</u>	<u>222,647</u>
Total Net Position	<u>\$ 1,235</u>	<u>\$ 668,319</u>	<u>\$ 669,554</u>

COUNTY OF TEHAMA
Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2018

	Health Center	Tehama County Sanitation District #1	Totals
OPERATING REVENUES			
Charges for services	\$ -	\$ 177,231	\$ 177,231
Total Operating Revenues	<u>-</u>	<u>177,231</u>	<u>177,231</u>
OPERATING EXPENSES			
Salaries and benefits	-	19,471	19,471
Services and supplies	-	230,572	230,572
Professional services	-	4,260	4,260
Depreciation	-	39,418	39,418
Total Operating Expenses	<u>-</u>	<u>293,721</u>	<u>293,721</u>
Operating Income (Loss)	<u>-</u>	<u>(116,490)</u>	<u>(116,490)</u>
NON-OPERATING REVENUE (EXPENSES)			
Intergovernmental revenue	-	92,974	92,974
Interest income	17	3,537	3,554
Interest expense	-	(14,695)	(14,695)
Total Non-Operating Revenue (Expenses)	<u>17</u>	<u>81,816</u>	<u>81,833</u>
Income (Loss) Before Transfers	<u>17</u>	<u>(34,674)</u>	<u>(34,657)</u>
Transfers in	-	22,500	22,500
Transfers out	-	(22,500)	(22,500)
Change in Net Position	<u>17</u>	<u>(34,674)</u>	<u>(34,657)</u>
Total Net Position - Beginning	<u>1,218</u>	<u>702,993</u>	<u>704,211</u>
Total Net Position - Ending	<u>\$ 1,235</u>	<u>\$ 668,319</u>	<u>\$ 669,554</u>

COUNTY OF TEHAMA
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2018

	Health Center	Tehama County Sanitation District #1	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ -	\$ 177,231	\$ 177,231
Payments to suppliers	-	(205,454)	(205,454)
Payments to employees	-	(19,483)	(19,483)
Net Cash Provided (Used) by Operating Activities	-	(47,706)	(47,706)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Intergovernmental revenue received	-	92,974	92,974
Net Cash Provided (Used) by Non-Capital Financing Activities	-	92,974	92,974
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal paid on capital debt	-	(22,500)	(22,500)
Interest paid on capital debt	-	(15,514)	(15,514)
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(38,014)	(38,014)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and dividends	17	3,537	3,554
Net Cash Provided (Used) by Investing Activities	17	3,537	3,554
Net Increase (Decrease) in Cash and Cash Equivalents	17	10,791	10,808
Balances - Beginning	1,218	247,861	249,079
Balances - Ending	\$ 1,235	\$ 258,652	\$ 259,887
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income (loss)	\$ -	\$ (116,490)	\$ (116,490)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	-	39,418	39,418
Increase (decrease) in:			
Accounts payable	-	29,378	29,378
Salaries and benefits payable	-	(12)	(12)
Net Cash Provided (Used) by Operating Activities	\$ -	\$ (47,706)	\$ (47,706)

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Internal Service Funds

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COUNTY OF TEHAMA
Combining Statement of Net Position
Internal Service Funds
June 30, 2018

	<u>Risk Management</u>	<u>Dental Insurance</u>	<u>Vision Insurance</u>	<u>Totals</u>
ASSETS				
Current Assets:				
Cash and investments	\$ 2,050,612	\$ 682,875	\$ 1,394	\$ 2,734,881
Deposits with others	-	60,900	-	60,900
Prepaid costs	-	1,704	254	1,958
Total Current Assets	<u>2,050,612</u>	<u>745,479</u>	<u>1,648</u>	<u>2,797,739</u>
Total Assets	<u>2,050,612</u>	<u>745,479</u>	<u>1,648</u>	<u>2,797,739</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension adjustments	<u>182,762</u>	<u>-</u>	<u>-</u>	<u>182,762</u>
Total Deferred Outflows of Resources	<u>182,762</u>	<u>-</u>	<u>-</u>	<u>182,762</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	26,158	47,765	10,424	84,347
Salaries and benefits payable	17,021	-	-	17,021
Compensated absences payable	10,599	-	-	10,599
Estimated claims liability	<u>823,000</u>	<u>100,052</u>	<u>20,530</u>	<u>943,582</u>
Total Current Liabilities	<u>876,778</u>	<u>147,817</u>	<u>30,954</u>	<u>1,055,549</u>
Noncurrent Liabilities:				
Compensated absences payable	1,178	-	-	1,178
Net pension liability	715,010	-	-	715,010
Net OPEB liability	<u>8,395</u>	<u>-</u>	<u>-</u>	<u>8,395</u>
Total Noncurrent Liabilities	<u>724,583</u>	<u>-</u>	<u>-</u>	<u>724,583</u>
Total Liabilities	<u>1,601,361</u>	<u>147,817</u>	<u>30,954</u>	<u>1,780,132</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred pension adjustments	<u>26,069</u>	<u>-</u>	<u>-</u>	<u>26,069</u>
Total Deferred Inflows of Resources	<u>26,069</u>	<u>-</u>	<u>-</u>	<u>26,069</u>
NET POSITION				
Unrestricted	<u>605,944</u>	<u>597,662</u>	<u>(29,306)</u>	<u>1,174,300</u>
Total Net Position	<u>\$ 605,944</u>	<u>\$ 597,662</u>	<u>\$ (29,306)</u>	<u>\$ 1,174,300</u>

COUNTY OF TEHAMA
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2018

	Risk Management	Dental Insurance	Vision Insurance	Totals
OPERATING REVENUES				
Charges for services	\$ 3,742,746	\$ 723,279	\$ 58,659	\$ 4,524,684
Other revenues	21,902	-	-	21,902
Total Operating Revenues	<u>3,764,648</u>	<u>723,279</u>	<u>58,659</u>	<u>4,546,586</u>
OPERATING EXPENSES				
Salaries and benefits	556,491	-	-	556,491
Administration	79,271	-	-	79,271
Insurance	2,362	645,554	81,420	729,336
Professional services	242,215	71,341	6,547	320,103
Claims and judgments	3,128,357	-	-	3,128,357
Total Operating Expenses	<u>4,008,696</u>	<u>716,895</u>	<u>87,967</u>	<u>4,813,558</u>
Operating Income (Loss)	<u>(244,048)</u>	<u>6,384</u>	<u>(29,308)</u>	<u>(266,972)</u>
NON-OPERATING REVENUE (EXPENSES)				
Interest income	17,180	8,852	2	26,034
Total Non-Operating Revenue (Expenses)	<u>17,180</u>	<u>8,852</u>	<u>2</u>	<u>26,034</u>
Change in Net Position	<u>(226,868)</u>	<u>15,236</u>	<u>(29,306)</u>	<u>(240,938)</u>
Total Net Position - Beginning	837,893	582,426	-	1,420,319
Cumulative effect of a change in accounting principle	(5,081)	-	-	(5,081)
Total Net Position - Beginning, Restated	<u>832,812</u>	<u>582,426</u>	<u>-</u>	<u>1,415,238</u>
Total Net Position - Ending	<u>\$ 605,944</u>	<u>\$ 597,662</u>	<u>\$ (29,306)</u>	<u>\$ 1,174,300</u>

COUNTY OF TEHAMA
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2018

	Risk Management	Dental Insurance	Vision Insurance	Totals
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 3,764,648	\$ 723,279	\$ 58,659	\$ 4,546,586
Payments to suppliers	(3,445,930)	(733,551)	(57,267)	(4,236,748)
Payments to employees	(520,587)	-	-	(520,587)
Net Cash Provided (Used) by Operating Activities	(201,869)	(10,272)	1,392	(210,749)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	17,180	8,852	2	26,034
Net Cash Provided (Used) by Investing Activities	17,180	8,852	2	26,034
Net Increase (Decrease) in Cash and Cash Equivalents	(184,689)	(1,420)	1,394	(184,715)
Balances - Beginning	2,235,301	684,295	-	2,919,596
Balances - Ending	\$ 2,050,612	\$ 682,875	\$ 1,394	\$ 2,734,881
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ (244,048)	\$ 6,384	\$ (29,308)	\$ (266,972)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Decrease (increase) in:				
Prepaid costs	46	16	(254)	(192)
Deferred pension adjustments - deferred outflows of resources	(30,098)	-	-	(30,098)
Increase (decrease) in:				
Accounts payable	6,229	(17,359)	10,424	(706)
Salaries and benefits payable	(655)	-	-	(655)
Compensated absences payable	344	-	-	344
Estimated claims liability	-	687	20,530	21,217
Deferred pension adjustments - deferred inflows of resources	(3,839)	-	-	(3,839)
Net pension liability	69,052	-	-	69,052
Net OPEB liability	1,100	-	-	1,100
Net Cash Provided (Used) by Operating Activities	\$ (201,869)	\$ (10,272)	\$ 1,392	\$ (210,749)

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Fiduciary Funds

- **Trust and Agency Funds**

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COUNTY OF TEHAMA
Combining Statement of Fiduciary Net Position
Investment Trust Funds
June 30, 2018

	Special Districts Governed by Local Boards	School Districts	Totals
ASSETS			
Cash and investments	<u>\$ 4,666,341</u>	<u>\$80,652,115</u>	<u>\$85,318,456</u>
Total Assets	<u><u>\$ 4,666,341</u></u>	<u><u>\$80,652,115</u></u>	<u><u>\$85,318,456</u></u>
NET POSITION			
Net position held in trust for pool participants	<u>4,666,341</u>	<u>80,652,115</u>	<u>85,318,456</u>
Total Net Position	<u><u>\$ 4,666,341</u></u>	<u><u>\$80,652,115</u></u>	<u><u>\$85,318,456</u></u>

COUNTY OF TEHAMA
Combining Statement of Changes in Fiduciary Net Position
Investment Trust Funds
For the Year Ended June 30, 2018

	Special Districts Governed by Local Boards	School Districts	Totals
ADDITIONS			
Contributions to investment pool	\$ 346,566	\$16,338,727	\$16,685,293
Total Additions	<u>346,566</u>	<u>16,338,727</u>	<u>16,685,293</u>
DEDUCTIONS			
Distributions from investment pool	<u>205,300</u>	<u>8,296,054</u>	<u>8,501,354</u>
Total Deductions	<u>205,300</u>	<u>8,296,054</u>	<u>8,501,354</u>
Change in Net Position	141,266	8,042,673	8,183,939
Net Position - Beginning	<u>4,525,075</u>	<u>72,609,442</u>	<u>77,134,517</u>
Net Position - Ending	<u>\$ 4,666,341</u>	<u>\$80,652,115</u>	<u>\$85,318,456</u>

COUNTY OF TEHAMA
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2018

	County Departmental Agency Funds	Totals
ASSETS		
Cash and investments	\$18,107,268	\$18,107,268
Taxes receivable	7,980,065	7,980,065
Total Assets	\$26,087,333	\$26,087,333
LIABILITIES		
Due to other funds	\$ 54,730	\$ 54,730
Advances from other funds	207,645	207,645
Agency obligations	25,824,958	25,824,958
Total Liabilities	\$26,087,333	\$26,087,333

COUNTY OF TEHAMA
Combining Statement of Changes in
Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2018

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>
COUNTY DEPARTMENTAL AGENCY FUNDS				
ASSETS				
Cash and investments	\$ 18,954,374	\$ 17,112,545	\$ 17,959,651	\$ 18,107,268
Taxes receivable	6,736,485	7,980,065	6,736,485	7,980,065
Total Assets	<u>\$25,690,859</u>	<u>\$25,092,610</u>	<u>\$24,696,136</u>	<u>\$26,087,333</u>
LIABILITIES				
Due to other funds	\$ 72,623	\$ 54,730	\$ 72,623	\$ 54,730
Advances from other funds	102,650	104,995	-	207,645
Agency obligations	25,515,586	24,932,885	24,623,513	25,824,958
Total Liabilities	<u>\$25,690,859</u>	<u>\$25,092,610</u>	<u>\$24,696,136</u>	<u>\$26,087,333</u>